

Application-Specific Allowances Overview

March 2022

Agenda

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- Allowance System Overview
- Reporting Requirements
- HFC Reporting System
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HFC Allocation Rule Background

- The American Innovation and Manufacturing (AIM) Act of 2020
 - Enacted December 27, 2020
 - Phases down HFC production and consumption by 85 percent by 2036
- The HFC Allocation Final Rule
 - Published in the Federal Register on October 5, 2021 (86 FR 55116)
 - Establishes an HFC allowance allocation and trading system to phase down HFCs consistent with the AIM Act
 - Projected total emission reductions from 2022 to 2050 are equivalent to 4.6 billion metric tons of CO₂
 - Nearly equal to three years of U.S. power sector emissions at 2019 levels

Date	Caps: Consumption & Production, Relative to Baseline
2022–2023	90 percent
2024–2028	60 percent
2029–2033	30 percent
2034–2035	20 percent
2036 & after	15 percent

Allowance System Overview

- Bulk: HFCs of any amount that is in a container for the transportation or storage of that substance such as cylinders, drums, ISO tanks, and small cans
 - Must first be transferred from a container to another container, vessel, or piece of equipment in order to realize its intended use as a bulk substance
 - HFCs contained in a manufactured product such as an appliance, an aerosol can, or a foam is not a bulk substance

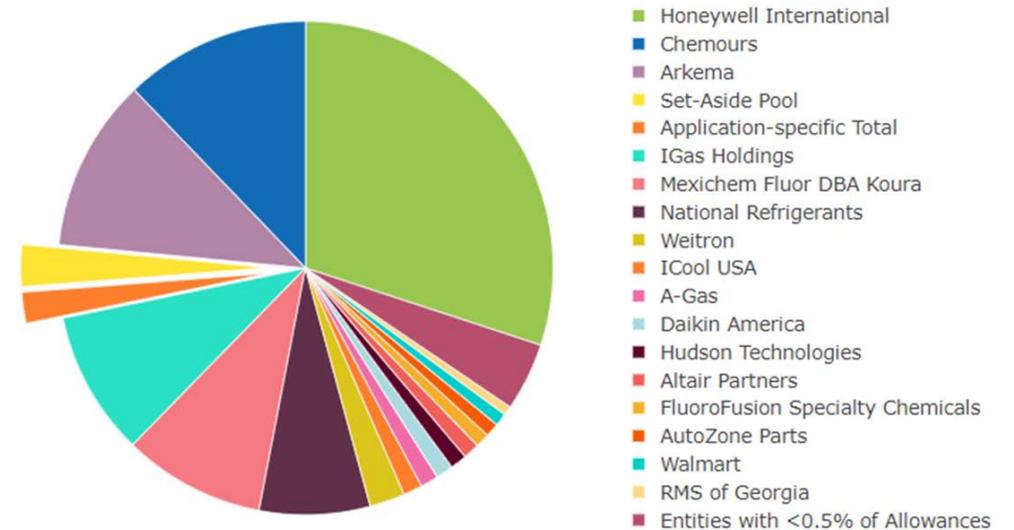
Allowance System Overview

- HFC allowances for calendar year 2022 issued
 - HFC allowances posted on EPA website October 1 and published in the *Federal Register* on October 7 (86 FR 55841)
 - Set-aside allowances to be allocated by March 31
- As of **January 1, 2022**, allowances are needed to produce or import bulk HFCs (with limited exceptions)
 - Producing HFCs requires both production and consumption allowances
 - Importing HFCs requires consumption allowances
 - Application-specific allowances may be used to either produce or import HFCs for use in the six applications listed in the AIM Act

Allowance System Overview

- Less than 3 percent of allowances allocated to application-specific entities
- More than 97 percent of 2022 allowances issued to companies that will produce and import HFCs
- All other companies that use HFCs did not receive an allocation and will need to work with their supplier to acquire HFCs

Distribution of HFC Consumption Allowances for 2022,
with Entities Receiving <0.5% Aggregated



