

Importing HFCs Under the AIM Act

December 9, 2021



Agenda

- HFC Allocation Rule Background
- HFC Allowance System Overview
- Filing through the Automated Commercial Environment (ACE)
- Resources
- Questions

HFC Allocation Rule Background

- The American Innovation and Manufacturing (AIM) Act of 2020
 - Enacted on December 27, 2020
 - Phases down HFC production and consumption by 85 percent by 2036
- The HFC Allocation Final Rule
 - Published in the Federal Register on October 5, 2021 (86 FR 55116)
 - Establishes an HFC allowance allocation and trading system to phase down HFCs consistent with the AIM Act

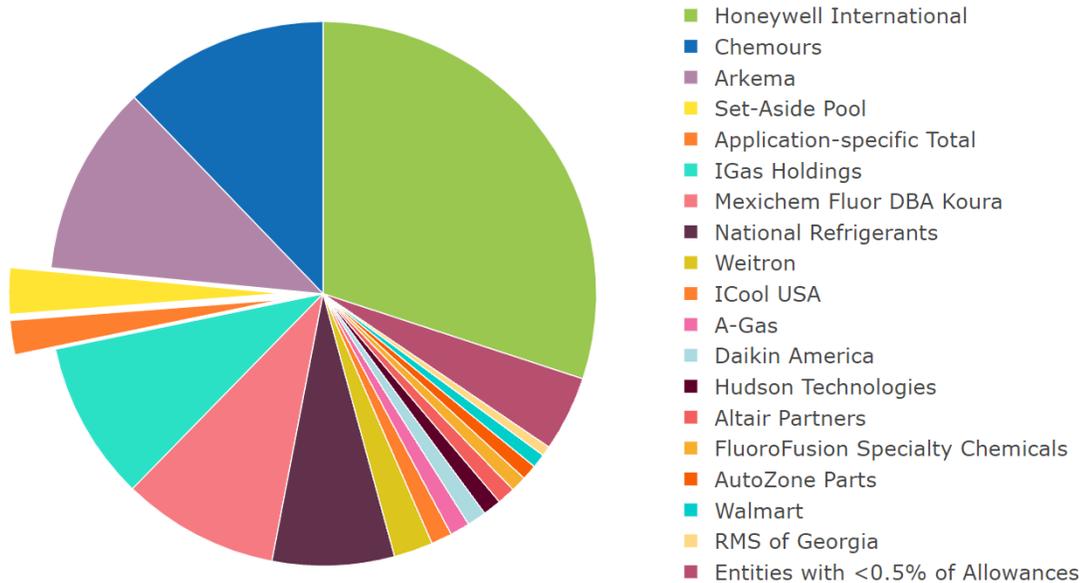
Date	Caps: Consumption & Production
2022–2023	90 percent
2024–2028	60 percent
2029–2033	30 percent
2034–2035	20 percent
2036 & after	15 percent

