



The Alliance
for Responsible Atmospheric Policy

May 26, 2016

Mr. Richard Corey, Executive Officer
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Alliance Comments on Proposed Short-Lived Climate Pollutant (SLCP) Reduction Strategy

Dear Mr. Corey,

The Alliance for Responsible Atmospheric Policy (Alliance) is an industry coalition organized in 1980 to address the issue of stratospheric ozone depletion. It is the leading voice of manufacturers, businesses and trade associations who make or use fluorinated gases for the global market. Today, Alliance member companies are leading the development of safe, efficient, next-generation, climate- and ozone-friendly technologies and applications. 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. The Alliance represents companies across several sectors engaged in the development of economically- and environmentally-beneficial international and domestic policies regarding fluorinated gases. A list of members is attached.

The Alliance is proud of its extensive history of working in a constructive manner with the Air Resources Board (ARB), the US government and international bodies on the protection of stratospheric ozone and the mitigation of climate change. Having submitted comments in response to ARB's SLCP Reduction Strategy concept paper and draft strategy before as well as meeting directly with ARB staff in 2015 to exchange views on the reduction strategy, the Alliance is pleased to provide these considerations with regards to the HFC components of the proposed strategy.

The Alliance commends ARB staff on its commitment to an effective process of stakeholder consultation. The Alliance appreciates the sincere engagement and information exchange with industry which has taken place, consistent with the provisions of SB 605.

The Alliance is generally supportive of efforts to reduce the climate impact of HFCs. ARB's efforts, however, should also be considered in the context of their contribution to an effective, cohesive global approach. The Alliance encourages ARB to ensure that its strategy chosen balances a focus on direct greenhouse gas emissions from refrigerants with the fact that the vast majority, possibly as much as 95 percent, of emissions related to HVAC is from the energy necessary to operate the equipment.

Global and Sub-global Efforts

The Alliance welcomes the agreement it shares with ARB that the most effective means of reducing the future climate change contribution of HFCs should be global in nature. That reduction must be done in a manner that is orderly, and in a flexible fashion which allows companies to continue to fulfill consumers' need for products and technologies which are vital to public health, food safety, energy conservation, comfort and productivity. The Alliance agrees with ARB that national and international agreements provide the best way to reduce the supply of and emissions from the use of high global warming potential (GWP) refrigerants. The US EPA is in the process of taking additional steps to address the use of HFCs, and a uniform federal standard is more desirable than a state-by-state effort. On that note, the Alliance encourages ARB to carefully consider whether to encourage local and regional regulation of HFCs as seen in the proposed strategy. The benefit of a global solution is that it avoids a broad patchwork of sub-global policies, which could lead to inconsistent requirements between regions and added costs of compliance being passed to consumers.

The Alliance recognizes, however, that there is still uncertainty over whether the Montreal Protocol will be amended in 2016 to phase-down HFCs and, as a result, sub-global jurisdictions have begun to address HFCs in order to reduce emissions of high-GWP HFCs. The Alliance appreciates ARB's close monitoring of the international negotiations under the Montreal Protocol as it determines precisely how California can take actions to support and complement global efforts, including efforts to begin before an amendment would take effect. The Alliance remains available to provide updates on the state of negotiations under the Montreal Protocol at your convenience. It is requested, however, that ARB clarify the threshold it will rely on to determine if the Montreal Protocol agreement achieved is "sufficiently rigorous," as suggested in the proposed strategy.

The Alliance notes ARB's interest in pursuing additional reductions beyond those which may be achieved under the Montreal Protocol. It is important that any such measures carefully and fully consider relevant environmental and economic impacts, including the challenge faced by a number of sectors in adopting lower-GWP alternatives.

If ARB moves forward with its recommendation to incorporate a phase-down in California's supply of HFCs, the Alliance encourages it to do so in a manner which aligns with similar efforts in Australia, Canada, Europe and Japan. Although the proposed strategy references such alignment, it also indicates elsewhere that a "partnership" would be pursued with those jurisdictions and that ARB may implement a phase-down which enables the state to meet its 2020 and 2030 greenhouse gas emissions reduction targets. ARB should clarify its vision of this "partnership" and how California's phase-down based on its own reduction target would compare with those phase-downs in place or under development in other sub-global jurisdictions. The Alliance remains available to serve as an informational resource in the design of such potential structures.

As indicated in the proposed strategy, important progress on SLCPs has been made in the Climate and Clean Air Coalition (CCAC). Public and private sector coalition partners, including the Alliance, have developed innovative ways to address this element of the climate change challenge.

In line with ARB's emphasis on developing early voluntary actions to achieve near-term reductions, the Alliance is proud to have been central to the launch of two CCAC initiatives: the Global Food Cold Chain Council and the Global Refrigerant Management Initiative. These industry-led initiatives will reduce the unintended climate change contribution of HFCs in the food cold chain and servicing sector consistent with the goals of the HFC amendment to the Montreal Protocol.

The Alliance appreciates ARB's recognition of the significant private sector commitments to reduce the climate change impact of HFCs which were made at the White House in 2014 and 2015. Many Alliance member companies participated in these important events. At the 2015 event, Alliance member companies announced significant progress towards their 2014 commitments as well as new actions, including plans by the Alliance and other industry partners to develop a Reclaimed HFC Credit Bank.