Application-specific Allowances Overview

- Application-specific allowances were allocated to entities to ensure access to HFCs
- Application-specific allowances should be conferred through a supply chain to allow for production or import of HFCs
- Entities can acquire additional HFCs beyond the quantity of allowances issued by EPA by:
 - Contacting an HFC supplier, including reclaimers and fire suppressant recyclers, to acquire HFCs directly
 - These HFCs may have been imported or produced prior to 2022, were imported or produced with allowances after January 1, 2022, or were reclaimed/recycled
 - Acquiring additional allowances (through the transfer of either application-specific allowances for your specific application or consumption allowances for direct import)

Conferral of Allowances

- Allowances must be expended at the time HFCs are produced/imported – this means application-specific allowances must be conferred by the time of import or production
- Application-specific allowances may be conferred multiple times through a supply chain
 - There is no offset for conferring allowances
- Because allowances must be expended at the time of production and import, application-specific allowance holders are encouraged to confer their allowances as early in the year as possible to prevent supply chain disruptions and allow sufficient time to:
 - Produce/import the HFCs,
 - Process, purify and/or repackage the HFCs,
 - Deliver the HFCs to one or more suppliers, and/or
 - Deliver them to the entity using the HFCs

Reporting Requirements

- Recipients of application-specific allowances are subject to the following reporting requirements
 - **Biannual Reporting:** Submission of a report by July 31 and January 31 of each year
 - **Conferral of Allowances:** Submission of a report notifying EPA of the conferral prior to conferring allowances
 - **Transfer Requests:** Submission of a report requesting approval from EPA prior to transferring application-specific allowances
 - **Sale Requests:** Submission of a report requesting approval from EPA prior to selling HFCs for which application-specific allowances have been expended
- All reports are to be submitted to EPA through the HFC reporting system within the electronic Greenhouse Gas Reporting Tool (e-GGRT)
 - For transfers and conferrals, both the company transferring/conferring and the company receiving allowances must have e-GGRT accounts



