



The Alliance

for Responsible Atmospheric Policy

March 10, 2014

VIA E-MAIL

a-and-r-docket@epa.gov

Attn: Docket ID No. EPA-HQ-OAR-2013-0263

Re: Protection of Stratospheric Ozone:
Adjustments to the Allowance System for
Controlling HCFC Production, Import and
Export

Dear Sir or Madam:

I am writing on behalf of the Alliance for Responsible Atmospheric Policy (“Alliance”) to provide comments regarding EPA’s **Proposed Rule on Protection of Stratospheric Ozone: Adjustments to the Allowance System for Controlling HCFC Production, Import, and Export. 78 Fed. Reg. 78072. (December 24, 2013)**

The Alliance is an industry coalition organized in 1980 to address the issue of stratospheric ozone depletion and the production and use of fluorocarbon compounds. It is composed of manufacturers and businesses, including their trade associations, which rely on HCFCs and HFCs. According to a recent study, the US fluorocarbon using and producing industries contribute more than \$158 billion annually in goods and services to the US economy, and provide employment to more than 700,000 individuals with an industry-wide payroll of more than \$32 billion. Today, the Alliance coordinates industry participation in the development of reasonable international and government policies regarding ozone protection and climate change. The Alliance has a long history of working in a positive manner with EPA on protection of stratospheric ozone and climate change. A list of companies is attached. Alliance members will also submit written comments as they see fit.

1. Section 611 labeling requirements

The Alliance feels that the benefits of an HCFC labeling program would be insignificant. We prefer that the Agency spend its staff resources on better enforcement of Section 608 rules. With regards to the specific subareas in the proposed rule where EPA has requested comment:

- a. *Whether EPA's list of products potentially affected by these 2015 changes is accurate and complete as well as where products made with or containing HCFCs are manufactured*

The Alliance believes the list is complete.

- b. *Which products have mostly switched to non-ODS alternatives, in order to advise companies as to whether or not their products will be subject to these labeling requirements*

The Alliance does not support additional labeling of HCFC products.

2. *Section 605a: HCFC use and introduction into interstate commerce*
Prohibition by 1/1/2015 on the use or introduction into interstate commerce of any class II substances, unless it meets one of the following conditions/exceptions:
- *Substances that have been used, recovered and recycled*
 - *Substances that are entirely transformed, except for trace quantities, in the production of other chemicals*
 - *Substances used as refrigerants in appliances¹ manufactured prior to 2020*
 - *Substances listed as nonresidential fire suppression agents in accordance with the section 612c SNAP program*
 - *Substances used in nonresidential streaming fire suppression applications between 2015-2019*
 - *HCFC-225ca or HCFC-225cb in inventory prior to 1/1/2015 and used as a solvent*

The Alliance agrees with the conditions and exceptions as stated.

3. *Whether to maintain the established baseline system to calculate allowances, or update the baselines to reflect more recent production and import data*

The Alliance believes that EPA should maintain the established baseline system. Industry is already familiar with how the baseline was established and how it functions to determine allocations. Changing it would lead to unnecessary confusion and would not yield any environmental benefit.

¹ EPA noted that the Clean Air Act defines appliance as “any device which contains and uses a class I or class II substance as a refrigerant and which is used for household or commercial purposes, including any air conditioner, refrigerator, chiller or freezer.” (pg. 51 of 116, pre-publication version)

4. *Use of the Vintaging Model to set allocation levels*

The Alliance believes that an update of the EPA Vintaging Model should be conducted to include more current information on leak rates and charge size in order to better determine actual need over the next five to fifteen years for servicing the installed equipment base. Alliance members welcome the opportunity to work with EPA staff on this update. Work on the Vintaging Model, however, should be ongoing and should not delay completion of the allocation rule.

Furthermore, the Alliance believes that the Vintaging Model should not be relied on as the sole basis of determining allocations.

5. *2015-2019 allocations*

a. *HCFC-22 allocations*

i. *Options for determining HCFC consumption allocation*

Although the proposed rule indicates that inventory information collected last year from responses to Section 114 information requests indicates that the inventory of HCFC-22 is larger than previously estimated by the Agency, the Agency does not provide a specific figure. It is important that this figure be taken into account in determining the allocation rule. In light of the larger than anticipated size of the inventory, we do not believe that the Agency's preferred HCFC-22 schedule best reflects the market dynamics and the goal of an orderly transition. EPA's preferred allocation level may in fact create additional surplus that will discourage the efficient operation of the nation's underutilized reclamation capacity, discourage improved leak reduction and product stewardship, impede the necessary market transition to the full production phaseout of HCFC-22, and could lead to greater emissions than would a lower allocation.

The Alliance encourages EPA to adopt the more aggressive five-year allocation schedule for HCFC-22 described in the proposed rule. This option is a five-year linear draw down beginning with 10,000 metric tons of HCFC-22 in 2015, which would result in the lowest allocations of any of the proposals in the first two years of the 2015-2019 period. The Alliance believes this early signal is important for an orderly market transition.

ii. *Additional consideration*

With regards to HCFC-22, the user industries are experiencing more frequent occasions of problems with unauthorized and illegal “substitutes” that are either unsafe, unsuitable, and/or contaminated, thereby harming the equipment relying on these refrigerants or otherwise unauthorized. It is important that the Agency utilize its authorities under SNAP and Section 608 in order to minimize this problem. We look forward to working with you on this challenge.

b. *Other HCFC allocations*

Individual member companies may comment on allocations for other HCFCs.

