July 18, 2024
NRDC Comments to OMB for EPA's proposed rule under subsection (h) of the AIM Act
RIN: 2060-AV84

Good Morning,

My name is Richie Kaur and I am speaking on behalf of the Natural Resources Defense Council. NRDC been a long-standing advocacy leader for reducing the environmental threat posed by fluorinated greenhouse gases like HFCs.

Today, we would like to reiterate our strong support for EPA's proposed rule under subsection (h) of the AIM Act.

In 2022, NRDC and its NGO partners, EIA and IGSD, published a joint report titled "The 90-Billion-Ton Opportunity – Lifecycle Refrigerant Management" (LRM) which highlights the potential of achieving very significant HFC reductions by ensuring good leak management, recovery, reclamation, and reuse. EPA's proposed subsection (h) rule aims to these key principles of LRM into practice, and we applaud them for it.

On recycling and reclamation - EPA is proposing to require the use of recycled and reclaimed HFCs for initial charge or "first fill" in new equipment as well as for servicing legacy equipment for various end use sectors. The requirements are exactly the type of market drivers we need for enhancing HFC recovery and reuse, and ultimately reducing the need for virgin HFCs.

- We strongly support the placing of requirements across different end-use sectors because the HFCs and their blends used in those sectors are different, so requirements that improve recovery of HFCs from all the covered sectors are important.
- We understand that there are some concerns about the proposal, for example, about the reclamation industry's ability to scale up capacity for separating HFC components to produce enough reclaimed HFC-32 for the initial charge of new AC and heat pump equipment.
- NRDC emphasizes the reality that to effectively manage HFCs, we will have to deal with HFC blends. And we need a strong market signal like EPA's proposal to make ensure reclaimers invest in advanced separation technologies. We are amenable to some flexibility on timing or ramping up of compliance schedules, but we strongly encourage maintaining requirements for RACHP equipment manufacturers to purchase and use reclaimed HFCs. This is the best way to propagate the responsibility for a circular HFC economy throughout the supply chain.
- In the comment letter we submitted last year, we also included several implementation-related suggestions that can help ensure that the intent of the rule is achieved. To conserve time, I will not list them out now but just highlight the importance of guardrails such as geographic limits on HFC recovery, the need for limiting virgin content in reclaimed HFCs (also referred to as the "reclamation standard"), and support for robust reporting and recordkeeping requirements.

On leak management - EPA has also proposed several provisions related to leak detection, inspection, repair, reporting and recordkeeping. We appreciate that.

- In some cases, EPA has proposed to tighten the requirements beyond the levels previously set for HFC-equipment as well as their ozone-depleting predecessors under Section 608 of the Clean Air Act, which we strongly support. For example, we support applying the leak management requirements to HFC-containing systems with a full charge of 15 pounds or even lower to 5 pounds, both of which would be more stringent that the 50-pound threshold under section 608.
- We also support the requirement for automatic leak detection systems (ALDs) for large commercial and industrial refrigeration systems, where leak mitigation prevents significant direct HFC emissions and indirect GHG emissions related to the energy penalty that results from refrigerant leaks.
- For leak inspection and repair requirements, we made some recommendations for more stringency.
    - This includes tightening the trigger leak thresholds. As proposed, an industrial process refrigeration system can leak a quarter of its full charge without triggering any leak repair requirements. The 90-Billion-Ton report points out that a facility that leaks 25% of its refrigerant annually will leak out five times as much refrigerant over the course of its life as will be available to recover at when it is eventually retired.
    - We also encourage EPA to apply leak inspection requirements to all equipment above the 15-pound charge threshold, regardless of whether they are found leaking or not. Leak inspections are a fundamental part of best lifecycle refrigerant management practices and should be required, even if appliances are not found leaking.
    - Currently, EPA is proposing the exempt the light commercial AC and heat pump equipment from leak repair requirements. We support the comments made by EIA fully and strongly recommend not wholesale exempting that sub-sector from leak repair requirements. In particular, variable refrigerant flow (VRF) and VRF-type systems often contain large quantities of refrigerant and due to their distributed nature, can have large leak rates.

Finally, NRDC also supports EPA's proposed requirements for heel recovery, cylinder labeling, tracking, and other aspects that strengthen the implementation of the rule.

We also appreciate EPA's signal for establishing enhanced technician training requirements in the future under subsection (h). As stated in our comment letter, a well-trained service technician workforce is essential for ensuring a safe and sustainable transition away from HFCs so that we can adopt the most environmentally benign alternatives while ensuring their flammability and other risks are mitigated. We look forward to engaging with EPA on this.

Thank you for your time today. NRDC supports and encourages a swift finalization of this rule and will support changes that strengthen the intent and implementation of the rule.

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