

Submitting Application-Specific Allowance Holders Biannual Reports

July 2023

Agenda

- Biannual Reporting Requirements
- Completing a Biannual Report
- Calculating Allowance Amounts
- Reporting Best Practices
- Other Updates
- Resources
- Questions

Biannual Reporting Requirements

- **When reports are due:**
 - Twice per year on July 31 and January 31 each year for all application-specific allowance holders
- **Who must report:**
 - Current application-specific allowance holders and other entities requesting application-specific allowances for the first time
- **Required documentation:**
 - Copies of sales records, invoices, or other records documenting the reported quantity acquired
 - Documentation that verifies the quantity of each HFC held in inventory
 - If requesting additional allowances for unique circumstances, verifiable documentation that supports this additional need
- **Full list of reporting requirements** at 40 CFR 84.31(h)
- Must submit this form by July 31 to be considered for CY2024 application-specific allowances

Completing a Biannual Report

Completing a Biannual Report

- Download a blank reporting form from:
 1. [EPA's HFC Allocation Rule Reporting and Recordkeeping](#) web page; or
 2. Within the HAWK reporting application

Reporting Forms

Hyperlinks to each report will be provided as each form becomes available. Some forms are currently only available in a read-only format. A fillable version of these forms will be made available as soon as e-GGRT is ready to accept these reports.

Search all columns: <input type="text"/>		
Reporting Form ▲	Report Level ◅	Reporting Frequency ◅
HFC Antidumping and Countervailing Duties One-Time Report for Importers (xlsx) *	Company	One-Time
HFC Application-Specific Allowance Holders Report (xlsx)	Company	Twice Yearly
HFC Conferral of Allowances Report (xlsx)	Company	As Needed
HFC Destruction One-Time Report (xlsx)	Facility	One-Time

Section 1: Company Information

Section 1 - Company Identification

Instructions: Complete the following company information.

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

- **Company Name:** The name under which your company is registered in HAWK
- **Company ID:** The ID assigned to your company in HAWK (e.g., AIM001)

Were allowances conferred or were HFCs received from a company to which allowances were conferred during the reporting period?	
--	--

Is your company requesting additional allowances due to one or more of the circumstances listed in §84.13(b)(1)?	
--	--

Does the company contract out the manufacturing of defense sprays or metered dose inhalers, or pay another person to perform the servicing of onboard aerospace fire suppression?	
---	--

Is your company requesting application-specific allowances for the first time?	
--	--

Section 2: Application-Specific Data

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.

HFC Allowance Conferral Data						
1	2	3	4	5	6	7
HFC	Quantity Acquired through Conferring Allowances (kg) §84.31(h)(1)(i)	Quantity of HFCs Your Company Imported Using Your Allowances (kg) §84.31(h)(1)(ii)	Quantity of HFCs Purchased for Application-Specific Use without Expending or Conferring Your 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)
1						
2						
3						
4						

- **Quantity Acquired through Conferring Allowances:** The amount acquired from an importer, producer, or supplier during the 6-month reporting period associated with conferring allowances*
- **Quantity of HFCs Imported using your Allowances:** The amount your company imported directly during the 6-month reporting period by expending your allowances*
- **Quantity of HFCs Purchased for Application-Specific Use without Expending or Conferring your Allowances:** The amount your company purchased during the 6-month reporting period without expending allowances (i.e., from the open market)*

***Supporting Documentation Requirement:** Copies of sales records, invoices, or other records documenting the reported quantity acquired. Specify the HFC weight per cylinder or unit if not included in the records provided.

Section 2: Application-Specific Data

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.

HFC Allowance Conferral Data						
1	2	3	4	5	6	7
HFC	Quantity Acquired through Conferring Allowances (kg) §84.31(h)(1)(i)	Quantity of HFCs Your Company Imported Using Your Allowances (kg) §84.31(h)(1)(ii)	Quantity of HFCs Purchased for Application-Specific Use without Expending or Conferring Your 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)
1						
2						
3						
4						

- **Quantity Held in Inventory by the Reporting Company or Held under Contract by Another Company for the Reporting Company's Use:** The amount held on the last day of the previous 6-month period (i.e., December 31 or June 30) in inventory by your company or held under contract by another company for your use*
 - **Quantity Destroyed:** The amount your company destroyed during the 6-month reporting period
 - **Quantity Recycled:** The amount your company recycled during the 6-month reporting period
- *Supporting Documentation Requirement:** Verification of the quantity of each HFC held in inventory

Section 3: Allowance Conferral Data

- Required only if you acquired HFCs during the 6-month reporting period associated with conferring allowances

- A contact name, email, and phone number for each company to which allowances were conferred →

Section 3 - Allowance Conferral Data
Instructions: Provide the names of the companies to which application-specific allowances were conferred during the past six months as well the quantity of regulated substances received from each company during the reporting period.

