



# **The Alliance**

*for Responsible Atmospheric Policy*

## **STATEMENT OF THE ALLIANCE FOR RESPONSIBLE ATMOSPHERIC POLICY**

**Kevin Fay, Alliance Executive Director**

**August 27, 2014**

**Re: Proposed Rule on Protection of Stratospheric Ozone: Change of Listing Status for Certain Substitutes under the Significant New Alternatives Policy Program**

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: Change of Listing Status for Certain Substitutes under the Significant New Alternatives Policy Program. 79 Fed. Reg. 46125. (August 6, 2014).**

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. The organization is composed of manufacturers and businesses, including their trade associations that 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 at the nexus of ozone protection and climate change. The Alliance is proud to continue its long history of working in a positive manner with EPA on the protection of stratospheric ozone and the mitigation of climate change.

The Alliance appreciates the opportunity to comment on the proposed change of listing status for certain compounds under the Significant New Alternatives Policy (SNAP) program. While Alliance member companies will comment individually on the specific changes in listing status proposed in the rule, there are a number of broader concerns which are shared across the fluorocarbon producing and using sectors, that we will touch upon.

First, EPA has publicly stated its position, as part of the North American Amendment proposal to the Montreal Protocol, that it seeks to achieve a gradual phasedown of HFC production and consumption on a GWP-weighted basis. EPA has supported the gradual phase down approach in order to allow for effective technology development and introduction, to allow for the building codes and safety standards process to catch up with the newly available low-GWP compounds and technologies and to ensure continued improvement of energy efficiency performance where relevant. The Alliance supports these goals. As announced earlier this year, the Alliance also supports the negotiation of such an amendment to the Montreal Protocol as the best means of achieving ozone and climate environmental objectives while considering performance, safety, energy efficiency, and technology availability.

The Alliance is concerned that in many cases, the transition dates in the proposed rule are inconsistent with EPA's stated position that there should be a "gradual phasedown" of HFCs. With the proposed rule not likely to be finalized before the first or second quarter of 2015, the proposed transition deadlines in 2016 and 2017 are unfeasible to impossible for many companies and inconsistent with support for the concept of a gradual phasedown as stated by EPA.

Second, the Alliance believes that the SNAP rulemaking schedule should be better coordinated with the ongoing DOE energy efficiency rulemaking schedules. The proposed modifications have significant energy efficiency implications whether for foam insulation or air-conditioning and refrigeration equipment. Any proposed changes to SNAP listing status should ensure that the alternatives whose use is being encouraged by the changes meet requirements of stringent new DOE efficiency standards being promulgated simultaneously to this SNAP rulemaking.

Given the important energy efficiency consequences of this proposed rule, it is unclear how this action will meet the statutory standard of "no greater risk to human health and the environment." By forcing previously acceptable substitutes off the market, these proposals could, in fact, result in less efficiency, not more, in the near term. Change of status determinations, in most cases, should not be made based on one attribute alone, such as global warming potential.

Third, the SNAP change of listing status process should be used sparingly as the economic implications should require a higher standard of care in considering transition dates and market assumptions than is needed for the SNAP listing approval process. Whereas SNAP listing does not place a burden on companies to change their operations, a change of listing status requires adjustments to business models or practices that might not otherwise occur, potentially to a company's economic detriment. This does not mean that some relatively rapid transitions are not achievable, nor does it mean that transitions are not already taking place. However, final transition deadlines should take into account reasonable timeframes from an economic standpoint and, other competing regulatory initiatives such as energy efficiency standards, building codes, and safety standards issues.

Lastly, it must be recognized that EPA has so far failed to respond to the petition filed by the Alliance earlier this year to extend Section 608 rules to HFCs. The immediate environmental benefit of preventing service emissions and leaks from existing equipment is likely far greater than any marginal benefit in the immediate implementation of the de-listing proposal.

In the recently sponsored Montreal Protocol workshop on HFC management, Alliance speakers and others documented the significant progress in the last few years on the development, availability and implementation of low-GWP HFC alternatives. The involved industries have already accepted the challenge of minimizing the climate change impacts of ODS substitutes and have made rapid progress. SNAP change of status activities should be limited and take into account the important considerations we have cited above. We should all work together to achieve an effective global regime to phasedown HFCs that follows the Protocol's historical pattern of ensuring measures that are both environmentally and economically acceptable.

Again, the Alliance appreciates the opportunity to share its thoughts on the proposed rule today and looks forward to working with EPA in a constructive manner to achieve an environmentally beneficial, safety enhancing, economically viable rule.