HFC Allowances

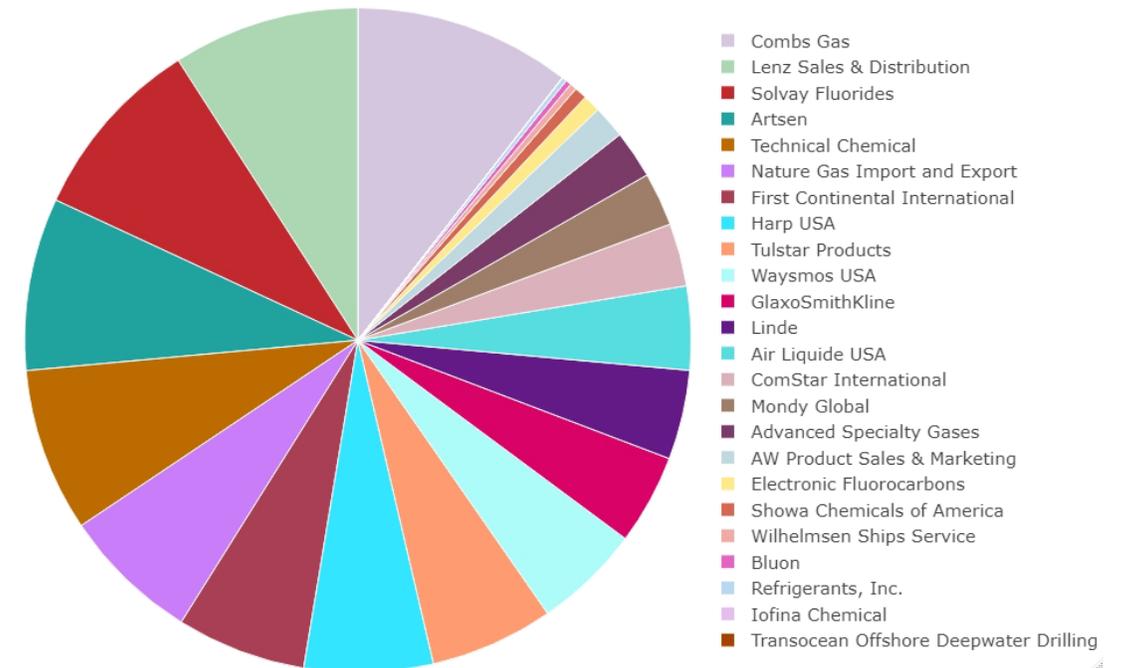
- HFC Allowances for calendar year 2022 issued
 - HFC allowances posted on EPA website **October 1** and published in the *Federal Register* on **October 7** (86 FR 55841)
- Starting **January 1, 2022**, production and/or consumption allowances are needed to produce or import bulk HFCs, with limited exceptions
 - Producing HFCs requires both production and consumption allowances
 - Importing bulk HFCs requires consumption allowances
 - Application-specific allowances may also be used to produce or import HFCs for use in the six applications listed in the AIM Act

Allocation of Consumption Allowances

HFC Consumption Allowances for 2022



HFC Consumption Allowances for 2022, Showing Only Entities Receiving <0.5%



Exchange Values

- Allowances are measured in exchange-value terms
 - Exchange values of regulated HFCs are codified in Appendix A to Part 84
 - Exchange values are the numerically equivalent to 100-year GWPs listed in the 2007 IPCC Fourth Assessment Report

Appendix A to Part 84 – Regulated Substances

HFC	Chemical Formula	Exchange Value
HFC-134	CHF_2CHF_2	1,100
HFC-134a	CH_2FCF_3	1,430
HFC-143	CH_2FCHF_2	353
HFC-245fa	$\text{CHF}_2\text{CH}_2\text{CF}_3$	1,030
HFC-365mfc	$\text{CF}_3\text{CH}_2\text{CF}_2\text{CH}_3$	794
HFC-227ea	$\text{CF}_3\text{CHF}_2\text{CF}_3$	3,220
HFC-236cb	$\text{CH}_2\text{FCF}_2\text{CF}_3$	1,340
HFC-236ea	$\text{CHF}_2\text{CHF}_2\text{CF}_3$	1,370
HFC-236fa	$\text{CF}_3\text{CH}_2\text{CF}_3$	9,810
HFC-245ca	$\text{CH}_2\text{FCF}_2\text{CHF}_2$	693
HFC-43-10mee	$\text{CF}_3\text{CHFCH}_2\text{CF}_2\text{CF}_3$	1,640
HFC-32	CH_2F_2	675
HFC-125	CHF_2CF_3	3,500
HFC-143a	CH_3CF_3	4,470
HFC-41	CH_3F	92
HFC-152	$\text{CH}_2\text{FCH}_2\text{F}$	53
HFC-152a	CH_3CHF_2	124
HFC-23	CHF_3	14,800

