



November 18, 2008

Ms. Mary Nichols
Chairman
California Air Resources Board
Sacramento, CA 95812

Re: *Comments Regarding Climate Change Proposed Scoping Plan Appendices, A Framework for Change, October 2008, Pursuant to AB 32, The California Global Warming Solutions Act of 2006*

Dear Chairman Nichols:

This letter submits comments on behalf of four trade associations representing the foam plastic insulation industry on the CARB Proposed Scoping Plan implementing AB 32. The associations are the Center for the Polyurethanes Industry of the American Chemistry Council (CPI); Extruded Polystyrene Foam Association (XPSA); Polyisocyanurate Insulation Manufacturers Association (PIMA); and Spray Polyurethane Foam Alliance (SPFA). Foam plastic insulation products¹ manufactured by our member companies are highly energy efficient and play an important role in helping California achieve its energy efficiency goals by significantly reducing energy use in the residential and commercial building sectors.

We are pleased that CARB recognizes the importance of energy efficiency measures in mitigating greenhouse gas (GHG) emissions. We believe and our comments will explain that:

1. significantly increasing energy efficiency standards for buildings is an important first step toward reducing GHG emissions, and that foam plastic insulation is a critical part of achieving the state mandated building energy efficiency goals;
2. imposing a mitigation fee based on the global warming potential (GWP) of blowing agents used in foam insulation works against the goals of a cap and trade program to reduce GHG emissions and is counterproductive to achieving this goal, as well as the state's energy efficiency goals;
3. the recovery of GHG blowing agents from building insulation are not cost effective, not technically feasible nor is it environmentally justified at this time;
4. the use of foam plastic insulation helps the state to exceed energy code standards and as such should be considered as a credit in any cap and trade system to reduce GHG emissions; and

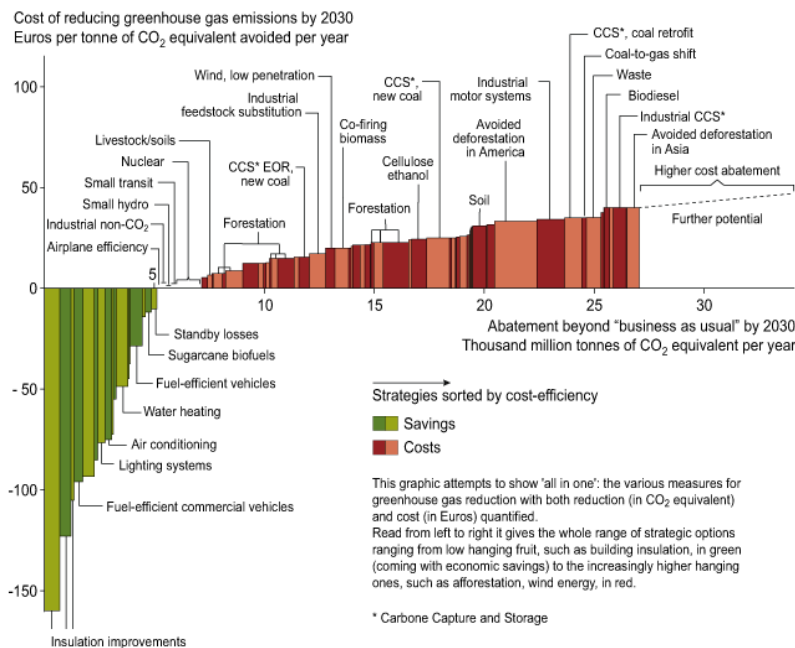
¹ These foam insulation types have historically used Ozone Depleting Substances (ODS) as blowing agents. In the U.S., both the Montreal Protocol and the U.S. Clean Air Act established phase out schedules for CFC-11, CFC-12, HCFC-141b, HCFC-142b and HCFC-22. The US EPA approved certain hydrofluorocarbons (HFCs) and hydrocarbons (HCs) as acceptable ODS substitutes under its SNAP Rule for "essential use". Regulatory selection of acceptable substitute blowing agents was determined based upon the technical and physical property requirements related to foam end-uses, manufacturing constraints and environmental considerations.

- one of the largest contributors to GHG emissions is the heating and cooling of buildings which currently contribute 40% of the nations' energy demand.

1. CARB Should Incorporate Requirements for Long-Term, Energy-Efficient Technologies (Proposed Cap and Trade)

Notwithstanding our opposition to inclusion of HFCs and HCFCs in a cap and trade system, we strongly urge CARB to incorporate long-term, energy efficiency technologies, such as the use of foam plastic insulation as a credit in any proposed cap and trade system. Adopting this concept provides two substantial benefits:

- It will directly provide incentives to improve the energy efficiency of current buildings, whose roofs and/or exterior walls may be recovered, replaced, or changed in the future, as well as new buildings that otherwise will remain, or be under insulated and energy wasters, placing extra and unnecessary demand on California's energy grid.
- It will provide the best cost effective solution to reduce GHGs, as illustrated by the McKinsey Climate Change Special Initiative, 2007².



