Date of Hearing: August 3, 2022

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Chris Holden, Chair
SB 1206 (Skinner) – As Amended June 15, 2022

Policy Committee: Natural Resources Vote: 7 - 2

Urgency: No State Mandated Local Program: Yes Reimbursable: No

SUMMARY:

This bill prohibits the sale or distribution of bulk hydrofluorocarbons (HFCs) or bulk blends containing HFCs that exceed specified global warming potential (GWP) limits.

Specifically, this bill, among other things:

1) Prohibits a person from offering for sale or distribution, or entering into state commerce, bulk HFCs or bulk blends containing HFCs that exceed GWPs of 2,200 after January 1, 2025, 1,500 after January 1, 2030, and 750 after January 1, 2033. Exempts reclaimed HFCs and HFCs exclusively used in FDA-approved metered dose inhalers from the prohibitions in the bill.

2) States that nothing in this bill shall restrict the authority of ARB to establish by regulation maximum allowable GWP levels for HFCs entered into commerce in the state below the maximum levels established in (1).

3) Provides that for bulk blends containing HFCs, the GWP limits established pursuant to (1) apply to the GWP of the blended product and not to any component of the blend in isolation.

4) Prohibits, beginning January 1, 2025, HFCs that are not reclaimed from being used to replenish any leaks or otherwise service equipment owned or operated by the state.

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

6) Provides that violations are subject to specified ARB enforcement and civil penalties.

7) Requires, by January 1, 2025, ARB to post an assessment on its website, specifying how to transition the state's economy, by sector, away from HFCs and to ultra-low GWP or no-GWP alternatives no later than 2035, as specified.

FISCAL EFFECT:

Minor and absorbable costs to ARB, because the assessment required in the bill is duplicative of work already underway at ARB.

COMMENTS:

1) **Purpose.** According to the author:

> 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. 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.

2) **Background.**

a) **Short-Lived Climate Pollutants (SLCPs).** SLCPs, such as black carbon, HFCs, and methane, are powerful climate forcers that have a high GWP and outsized impact on climate change in the near term, despite their relatively short atmospheric lifetimes. SB 605 (Lara), Chapter 523, Statutes of 2014, directed ARB, in coordination with other state agencies and local air districts, to develop a comprehensive SLCP reduction strategy. SB 1383 (Lara), Chapter 395, Statutes of 2016, directed ARB to approve and begin implementing this strategy, and also set statewide emissions reduction targets specifying a 40% reduction in methane, 40% reduction in HFCs, and 50% reduction in anthropogenic black carbon below 2013 levels by 2030. The SLCP Reduction Strategy approved by ARB in March 2017 lays out a range of options to reduce SLCP emissions in California, including regulations, incentives, and other market-supporting activities.

b) **HFCs.** HFCs are synthetic gases used in refrigeration, air conditioning (AC), 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 GWP that is 1,600 times that of CO2 on a 20-year time scale. According to ARB, "Fluorinated gases – especially HFCs – are the fastest-growing source of GHG emissions both in California and globally. More than three-quarters of HFC emissions in California come from the use of refrigerants in the commercial, industrial, residential, and transportation sectors." Because HFCs stay in the atmosphere for a relatively short amount of time, limiting their emissions can quickly result in a decrease in their presence in the atmosphere.

c) **Bulk HFCs.** Bulk HFCs are used to replenish existing refrigeration and AC systems as they leak. According to ARB, California has enough HFCs currently banked in these existing sources to equal 375 million metric tons of CO_2 if they are emitted. Leaks in such equipment are inevitable, especially as equipment reaches the end of its usage lifespan and is decommissioned. Additionally, because devices such as ACs and refrigerators have long lifespans, they must be periodically serviced to replace leaked HFCs. Bulk HFCs are used to maintain this equipment, but at the cost of replenishing the

bank of high GWP emissions. This bill places GWP limits on bulk HFCs and encourages an expansion of the industry that recovers, reclaims, and resells HFCs by requiring the use of reclaimed HFCs to replenish leaks or service state-owned equipment.

d) **State Action on HFCs.** In order to achieve the goal established in SB 1383, ARB implemented the Refrigerant Management Program to reduce leaks of high-GWP refrigerants, issued prohibitions for high-GWP HFCs in several consumer products, and implemented a cap-and-trade program compliance offset protocol for the capture and destruction of ozone depleting substances. ARB promulgated a regulation requiring a GWP limit of 150 for new large refrigeration facilities and a GWP limit of 750 for new ACs with staggered implementation between 2023 and 2026. It has also adopted a refrigerant reclamation program requiring at least 10% reclaimed refrigerant in new AC equipment. In 2018, ARB estimated that in order to meet the SB 1383 goals, California will need to reduce its HFC emissions by half.

   ARB anticipates the costs associated with this bill will be absorbable within existing resources, because the assessment required in the bill specifying how to transition the state's economy away from HFCs and to ultra-low GWP or no-GWP alternatives is consistent with work that is already underway at ARB. For example, the Short-Lived Climate Pollutant Reduction Strategy includes a set of recommended actions to further reduce HFC emissions. The draft 2022 update to ARB's scoping plan outlines strategies to reduce HFC emissions and states new measures will be needed for a continued reduction in emissions to meet the 2030 goal set forth in SB 1383 and the state's 2045 carbon neutrality goals. One of the necessary measures is another regulation to tackle high-GWP HFCs used to replenish existing AC and refrigeration units. In the absence of this bill's passage, ARB would attempt to initiate additional regulations to control the use of high-GWP HFCs during the service and upkeep of existing equipment. The targets, timelines, and direction provided in this bill are consistent with and support ARB's ongoing work to regulate HFCs.

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