

Combs Investment Property LP
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September 5, 2014

Mr. Nathan J. Frey
The Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Re: 40 CFR Part 82 **[EPA-HQ-OAR-2013-0263]**; FRL-9900-52-OAR] RIN 2060-AR04
Protection of Stratospheric Ozone: Adjustments to the Allowance System for Controlling
HCFC Production, Import and Export as published in the Federal Register, Vol. 78, No.
247, Tuesday, December 24, 2013

The purpose of this letter is to provide the Office of Management and Budget and the EPA with additional information from Combs Investment Property (CIP) for consideration when finalizing the proposed allocation of **HCFC-22 allowances for the 2015 – 2019 control period**.

As communicated in multiple comments submitted by CIP between June 17, 2013, and April 22, 2014 to the EPA (attached), CIP continues to strongly believe that **the correct course of action for the EPA and OMB to take when finalizing this rule is to completely eliminate all HCFC-22 allowances beginning in 2015 or adopt a starting point in 2015 that is as close as possible to zero. With this action, the use of stockpiled inventory, reclaimed material, and non-ODS alternative drop-ins can then be used to meet any future demand.**

CIP agrees with the goal of the EPA to have a final rule that will result in a smooth transition out of HCFC's into non-ozone depleting alternatives. However, as a result of the promulgation of the April 3, 2013 Rule addressing the allocation of allowances for 2012 - 2014, just the opposite has occurred. As a result of the 45,680 MT of HCFC-22 allowances allocated over 2013 and 2014, along with the 5908 MT of add-on HCFC-22 recoupment allowances for the same two years, pricing has collapsed and the demand for both the reclaim and non-ODS alternative drop-ins dramatically hampered.

In order to illustrate the deleterious effect these actions had on the market, CIP has developed a chart (attached) showing indexed market pricing derived from our actual sales data. **This chart shows that after the rule was issued on April 3, 2013, prices dropped by nearly 60% and still have not recovered. Thus, in order to reverse this trend and have a viable reclaim and non-ODS alternative industry in the future, action now needs to be taken to reverse this trend when allocating the 2015 – 2019 HCFC-22 allowances.**

It is clear that the EPA has grossly overestimated demand for HCFC-22, as stated in our written comments to the EPA on April 22, 2014 regarding the Aggregate Inventory Data From 2008 - 2013. **When considering the more aggressive proposal, an additional 30,000 MT of unneeded ODS produced ultimately being released to the atmosphere, while stockpiled inventory, reclaimed material, and non-ODS drop-in alternatives are readily available to satisfy all future needs for this product. Thus, CIP believes that the EPA should completely eliminate all HCFC-22 allowances beginning in 2015, or adopt a starting point in 2015 that is as close as possible to zero.**

Summary

CIP continues to strongly believe that the EPA should reconsider an **allocation of zero HCFC-22 allowances for the 2015 – 2019 control period**. The complete elimination of these allowances would encourage the responsible handling of this product, while supporting the development of a viable reclaim and non-HCFC drop-in alternative industry to supply any future need for this product.

Sincerely,

A handwritten signature in cursive script, reading "Don Magid".

Don Magid
Regulatory Affairs

cc: Gina McCarthy, US EPA
David P Donaldson, US EPA

HCFC-22 Pricing Trend

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