



FACT SHEET

EPA HFC REGULATIONS: HELPING CLIMATE AND REWARDING INNOVATION

The U.S. Environmental Protection Agency (EPA) took actions in September 2016 to reduce the use of hydrofluorocarbons (HFCs), the super-potent climate pollutants found in air conditioners, refrigerators, supermarket freezers, and other uses. The EPA approved several new climate-friendlier alternatives and announced deadlines to end certain uses of the most harmful HFCs. These actions reward manufacturers that have invested hundreds of millions of dollars developing next-generation alternatives and equipment that will use them, and that are building facilities and creating jobs to produce and use them. The EPA also issued new requirements to prevent leaks during handling and use of HFC refrigerants that will reduce emissions throughout these products' lives. Together, the rules are expected to prevent the equivalent of 14 million metric tons of carbon dioxide in 2025, equivalent to the harmful emissions of about 3 million cars in a year.

WHY A STANDARD?

In October 2016, nearly 200 nations agreed to establish a global phasedown of HFCs by amending for a fifth time the Montreal Protocol—the world's most successful environmental treaty. The United States sponsored an HFC phasedown proposal and was a leading champion of the HFC agreement, called the Kigali Amendment. The agreement requires an initial HFC cut by developed countries in 2019. Both recent rules, in addition to the EPA's first rule to limit HFCs from 2015, provide for the reductions that will enable the United States to comply with the agreement.

The worldwide HFC agreement has broad support from national governments, the relevant global industries, and non-governmental organizations. The agreement offers a globally consistent framework and market certainty over the coming decades to manufacturers making investments in research, development, and deployment of HFC alternatives across the globe. Industry prefers this framework over patchwork regulations that would create burdensome compliance logistics and expenses.

As the world leader in producing and marketing climate-friendlier technologies, the United States must fully participate in the implementation of the Kigali agreement in order to move global markets in the required direction. The EPA's HFC regulations are an important step to do that.

BASIS IN LAW

Regulations restricting HFC use are issued pursuant to Section 612 of the Clean Air Act, which established the "Significant New Alternatives Policy" program, requiring the EPA to evaluate the safety of alternatives to ozone-depleting substances, including HFCs. Regulations establishing HFC leak-prevention and handling requirements are issued under Section 608 of the Clean Air Act. These requirements have been a crucial part of the ozone-depleting substances phase out over the past 25 years.

For more information, please contact:

Jamie Consuegra

Alex Hillbrand

202-289-2364

202-289-2413

jconsuegra@nrdc.org

ahillbrand@nrdc.org

www.nrdc.org/policy

www.facebook.com/nrdc.org

www.twitter.com/nrdc

AMERICANS BENEFIT: ENVIRONMENTAL GAINS & ENERGY SAVINGS

HFC reductions are one of the most cost-effective ways to curb climate-warming pollution. In this case, the EPA's rules are set to prevent the equivalent of 14 million metric tons of carbon dioxide in 2025 and 19 million metric tons in 2030, equivalent to the harmful emissions of 3 million and then 4 million cars a year. These cost-effective measures will have no major economic impact.¹ Consumers will see almost no operational or economic changes to products that currently use HFCs, except that products using alternatives to HFCs tend to use less energy. In fact, one of the first air conditioners on sale in the United States using an HFC alternative is 10 percent more energy efficient than the previous version—thanks almost entirely to replacing the harmful HFC. That means lower electricity bills for air conditioning, refrigerators, and in many cases home heating.

AMERICAN MANUFACTURERS BENEFIT

American chemical producers and equipment manufacturers support the EPA's implementation of national HFC standards under the Clean Air Act and consistent with the Montreal Protocol for several reasons:

- U.S. manufacturers lead the world in developing climate- and ozone-friendly alternatives and the equipment that uses them. Our companies will have a competitive advantage when the domestic market moves quickly towards next-generation technologies.
- The EPA regulations provide a single standard applicable in all 50 states. However, national requirements do not preempt states from taking additional action.
- Since all products sold in the United States must meet the same requirements regardless where they are manufactured, the HFC regulations ensure overseas manufacturers using outdated, environmentally harmful, and inefficient HFCs are not undercutting American companies.

BROAD SUPPORT

Supporters of the EPA's regulations include many of the major American companies and American affiliates of foreign companies that produce HFCs and their alternatives, and that make the air conditioners, refrigerators, and foam products that use them. These companies include Honeywell, Chemours, Dow Chemical, 3M, Daikin U.S., Ingersoll Rand, Lennox, Johnson Controls, Rheem, Emerson, General Mills, Hewlett Packard, Dell, Microsoft, Nike, Red Bull, Unilever, and more.²

In anticipation of the HFC phasedown, these companies are investing billions of dollars in job-creating plants and factories located across the United States. For instance, the member companies of the Air-conditioning, Heating, and Refrigeration Institute (AHRI) have pledged \$5 billion over 10 years to develop and commercialize climate-friendly alternatives to HFCs. Many firms are moving to introduce HFC alternatives well in advance of the EPA regulatory deadlines. The U.S. Department of Energy is playing a key supportive role by investing \$8 million in R&D for technology improvements for air conditioners.³

In short, the transition from HFCs to the next generation of climate-friendlier, more efficient alternatives is a win for American firms, creates American jobs, and protects the health and welfare of all Americans.

ENDNOTES

1 U.S. Environmental Protection Agency, "Protection of Stratospheric Ozone: New Listings of Substitutes; Changes of Listing Status; and Reinterpretation of Unacceptability for Closed Cell Foam Products Under the Significant New Alternatives Policy Program; and Revision of Clean Air Act Section 608 Venting Prohibition for Propane," Federal Register 81, No. 231 (December 1, 2016): 86778- 86875, www.gpo.gov/fdsys/pkg/FR-2016-12-01/pdf/2016-25167.pdf.

2 The White House, Office of the Press Secretary, "Leaders from 100+ Countries Call for Ambitious Amendment to the Montreal Protocol to Phase Down HFCs and Donors Announce Intent to Provide \$80 Million of Support," September 22, 2016, obamawhitehouse.archives.gov/the-press-office/2016/09/22/leaders-100-countries-call-ambitious-amendment-montreal-protocol-phase (Accessed January 25, 2017).

3 The White House, Office of the Press Secretary, "Obama Administration and Private-Sector Leaders Announce Ambitious Commitments and Robust Progress to Address Potent Greenhouse Gases," October 15, 2015, obamawhitehouse.archives.gov/the-press-office/2015/10/15/fact-sheet-obama-administration-and-private-sector-leaders-announce (Accessed January 25, 2017).