

September 26<sup>th</sup>, 2013

**Company Overview**

**Company:** ICOR International, Inc.

**Established:** 1995

**Company Type:** C Corp / Registered Small Business

**Officers:** James Tieken – President  
Gordon McKinney – VP/COO  
Trista Allison – VP/CFO

**Facilities:** Main production & administration facility – Indianapolis, IN  
Reclamation processing centers – Indianapolis, IN & Henderson, NV

**Business Focus:** Producing ozone safe refrigerants and providing refrigerant reclamation services to the HVACR industry.

**Attributes:** ICOR produces a top selling R-12 replacement refrigerant, (R-414B), and R-22 replacement refrigerant, (R-422B).  
  
ICOR refrigerants are distributed throughout North America through a network of more than 4000 wholesale distributor locations.  
  
ICOR operates an EPA certified refrigerant reclamation division that is facilitated by 238 distributor locations throughout the continental U.S. Each year this division processes thousands of lbs. of ozone depleting, and non-ozone depleting, refrigerants.  
  
ICOR is the leading source for alternative refrigerant education and technical support.

**Affiliations:** Alliance for Responsible Atmospheric Policy  
Heating and Air Conditioning Distributors International  
US Chamber of Commerce



**Meeting Objectives:** To share our company's perspective on the 2015-2019 HCFC Allocation that is currently under review by the Office of Management and Budget.

**Perspective Overview:** The opinion shared by many industry authorities and stakeholders, is that the data used by the EPA to develop the 2013 Final Allocation Rule for HCFCs was based upon inaccurate and outdated service requirement models. The surplus in R-22 that was created by the 2013 Allocation Rule has caused widespread financial damage to the HVACR industry and to consumers. The surplus curbed the movement to ozone safe alternatives and dramatically reduced refrigerant reclaim activity.

Many believe the 2014 Final Ruling is also based upon inadequate data. It fails to incorporate the widespread acceptance of ozone safe alternatives and evolving service practices. Both of which contributed to a dramatic reduction in R-22 service gas requirements in 2012 and 2013. If not corrected, the additional surplus in 2014 will continue to erode market conditions, inhibit the movement to ozone safe alternatives, and could ultimately collapse the fragile reclaim industry.

We implore the EPA to reexamine the 2014 allocation and give far more consideration to the impact of alternative refrigerants, and the grossly unused capacity of the reclaim industry. We encourage them to reduce allocation rights to the lowest legal limit, and to apply the same considerations to the 2015-2019 Final Allocation Ruling.

**Prepared by:** Prepared by: Gordon L. McKinney  
VP/COO  
ICOR International, Inc.  
(317) 222-7153 office  
gmckinney@icorinternational.com

## Effects of April 3<sup>rd</sup> Final Allocation Rule on R-22 Alternative Refrigerant Use

This data was supplied to ICOR by a wholesale distributor operating 30 locations. The impact of the April 3<sup>rd</sup> ruling on the use of ozone safe alternatives is clearly revealed in this data.

2013	Sales		Sales		
Month	NU-22B	R-22	R-22 Cost	R-22 Sell	NUB Mix
Feb			\$407.50	\$468.39	
March/April	254	241			51%
April/May	356	535	\$380.00	\$436.78	40%
May/June	339	708			
June/July	455	2335	\$264.00	\$303.45	16%
July/August	159	2104	\$255.00	\$293.10	7%

February 2, 2012

Docket Number: EPA-HQ-OAR-2011-0354  
Air and Radiation Docket  
U.S. Environmental Protection Agency, Mail Code 6102T  
1200 Pennsylvania Avenue, NW  
Washington, DC 20460

Re: Docket No. EPA-HQ-OAR-2011-0354  
Protection of Stratospheric Ozone: Adjustments to the Allowance  
System for Controlling HCFC Production, Import, and Export

Dear Sir/Madame:

Thank you for the opportunity to provide comments on the Proposed Rule *Protection of Stratospheric Ozone: Adjustments to the Allowance System for Controlling HCFC Production, Import, and Export* for issuing allocations (consumption and production) for HCFCs from 2012 to 2014. The undersigned represent a number of responsible companies regulated by the EPA as certified refrigerant reclaimers. As such, we have common comments and concerns on this issue.

Most of us represent a small business with a main mission of protecting the environment by providing reclaiming services for HCFCs so this subject has a direct effect on the future of our businesses and on the lives of those employed by our companies. We appreciate your willingness to accept and consider our comments on this issue.

In summary, this group recommends a full 38% reduction in allocations for 2012 and unanimously supports your belief as stated in the proposed rule discussion

*"that establishing a lower aggregate HCFC-22 consumption allocation for 2012-2014 than in the 2009 Final Rule is not only justified by decreased demand and the availability of surplus inventory from past years, but also because a lower virgin supply will further incentivize recovery and reclamation."*

The undersigned also want to assure the EPA that the reclaiming industry members have the capacity and resources to increase the quantity of reclamation if the demand for reclaimed material increases.

