18 December 2009

From: Tom Land [land.tom@epa.gov]
Stratospheric Protection Division

To: Tim Kidman [tim@climateactionreserve.org]
Climate Action Reserve

Dear Tim,

We are writing to comment on the two publicly available Climate Action Reserve (CAR) drafts; "U.S. Ozone Depleting Substances Project Protocol" and "Imported Ozone Depleting Substances Project Protocol." Since many ozone-depleting substances (ODS) are also greenhouse gases (GHGs), we applaud the development of the protocols to encourage destruction of ODS and thereby prevent release into the atmosphere supporting both recovery of the stratospheric ozone layer and protection of the global climate system.

As a participant in the Climate Action Reserve (CAR) working group for these two protocols, EPA's Stratospheric Protection Division appreciates CAR's efforts to develop industry-wide standards for ODS recovery and disposal. CAR's draft protocols clearly recognize the environmental benefits from ODS destruction. We share CAR's objective of generating incentives to significantly increase ODS recovery from millions of refrigeration and air-conditioning equipment as well as from building insulation foam.

Below are comments for your consideration. We welcome the opportunity to discuss these with you further.

US DOMESTIC PROTOCOL -- COMMENTS:

- While we understand CAR's preference to use EPA's Vintaging Model (VM) to determine both the weighted emission rate for each CFC refrigerant and for the substitute refrigerant, in lieu of actual measurements which are not readily available, we are concerned that the current CAR protocol rigidly applies these values from the VM. The constant refinement of the VM by EPA may mean the version of the VM used in CAR's domestic protocol may deviate in a short time which could undermine the solid foundation CAR is trying to establish. To simplify the protocol and avoid mis-matches between the protocol and changes in the VM, an alternative approach might be to apply a weighted average emission rate as being applicable to all refrigerants. This approach would be consistent with EPA's use of the VM as a *predictive* tool, rather than as a very specific *prescriptive* tool. By generalizing the emission rate across all eligible refrigerants and substitutes we believe it would send a market signal that the destruction of all surplus CFCs in the short-term would have environmental benefit, and that there is some urgency to act in the short-term to get at all these potential stocks before they are emitted to the atmosphere.

- The current CAR protocol is overly conservative on the emissions losses for foam projects; these projects are so heavily discounted that these will not generate sufficient revenue for project developers to undertake these projects. If this remains the case, then this is a losing proposition for the environment since CAR's protocol will not offer the needed incentive to recover and destroy the largest banks of ODS in the US.

IMPORT FROM ARTICE 5 COUNTRIES PROTOCOL -- COMMENTS:

- We believe CAR may want to reconsider the definition of "eligible sources" to prevent abuse and eliminate any incentive for mis-labeling to gain economic benefits. In particular, we are uncomfortable with providing any economic incentive for the destruction of virgin ODS that can be legally sold to meet remaining demand anywhere in the world. Developing countries will have considerable demand for at least the next 5 years to service existing equipment. In addition, the U.S. ODS protocol does not include as an "eligible source" quantities of "virgin saleable stockpiles." We believe that for virgin ODS the two protocols should be equivalent and not include virgin ODS in the definition of "eligible sources" and instead focus on quantities of ODS recovered from refrigerant applications.

- The import protocol seems to indicate that liquid ODS recovered from foams would not be eligible given phrases in Section 2.2.1. However, Section 2.2.2 uses the phrase "used in refrigerant applications," which might be interpreted to include liquid ODS recovered from the foam in refrigeration appliances. We do not know how a project developer or verifier would be able to determine if the CFCs recovered were only from the refrigeration portion of equipment, and did not come from the foam. Therefore, we suggest CAR encourage collection of all the ODS from pieces of equipment (from both the refrigerant and the foam) when possible, which might be done through the use of the phrase "liquid ODS recovered from refrigeration applications."

- We note the import protocol has many ways of delineating a single project. We suggest that CAR might consider further delineation of a project by limiting it to "one import" for a single project developer … at a single qualifying destruction facility. This would have the advantage of linking up with the focus of EPA regulations that monitor the individual import of a quantity of ODS. The destruction of a single import may occur over a longer timeframe and require one or more Certificates of Destruction, but would simplify the regulatory control and oversight to the single importation.

Again, we want to state our openness to discuss the issues above and others identified in our reading of the draft protocols.

Please accept our thanks and share our appreciation with your colleagues. These protocols are very significant and worthwhile efforts by the Climate Action Reserve.