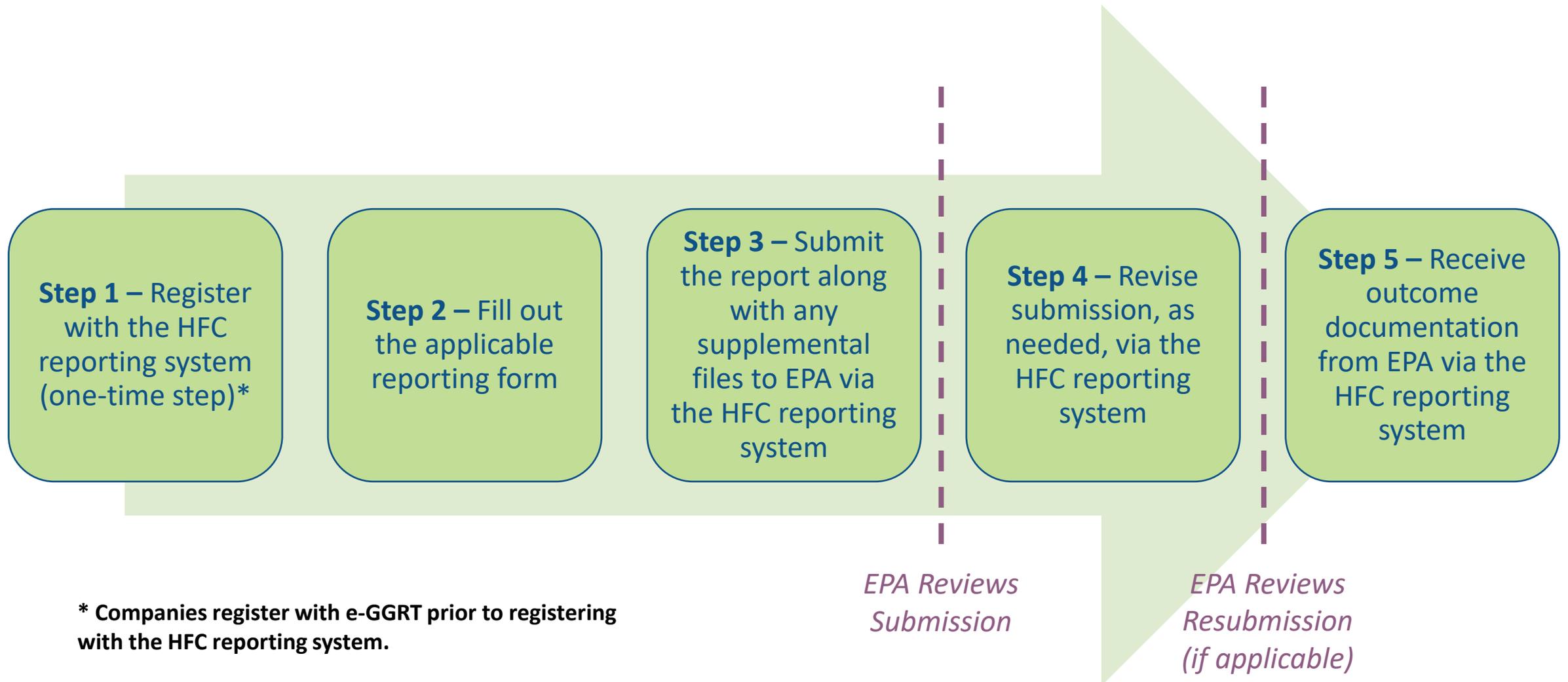
Biannual Reporting

- Requirements for the upcoming July 2022 application-specific biannual report
 - Current application-specific allowance holders - Companies that received application-specific allowances in October 2021 or through the set-aside must provide data for the:
 - First six months of activity for 2022
 - Quantities of HFCs acquired from July 2019 – June 2022
 - For new application-specific entrants - If a company wishes to request allowances for the first time in 2023, they must report the quantities of HFCs acquired for application-specific use from July 2019 – June 2022
 - Companies should be prepared to provide copies of sales records, invoices, or other records documenting the reported quantity acquired
 - Additional reporting requirements are included in 84.31(h)

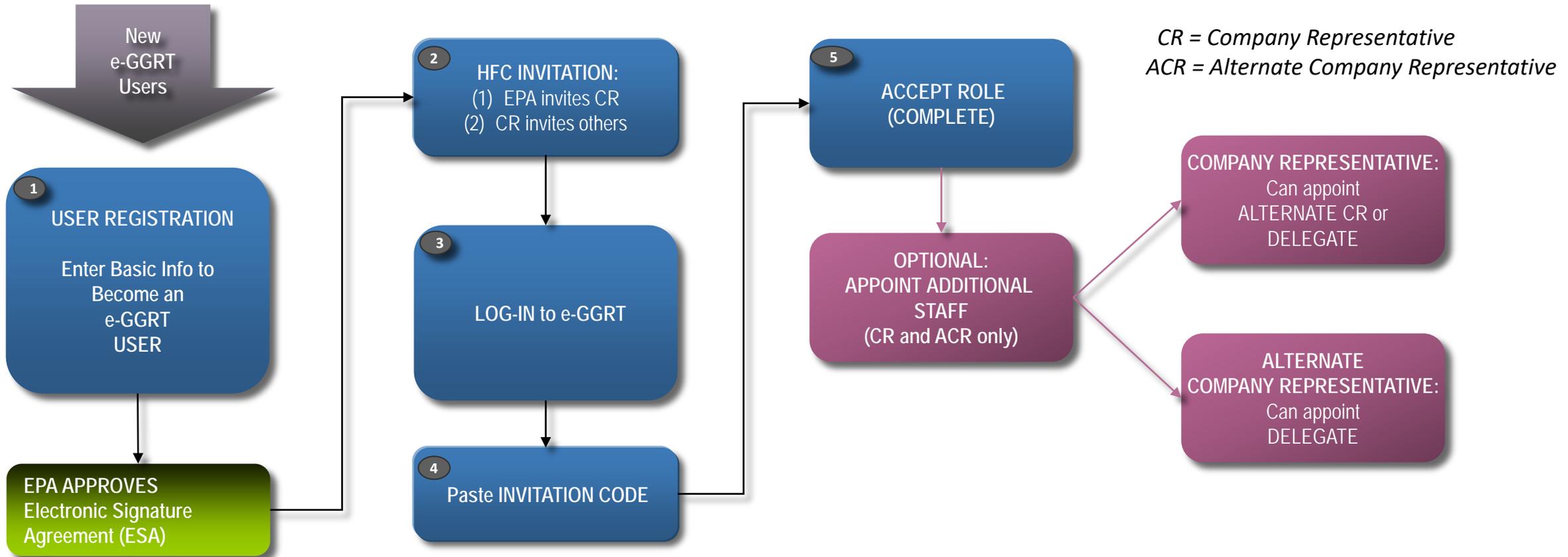
Application-specific Allowances Overview

