Date of Hearing: June 13, 2022

ASSEMBLY COMMITTEE ON NATURAL RESOURCES
Luz Rivas, Chair
SB 1206 (Skinner) – As Amended June 6, 2022

SENATE VOTE: 30-9

SUBJECT: Hydrofluorocarbon gases: sale or distribution

SUMMARY: Prohibits the sale or distribution of bulk hydrofluorocarbons (HFCs) that exceed specified global warming potential (GWP) limits and requires the Air Resources Board (ARB) to initiate a rulemaking for the adoption of low and ultra-low GWP refrigerant alternatives in California in sectors where it is practicable. This bill also requires ARB to submit a proposal to the Legislature by January 1, 2024, specifying how to transition the state's economy away from HFCs and to low or ultra-low GWP alternatives by 2035.

EXISTING LAW:

1) Existing federal law directs the U.S. Environmental Protection Agency to address HFC emissions by phasing down the production and consumption of HFCs by 85% by 2036.

2) Establishes ARB as the air pollution control agency in California and requires ARB, among other things, to control emissions from a wide array of mobile sources and coordinate, encourage, and review the efforts of all levels of government as they affect air quality.

3) Requires ARB to achieve reductions in statewide emissions of methane and HFCs by 40% below 2013 levels by 2030.

4) Prohibits the sale, lease, rent, or otherwise entering into commerce of any equipment that uses a federally prohibited refrigerant or a refrigerant prohibited by ARB due to risk to human health or the environment.

5) Requires the Public Utilities Commission (PUC) to consider developing a strategy for including low-GWP refrigerants in equipment funded by the energy efficiency programs overseen by the PUC and identify opportunities to assess the energy efficiency performance for GWP alternatives for fluorinated gas-based appliances and equipment.

6) Establishes the Fluorinated Gasses Emission Reduction Incentive Program to be administered by ARB to promote the adoption of low-GWP refrigerant technologies.

THIS BILL:

1) Defines, for the purpose of this legislation:

    a) "Bulk" as a regulated substance of any amount that is in a container for the transportation or storage of that substance such as cylinders, drums, ISO tanks, and small cans. A regulated substance contained in a manufactured product such as an appliance, an aerosol can, or a foam is not a bulk substance;

b) "Hydrofluorocarbons" as fluorinated gases used primarily as refrigerants in refrigeration, air-conditioning equipment, foam expansion agents, aerosol propellants, solvents, and fire suppressants;

c) "Global warming potential" as a measure of how much energy the emissions of one ton of gas will absorb over a given period of time relative to the emissions of one ton of carbon dioxide. The specific values for a substance are those published by the Intergovernmental Panel on Climate Change in its Fourth or Fifth Assessment Report, or as determined by ARB in a regulation;

d) "Low GWP" as GWP of less than 150; and

e) "Ultra-low GWP" as GWP of less than 10.

2) Prohibits the sale, distribution, or entering into state commerce bulk HFCs or bulk blends containing HFCs that exceed:

a) GWP of 2,200 after January 1, 2025;

b) GWP of 1,400 after January 1, 2030; and

c) GWP of 750 after January 1, 2033.

3) Authorizes ARB to establish maximum allowable GWP levels for HFCs entered into commerce in the state that are lower than the targets in the bill.

4) Exempts reclaimed HFCs and HFCs exclusively used in FDA-approved metered dose inhalers.

5) Requires that beginning January 1, 2025, any HFCs used to replenish leaks or otherwise service equipment owned operated by the state must be reclaimed.

6) Requires ARB to initiate a rulemaking to require low and ultra-low alternatives to HFCs in a sector unless it is not practicable for entities in the sector to comply with the requirement.

7) Provides that violations are subject to specified existing ARB enforcement and civil penalty statutes.