1	2	3	4
Company to Which Allowances Were Conferred	Company Contact Name	Company Contact Email	Company Contact Phone

- The total quantity of allowances conferred in MTEVe →

Quantity of Allowances Conferred (MTEVe)

5

- This information should align with information previously submitted to EPA via HFC Conferral of Allowances Reports

- The name and amount in kg of each regulated HFC received →

Quantity of HFCs Received (kg)

6a	6b	7a	7b	8a	8b	9a	9b
HFC (1) Received	Quantity of HFC (1) Received (kg)	HFC (2) Received	Quantity of HFC (2) Received (kg)	HFC (3) Received	Quantity of HFC (3) Received (kg)	HFC (4) Received	Quantity of HFC (4) Received (kg)

- The total amount received should equal the Quantity Acquired through Conferring Allowances as reported in Section 2

Section 4: Transition Plan

- Required in the report due July 31
- Transition plans could include:
 - Prospective plans and timeframe for researching alternatives;
 - Challenges and/or successes to testing for alternatives;
 - Description of alternatives actively being tested;
 - Status of development, deployment, or commercialization of alternatives; and/or
 - Use of reclaimed or recycled HFCs

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 Allowances

- Only relevant for the report due July 31
- Fill this out **only** if your company is requesting allowances ***in addition*** to what the Agency will calculate based on HFCs purchased during the previous three years (as reported under Section 2 and Section 7)
- At least one unique circumstance must apply
- Select “Yes” or “No” to specify the applicable unique circumstance(s):
- Please contact EPA if you have questions about whether any of these situations are applicable to you

Demonstrated manufacturing capacity coming on line:	
The acquisition of another domestic manufacturer or its manufacturing facility or facilities:	
A global pandemic or other public health emergency that increases patients diagnosed with medical conditions treated by metered dose inhalers:	

Section 5: Additional Allowances

- Provide a projection of the additional monthly quantity, in kg, of each regulated HFC needed for use in the specified application in the following calendar year
- Provide a detailed explanation to justify the additional need for each applicable unique circumstance

Additional Quantity Needed for Application-Specific Use §84.31(h)(1)(viii)													
1	2	3	4	5	6	7	8	9	10	11	12	13	14
HFC	January (kg)	February (kg)	March (kg)	April (kg)	May (kg)	June (kg)	July (kg)	August (kg)	September (kg)	October (kg)	November (kg)	December (kg)	Total (kg)

Provide a detailed explanation to justify the additional need for each applicable unique circumstance. §84.31(h)(1)(viii)

Section 5: Additional Allowances

- **Supporting Documentation is Required**

- Failure to provide EPA with complete reports and all required documentation to verify those reports may prevent EPA from being able to issue allowances to your company

- Supporting documentation may include:

- Copies of permits or other documents to clarify when the new line or facility is opening
- Agency approvals for new products or product modifications
- Purchase and sale agreements for facilities where a new product will be manufactured
- Recent invoices for equipment or capital tool purchases

<p>Have you provided documentation along with this report that supports this additional need due to your unique circumstance(s)? Supporting documentation includes information in a format that can be verified, such as copies of permits or other documentation to clarify when the new line or facility is opening, agency approvals for new products or product modifications, and more recent sales numbers to document growth in MDI sales resulting from a public health emergency.</p>	
--	--

Section 5: Additional Allowances

- ***Recommended:* Provide a cover letter** to further EPA's understanding of your total projected need for HFCs
- The cover letter should specify:
 - The total amount of allowances being requested for the following year
 - An explanation about why the request for **additional** allowances is being made
 - A description of the supporting documentation provided
 - Any additional information relevant to your company's request
- Can be uploaded as supporting documentation

Section 6: Contracting Information

- Required **only** if
 - (1) your company holds application-specific allowances for defense sprays, MDIs, or onboard aerospace fire suppression and
 - (2) you contract out the manufacturing of defense sprays or MDIs or pay another person to perform the servicing of onboard aerospace fire suppression equipment
- The name and contact information for the manufacturing or servicing companies
- Clarify whether the data provided correspond to the application-specific allowance holder or to the contracting companies described in this section