- How will EPA determine allowance amounts for 2023?
 - EPA will calculate a company-specific and an application-wide average annual growth rate (AAGR) based on quantities of HFCs acquired between July 2019 – June 2022 and take the higher of the two numbers
 - This AAGR will be multiplied by the amount of HFCs acquired by the company in the prior year
 - EPA will also consider companies' requests for additional allowances beyond the Agency projected growth rate, based on individual circumstances:
 - Demonstrated manufacturing capacity coming on line;
 - The acquisition of another domestic manufacturer or its manufacturing facility or facilities; or
 - A global pandemic or other public health emergency that increases patients diagnosed with medical conditions treated by metered dose inhalers

Reporting Process Overview



e-GGRT HFC User Registration Workflow



See the webinar [e-GGRT 101: Registering-in and Using EPA's electronic Greenhouse Gas Reporting Tool](#) for detailed information on the e-GGRT and HFC reporting system registration process.

HFC Reporting System Registration



- To receive a unique HFC reporting system registration invitation, entities must provide the following information to EPA at HFCAllocation@epa.gov:
 - **Company Name** - Companies that are majority owned and/or controlled by the same individual(s) must report to EPA under a single company name
 - **Corporate Address**
 - **Company Representative Name** - The designated officer that will serve as the entity's main point of contact for all HFC reporting under the HFC allocation program
 - **Company Representative Email**
 - **Company Representative Phone**
- Anyone who receives application-specific allowances or material via a conferral, transfer, or sale must register with the HFC reporting system

Submitting an HFC Report

1. Log into e-GGRT
2. Enter the HFC Reporting System
3. Navigate to the HFC Reports tab
4. Upload a Completed Excel-based Reporting Form
5. Address Validation Errors, if Applicable
6. Upload Supporting Documentation
7. Submit Report
8. Complete Electronic Signature
9. Receive Confirmation Email

EPA United States Environmental Protection Agency

Home **HFC Reports** Import Petitions Company Management

Hello, Shubh Jain | My Profile | Logout

AIM UAT ICF Company 6 (AIM806)

Home » Choose a Company » Company Reports Summary

Submit or access your Reports

Use this screen to start new company-level HFC reports, or open existing company-level HFC reports. You may also open, prepare, then submit a one-time company report if it applies to your company.

If your company includes facilities (added via the Company Management tab) they will be listed in a table below. To access facility-level reporting locate the facility and click Open Facility in the Actions column.

Start a New Company-Level HFC Report

To start a new HFC report select its report type from the menu below, then click the Start button. If you want to view, revise, or amend an existing report, find it below in the Company-Level HFC Reports table and click Open Report.

