

July 6, 2021

The Honorable Michael Regan  
Administrator  
Environmental Protection Agency  
Washington, DC 20004

**Re: Comments on Proposed Rule: Phasedown of Hydrofluorocarbons: Establishing the Allowance Allocation and Trading; 86 FR 27150**

Dear Administrator Regan:

We, the undersigned organizations, are pleased to provide comments to the proposed “Phasedown of Hydrofluorocarbons: Establishing the Allowance Allocation and Trading” rule. This rule would implement the first and most significant step to phasedown hydrofluorocarbons (HFCs) under the American Innovation and Manufacturing Act of 2020 (enacted as part of H.R. 133, the Consolidated Appropriations Act of 2021, P.L. 116-260).

We appreciate the opportunity to provide input on the important role of phasing down HFCs to contribute to our recovering economy and to address climate change. The allocation approach outlined in the proposed rule should provide long-term regulatory certainty. This would ensure that U.S. manufacturers remain global leaders. The rule should also apply to our foreign competitors in a manner consistent with the Kigali amendment to the Montreal Protocol, as we transition out away from high global warming potential (GWP) HFCs.

HFCs are compounds typically used as refrigerants, foam-blowing agents, etchants, solvents, propellants, and fire suppressants, providing critical services to society. The market for next generation products and equipment (e.g., HFC substitutes) is globally integrated, highly competitive, and rapidly growing. Phasing down HFCs requires products manufacturers and OEMs to invest in the transition, and there are estimates that some sectors could directly add 33,000 U.S. manufacturing jobs over the next decade. In addition, this proposal is the first step in growing the U.S. share of the world market for some types of heating, air-conditioning, and commercial refrigeration equipment by 25%.

Implementing the HFC phasedown globally would reduce a significant source of emissions that contribute to climate change, avoiding up to 0.5 degrees C in temperature increases by 2100. If the Administration is to achieve its ambitious climate goals, collaboration with American businesses to phase down HFCs must be part of the solution.

We want to highlight initial principles of importance to the business community for consideration by EPA that will make the phasedown process smoother and ensure more certainty for companies as they fulfill the rule’s requirements:

- First, allocate allowance from the entire period from 2011-2019, with each entity averaging three years of its choice from that period. Using the 2011-2019 period best represents both industry history and ongoing growth and market change. The business community proposes that individual entities should be able to select their three best years, which need not be contiguous, within that time period, and then average those three years together.
- Allocate allowances for 2022 and 2023 together by October 1, 2021.
- Engage with stakeholders to finalize allowance allocation rules well ahead of the 2024 allocation, and all future allocations, to allow for business planning. EPA should also consider an annual April 1 or July 1 deadline for informing companies of the allocation for the following year. The agency should incorporate the needs for HFCs required to ensure society's access to critical products throughout the phasedown and ensure allowances continue to get awarded to U.S. producers and importers, who have invested heavily in next generation lower GWP solutions in support of the transition.
  - EPA should not allocate any allowances to any entity identified by the Department of Commerce as having circumvented anti-dumping duties.
- Utilize existing authority to maximize the recovery, reclaim, and reuse of HFCs as part of the AIM Act especially supporting sectors struggling with access to substitutes due to technical limitations. EPA should make "set-aside" allowances available for refrigerant reclaimers to balance composition of reclaimed refrigerants.
- Provide more clarity and transparency in the use of the monetized estimates of the climate benefits and manufacturer costs associated with the proposed rule.
- Offer more flexible and efficient reporting requirements to reduce transaction costs for U.S. producers and importers impacted by the rule.
- Afford sufficient time for the transition to lower GWP technologies for affected sectors.

Completion of this rule on time with these modifications is critical for the environment, the regulated industry, and the U.S. economy.

In conclusion, this rule should provide equipment U.S. producers, importers, and users predictability, regulatory certainty, and a flexible approach. These critical components will allow manufacturers U.S. producers and their customers to the ability to reduce emissions in the most cost-effective way, while maintaining their competitiveness in world markets.

Thank you again. We stand ready to support the agency as it works towards finalizing this rule.

Sincerely,

Alliance for Automotive Innovation  
 Alliance for Responsible Atmospheric  
 Policy  
 American Chemistry Council  
 Air-Conditioning, Heating & Refrigeration  
 Institute

Association of Equipment Manufacturers  
 Association of Home Appliance  
 Manufacturers  
 Truck and Engine Manufacturers  
 Association  
 U.S. Chamber of Commerce