



APPLICATION-SPECIFIC HFC ALLOWANCES REVIEW AND RENEWAL RULE

Stakeholder Meetings

November 7-8, 2023





Outline

- Welcome and introductory remarks
- Background
- Application-specific proposed rule overview
- Discussion
- Resources

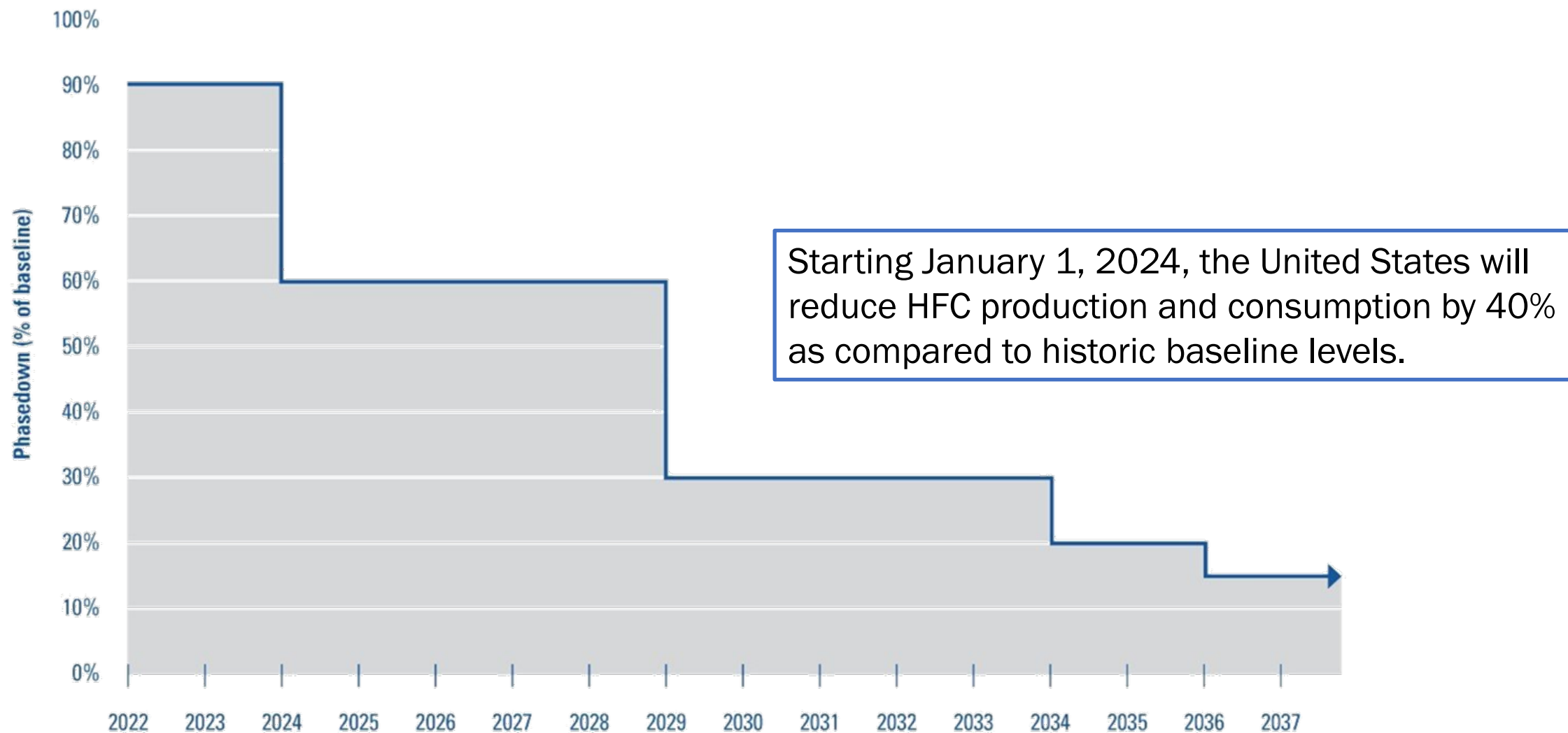
Welcome

AIM Act and Application-Specific Background

Background: The AIM Act and Application-specific Allowances

- The American Innovation and Manufacturing (AIM) Act of 2020 phases down HFC production and consumption by 85% by 2036
 - 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
-  Metered-dose inhalers (MDIs)
 -  Defense sprays
 -  Structural composite preformed polyurethane foam for marine use and trailer use
 -  Semiconductor etching and chemical vapor deposition chamber cleaning
 -  Mission-critical military end uses
 -  Onboard aerospace fire suppression