Select Report Type

Start

Facility-Level Reporting

Facility	Facility ID	Facility City, State	Actions
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- [HFC Allocation Final Rule](https://www.epa.gov/climate-hfcs-reduction/final-rule-phasedown-hydrofluorocarbons-establishing-allowance-allocation)
(<https://www.epa.gov/climate-hfcs-reduction/final-rule-phasedown-hydrofluorocarbons-establishing-allowance-allocation>)
- [HFC Allocation Program Reporting and Recordkeeping web page](https://www.epa.gov/climate-hfcs-reduction/hfc-allocation-rule-reporting-and-recordkeeping)
(<https://www.epa.gov/climate-hfcs-reduction/hfc-allocation-rule-reporting-and-recordkeeping>)
 - Reporting Forms
- [HFC Allocation Rule Reporting Resources](https://www.epa.gov/climate-hfcs-reduction/hfc-allocation-rule-reporting-resources)
(<https://www.epa.gov/climate-hfcs-reduction/hfc-allocation-rule-reporting-resources>)
 - Reporting Forms
 - Webinar Presentation Slides
 - Reporting Instructions
- [EPA's electronic Greenhouse Gas Reporting Tool \(e-GGRT\)](https://ghgreporting.epa.gov/)
(<https://ghgreporting.epa.gov/>)
- [HFC Allocation Rule Reporting Help Desk](https://www.epa.gov/climate-hfcs-reduction/forms/hfc-allocation-rule-reporting-helpdesk)
(<https://www.epa.gov/climate-hfcs-reduction/forms/hfc-allocation-rule-reporting-helpdesk>)

Questions?

Appendix: Reporting Form Screenshots

Biannual Report

Section 1 - Company Identification

Instructions: Complete the following company information.

Company Name:	
Company ID:	
Reporting Year:	
Reporting Period:	

Section 2 - Application-Specific Data

Instructions: Enter the quantity of each regulated substance that was acquired through conferring allowances, directly imported, or purchased without expending application-specific allowances (i.e., from the open market) during the previous six months. Additionally, provide the quantity held in inventory on the last day of the previous six-month period, and the quantity destroyed or recycled during the previous six months.

Acquired, Held in Inventory, Destroyed or Recycled						
1	2	4	5	7	8	9
HFC	Quantity Acquired through Conferring Allowances (kg) §84.31(h)(1)(i)	Quantity Acquired through Expending Allowances and Directly Imported (kg) §84.31(h)(1)(ii)	Quantity Purchased for Application-Specific Allowances without Expending Application-Specific Allowances (kg) §84.31(h)(1)(iii)	Quantity Held in Inventory by the Reporting Company or Held under Contract by Another Company for the Reporting Company's Use (kg) §84.31(h)(1)(iv)	Quantity Destroyed (kg) §84.31(h)(1)(v)	Quantity Recycled (kg) §84.31(h)(1)(v)

Section 3 - Allowance Conferral Data

Instructions: Provide the names of the companies to which application-specific allowances were conferred.

HFC Allowance Conferral Data						
1	2	3	4	5	6	7
HFC	Company to Which Allowances Were Conferred	Company Contact Name §84.31(h)(1)(vi)	Company Contact Email §84.31(h)(1)(vi)	Company Contact Phone §84.31(h)(1)(vi)	Quantity of Allowances Conferred (MTEVe) §84.31(h)(1)(vi)	Quantity of HFC Received (kg) §84.31(h)(1)(vi)

Biannual Report

Section 4 - Transition Plan
Provide a description of plans to transition application-specific use of regulated substances to regulated substances with a lower exchange value or alternatives to regulated substances. §84.31(h)(1)(vii)

Section 5 - Additional Application-Specific Allowances for Next Calendar Year
Instructions: If the company is requesting additional allowances due to one or more of the circumstances listed in 84.13(b)(1), provide a projection of the monthly quantity of additional regulated substances needed for

Quantity Needed for Application-Specific Use (kg)													
1	2	3	4	5	6	7	8	9	10	11	12	13	14
HFC	January	February	March	April	May	June	July	August	September	October	November	December	Total
1													0.00
2													0.00
3													0.00
4													0.00

Please include a detailed explanation (and additional documentation, if necessary) to justify the additional need of allowances. §84.31(h)(1)(viii)