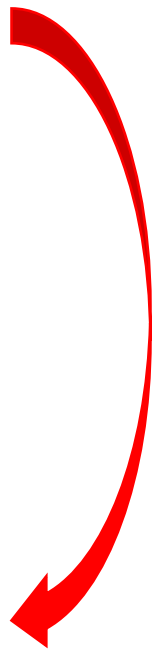
Manufacturing/Service Representative §84.31(h)(1)(ix)						
1	2	3	4	5	6	7
Company Name	Contact Name	Contact Email	Contact Street Address	Contact City	Contact State	Contact Zip

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)

Section 7: Quantity Acquired in Previous Three Years

- Only relevant for the report due July 31
- Applicable **only** to persons requesting application-specific allowances for the first time
- Provide the quantity of each HFC acquired in the previous 3 years in 6-month increments
 - Data for the most recent 6-month period will auto populate based on information entered in Section 2
- Provide copies of sales records, invoices, or other records documenting the quantity acquired
 - Specify the HFC weight per cylinder or unit if not included in the records provided
 - Failure to provide EPA with complete reports and all required documentation to verify those reports may prevent EPA from being able to issue allowances to your company

Year	2020	2021	2021	2022	2022	2023
Reporting Period	July 1 - December 31	January 1 - June 30	July 1 - December 31	January 1 - June 30	July 1 - December 31	January 1 - June 30
HFC	Quantity Acquired (kg)					
1						0.00
2						0.00
3						0.00
4						0.00



Calculating Allowance Amounts

Calculating Allowance Amounts

- How will EPA determine allowance amounts for 2024?
 - **Step 1: Calculate Entity AAGR** - EPA will calculate an average annual growth rate (AAGR) for each entity based on verified purchases of HFCs between July 2020 – June 2023 using the following formula:

$$\frac{\left(\frac{\text{Total HFC Purchases in Year 2}}{\text{Total HFC Purchases in Year 1}} - 1 \right) + \left(\frac{\text{Total HFC Purchases in Year 3}}{\text{Total HFC Purchases in Year 2}} - 1 \right)}{2}$$

- **Step 2: Calculate Application-wide AAGR** - Using verified purchase data between July 2020 – June 2023 from all entities in each application, EPA will calculate an AAGR for each application

* Year 1 = July 1, 2020 – June 30, 2021; Year 2 = July 1, 2021 – June 30, 2022; and Year 3 = July 1, 2022 – June 30, 2023. Total HFC purchases are summed on the basis of MTEVe.

Calculating Allowance Amounts

- **Step 3: Compare Calculated AAGRs** - For each entity, EPA will determine whether their individual AAGR or the application-wide AAGR is higher
- **Step 4: Multiply Higher AAGR by Year 3 Purchases** - EPA will multiply the higher AAGR by each entity's HFC purchase quantities between July 2022 – June 2023 (Year 3)
- **Step 5: Add Calculated Growth to Year 3 Purchases** - EPA will then add that amount to the entity's HFC purchase quantities between July 2022 – June 2023 (Year 3) to determine the 2024 allocation
- **Step 6: Consider Additional Needs** - EPA will also consider companies' requests for additional allowances beyond the amount calculated above based on verified unique circumstances

Calculating Allowance Amounts

- **Additional allowances** will be considered if at least one of the following unique circumstances apply:
 - Demonstrated manufacturing capacity coming online
 - The acquisition of another domestic manufacturer or its manufacturing facility or facilities
 - A global pandemic or other public health emergency that increases patients diagnosed with medical conditions treated by metered dose inhalers

Example Allowance Calculation

- **Step 1: Calculate Entity AAGR**

	Year 1	Year 2	Year 3
HFC-134a Acquired (kg)	600	400	450
HFC-227ea Acquired (kg)	600	1,500	1,200
HFCs Acquired (MTEVe)	2,790	5,402	4,508

$$\text{Entity AAGR} = \frac{\left(\left(\frac{5,402}{2,790} - 1\right) + \left(\frac{4,508}{5,402} - 1\right)\right)}{2} = 38.54\%$$

Example Allowance Calculation

- **Step 2: Calculate Application-wide AAGR**

	Year 1	Year 2	Year 3
Total HFCs Acquired for Application X (MTEVe)	800,000	1,050,000	1,200,000

$$\text{Application AAGR} = \frac{\left(\left(\frac{1,050,000}{800,000} - 1\right) + \left(\frac{1,200,000}{1,050,000} - 1\right)\right)}{2} = 22.77\%$$