Allowance System Overview

- What types of imports require allowances?
 - Imports of **bulk*** HFCs or HFC blends of any quantity require allowances, subject to limited exceptions
 - Allowances are required to import:
 - Any amount of bulk HFCs, including heels
 - Used, reclaimed and/or recycled HFCs that are imported for any purpose except destruction
 - HFC imports classified as U.S. goods returned
 - Reporting is required for these imports

*Under 40 CFR 84.3, **bulk** means a regulated substance (i.e., an HFC listed at Appendix A of 40 CFR part 84) 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 that must first be transferred from a container to another container, vessel, or piece of equipment in order to realize its intended use is a bulk substance. A regulated substance contained in a manufactured product such as an appliance, an aerosol can, or a foam is not a bulk substance.

Allowance System Overview, cont.

- Imports that do not require allowances or reporting
 - HFCs contained in a manufactured product such as an appliance, aerosol can, or foam
- Imports that do not require allowances, but require reporting*
 - Virgin HFCs intended to be transformed or destroyed (you must receive a non-objection notice from EPA prior to import)
 - Used HFCs intended to be destroyed (you must receive a non-objection notice from EPA prior to import)
 - HFCs that are transhipped (i.e., do not enter into U.S. commerce and are exported within six months of import)

*The forms and instructions for this reporting are available at <https://www.epa.gov/climate-hfcs-reduction/hfc-allocation-rule-reporting-and-recordkeeping>.

Allowance Transfers and Conferrals

- Consumption Allowance Transfers
 - Inter-company transfers
 - A transferor may transfer any quantity of unexpended consumption allowances
 - A transferor must submit an **Inter-company Transfer** request to EPA and may not proceed with the transfer until EPA issues a non-objection notice
 - Transfers of consumption allowances are subject to a 5% offset
 - International transfers of consumption allowances are not allowed
- Application-specific Allowance Conferrals
 - Only application-specific allowances may be conferred
 - There is no offset for conferring application-specific allowances
 - A company receiving conferred allowances may produce or import HFCs up to the amount of allowances conferred for the entity conferring the allowances

14-Day Advanced Reporting

The following information is required to be electronically filed through ACE 14 days prior to importation:

Required Information per 40 CFR 84.31(c)(7)

Cargo Description

Quantity, Quantity Unit of Measure Code, and Quantity Unit of Measure

Weight and Unit of Measure

Port of Entry

Scheduled Entry Date

HTS Code and Description

Origin Country

Importer Name and Importer Number

Consignee Entity Name

CAS Number(s) of the HFC(s) imported and, for HFCs that are in a mixture, either the ASHRAE numerical designation of the refrigerant or the percentage of the mixture containing each HFC

If importing HFCs for transformation or destruction, a copy of the non-objection notice issued consistent with §84.25

If importing HFCs as a transshipment, a copy of the confirmation documenting the importer reported the transshipment consistent with §84.31(c)(3)(i)

Filing through ACE

Electronic filing is required; while we work on new HFC reporting with CBP, use the current ozone-depleting substances (ODS) program in ACE for filing.

Steps to File in ACE for Bulk HFCs:

1. File the Partner Government Agency (PGA) Message set electronically by typing into existing screens in your software and transmit to ACE.
2. Use ODS Government Agency Program Code within the PG01 record and the electronic image indicator.
3. File if you are using one of the HTS codes listed on slides 16-18 (and flagged for EP1 which is being used for both ODS and HFCs).
4. File with Entry (Cargo Release) or Entry Summary Certified for Cargo Release.
5. If you filed correctly using the ODS program code for one of the listed tariff codes and you have allowances, you will receive a 'may proceed.' Note: EPA may manually review these filings to ensure that *all* filing and import requirements have been met, and if not, take action.
6. If you received an "under review" there may be one or more of the following issues with your entry:
 - a. You may not have allowances to allow for the import.
 - b. You may not have provided the appropriate reports or information to EPA and therefore you must correct your EPA message set by following steps 8 and 9 on the next slide.
 - c. You may have chosen the wrong program code and therefore you must make a correction to use the ODS program code.
7. In addition to the ODS filing, upload an image in the Document Image System (DIS) that contains the CAS number(s). Label the image in DIS as "EPA_IMPORT_OF_ODS" so EPA can view it.

