



# **The Alliance**

## ***for Responsible Atmospheric Policy***

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Comments by

The Alliance for Responsible Atmospheric Policy

on

California Air Resources Board  
Preliminary Draft Regulation for a Cap-and-Trade Program

January 11, 2010

On behalf of the Alliance for Responsible Atmospheric Policy (Alliance), an industry coalition representing producers and users of HFC compounds, we submit the following comments on the Preliminary Draft Regulation for a California Cap-and-Trade Program in accordance with the California Global Warming Solutions Act of 2006 (AB 32).

The Alliance was organized in 1980 and has been the leading industry organization on the Montreal Protocol. In addition to addressing effective international and domestic policies for fluorocarbons and for protection of the earth's ozone layer, the Alliance is also working to assess the appropriate manner to address HFCs and their impact on global climate change. A membership list follows at the end of the comments.

The Preliminary Draft Regulation appears to include HFCs in the basket of gases included in the cap-and-trade program. It is noted on page 108 that producers, importers, and exporters of fluorinated greenhouse gases could be covered. The definitions appear to include only HFCs as such a gas. The Alliance points out that none of the cap-and-trade programs that have been established so far, including those in Europe or the US Northeast Regional Greenhouse Gas Initiative (RGGI), include HFCs in their trading scheme.

Unlike most other greenhouse gases, HFCs are not waste gases that are routinely emitted to the atmosphere. HFCs are intentionally produced compounds that serve specific consumer and societal needs in a variety of applications, such as consumer appliances, air conditioning systems, supermarket refrigeration, foam insulation, fire suppression, and medical metered dose inhalers. HFCs are replacements to ozone-depleting CFCs and HCFCs that are being phased out under the Montreal Protocol, and have already reduced the impact on global warming compared to CFCs. Because HFCs have no ozone depletion potential, they are becoming increasingly important as the phaseout of CFCs and HCFCs progresses, and as market growth occurs, particularly in refrigeration and air-conditioning applications.

The US House of Representatives passed H.R. 2454 on June 25, 2009. The bill provided a separate cap-and-trade reduction schedule for HFCs. HFCs were not included in the basket of

other greenhouses that were subject to a wider and broad cap-and-trade program. The House appeared to recognize that including HFCs in the broad cap-and-trade basket of gases would result in consumption reductions that are unachievable and unaffordable. Nevertheless, the HFC provisions are significant because they achieve greenhouse gas reductions with a market-based approach while minimizing market disruption.

Theoretically, HFC producers/importers could purchase allowances to meet demand for HFCs in excess of the cap; however, the higher cost of these allowances could make HFCs unaffordable for downstream HFC users (e.g., HFC product/equipment manufacturers, distributors, contractors, consumers). As a result, HFC-containing product/equipment manufacturers and importers might need to scale back, which could result in a shortfall of HFC-containing products/equipment for consumer needs.

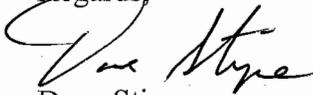
The Alliance supported H.R. 2454, which included separate treatment of HFCs, including a substantial phasedown. The Alliance noted that the bill provided challenging framework for achieving a significant reduction of HFC greenhouse gas contributions, while recognizing the important societal role these compounds play by contributing to our health and well being. The bill reduces HFC emission contributions 85% below the 2005 base period by 2033, thereby eliminating between 16 and 25 billion carbon tons of carbon dioxide equivalent emissions between 2012 and 2050, depending on business as usual projections and the progress of substitute technology development. This is a much more accelerated pace of reduction compared with the reduction for the non-HFC greenhouse gases.

S.B. 1533, currently under consideration by the U.S. Senate, contains HFC provisions that are nearly identical to H.R. 2454. In addition, there is a movement underway, supported by the US, Canada, Mexico, and nearly 40 other countries to treat HFCs separately in the international climate treaty process by moving them from the climate treaties to the Montreal Protocol where their production and consumption would be addressed. The climate treaties would continue to address emissions. Many, including the US, believe that the Montreal Protocol is better able to address HFCs since the treaty has the expertise as well as the infrastructure in place to better implement environmental protection through its provisions.

Since 2006, the Alliance has also worked collaboratively with CARB in the implementation of AB 32 relating to HFCs. We note that CARB has developed a comprehensive plan for achieving HFC emissions reductions.

As a result of the work already done by CARB and the precedents for regional, federal and international separation of HFCs, the Alliance believes that HFCs should not be covered by the California Cap-and-Trade Program.

Regards,



Dave Stirpe  
Executive Director

## MEMBERSHIP LIST

AGC Chemicals Americas  
Air Conditioning, Heating &  
Refrigeration Institute

Airgas

American Pacific Corp.

Arkema

Association of Home  
Appliance Manufacturers

Bard Manufacturing Co.

BASF

Brooks Automation, Inc.

Cap & Seal Company

Carrier Corporation

Center for the  
Polyurethanes Industry

Coolgas

Danfoss

DuPont

Dynatemp International

Emerson Climate  
Technologies

E.V. Dunbar Co.

Falcon Safety Products

FP International

General Electric

General Motors

Golden Refrigerant

Halotron

Heating, Airconditioning &  
Refrigeration Distributors  
International

Honeywell

Hudson Technologies

ICOR International

Ineos

Ingersoll-Rand

International Pharmaceutical  
Aerosol Consortium

Johnson Controls

Lennox International

McQuay International

Metl-Span Corporation

National Refrigerants

Owens Corning Specialty &  
Foam Products Center

Polar Technology

RemTec International

Rheem Manufacturing Company

Ritchie Engineering

Solvay

Sub-Zero

The Dow Chemical Company

Trane Company

Whirlpool Corporation

Worthington Cylinder