

The AIM Act: Technology Transitions

Stakeholder Meeting

March 24, 2022

Agenda

- **Welcome**
- **Opening Remarks**
- **Overview of the AIM Act**
- **Technology Transitions Rulemaking**
- **Questions for Discussion**

Welcome

AIM Act Technology Transitions Stakeholder Meeting

Opening Remarks

Chris Grundler

Director, Office of Atmospheric Protection

The American Innovation & Manufacturing (AIM) Act



- Enacted December 27, 2020
- Phases down HFC production and consumption by 85% by 2036
- The AIM Act authorizes EPA to address HFCs in three main ways:
 - Phase down HFC production and consumption through an allowance allocation program
 - Facilitate sector-based transitions to next-generation technologies
 - Promulgate certain regulations for purposes of maximizing reclamation and minimizing releases of HFCs and their substitutes from equipment

HFC Allocation Rule Background

- HFC Allowance Allocation and Trading Program Final Rule (86 FR 55116)
 - Published in the Federal Register on October 5, 2021
 - Establishes an HFC allowance allocation and trading system to phase down HFCs
 - Total emission reductions from 2022 to 2050 are projected to amount to the equivalent to 4.6 billion metric tons of CO₂ or nearly equal to three years of U.S. power sector emissions at 2019 levels
 - Estimated present value of the cumulative net benefits of this action is more than \$272 billion from 2022 through 2050
- HFC Allowances for calendar year 2022 issued
 - Set-aside allowances to be issued by March 31

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

AIM Act Subsection (i): *Technology Transitions*

- EPA may by rule restrict the use of HFCs in a sector or subsector in which the HFC is used
- These restrictions may restrict uses fully, partially, or on a graduated schedule
- A person may also petition EPA to promulgate a rule for the restriction on use of a HFC in a sector or subsector
 - Extensive list of factors to consider in determining whether to grant or deny the petition
 - Petitions must be made available within 30 days, acted upon within 180 days, and if granted, EPA must complete a rulemaking within 2 years
 - Granting petitions does not mean EPA will propose or finalize requirements identical to the petitioners' request



Technology Transitions Overview

- In 2021, EPA received petitions to restrict HFCs under subsection (i)
 - Received first 5 petitions April 13th: 180 days to grant/deny (October 10th)
 - Posted to website within 30 days of receipt
- May 25, 2021: Published Notice of Data Availability (86 FR 28099)
 - Notification of petitions submitted under subsection (i) and availability of new docket EPA-HQ-OAR-2021-0289 to view petitions and submit any supplemental information
- EPA evaluated petitions considering statutory factors, to the extent practicable



Technology Transitions Overview, cont'd

- Statutory deadline for a final rule is October 7, 2023 (two years from granting petitions)
 - October 7, 2021: EPA granted 10 petitions and partially granted one petition (86 FR 57141; October 14, 2021)
- EPA must consider negotiating with stakeholders following “Negotiated Rulemaking Act” before commencement of the rulemaking process
 - December 29, 2021: EPA published FR Notice of decision to not use negotiated rulemaking for granted petitions (86 FR 74080)

Addressing Granted Petitions in Rulemaking

- Petitions cover more than 40 subsectors in the aerosols, foams, refrigeration and air conditioning sectors
 - Petitioners were ENGOs, industry trade associations, states, and private companies
- Some petitions requested restrictions that are identical or similar to previous CAA section 612 Significant New Alternatives Policy (SNAP) rules, which were partially vacated by the D.C. Circuit and remanded to EPA
- Other petitions requested that EPA's restrictions under AIM (i) go further than the SNAP rules by setting lower global warming potential "GWP" limits and/or adding additional HFC uses (e.g., in dehumidifiers)

Provisions under Subsection (i)

