FACT SHEET

Proposed Rule – Phasedown of Hydrofluorocarbons: Review and Renewal of Eligibility for Application-specific Allowances

The American Innovation and Manufacturing (AIM) Act directs EPA to phase down production and consumption[1] of hydrofluorocarbons (HFCs) by 85% by 2036 through an allowance allocation program. The U.S. phasedown is consistent with the schedule in the Kigali Amendment to the Montreal Protocol, which is a global agreement to phase down HFCs expected to avoid up to 0.5 degrees Celsius of global warming by 2100.

The AIM Act lists six applications that receive priority access to allowances through 2025. EPA created a category of allowances to provide this priority access, referred to as application-specific allowances (ASAs), and established the methodology for allocating ASAs through calendar year 2025 in the HFC Allocation Framework Rule published in October 2021 (86 FR 55116).[2] The AIM Act requires EPA to review the applications receiving priority access to allowances at least every five years, and, if the application meets certain criteria, authorize the eligibility of the application to receive priority access to allowances for a period of not more than five years.

About HFCs

HFCs are potent greenhouse gases (GHGs) intentionally developed as replacements for ozone-depleting substances (ODS) in refrigeration, air conditioning, aerosols, fire suppression, and foam blowing sectors. They have global warming potentials (GWPs; a measure of the relative climate impact of a GHG) that can be hundreds to thousands of times greater than carbon dioxide (CO_2).

What Applications Receive Application-Specific Allowances?

Per the AIM Act, six applications are currently eligible to receive ASAs:

- Metered-dose inhalers (MDIs)
- Defense sprays
- Structural composite preformed polyurethane (SCPPU) foam for marine use and trailer use
- Semiconductor etching and cleaning of chemical vapor deposition chambers
- Mission-critical military end uses
- Onboard aerospace fire suppression

[1] Consumption is the amount of HFCs newly added to the U.S. market through production and import, minus exports and destruction.

[2] The 2024 Allocation Rule (88 FR 46836) published in July 2023 updated the methodology for general pool allowances but did not update the ASA methodology.

What are the Criteria for Renewing Eligibility?

Per the AIM Act, EPA must determine that two criteria are met in order to renew an application's eligibility for ASAs:

1. "No safe or technically achievable substitute will be available during the applicable period for that application; and
2. The supply of the HFC(s) that manufacturers or users of the regulated substance for that application are capable of securing from chemical manufacturers…including any quantities of a regulated substance available from production or import, is insufficient to accommodate the application."

What is EPA Proposing in this Action?

EPA is proposing:

- How the Agency intends to interpret the criteria to review applications receiving ASAs;
- To renew four applications for the full five-year period from 2026–2030: propellants in MDIs, the etching of semiconductor material or wafers and the cleaning of chemical vapor deposition chambers within the semiconductor manufacturing sector, mission-critical military end uses, and onboard aerospace fire suppression;
- Two options for defense sprays: (1) do not renew or (2) renew for a two-year period through 2027;
- Three options for SCPPU foams for marine and trailer uses: (1) do not renew, (2) renew for a two-year period through 2027, or (3) renew for the full five-year period from 2026–2030 with allowance amounts determined based on the exchange value (EV) of a lower EV substitute HFC;
- How the Technology Transitions regulations established in the 2023 Technology Transitions Rule (88 FR 73098) would apply to applications that are in regulated sectors and subsectors (e.g., aerosols and foams) if EPA were to determine that those applications are not eligible for renewal for the full five-year period;
- Procedures and the timeline for submitting a petition to designate an application as eligible for ASAs, including defining minimum required elements for EPA to determine such a petition is complete;
- Targeted revisions to the methodology used to allocate allowances to ASA holders for calendar years 2026 and beyond;
- To authorize one specific company to produce an additional quantity of HFCs for export and use in semiconductor manufacturing through 2030; and
- Other limited revisions to the existing regulations, including provisions related to the purchase of HFCs a government auction.

Who May be Affected by this Proposed Rule?

Companies that use HFCs in the six applications eligible for ASAs may be potentially affected by this proposed rule. In addition, companies that produce, import, export, purify, destroy, reclaim, package, or otherwise distribute HFCs for end users in these six applications or are a current HFC allowance holder may also potentially be affected by this rule.

How Can I Comment on this Proposed Rule?

EPA will accept comments on this proposal for 45 days after publication in the Federal Register and will hold a public hearing if requested. The Agency plans to finalize this rule in summer 2025, in time for the allocation of calendar year 2026 allowances (*i.e.,* by October 1, 2025).

For more information on the rule and how to comment, please visit: https://www.epa.gov/climate-hfcs-reduction/regulatory-actions-allowance-allocation-and-reporting.

What Other Actions is EPA Taking under the AIM Act?

In addition to phasing down HFCs, the AIM Act also authorizes EPA to promulgate regulations for purposes of maximizing reclamation and minimizing releases of HFCs and their substitutes from equipment and to facilitate sector-based transitions to next-generation technologies through restrictions on HFCs. Final actions taken to date under the AIM Act are projected to prevent over 4.6 billion metric tons carbon dioxide equivalent of HFC emissions, with cumulative net benefits of over $277 billion, through 2050. For more information on regulatory actions under the AIM Act, please visit https://www.epa.gov/climate-hfcs-reduction/.

Additional Resources

Protecting Our Climate by Reducing Use of HFCs: https://www.epa.gov/climate-hfcs-reduction

Greenhouse Gas Reporting Program: https://www.epa.gov/ghgreporting/fluorinated-greenhouse-gas-emissions-and-supplies-reported-ghgrp

Contact EPA: spdcomment@epa.gov

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