



The Alliance
for Responsible Atmospheric Policy

STATEMENT OF

THE ALLIANCE FOR RESPONSIBLE ATMOSPHERIC POLICY

Kevin Fay, Alliance Executive Director

January 23, 2014

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

On behalf of the Alliance for Responsible Atmospheric Policy (Alliance), we are providing these initial oral comments regarding the Environmental Protection Agency's (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. 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.

The Alliance appreciates the opportunity to comment on the proposed allocation of HCFC-22 allowances for the 2015-2019 period. While there are several additional issues raised in the proposed rule, we will address them in our written comments, as well as on the allocation proposals for HCFCs other than HCFC-22. The Alliance believes it is important to focus at this time on the HCFC-22 allocation amounts and schedule.

It is noted that the Agency indicates that stockpile information collected last year from 114 letters has produced information that the stockpile of this compound is larger than previously estimated, but the Agency does not provide a figure. It is important that this figure be taken into account as part of the allocation proposal. In light of the larger than anticipated size of the stockpile, it is questionable whether the Agency's preferred option proposal best reflects the market dynamics and the goal of an orderly transition. EPA's preferred allocation level may in fact create additional surplus supply that will discourage the efficient operation of the nation's underutilized reclamation capacity, impede the necessary market transition to the full phaseout of HCFC-22, and could lead to greater emissions than is environmentally or economically desirable.

The Alliance believes that a more aggressive approach should be considered, and encourages the Agency to adopt the more aggressive five-year allocation schedule for HCFC-22. 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.

In December, 2011, the Alliance urged EPA “to use processes and tools available to it in order to obtain (appropriate production and stockpile) data.” We commend the Agency for doing so in 2013 and believe that you now have sufficient data on this topic to inform this rulemaking. We encourage EPA to collect stockpile information as part of its routine annual reporting requirements for the remainder of the 2015-2019 period.

However, we also believe it is important that this allocation rule be completed promptly and do not want changes in the reporting requirements to slow the completion of the final allocation rule. If such were to be the case, we would recommend the reporting change, but as a separate administrative action.

In finalizing a decision on the 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 proposal as quickly as possible.

On a cautionary note, as HCFC-22 allocations are declining, the user industries are experiencing more frequent occasions of problems with “substitutes” that are either unsafe, unsuitable, or contaminated, thereby harming the equipment relying on these refrigerants. 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.

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. This rule should ensure an adequate supply of HCFCs for existing equipment, but not an oversupply. The rule should also recognize significant capacity for effective recovery, recycle and reclamation of this material and encourage greater product stewardship through leak reduction, product recovery and management. The inventory of HCFC-22 is substantial, and efforts should be made to ensure maximum reliance on these measures as an important means of servicing the existing equipment base, in addition to safe and reliable alternatives refrigerants.

Finally, we believe that an update of the Agency 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.

The Alliance looks forward to working with the Agency in an expeditious manner to achieve rapid completion of this allocation rule.