

October 27, 2017

Greg Mayeur
Manager, Offsets Program Implementation
California Air Resources Board
1001 I St
PO Box 2815
Sacramento, California 95812
Via online submission

RE: Comments by Foam Manufacturers and Consumers on Next Steps for the Post-2020 Cap-and-Trade Regulation

Dear Mr. Mayeur,

We submit these comments in the context of the California Air Resources Board's (ARB) October 12, 2017 meeting to begin a process to consider regulatory changes to the ARB Cap-and-Trade Program implementing Assembly Bill 398 and Board Resolution 17-21. We appreciate the opportunity to provide input into ARB's process and would like to comment on one particular issue: to express our strong support for the development of a new offset protocol that has the potential to significantly reduce emissions of hydrofluorocarbons (HFCs), potent greenhouse gases, in foam blowing applications.

Our companies manufacture or use foam products in applications that are eligible to generate offset credits under the American Carbon Registry (ACR) methodology titled, "Emission Reduction Measurement and Monitoring Methodology for the Transition to Advanced Formulation Blowing Agents in Foam Manufacturing and Use." We make or sell products containing spray foam, appliance foam, extruded polystyrene (XPS), and panel foam. HFC-134a or HFC-245fa are the foam blowing agents currently most widely used in applications that are eligible for credits under the methodology.

Each of the undersigned companies has either made the transition to the low-global-warming-potential (GWP) foam-blowing agent Solstice® Liquid Blowing Agent (HFO-1233zd(E)) (LBA), or is considering making the switch owing in no small part to the availability of offset credits from ACR. If ARB were to adopt a new protocol to credit the substitution of HFCs with low-GWP blowing agents, our companies would have a significant additional incentive to invest in low-GWP blowing agents.

The opportunity to generate credits for the substitution of HFCs with low-GWP blowing agents under a new offset protocol is particularly important given the uncertain future of the HFC phaseout requirements imposed by the EPA rule under its Significant New Alternatives Policy (SNAP) program, which remains under challenge in federal court.¹ With the fate of the federal mandates uncertain, additional incentive is needed to maintain the transition away from HFC-

¹ *Mexichem Fluor, Inc. v. EPA*, 866 F.3d 451 (D.C. Cir. 2017). The court is considering a petition for reconsideration *en banc* (before the full court) and the case could be appealed further if the petition is denied.

based blowing agents, particularly where the alternatives, while offering equal or better performance, are more costly.

Some of our companies currently have projects undergoing validation and verification, which are expected to result in the issuance of more than 150,000 credits from ACR from project activity during 2013-2015. We expect over a million credits total for projects our companies tentatively plan to submit for activity during the 2015-2019 period.

A new ARB offset protocol should recognize the investments made by early adopters, back to 2013, by allowing ACR credits generated under the existing methodology to be eligible for conversion into ARB compliance offset credits. As with other new offset protocols that have recognized early actors, doing so in this instance will reward companies that make investments in environmentally responsible actions and encourage others to do the same.

We urge California to consider adopting a new compliance offset protocol similar to the ACR low-GWP foam methodology, with recognition of existing ACR credits under the methodology starting in 2013. Such a protocol would accelerate the transition to low-GWP foam blowing agents now slowed by the uncertain future of the requirements under EPA's SNAP program. An ARB low-GWP foam offset protocol would offer significant incentive for foam manufacturers and users to invest in a near-term transition out of HFCs to low-GWP alternatives and could yield up to approximately 24 million tonnes of CO₂e emissions reductions in North America, including 1.1 million tonnes of CO₂e reductions in California and could reduce the risk of companies switching back to high-GWP blowing agents or hydrocarbon alternatives.

Sincerely,

Demilec (USA), Inc.



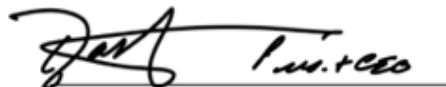
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President & CEO



Kyle Kolde
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