8) Requires ARB to post an assessment by January 1, 2025, specifying how to transition California's economy from away from HFCs by 2035 through maximizing recovery and reclamation and increasing adoption of alternative low and ultra-low GWP refrigerants, including:

a) A list of all existing sources of incentives for reducing HFC emissions to 40% of 2013 levels by 2030 and whether the GWP of the technology supported in these programs should be lowered;

b) Proposals for additional incentives, safety testing, and demonstration projects to aid the transition away from HFCs and increase market availability of alternative refrigerants and reclamation technology. This includes testing needed to update safety standards for design and use of equipment using low and ultra-low GWP refrigerants;

c) Suggested legislative or regulatory changes necessary to transition away from HFCs;

d) Recommendations on interim steps to fully transition to ultra-low or no GWP alternatives including how to establish a robust reclamation system for HFCs with higher GWP;

e) An analysis by the CEC of issues preventing high levels of HFC reclamation today, which must include an analysis of the reverse supply chain, include interviews with appliance technicians servicing HFC-using appliances in California, and with refrigerant distributers and wholesalers;

f) Workforce training recommendations to grow the workforce of technicians capable of handling natural alternatives with GWP < 15 and servicing the new appliances that use these refrigerants; and

g) A list of all areas where the State owns or operates appliances that use HFCs and a proposal for the most cost-effective way to improve refrigerant management, including leak detection and reduction and reclamation during decommissioning, and to transition those appliances to ultra-low GWP or no-GWP alternatives.

FISCAL EFFECT: According to the Senate Appropriations Committee:

- Unknown costs of up to $630,000 annually (Cost of Implementation Account) for ARB to prepare and submit a report to the Legislature, and to accommodate accelerated implementation needs due to prohibitions on bulk HFCs or bulk blends offered for sale or distribution in the state.

- Unknown, likely minor costs for various department to consult with ARB.

COMMENTS:

1) **Background**. CO_2 remains in the atmosphere for centuries, which makes it the most critical GHG to reduce in order to limit long-term climate change. However, short-lived climate pollutants (SLCPs) including HFCs, methane, and soot (black carbon), only persist in the atmosphere from a few weeks to 15 years, but have much higher GWP than CO_2, and therefore pose a significant threat to meeting climate goals.

   SB 1383 (Lara) Chapter 395, Statutes of 2016, requires reductions of HFCs (also known as F-gases) which are synthetic gases used in refrigeration, air conditioning, insulation foams, solvents, aerosol products, and fire protection. They are primarily produced for use as substitutes for ozone-depleting substances which are being phased out globally. HFCs, on average, have a global warming potential 1600 times that of CO_2 on a 20-year time scale, and are increasing at a more rapid pace than any other GHG in the U.S., and increasing 10-15%

annually around the globe. SB 1383 requires reductions of HFCs 40 percent below 2013 levels by 2030.

Class I and Class II refrigerants are Ozone-Depleting Substances (ODS), and Class II ODSs have less ozone depletion potential than Class Is. HFCs were initially developed as Class II alternatives to Class I ODSs due to their lower ozone depletion potential. HFCs are subject to the Montreal Protocol, adopted in 1987 to address the depletion of the ozone layer, which requires incremental HFC phase-out, culminating with complete replacement by 2030.

The US EPA Significant New Alternatives Policy (SNAP) program was established under Section 612 of the FCAA to identify and evaluate substitutes for ozone depleting substances. Under SNAP, US EPA Rules adopted in 2015 effectively banned 38 HFCs across the aerosol, new car air conditioning, retail food refrigeration, and foam blowing sectors, but a 2017 federal court ruling reversed these rules, finding that the FCAA does not authorize the replacement of non ODSs, including some HFCs, to address climate change concerns.

SB 1013 (Lara), Chapter 375, Statutes of 2018, adopted analogous HFC regulations in state law and offers financial incentives to assist businesses with technology transition.

2) **Author's statement**:

> Hydrofluorocarbons (HFCs), now commonly used in air conditioners and refrigerators, are a potent driver of climate change. Although HFCs are among the so-called "short-lived climate pollutants" that only persist in the atmosphere for about 20 years, over those 20 years they are thousands of times more damaging to the climate than carbon dioxide. That's why the international science community has targeted taking action now on HFCs and other short lived climate pollutants as critical to help avert catastrophic climate change.
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> SB 1206 is aimed at significantly lowering emissions from HFCs by incentivizing the market for reclaiming and reusing existing HFCs and limiting the sale of high global warming potential HFCs and directing the CA Air Resources Board (CARB) to develop proposals for transitioning away from HFCs to available, alternative refrigerants by 2035.

3) **Proposed author's amendments**. The author is asking the committee to amend the bill to revise the 2030 GWP limit up from 1,400 to 1,500 and to specify that ARB's assessment shall be "by sector".

REGISTERED SUPPORT / OPPOSITION:

Support

Californians Against Waste
Environment California

Opposition

None on file.

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