6. *Dry-Shipped Condensing Units*

The Alliance supports closure of the exception allowing the sale of dry HCFC-22 air-conditioning condensing units. This exception extends the useful life of older air-conditioning systems containing HCFC-22, and likely not meeting today’s minimum efficiency standards. Extending the life of old HCFC-22 systems also requires more HCFC-22 service refrigerant in the future than originally anticipated. The Alliance urges EPA to work with the industry in developing the best method to eliminate the dry-shipped HCFC-22 air-conditioning condensing unit exception. The Alliance also endorses the Air-conditioning, Heating, & Refrigeration Institute (AHRI) comments on this topic.

Since the elimination of dry shipped units will also eliminate a significant portion of the HCFC-22 servicing demand, at the time the exception is eliminated, the Agency must also reduce the number of HCFC-22 consumption allowances by an amount commensurate with the reduced demand resulting from the elimination of the dry shipped units, recognizing that resolution of this issue should not delay the overall HCFC allocation final rule.

7. *Requests for Additional Consumption Allowances (RACAs)*

The Alliance supports requiring the export of class II controlled substances and the request for additional consumption allowances (RACAs) to occur in the same calendar year that consumption allowances were issued. Furthermore, the Alliance supports treating class I and class II RACAs the same and not allowing any consumption allowances for HCFCs after the phaseout date.

8. *Suggestions for ensuring/maximizing compliance with the HCFC regulations*

The Alliance encourages EPA to more actively reduce re-use and venting through a combination of informational and enforcement mechanisms. Efforts to ensure compliance with HCFC regulations should properly focus on the contractor industry which handles a majority of the HCFCs in use today. Increased enforcement of the prohibitions against re-use and venting needs to occur as well as perhaps an awareness program to the homeowner warning against poor service practices and the improper re-use of used refrigerant.

The Alliance believes, however, that the current allocation rule needs to be completed as soon as possible. In future rulemakings, EPA could consider additional record keeping requirements for contractors, similar to those of system owners. EPA could also consider adjusting leak rate requirements down from the current 35% per year, and to reduce the sizes of the system subject to record keeping and leak rate requirements to below the 50lbs in place today.

9. *Section 608 Recycling and Emissions Reductions Requirements*

The Alliance supports using the appropriate AHRI Standard 700, and will support the written comments of AHRI on this subject. Additionally, the Alliance supports requiring companies to notify EPA when there are changes in business management, location, or contact information and supports requiring reclaimers to maintain records on each refrigerant reclaimed.

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Conclusion

The Montreal Protocol and the Clean Air Act Title VI implementation have succeeded because they have allowed for long-term management principles in order to achieve the desired environmental policy objectives. The Agency should finalize this rule in a manner that will ensure an adequate supply of HCFCs for existing equipment, but not an oversupply. The final rule should also recognize the substantial inventories of HCFC-22, the significant capacity for effective recovery, recycle and reclamation of this material, the availability of non-ozone depleting substitutes and should encourage greater product stewardship through leak reduction, product recovery and management.

In finalizing a decision on the HCFC allocations for the 2015-2019 period, it is important that adequate notice be provided in order to allow for the markets to adjust. This is an additional reason why the Alliance urges the Agency to move expeditiously and complete its final rule as quickly as possible. The Alliance thanks EPA for providing an opportunity to comment and looks forward to working with the Agency in an expeditious manner to achieve rapid completion of this allocation rule.

Sincerely,

A handwritten signature in black ink, appearing to read 'KF' followed by a stylized flourish.

Kevin Fay
Executive Director
Alliance for Responsible Atmospheric Policy

MEMBERS

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| AGC Chemicals Americas | Heating, Airconditioning & |
| A-Gas/RemTec | Refrigeration Distributors |
| Air Conditioning, Heating & | International |
| Refrigeration Institute | Honeywell |
| Airgas | Hudson Technologies |
| American Pacific Corp. | ICOR International |
| Arkema | IDQ Holdings |
| Association of Home | Ingersoll-Rand |
| Appliance Manufacturers | International Pharmaceutical |
| Bard Manufacturing Co. | Aerosol Consortium |
| Brooks Automation, Inc. | Johnson Controls |
| Cap & Seal Company | Lennox International |
| Carrier Corporation | Metl-Span Corporation |
| Center for the | Mexichem Fluor Inc. |
| Polyurethanes Industry | Midwest Refrigerants |
| Combs Gas | Mitsubishi Electric |
| Daikin Applied | National Refrigerants |
| Danfoss | Owens Corning Specialty & |
| DuPont | Foam Products Center |
| Dynatemp International | Polar Technology |
| Emerson Climate | Rheem Manufacturing Company |
| Technologies | Ritchie Engineering |
| E.V. Dunbar Co. | Solvay |
| Falcon Safety Products | Sub-Zero |
| FP International | The Dow Chemical Company |
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