Additional Steps to File in ACE for Bulk HFC Blends, Non-Objection Notices and Transshipment Confirmation:

8. File the PGA Message Set for the PG01 record that has the ODS Government Agency Program code and the electronic image indicator.
9. For HFC blends, in addition to the ODS filing, upload an image in the Document Image System (DIS) that contains either the CAS numbers or AHSRAE number for the blend. Label the following: (1) Non-Objection Notice (Label “EPA_NON_OBJECTION_NOTICE”); (2) CAS number(s) and ASHRAE numerical designation; (3) CAS number(s) and percentage of the mixture containing each regulated substance; and (4) transshipment confirmation (Label (2), (3), and (4) as “EPA_IMPORT_OF_ODS.”) Examples are provided on slides 14 and 15.
10. If you are filing an image of a Non-Objection Notice (allowing HFC import for destruction or transformation) or a transshipment confirmation, only use the Disclaim Code ‘C – file by other means’ in the PGA Message Set; Codes A, B, and D are not to be used for HFC import filings. Please indicate in the file name which document is being uploaded (e.g., non-object or tranship).

Examples of Images

The following are examples of images to be uploaded in the Document Image System (DIS) (Step 9)

Example Transshipment Confirmation Notification Received from EPA: Label "EPA_IMPORT_OF_ODS"

Jane Smith
Test Company 9
6571 Arlington Blvd
Falls Church, Virginia 22045

December 1, 2021

Dear Mr./Mrs. Smith,

This letter serves as a "confirmation notice" by the U.S. Environmental Protection Agency (EPA) in response to your notification of intent to tranship hydrofluorocarbons (HFCs) through the United States received on December 1, 2021 (Report ID: HSHIP-2022-00099_01), consistent with the information below.

Importer:	Test Company 9	
	Regulated Substance	Quantity (kg)
	HFC-134	75
	HFC-41	1,500
	Total Weight of Regulated HFCs in Shipment:	1,575
Source Country:	Canada	
Intended Port of Entry into the United States:	Worcester, Massachusetts - 0403	
Expected Year of Import:	2022	

This letter confirms EPA's receipt of the information required in a notification of transshipment of regulated substances, as outlined in 40 CFR 84.31(c)(3)(i). The regulated substances must be exported within six months of import, and you must notify EPA that the shipment was exported from the United States within 10 working days of the export, per 40 CFR 84.31(c)(3)(ii).

If you have any questions regarding this confirmation notice, please contact Esha Bhardwaj at +1 (202) 564-6139 or bhardwaj.esha@epa.gov. Alternatively, you can call me at (202) 343-9591.

Sincerely,
Luke Hall-Jordan, Chief
Stratospheric Program Implementation Branch

Example Non-Objection Notice Received from EPA: Label "EPA_NON_OBJECTION_NOTICE"

Company Nine
AIM UAT ICF Company 9
6571 Arlington Blvd
Suite 406
Falls Church, Virginia 22045

December 1, 2021

Dear Mr./Mrs. Nine,

This letter serves as a "non-objection notice" by the U.S. Environmental Protection Agency (EPA) in response to your petition received on December 1, 2021 to import regulated hydrofluorocarbons (HFCs) for use in a process resulting in transformation or destruction (Report ID: TDPET-2022-00032_01, Alias: Test7), consistent with the information below.

Importer:	AIM UAT ICF Company 9	
	Regulated Substance	Quantity Approved (kg)
	HFC-134	15
	HFC-41	122
	HFC-32	299
	HFC-125	100
	Total Weight of Regulated HFCs in Shipment:	536
Country of Export:	Canada	
Port of Entry into the United States:	Worcester, Massachusetts - 0403	
Shipment must arrive before:	December 1, 2022	

Please inform the EPA of the exact date of the shipment and the name of the vessel once they have been determined. Also, please be advised that this non-objection notice permits AIM UAT ICF Company 9 to import the aforementioned quantity of HFCs as one individual shipment only.