HFC Phasedown Schedule



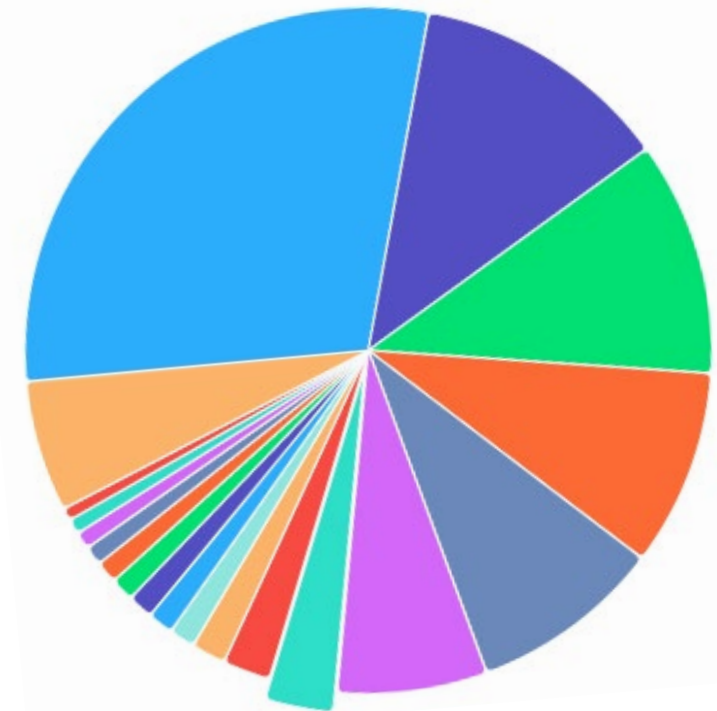
Background: Allocation Methodology

- Application-specific entities must apply for allowances by July 31 of the prior calendar year
- Allocation based on HFC usage over the past 3 years multiplied by average annual growth rate and takes into account unique circumstances
 - Unique approach for military end uses
- Application-specific allowance holders receive priority access to allowances ahead of others

Background: 2024 Allowances

- Approximately 3% of 2024 allowances allocated to application-specific entities
- The remainder were issued to companies that 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

2024 HFC Consumption Allowances



Application-specific allowance holders; ~3%

Proposed Rule Overview and Discussion

Reviewing Application-specific End Uses

Statutory Requirements:

- Review the eligibility of each of the six application-specific end uses within 5 years to continue to be allocated application-specific allowances
- Eligibility may be renewed up to 5 years based on statutory criteria
- Planning for a new rule to be in effect for the allocation of calendar year 2026 allowances (i.e., by Oct 1, 2025)

Other Components:

- Codify petition process to consider new applications
- Potentially propose targeted changes to existing regulations

Next Steps:


- Planning to issue a proposed rule in summer 2024

Questions for Stakeholders

Reminders

Unless called to speak,
please keep your
speaker on **MUTE**

- If joining by phone, unmute by entering *6

- Raise your **HAND** to ask to speak 
 - If joining by phone, raise hand by entering *5
- Please indicate your **NAME** and **AFFILIATION**
- Please be mindful of time to allow others opportunity to ask questions or speak

Questions for Input: General Meeting

1. How does the methodology for determining allowance amounts comport with your HFC usage and needs?
2. How is the conferral process working for your company?
3. Why might application-specific allowances go unused?
4. How might limiting the specific HFCs that can be acquired using application-specific allowances affect your ability to access HFCs?
5. What suggestions would you offer on how to improve the reporting process?

Questions for Input: Defense Sprays Meeting

1. Are you exploring substitutes for your application? What is the expected timeline for transition?
2. What other challenges affect your ability to transition?
3. What standards and regulations affect your ability to transition and get approval for a new product, substitute, or manufacturing process?
4. What specific HFC quality requirements are there for your use?
5. How could reclaimed HFCs be used in your application?

Questions for Input: Semiconductors Meeting

1. Are you exploring substitutes for your application? What is the expected timeline for transition?
2. What standards and regulations affect your ability to transition and get approval for a new product, substitute, or manufacturing process?
3. What other challenges affect your ability to transition?
4. What specific HFC quality requirements are there for your use? Do cylinders of HFCs for semiconductor use have a shelf life after which they cannot be used?
5. Given that multiple HFCs are used in semiconductor manufacturing, what distinct purpose does each chemical serve?

Questions for Input: Metered-Dose Inhalers Meeting

1. Are you exploring substitutes for your application? What is the expected timeline for transition?
2. What other challenges affect your ability to transition?
3. Are there any additional standards and regulations, from FDA or elsewhere, that you need to meet or comply with to get approval for a new product/substitute/process?
4. How does the methodology for determining allowance amounts comport with your HFC usage and needs?
5. How is the conferral process working for your company?

Questions for Input: Onboard Aerospace Fire Suppression Meeting

1. Are you exploring substitutes for your application? What is the expected timeline for transition?
2. What other challenges affect your ability to transition?
3. What standards and regulations affect your ability to transition and get approval for a new product, substitute, or manufacturing process?
4. What specific HFC quality requirements are there for your use?
5. How could reclaimed HFCs be used in your application?

Questions for Input:

Foams for Marine Use and Trailer Use Meeting

1. Are you exploring substitutes for your application? What is the expected timeline for transition?
2. What other challenges affect your ability to transition?
3. What standards and regulations affect your ability to transition and get approval for a new product, substitute, or manufacturing process?
4. What specific HFC quality requirements are there for your use?
5. How could reclaimed HFCs be used in your application?

Questions for EPA

Resources

- **Protecting Our Climate by Reducing Use of HFCs**
 - <https://www.epa.gov/climate-hfcs-reduction>
- **Phasedown of HFCs: Issuing Allowance Allocations**
 - <https://www.epa.gov/climate-hfcs-reduction/phasedown-hydrofluorocarbons-hfcs-issuing-allowance-allocations>
- **Public Meetings**
 - <https://www.epa.gov/climate-hfcs-reduction/public-meetings>
- **Notices and Rulemakings**
 - <https://www.epa.gov/climate-hfcs-reduction/notices-and-rulemakings>

Thank you for attending