



Industrial Energy Consumers of America

The Voice of the Industrial Energy Consumers

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July 6, 2021

U.S. Environmental Protection Agency
EPA Docket Center, Air and Radiation Docket
Mail Code 28221T
1200 Pennsylvania Avenue NW,
Washington, DC 20460

Re: Phasedown of Hydrofluorocarbons: Establishing the Allowance Allocation and Trading Program under the American Innovation and Manufacturing Act, Docket ID EPA-HQ-OAR-2021-0044

The member companies of the Industrial Energy Consumers of America (IECA) are large and diverse manufacturing companies with over 4,400 facilities that are included in NAICS Codes 31-33. Our sole purpose in filing these comments is to encourage cost-effective HFC phase-out for industrial refrigeration equipment. It will be costly for manufacturing companies to switch refrigerants given the phase-out timetable that calls for a 10 percent reduction by 2023, 40 percent by 2028, 70 percent by 2032 and 80 percent by 2035. It is for this reason that we urge the EPA to not accelerate the phase-out. Doing so would mean that existing and expensive multi-million-dollar industrial chiller systems may be forced to be replaced before their useful life at great expense. We encourage the EPA to implement the rule in a cost-effective manner and one that ensures a level playing field for EITE industries with overseas competitors.

IECA companies are energy-intensive trade-exposed (EITE) industries. We support U.S. and global efforts to reduce GHG emissions cost-effectively. IECA membership includes companies from several vital industries for U.S. economic growth and job creation. These industries include chemicals, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, building products, automotive, independent oil refining, and cement.

There are several cost factors that we encourage the EPA to consider:

- All of the IECA company facilities use refrigerants in large industrial-sized chiller systems as part of their manufacturing processes. Most of the facilities have more than one and each chiller costs tens of millions of dollars. They also use refrigerants in conventional air conditioning units.
- The new heat transfer fluids do not perform as well as existing heat transfer fluids. This means that for existing industrial chillers to achieve the same cooling, units will have to run harder, using more electricity, thereby increasing electricity costs and accompanying GHG emissions. The less energy efficient refrigerants would make new chiller units more

capital intensive with higher operating expenses, including increased electricity consumption.

- It is important to consider not just front-end economics, but total system costs. Using a less efficient heat transfer fluid often requires increased capital expense to upgrade back-end equipment, such as, requiring more compressor capacity, which in turns increases electricity costs. Other capital equipment cost examples include replacement of condensing equipment such as distillation columns, overhead condensers, pumps and additional storage for refrigerants.
- Industrial chillers are relatively capital-intensive and have a life span that lasts decades. We should avoid having to prematurely replace chiller-related equipment.

Key points for EPA rulemaking:

- EPA should not accelerate the existing phase-out schedule. Accelerating the phase-out schedule will be even more costly for manufacturing companies and negatively impact competitiveness.
- We urge the EPA to ensure that refrigerant producers be required to hold sufficient inventory to supply existing industrial chillers. New chiller units should use the new refrigerants. This dual approach incentivizes HFCs and equipment producers to provide combined services to create incentives for manufacturing companies to economically make conversions sooner than the 2035 date. Existing industrial chillers should be replaced at the end of their useful life or by the timeline in the international agreements.
- EPA should prohibit states from setting a different phase-out schedule to avoid a patchwork of state requirements for manufacturing companies.
- EPA should ensure that U.S. manufacturers are not placed on an accelerated phase-out trajectory over manufacturers in other countries. We request a level playing field. U.S. manufacturers compete in global markets and will be at a disadvantage and higher costs will reduce competitiveness.

Thank you for considering our input. We welcome the opportunity to work with you on these important matters.

Sincerely,

Paul N. Cicio

Paul N. Cicio
President and CEO

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.1 trillion in annual sales, over 4,400 facilities nationwide, and with more than 1.8

million employees. It is an organization created to promote the interests of manufacturing companies through advocacy and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: chemicals, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, building products, automotive, independent oil refining, and cement.