Biannual Report

Section 6 - Contracting Information						
Instructions: If the company is contracting out the manufacturing of defense sprays or metered dose inhalers, or paying another person (whether it is in cash, credit, goods, or services) to perform the servicing of onboard aerospace fire suppression, complete the following information for the contact doing to manufacturing or Manufacturing/Servicing Representative						
1	2	3	4	5	6	7
Company Name §84.31(h)(1)(ix)	Contact Name §84.31(h)(1)(ix)	Contact Email §84.31(h)(1)(ix)	Contact Street Address §84.31(h)(1)(ix)	Contract City §84.31(h)(1)(ix)	Contact State §84.31(h)(1)(ix)	Contact Zip §84.31(h)(1)(ix)
1						
2						
3						
4						
5						
6						

Provide clarification on whether the responses in this report apply to the company that is allocated application-specific allowances or the company receiving the contract for manufacturing and/or servicing using application-specific allowances: §84.31(h)(1)(ix)

Transfer Request

Section 1 - Transferor Identification

Instructions: Complete the following company information.

Company Name:	
Company ID:	
Reporting Year:	

Section 2 - Transferee Identification

Instructions: Complete the following company information.

Transferee Company Name:	
Transferee Company ID:	

Section 3 - Transfer Request Information

Enter data for each transfer request. For all regulated substances that are transferred, all fields are required unless otherwise indicated. For transfers of application-specific allowances, additionally provide a signed document from the transferee certifying that the transferee will use the application-specific allowances only for the same application for which the application-specific allowance was allocated (§84.19(a)(2)(viii)).

Transaction Data							
1	2	3	4	5	6	7	8
Transaction Number	Allowance Type §84.19(a)(2)(iii)	Type of Application (If Applicable) §84.19(a)(2)(iii)	Quantity of Unexpended Allowances Held by Transferor (MTEVe) §84.19(a)(2)(vi)	Total Cost of Allowances Transferred (USD) §84.19(a)(2)(v)	Quantity of Allowances Being Transferred (MTEVe) §84.19(a)(2)(iv)	Amount of Offset (MTEVe) §84.19(a)(2)(vii)	Number of Allowances Subtracted from Transferor's Allowance Balance (MTEVe)
1							
2							
3							

Sales Request

Section 1 - Application-Specific Seller Identification

Instructions: Complete the following company information.

Company Name:	
Company ID:	
Reporting Year:	

Section 2 - Application-Specific Purchaser Identification

Instructions: Complete the following company information.

Purchaser Company Name:	
Purchaser Company ID:	

Section 3 - Transaction Information

Instructions: Provide the following information for each HFC produced or imported using application-specific allowances that is being sold or conveyed. In addition, provide a certification that the HFCs will be used only for the same application for which the application-specific allowance under which the substances were produced or imported was allocated. §84.21(a)(2)(vi)

Transaction Data			
1	2	3	4
HFC	Quantity Sold or Conveyed (kg) §84.21(a)(2)(iii)	Total Cost of the Regulated Substance being Sold or Conveyed (USD) §84.21(a)(2)(iv)	Application for Which Allowances Were Allocated §84.21(a)(2)(v)
1			
2			
3			

Should the certification that the HFCs will be used only for the same application for which the application-specific allowance under which the substances were produced or imported was allocated be treated as confidential business information (CBI)?

Provide the specific products that the application-specific purchaser plans to produce with the HFCs. §84.21(a)(2)(v)

Conferral Report

Section 1 - Conferrer Identification

Instructions: Complete the following company information.

Company Name:	
Company ID:	
Reporting Year:	

Section 2 - Conferee Identification

Instructions: Complete the following company information.

Conferree Company Name:	
Conferree Company ID:	

Section 3 - Allowance Conferral Data

Instructions: Provide the following information for each conferral of application-specific allowances. In addition, provide a certification from the conferrer and the conferee stating that the regulated substances being acquired, produced, or imported are solely for an application listed in § 84.5(c)(2) and will not be resold for use in a different application or used in any other manufacturing process. §84.31(h)(4)(vi)

1	2	3
Application §84.31(h)(4)(iii)	Quantity of Application-Specific Allowances being Conferred (MTEVe) §84.31(h)(4)(iv)	Quantity of Unexpended Application-Specific Allowances Held by the Conferrer (MTEVe) §84.31(h)(4)(v)