2. CARB Should Expressly Recognize Foam Plastic Insulation as a Cost-Effective Critical Building Component ((E1 and CR-1) Energy Efficiency)

The connection between Energy Efficiency, Green Buildings and GHG reductions is clear. As stated on page C-99 of the Scoping Plan, "Energy efficiency is first in California's 'loading order' for meeting state electricity and natural gas needs as expressed in State's Energy Action Plan (EAP)..." In support of this goal, CARB is proposing to adopt an aggressive use of Green Buildings and Zero Net Energy Buildings as part of its twelve strategies for maximizing energy efficiency (See page C-

² McKinsey Climate Change Special Initiative, 2007, found at the United Nations Environment Programme, "Kick The Habit, A UN guide to climate neutrality", <http://www.unep.org/publications/ebooks/kick-the-habit/Default.aspx?bid=ID0E4BAC>.

100). Foam plastic insulation is a cost-effective critical building component in fulfilling California's Energy Efficiency improvements and GHG emission reduction plan. We encourage CARB to articulate this express finding.

3. CARB Should Articulate the Distinction Between Appliance and Building Foam Insulation (H-6 Foam Recovery and Destruction (EOL))

We previously commented that the recovery of GHG from building insulation are not cost effective, not technically feasible nor is it environmentally justified at this time. It appears that the October 2008 Scoping Plan recognizes this position. This issue was previously considered by the U.S. EPA as part of the Clean Air Act Section 608 rulemaking:

“With respect to foam that is an inherent element in buildings, EPA believes that such regulations are not required by section 608 of the Act at this time. In as much as the section 608(b) regulations are simply part of the section 608(a) regulations, they are subject to the deadlines contained in section 608(a). As section 608(a) requires only that regulations concerning appliances and industrial process refrigeration be promulgated at this time, it does not require regulations concerning the disposal of foam insulation that is an inherent element of buildings (which are neither appliances nor industrial process refrigeration). **Furthermore, removing building insulation during the process of demolition is difficult and exceptionally resource intensive. The long average lifetime of buildings and the slow release of the CFCs throughout the lifetime of the insulation results in possible retrieval of only residual amounts of CFC. The Agency is not aware of any existing or developmental technology to remove CFCs from building insulation even if the insulation could effectively be removed. Consequently, even if building insulation were within the scope of the regulations at this time, EPA would not propose regulations requiring its removal because its removal is not currently practicable.**” (emphasis added)

57 Fed. Reg. 58668, (December 10, 1992).

Although EPA was regulating CFCs and HCFCs at that time, the technological and economic barriers to removing blowing agents from foam insulation used in buildings remain. In addition, the long lifetime of buildings and “slow release rates” of blowing agents from foam insulation applies to products blown with ODS substitutes.

Therefore, the industry requests that statements in the “Foam Recovery and Destruction Program” portion of the proposed Scoping Plan be clarified and segregated with respect to the two affected sectors -- appliance and building foam insulation.

4. CARB Should Exempt Foam Insulation from a Mitigation Fee if Such a Fee Is Implemented (H-7 Mitigation Fee)

Foam insulation in buildings saves GHG emissions. The net benefits of foam insulation in mitigating GHG emissions cannot be ignored. Therefore, our comments oppose the imposition of a fee on the use of GHG blowing agents for foam insulation manufacturing. Such a fee would likely have the

unintended consequence of making foam insulation that use GHG blowing agents cost prohibitive, thereby discouraging its use.

We note that such an exemption approach has been successful before. In 1989, the U.S. Congress enacted a tax on eight ozone depleting chemicals (ODCs) as part of the Omnibus Budget Reconciliation Act. It extended this tax to twelve additional chemicals and raised the tax on the original eight chemicals in the National Energy Policy Act of 1992. The Clean Air Act ([Title VI](#)) established caps on most CFCs as agreed upon under the Montreal Protocol, with a complete phase out occurring around the year 2000. The tax on CFCs was \$1.37 a pound in 1990 and 1991, about twice the then current product price. CFCs used in foam insulation were exempt from the tax as recognition of its “essential use” in providing net energy savings as well as the significant cost impact on producing these products.

We appreciate your consideration of the foam plastic industry’s comments on this important program. We look forward to working with CARB as it continues its important work. If you have any questions about these comments, please feel free to contact Neeva-Gayle Candelori at 703-741-5654 or Neeva_Candelori@americanchemistry.com and questions will be referred to the appropriate industry group.

Sincerely,



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Susan Strong, Executive Director
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