- **Step 3: Compare Entity AAGR and Application-wide AAGR**

- **38.54%** (entity AAGR) > 22.77% (application-wide AAGR)

Example Allowance Calculation

- **Step 4: Multiply Higher AAGR by Year 3 Purchases**
 - $38.54\% * 4,508 \text{ MTEVe} = 1,737 \text{ MTEVe}$
- **Step 5: Add Calculated Growth to Year 3 Purchases**
 - $1,737 \text{ MTEVe} + 4,508 \text{ MTEVe} = 6,245 \text{ MTEVe}$
- **Step 6: Consider Additional Needs**
 - Verified additional need due to the acquisition of another domestic manufacturing facility = 400 MTEVe

$$2024 \text{ Allowances} = 6,245 + 400 = \mathbf{6,645 \text{ MTEVe}}$$

Reporting Best Practices

- **Report as early as possible**
 - Early reporting (before July 31) is greatly appreciated as it may provide EPA additional time to thoroughly review your report and contact you in case there are discrepancies, missing documentation, or other issues that need to be addressed
- **Estimate your eligible quantity**
 - Calculate your eligible allocation quantity using the steps outlined in slides 18 – 20.
Note: final quantities may differ depending on what EPA can verify
- **Cover letter**
 - Describe how the supporting documentation provided can be used to verify reported acquisition and inventory data
 - If requesting additional allowances under unique circumstances, describe how the supporting documentation verifies the request
 - Identify your total projected need for the next year*

* *EPA will allocate to that level if we can verify you are eligible for that amount*

Reporting Best Practices

- **Supporting Documentation**
 - Ensure sufficient information is provided to allow EPA to independently verify reported values
 - Specify the HFC weight per cylinder or unit
 - Specify the composition of HFCs contained within each product (if relevant)
 - Failure to provide EPA with complete reports and all required documentation to verify those reports may prevent EPA from being able to issue allowances to your company
- **Date of Acquisition**
 - Ensure that you use a consistent date (e.g., date shipped, delivery date) when reporting the date when material was obtained
- **Double-check your math**
 - Ensure you use the conversion factor of 0.4536 kg/lb
 - Re-check calculations for total needs
- **Conferral Data**
 - Ensure the reported quantity of material acquired through conferring allowances in Section 2 equals the total quantity of each HFC reportedly received in Section 3
- **Regularly Engage with EPA**
 - Reach out throughout the development of your report and respond quickly to EPA requests

- **Application-specific Review and Renewal Rule**
 - Background
 - Review the status for each of the six application-specific end uses and determine eligibility for renewal for another five years, consistent with the statutory process
 - Consider revisions to existing regulatory requirements
 - Timeline (planned)
 - Summer 2024: Notice of Proposed Rulemaking publication
 - Summer 2025: Final Rulemaking publication
 - EPA considering what information it will need to review given direction in the AIM Act
 - EPA planning to hold stakeholder meetings later this year



- **Auditing**

- EPA extended the compliance date by a year such that the first audit be conducted in 2024 on calendar year 2023 data, as stated in the [2021 HFC Allocation Rule preamble](#)
- Ensure that your CPA meets the financial criteria in [40 CFR 84.33\(h\)\(2\)](#) and employment criteria in [40 CFR 84.33\(h\)\(1\)](#)
- Review 40 CFR 84.33 for full auditing requirements
- EPA planning to provide additional guidance

- [HFC Allocation Final Rule](https://www.epa.gov/climate-hfcs-reduction/regulatory-actions-allowance-allocation-and-reporting#Final-rule)
(<https://www.epa.gov/climate-hfcs-reduction/regulatory-actions-allowance-allocation-and-reporting#Final-rule>)
- [HFC Allocation Program Reporting and Recordkeeping web page](https://www.epa.gov/climate-hfcs-reduction/reporting-and-recordkeeping-resources)
(<https://www.epa.gov/climate-hfcs-reduction/reporting-and-recordkeeping-resources>)
 - 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>)
 - Webinar Presentation Slides
 - Reporting Instructions
- [Access HAWK through 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?

Reminders

- Unless called to speak, please keep your speaker on **MUTE**
 - If joining by phone unmute by entering *6
- During Q&A session:
 - Raise your **HAND** to ask to speak 
 - Open **CHAT** to submit questions or ask to speak 
 - Please indicate your **NAME** and **AFFILIATION**
 - Please be mindful of time to allow others opportunity to ask questions or speak
- If your internet connection is unstable, turning off your **VIDEO** might help