

HFC Phasedown Legislation

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1. HFC Phasedown Legislation

- Phasing down a class of fluorocarbons known as hydrofluorocarbons (HFCs) would allow for an orderly transition to new products and technologies for U.S. manufacturers and consumers.
- The U.S. heating, ventilation, air conditioning, and refrigeration (HVACR) industry broadly supports Federal legislation authorizing EPA to phase down HFCs.
- Legislation under discussion would also authorize EPA to harmonize refrigerant management and sector-based programs, so there would be a single federal program for HFCs and ozone-depleting substances.
- This grant of authority would be limited – and not able to be used for any purpose other than phasing down HFCs. It has no precedential value, except to show that EPA needs Congress to act where EPA wants to control new substances under existing laws.

2. Economic Benefits

- HFC phasedown legislation would allow U.S. manufacturers to maintain technology leadership in the global fluorocarbon and equipment marketplaces, while at the same time creating domestic jobs and driving economic growth.
 - Creates 33,000 new manufacturing jobs, and sustains 138,400 existing jobs between now and 2027.
 - Increases direct manufacturing output by \$12.5 billion, and total (direct and indirect) manufacturing output by \$38.8 billion between now and 2027.
 - Improves the U.S. trade balance in equipment and chemicals by \$12.5 billion.
 - Studies forecast the overall contribution to the economy from the HVACR industry will be 2.5 million jobs, and \$621 billion in economic output by 2027.

3. Consumer Benefits

- American consumers will benefit from the transition from HFCs to more environmentally friendly, more efficient cooling and refrigeration equipment.
- As with previous technology transitions, existing consumer equipment would not be impacted by an HFC phasedown. HFCs will remain available for servicing existing equipment, as prior transitions away from older refrigerants, such as CFCs, did, without harm to consumers.

4. Historical Context

- The Reagan Administration negotiated the Montreal Protocol in 1988 to phase out the use of chemicals that were destroying the ozone layer and replace them with non-ozone depleting substances.
- The Montreal Protocol was structured to reward private sector innovation rather than as a top down regulatory regime. As a result, its implementation restored the ozone layer and supported tens of thousands of U.S. manufacturing jobs.
- At the time, HFCs were a substitute for ozone depleting substances, allowing for a rapid healing of the ozone layer, with the added benefit of being an 80% improvement over CFCs from a global warming perspective. However, HFCs are still highly potent greenhouse gases (GHGs) with far more heat trapping potential than carbon dioxide emissions.
- As a result, beginning with the George W. Bush Administration, and finalized by the Obama Administration, the U.S. negotiated the Kigali Amendment to the Montreal Protocol to phase down and replace HFCs using the same market-based, innovation-driven mechanisms employed nearly three decades earlier.
- The HVACR industry remains highly supportive of the Kigali Amendment and continues to urge its ratification by the United States Senate.