Refrigerant Management

Refrigerant management, including reclamation, will likely receive a great boost given that the US EPA's proposed rule, intended as a response to the Alliance's January 2014 petition requesting that the provisions of Sec. 608 of the Clean Air Act be extended to HFCs, is expected to be finalized before the close of 2016. It remains the most viable strategy for near term emissions reductions because it is an extension of a regulatory program that requires manufacturers, equipment owners, technicians and reclaimers to engage in practices that actively reduce or eliminate refrigerant emissions. California should continue to explore ways to do more to minimize service and disposal emissions and enhance reclamation or use of reclaimed refrigerants.

The Alliance believes the reclamation of refrigerants can be a useful tool to reduce emissions while providing a source for the continued servicing of installed equipment. To that end, the

Alliance appreciates that ARB's proposal to "prohibit the sale or distribution of refrigerants with very-high GWP values" would include an exemption for refrigerants certified to be reclaimed or recycled. Currently, there is no industry data available to quantify who or how much high-GWP refrigerants are being reclaimed. As a result equipment could be stranded if there is not enough reclaimed HFCs. ARB should be flexible while this segment of the reclamation sector grows and becomes quantifiable as reclaimers comply with a requirement to report quantities of reclaimed HFCs to EPA.

Incentive Programs

On incentive programs, the Alliance reiterates that the specific mechanism and cost implications must be carefully considered as well as the impact on energy efficiency of low GWP alternatives that might be incentivized. In its comments on the draft strategy, the Alliance encouraged ARB to explore incentives for using low-GWP refrigerants which benefit all sectors in lieu of fees based on usage of certain refrigerants. Noting that the language on incentives in the proposed strategy does not explicitly state that the incentives would be limited to commercial refrigeration, the Alliance encourages ARB to clarify to which subsector(s) this provision of the proposal applies and to ensure that any incentive program does not promote any technology or technologies at the expense of others.

Bans and Prohibitions

On potential bans on the use of high-GWP refrigerants, the Alliance reiterates that companies will comment individually on the feasibility of sector-based controls since diverse views exist among Alliance members regarding such measures. The Alliance continues to believe that if ARB moves forward with sector controls, those controls must incorporate the necessary flexibility to enable compliance, avoid the imposition of significant implementation costs and allow consumers to transition to alternative technologies with net-equal or improved energy efficiency. On that note, the Alliance appreciates that ARB recognizes the connection between energy efficiency and refrigerant choice in appliances and HVACR systems. It is also important to recognize that manufacturers will need alternatives available which allow them to meet increasingly stringent energy efficiency standards.

Additional Considerations

For any potential HFC controls, the Alliance encourages ARB to take into account the timelines necessary for changes to any relevant codes and standards, including the model building, fire, mechanical and residential codes used in California after adoption. This important factor has often been a secondary concern for policymakers attempting to address HFCs, but is key to implementing a successful transition from high-GWP HFCs. Fortunately, an announcement of significant progress by the US Department of Energy, ASHRAE and AHRI is expected soon on efforts to conduct testing for the necessary changes to the codes and standards. This announcement should provide much-needed momentum to this critical element of the transition. As part of ARB's HFC supply phase-down, the agency should consider the inclusion of a

periodic technology review mechanism which compares the anticipated reduction schedule with the state of technology as well as what is allowed under the above mentioned codes for commercial and residential properties.

The Alliance would like to emphasize its concern regarding the use of both 20-year and 100-year GWPs in the proposed strategy. Although ARB states in the proposed strategy that 20-year GWPs are used “due to the urgency of the issue, and [in recognition] of the climate potency of SLCPs in the near-term,” the Alliance notes that consistency in this respect can promote common understanding and consensus-building with affected stakeholders. From a comparative perspective, the 100-year time horizon has been successfully relied upon in both the Montreal Protocol and UN Framework Convention on Climate Change for consistency of decision-making and should continue to be utilized.

As far as suggestions for future information gathering, the Alliance continues to encourage ARB to develop graphic projections which explain the concern that a Montreal Protocol amendment alone would be insufficient to address emissions from the installed base. Additionally, the Alliance continues to encourage ARB to graphically communicate what emissions reductions can be achieved with each sector proposed for the draft strategy.

Although ARB suggests that it will harmonize its HFC phase-down with the North American amendment (NAA) proposal in the Montreal Protocol, ARB’s phase-down is emissions-based and the proposed NAA is consumption-based. The Alliance continues to encourage ARB to resolve this disparity and communicate how ARB has done so.

Conclusion

The Alliance very much looks forward to ARB’s final strategy and continuing to be a resource for ARB staff as it advances these important policies. As a final suggestion, the Alliance reiterates that any policy measure should be assessed based on the following factors:

- Technical feasibility,
- Ease of implementation,
- Ease of enforcement, and
- Anticipated
 - Environmental Impacts, and
 - Economic Impacts on Consumers, Small businesses (including contractors, distributors, and retailers), and Industry

While the Alliance supports concerted global action to avoid significant future growth in the greenhouse gas emissions associated with the use of HFCs in their various applications, it is important that those emissions are avoided in a manner that ensures industry is able to continue to deliver critical societal and lifecycle climate benefits provided by their products. ARB’s actions to control HFCs should be carefully pursued and incorporate the important considerations we have cited above.

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The Alliance remains available to assist ARB staff as it moves towards a final strategy. The Alliance appreciates the opportunity to provide input on ARB's proposed strategy and looks forward to working with the agency in a constructive manner to achieve and implement an environmentally beneficial, safety enhancing, and economically viable strategy.

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



The Alliance

for Responsible Atmospheric Policy

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