

MEMORANDUM: Overview of the Proposed Rule, “Protection of Stratospheric Ozone: Adjustments to the Allowance System for Controlling HCFC Production and Import, 2020-2029; and Other Updates”

The EPA regulates the production and import of hydrochlorofluorocarbons (HCFCs) under Title VI of the Clean Air Act. Through this rulemaking, the EPA is proposing HCFC allocations for 2020 through 2029 for HCFC-123 and HCFC-124. The EPA is also proposing to update other requirements under the program for controlling production and consumption of ozone-depleting substances (ODS), as well as proposing edits to the regulatory text for improved readability and clarity. See the preamble to the proposed rule for a more detailed discussion (available at regulations.gov in docket number EPA-HQ-OAR-2016-0271).

- 1) Consumption and Production Allowance Allocations** — Starting in 2020, the United States must reduce production and consumption of all HCFCs to less than 0.5 percent of the historic U.S. baseline. Newly-produced or imported HCFCs may only be used to service fire suppression and air conditioning and refrigeration equipment that was manufactured before January 1, 2020.

a. Proposed HCFC-123 Allocation

Table 1: HCFC-123 Consumption Allocation Approaches, 2020-2030 (MT)												
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Proposal	650	650	650	570	490	410	330	250	170	90	0	4,260
Alternative 1	520	480	450	420	380	350	310	280	250	210	0	3,650
Alternative 2	2,014	2,014	2,014	2,014	2,014	2,014	2,014	2,014	2,014	2,014	0	20,140

Note: Numbers are rounded.

Consumption: The agency is proposing to issue consumption allowances equal to the 2020 estimated HCFC-123 demand for servicing existing refrigeration and air-conditioning and fire suppression equipment (650 MT) for years 2020 through 2022 and to then decrease the number of allowances issued in each subsequent year by a consistent amount such that there are zero allowances issued in 2030. The EPA is also taking comment on two alternatives included in Table 1. Allowances would be allocated to the entities with baseline consumption allowances listed at 40 CFR 82.19.

b. Proposed HCFC-124 Allocation

Table 2: HCFC-124 Production and Consumption Allocation Approaches, 2020-2030 (MT)												
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Proposal	200	200	200	175	150	125	100	75	50	25	0	1,300
Alternative	200	200	200	200	200	200	200	200	200	200	0	2,000

Consumption and Production: The agency is proposing to issue consumption and production allowances equal to the 2020 estimated HCFC-124 demand (200 MT) for years 2020 through 2022 and to then decrease the number of allowances issued in each subsequent year by a consistent amount such that there are zero allowances issued in 2030. The EPA is also taking comment on the alternative included in Table 2. Allowances would be allocated to the entities with baseline production and consumption allowances listed at 40 CFR 82.17 and 82.19.

- 2) **De minimis exemption** — The EPA is proposing to create a *de minimis* exemption from the use prohibition in Clean Air Act Section 605(a) to allow virgin HCFC-123 to be used for the manufacture of chillers that meet specific criteria through December 31, 2020. This proposal aims to address a unique situation that has arisen because certain construction projects that ordered HCFC-123 chillers for installation in 2019 are behind schedule and the chillers may not be installed by the end of 2019.
- 3) **Servicing of Certain Fire Suppression Equipment** — In November 2018, the Parties to *the Montreal Protocol on Substances that Deplete the Ozone Layer* adopted an adjustment that, among other things, added “the servicing of fire suppression and fire protection equipment” existing on January 1, 2020, as a permissible use for newly produced and imported HCFCs. Consistent with this adjustment and a continuing servicing demand for fire suppression equipment using HCFCs, the EPA is proposing to allow for the servicing of fire suppression equipment manufactured before 2020 with HCFCs imported prior to 2030.
- 4) **Updating the Label on Containers of Fire Suppression Agent** — To ensure that technicians servicing fire suppression equipment are aware of the proposed flexibility to allow for use of fire suppression agents containing newly imported HCFC-123, the EPA is proposing to revise the labeling requirement for containers of fire suppression agent containing HCFC-123.
- 5) **Limiting Inter-pollutant Transfers** — To align with existing regulations that prohibit the production and import of phased out HCFCs, in particular HCFC-22, the agency is proposing to modify the inter-pollutant allowance transfer provisions to explicitly prohibit transfers into ODS that are already phased out.
- 6) **Requiring Electronic Reporting** — To increase the accuracy and reduce the burden associated with reporting ODS data, the EPA is proposing to require that reports and import petitions be submitted electronically through the agency’s Central Data Exchange (CDX).
- 7) **Import Petition for Used ODS** — The agency is proposing to reduce the information requirements needed in a petition to import used class I ODS if the source of the ODS is a government operated or recognized ODS bank.
- 8) **Facilitating Imports of ODS for Destruction** — The agency is proposing to provide a new streamlined process for the import of virgin and used ODS for destruction in the United States.
- 9) **Exemption for Halon 1211 in Halon Aircraft Bottles** — The EPA is proposing to exempt Halon 1211 in halon aircraft bottles from the import petition process to make it easier for companies to service fire suppression equipment.
- 10) **Changes to Quarantine and Preshipment Requirements** — The EPA is proposing to prohibit the sale of quarantine and preshipment (QPS) methyl bromide for non-QPS uses and modify the existing recordkeeping requirements such that all distributors and purchasers of QPS methyl bromide must certify that will not use QPS methyl bromide for non-QPS uses. These proposals are in response to the misapplication of this ODS in Puerto Rico and the U.S. Virgin Islands.
- 11) **Adding Destruction Technologies** — The agency is proposing to update the list of destruction technologies, consistent with the Montreal Protocol.

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- 12) Prohibiting the Sale of Illegally Imported ODS** — The EPA is proposing to prohibit the sale or offer for sale or distribution of any ODS that has been imported into the United States without consumption allowances or is otherwise not subject to an exemption.
- 13) Banning Polyurethane Foam Systems Containing CFCs** — In light of recent reports on increased emissions of CFCs in China and Eastern Asia, the EPA is proposing to add polyurethane foam systems (often called “polyols”) containing phased out CFCs to the list of banned products under 40 CFR Part 82, Subpart C to prohibit them from being sold or distributed in the United States.
- 14) Removing Obsolete Provisions** — This notice proposes to remove outdated provisions related to the allocation and transfer of class I ODS credits and allowances that are no longer in use.