This letter confirms the EPA's receipt of the information required in a petition to import regulated substances, as outlined in 40 CFR 84.25(a)(1). A copy of your petition and this non-objection notice must accompany the shipment through U.S. Customs and Border Protection. In addition, AIM UAT ICF Company 9 must submit a quarterly importer report to EPA, as required per 40 CFR 84.31(c)(1), to report the amounts and types of HFCs imported into the United States.

If new information is brought to the EPA's attention which shows that this non-objection notice was issued based on false or misleading information, the agency has the right to revoke and void the non-objection notice, pursue all means to ensure that the regulated substance is not imported into the United States, take appropriate enforcement actions, and apply administrative consequences.

If you have any questions regarding this non-objection notice, please contact Esha Bhardwaj at +1 (202) 564-6139 or bhardwaj.esha@epa.gov. Alternatively, you can call me at (202) 343-9591.

Sincerely,
Luke Hall-Jordan, Chief
Stratospheric Program Implementation Branch

Examples of Images, cont.

The following are examples of images to be uploaded in the Document Image System (DIS)

**Example for Filing CAS Number
(Step 7): Label
“EPA_IMPORT_OF_ODS”**

EPA_IMPORT_OF_ODS	
Chemical Name	CAS Number
HFC-134a	811-97-2

**Examples for Filing CAS Numbers or
ASHRAE Number for Blends (Step 9): Label
“EPA_IMPORT_OF_ODS”**

EPA_IMPORT_OF_ODS	
CAS Numbers	Composition
75-10-5	50%
354-33-6	50%

EPA_IMPORT_OF_ODS	
ASHRAE Number: 410A	
CAS Numbers	
75-10-5	
354-33-6	

Current HTS Codes for HFCs

HTS Code*	Description/Regulated Substance
2903.39.20.20	Fluorinated hydrocarbons: 1,1,1,2-Tetrafluoroethane (HFC-134a)
2903.39.20.36	Fluorinated hydrocarbons: Difluoromethane (HFC-32)
2903.39.20.38	Fluorinated hydrocarbons: Pentafluoroethane (HFC-125)
2903.39.20.40	Fluorinated hydrocarbons: 1,1,1-trifluoroethane (HFC-143a)
2903.39.20.45	Fluorinated hydrocarbons: Other
3824.71.01.00	Mixtures containing halogenated derivatives of methane, ethane or propane: Containing chlorofluorocarbons (CFCs), whether or not containing hydrochlorofluorocarbons (HCFCs), perfluorocarbons (PFCs) or HFCs
3824.74.00.00	Mixtures containing halogenated derivatives of methane, ethane or propane: HCFCs, whether or not containing PFCs or HFCs but not containing CFCs.
3824.78.00.20	Mixtures containing halogenated derivatives of methane, ethane or propane: Containing PFCs or HFCs but not containing CFCs or HCFCs
3824.78.00.50	Mixtures containing halogenated derivatives of methane, ethane or propane: Containing PFCs or HFCs but not containing CFCs or HCFCs: Other

*These HTS code are currently valid as of December 2021. We anticipate new HTS codes will take effect starting in early 2022. At that time, the 2022 HTS Codes list will replace the Current HTS Codes list. See slides 17 and 18 for updated codes.

