MEMORANDUM: Overview of the Final Rule for HCFC Allowances in 2015-2019

EPA regulates the production and import of hydrochlorofluorocarbons (HCFCs) under the authority of Title VI of the Clean Air Act. This final rule, titled "Adjustments to the Allowance System for Controlling HCFC Production, Import, and Export," covers the years 2015-2019. Via this rulemaking, EPA is finalizing HCFC baselines and allocations for 2015-2019. See the preamble to the final rule for a more detailed discussion (available at regulations.gov in docket number EPA-HQ-OAR-2013-0263).

1) **HCFC Production & Consumption Baselines—**As proposed, EPA is maintaining the same baselines used in 2012-2014.

2) **Final HCFC-22 Allowance Allocations**

Final Allocation	2015	2016	2017	2018	2019
HCFC-22 Consumption (MT)	**10,000**	**8,000**	**6,000**	**4,000**	**2,000**
Percent of Baseline	7.0%	5.6%	4.2%	2.8%	1.4%
HCFC-22 Production (MT)	**28,000**	**28,000**	**28,000**	**28,000**	**28,000**
Percent of Baseline	*21.7%*	*21.7%*	*21.7%*	*21.7%*	*21.7%*

NB: The percentages shown above are exact; the allocation in MT is approximate due to rounding.

Consumption: EPA is finalizing the five-year linear approach (Option 1 in the preamble), starting at 10,000 MT in 2015. Under this approach, the annual decrease in allowances is the same every year (approximately 2,000 MT), reaching zero in 2020.

Production: EPA is issuing the maximum production allowances allowed for under the *Montreal Protocol*, after accounting for production allowances issued for the other HCFCs in each year. The annual allocation each year is approximately 28,000 MT, which is 21.7% of the HCFC-22 production baseline.

3) **Final HCFC-123, HCFC-124 & HCFC-142b Allowance Allocations**

Final Allocation	**2015**	**2016**	**2017**	**2018**	**2019**
HCFC-123 Consumption (MT)	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**
Percent of Baseline	*100%*	*100%*	*100%*	*100%*	*100%*
HCFC-124 Production (MT)	**200**	**200**	**200**	**200**	**200**
Percent of Baseline	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
HCFC-124 Consumption (MT)	**200**	**200**	**200**	**200**	**200**
Percent of Baseline	*8.3%*	*8.3%*	*8.3%*	*8.3%*	*8.3%*
HCFC-142b Production (MT)	**35**	**30**	**25**	**20**	**15**
Percent of Baseline	*0.37%*	*0.32%*	*0.26%*	*0.21%*	*0.16%*
HCFC-142b Consumption (MT)	**35**	**30**	**25**	**20**	**15**
Percent of Baseline	*1.7%*	*1.5%*	*1.2%*	*1.0%*	*0.7%*

NB: The percentages shown above are exact; the allocation in MT is approximate due to rounding.

4) **Limited Exemption for Use of HCFC-225ca and HCFC-225cb as a Solvent—**EPA is adding a narrow exemption to allow owners of existing inventory of virgin HCFC-225ca, HCFC-225cb, or mixtures thereof to continue using their inventory as a solvent after the January 1, 2015 prohibition on use and introduction into interstate commerce takes effect.
   - The exemption would allow anyone who owns HCFC-225ca/cb solvent to continue using existing inventory for solvent needs. Manufacturers should note that use of HCFC-225ca/cb solvent in the manufacture of a product (e.g. satellite circuitry) is allowed in 2015 and beyond. However, the product would have to be labeled as a "product manufactured

with HCFC-225ca/cb" before introduction into interstate commerce in accordance with the Clean Air Act labeling requirements.

- This exemption does not affect other aspects of the use restriction that begins January 1, 2015. For example, virgin HCFC-225ca/cb cannot be introduced into interstate commerce, nor can virgin HCFC-225ca/cb be used to manufacture a product containing HCFC-225ca/cb (e.g. an aerosol product that dispenses HCFC-225ca/cb).

5) **Limited Exemption for Use of HCFC-124 as a Sterilant for Biological Indicators—**EPA is finalizing a narrow exemption to allow owners of existing inventory of virgin HCFC-124 to continue using their inventory as a sterilant after the January 1, 2015 prohibition on use and introduction into interstate commerce takes effect.
   - The exemption would allow anyone who owns HCFC-124 sterilant to continue using existing inventory for sterilant needs specific to testing biological indicators.

   - This exemption does not affect other aspects of the use restriction that begins January 1, 2015. For example, virgin HCFC-124 cannot be introduced into interstate commerce except for certain refrigeration uses, nor can virgin HCFC-124 be used to manufacture any other type of product.

6) **Incorporating Clean Air Act Revisions**—EPA is amending the regulations on production and use of HCFCs to incorporate a statutory change made in 2012.
   - The National Defense Authorization Act for Fiscal Year 2012 amended the Clean Air Act to allow for use and introduction into interstate commerce of a virgin HCFC for use as a non-residential fire suppressant, if it is listed as acceptable for that purpose in accordance with EPA's SNAP program.

   - Specifically, EPA is revising the regulations to allow continued import and use of HCFC-123 until January 1, 2020 for use as a fire suppression streaming agent for nonresidential applications in accordance with the SNAP regulations.

7) **Technical Updates to the Refrigerant Reclamation Requirements**—EPA is not incorporating the most recent AHRI standards in this final rule. The agency is making minor clarifying changes to two reporting requirements.

8) **Existing Statutory & Regulatory Requirements—**In this rule, EPA highlights certain provisions that are already in place, but which take effect on January 1, 2015:

   - Products containing or manufactured with HCFCs must be labeled (for more information, see www.epa.gov/ozone/title6/labeling).

   - HCFCs cannot be used or introduced into interstate commerce unless the HCFC meets one of the four exemptions in CAA section 605(a).

9) **Compliance with Montreal Protocol Commitments—**Starting in 2015, the U.S. must reduce production and consumption of all HCFCs to less than 10 percent of the historic baseline, but may allow an additional amount of production for export to developing ("Article 5") countries. The final HCFC production and consumption allocations in this final rule are significantly below the U.S. Montreal Protocol cap for 2015 through 2019.