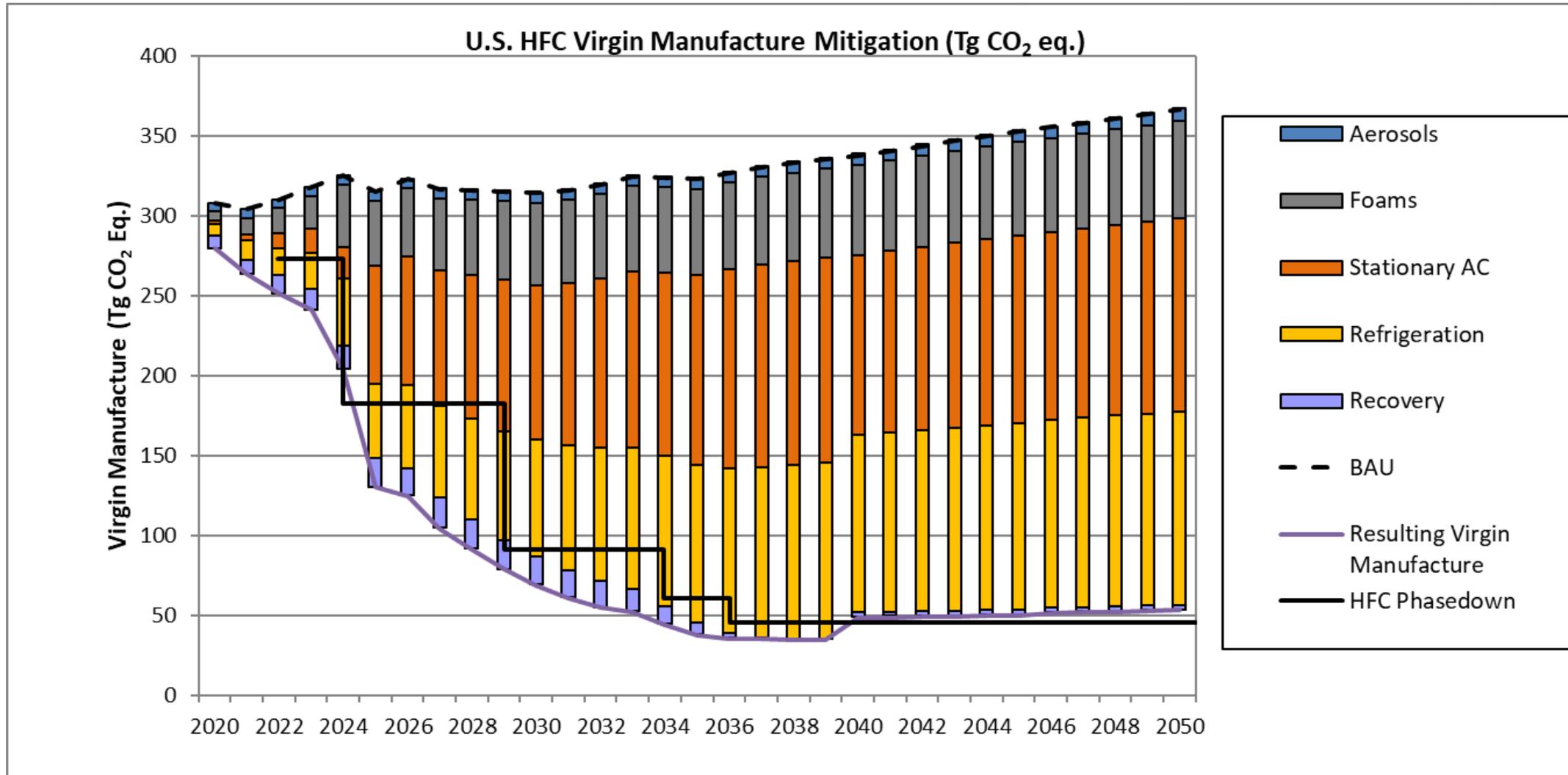
- For certain actions under subsection (i), (i)(4) requires that EPA must, to the extent practicable, factor in:
 - best available data;
 - overall economic costs and environmental impacts, as compared to historical trends;
 - remaining phase-down period for regulated substances under the phasedown rules, if applicable;
 - availability of substitutes for use of the regulated substance, taking into account:
 - technological achievability
 - commercial demands
 - affordability for residential/small business consumers
 - safety
 - consumer costs
 - building codes
 - appliance efficiency standards
 - contractor training costs
 - quantities of regulated substances available from reclaiming, prior production, or prior import
 - other relevant factors

Potential Outcomes of Rulemaking



- Restricting HFC use in certain sectors or subsectors where there are alternatives could support smooth transition and the economy-wide HFC phasedown goals of the Act
- Reducing HFC use and emissions
- Promoting U.S. innovation in the development of substitutes and alternative technologies
- Fulfilling EPA's statutory obligation to promulgate a rule to address the granted petitions

Potential reduction in U.S. consumption (preliminary)



Graph compares potential reductions in HFC consumption, across the sectors covered by the 11 petitions granted or partially granted on October 7, 2021, relative to the U.S. HFC BAU and the phasedown schedule for regulated HFCs

Next Steps

- We plan to address the granted petitions in a single rulemaking
 - Many cover the same or similar uses; and
 - The deadline for promulgating a rule to address these petitions is the same
- We also plan to propose establishing framework elements and definitions for implementation of subsection (i)

Questions for Discussion

- How should EPA consider various terms in the AIM Act, for example, sector and subsectors?
 - E.g., where possible should EPA rely on Title VI, Montreal Protocol, standards, others?
- Petitioners suggest unacceptable lists for HFCs and blends or GWP limits. Should EPA use one of these approaches? Are there other approaches EPA could consider?
- Should EPA treat products/equipment containing HFCs consistently?
 - E.g., apply restrictions to all sales for a particular subsector?
 - Exempt sales of used products (e.g., a used car)? Provide grandfathering ahead of a restriction?
- How should EPA consider the potential impacts of this action to overburdened communities?
- Where are the sources for updated information related to the factors that EPA could consider?

Closing