HTS Codes for HFCs as early as January 1, 2022



HTS Code*	Description/Regulated Substance
2903.41.1000	Trifluoromethane (HFC-23)
2903.42.1000	Difluoromethane (HFC-32)
2903.43.1000	Fluoromethane (HFC-41), 1,2 –difluoroethane (HFC-152) and 1,1-difluoroethane (HFC-152a)
2903.44.0000	Pentafluoroethane (HFC-125), 1,1,1-Trifluoroethane (HFC-143a), and 1,1,2-trifluoroethane (HFC-143)
2903.45.1000	1,1,1,2-Tetrafluoroethane (HFC-134a) and 1,1,2,2-tetrafluoroethane (HFC-134)
2903.46.1000	1,1,1,2,3,3,3-Heptafluoropropane (HFC-227ea), 1,1,1,2,2,3-hexafluoropropane (HFC-236cb), 1,1,1,2,3,3-hexafluoro-propane (HFC-236ea), and 1,1,1,3,3,3-hexafluoropropane (HFC-236fa)
2903.47.1000	1,1,1,3,3-Pentafluoropropane (HFC-245fa) and 1,1,2,2,3-pentafluoropropane (HFC-245ca)
2903.48.0000	1,1,1,3,3-Pentafluorobutane (HFC-365mfc) and 1,1,1,2,2,3,4,5,5,5-decafluoropentane (HFC-43-10mee)

*These HTS code are valid as early as January 1, 2022; importers should verify the correct HTS codes are being used.

HTS Codes for HFCs as early as January 1, 2022, cont.

HTS Code*	Description/Regulated Substance	Common Blends
3827.51.0000	Containing trifluoromethane (HFC-23)	R-508A
3827.61.0000	Containing 15 percent or more by mass of 1,1,1-trifluoroethane (HFC-143a)	R-404A R-507A
3827.62.0000	Other, not included in the subheading above, containing 55 percent or more by mass of pentafluoroethane (HFC-125) but not containing unsaturated fluorinated derivatives of acyclic hydrocarbons (HFOs)	R-421A R-422D
3827.63.0000	Other, not included in the subheadings above, containing 40 percent or more by mass of pentafluoroethane (HFC-125)	R-407A R-410A R-452A
3827.64.0000	Other, not included in the subheadings above, containing 30 percent or more by mass of 1,1,1,2-tetrafluoroethane (HFC-134a) but not containing unsaturated fluorinated derivatives of acyclic hydrocarbons (HFOs)	R-407C
3827.65.0000	Other, not included in the subheadings above, containing 20 percent or more by mass of difluoromethane (HFC-32) and 20 percent or more by mass of pentafluoroethane (HFC-125)	R-448A R-449A
3827.68.0000	Other, not included in the subheadings above, containing substances of subheadings 2903.41 to 2903.48	R-450A R-452B R-513A

*These HTS code are valid as early as January 1, 2022; importers should verify the correct HTS codes are being used.

- [HFC Allocation Final Rule](https://www.epa.gov/climate-hfcs-reduction/final-rule-phasedown-hydrofluorocarbons-establishing-allowance-allocation)
(<https://www.epa.gov/climate-hfcs-reduction/final-rule-phasedown-hydrofluorocarbons-establishing-allowance-allocation>)
- [HFC Allowance Calculator](https://www.epa.gov/climate-hfcs-reduction/hfc-allocation-rule-reporting-and-recordkeeping)
(<https://www.epa.gov/climate-hfcs-reduction/hfc-allocation-rule-reporting-and-recordkeeping>)
- [Fact Sheet for Importers of HFCs](https://www.epa.gov/system/files/documents/2021-11/hfc-allocation-rule-importer-requirements-fact-sheet.pdf)
(<https://www.epa.gov/system/files/documents/2021-11/hfc-allocation-rule-importer-requirements-fact-sheet.pdf>)
- [Tips Sheet for Filing HFC Imports in ACE](https://www.epa.gov/system/files/documents/2021-12/final-hfc-ace-filing-tipssheet.pdf)
(<https://www.epa.gov/system/files/documents/2021-12/final-hfc-ace-filing-tipssheet.pdf>)

For questions, please contact:

HFCAllocation@epa.gov

<https://www.epa.gov/climate-hfcs-reduction>

Questions?