Some of the reclaimers have additional issues that may or may not be supported by all the members so they will be commenting on these in separate submissions. This letter is meant to address the above two points that all reclaimers unanimously support.

(A) The number of allocations to be issued from 2012-2014

Reclaimers believe that allocations from 2012-2014 should be reduced as far as legally possible. We agree that, up to this point in time, there is no incentive in the market place that encourages recovery and reclamation. This is reflected in the fact that a significant percentage of the allowances authorized for 2010 and 2011 were unused in those two years. Further steep reductions in allocations, along with enforcement of illegal venting regulations, are the only ways to incentivize recovery and reclamation. The undersigned unanimously support a reduction of 38% in 2012, 42% in 2013, and 47% in 2014.

(B) The reclaimer industry has the ability to increase the quantity of reclamation as the allocations are reduced.

Reclaimers are in agreement that the amount of R-22 that they reclaimed was well below their capacity mainly due to the price and ample supply of virgin manufactured and imported HCFC-22. The cost to reclaim recovered HCFC-22 from the field exceeds the cost of newly manufactured material. Processing the refrigerant in order to return it to ARI 700 Standards is only a small part of the overall cost of recovery and reclaiming operations. In collecting the necessary amounts of R-22, reclaimers incur tremendous recovery related expenses in raw material purchasing, tanks, transportation and significant program expenses to entice refrigerant to be returned, i.e. advertising, promotions, seminars, education, and focused sales efforts.

Additionally, once the used refrigerant arrives at the reclaimer facility, it must be identified, segregated, documented, transferred and held for processing. From there the recovered refrigerant is reclaimed using a number of steps including: filtration, distillation, oil separation, moisture removal, final blending, packaging, and documentation. This process is costly compared to the newly manufactured or imported virgin product production costs. In some cases, capacity was idle in 2010 and 2011 due to oversupply of HCFC virgin products available to the market. It makes no economic sense to reclaim any product that could not be sold at a profit.

Because of confidential business information, each reclaimer was asked to comment on its own particular capacity as it relates to the 2011 levels of reclamation in their separate comments. If they feel it is confidential they will so mark that information, but it should support our overall belief that reclaimers can meet the projected demands of the industry if allocations are reduced to the maximum extent in 2012 -2014.

The EPA's desire to promote a viable recovery and reclamation industry is also deeply appreciated by all reclaimers. By reducing allocations, the EPA and reclaimers have a joint opportunity to utilize its existing "Recovery and Reclamation Network", which is needed to meet the needs of 2015 and beyond. To do this the EPA must help those who provide recovered refrigerants to reclaimers, develop a "culture" of recovery for reclamation. It also must enforce existing regulations especially the "no venting" rules. As a result of these efforts a positive value for the recovered product will be established and maintained, not just in 2012, but throughout the phase-out period. A positive value encourages reclaiming by offering some compensation to the contractor for the time and

effort it takes to properly recover used material. However, as long as virgin material is available in quantities greater than the demand, recovery will continue to be as one contractor explained it "not worth the effort". Significantly reducing HCFC allocations will rectify this situation and encourage reclamation to levels that are needed to avoid future disruptions in the market place.

In an attachment, we are also highlighting some of the environmental benefits of reclaimers as often they are overlooked or not understood.

In conclusion, we appreciate the opportunity to address our concerns afforded by this process and hope that you consider our request for the maximum reductions in HCFC allocations of 2012-2014. In addition, please consider additional separate comments by the companies listed below and others in our industry that support this submission and offer comments on other issues that are important to them.

Very truly yours,

Certified Reclaimers:

Our company strongly supports and endorses the comments and recommendations presented above.

AEROSYS INC  
EPA Certified Reclaimer Company

HAGERSTOWN, MD, 21740  
City State Zip

  
By: Signature


JIM GARRETT, PRESIDENT  
Printed Name and Title

Certified Reclaimers:

Our company strongly supports and endorses the comments and recommendations presented above.

Airgas Refrigerants, Inc.  
EPA Certified Reclaimer Company

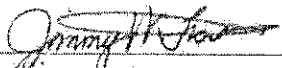
Smyrna, GA 30080  
City State Zip

  
By: Signature

JOHN M. BATT DIRECTOR of Product Stewardship  
and Regulatory Advocacy  
Printed Name and Title

Our company strongly supports and endorses the comments and recommendations presented above.

AllCool Refrigerant Reclaim Frederick, MD 21701  
EPA Certified Reclaimer Company City State Zip

 Jimmy W. Trout (Pres.)  
By: Signature Printed Name and Title

Certified Reclaimers:

Our company strongly supports and endorses the comments and recommendations presented above.

American Refrigerants, Inc JACKSON, FL 34240  
EPA Certified Reclaimer Company City State Zip

 JULIE C. COOK, GENERAL MGR  
By: Signature Printed Name and Title

Certified Reclaimers:

Our company strongly supports and endorses the comments and recommendations presented above.

CHRYSLER REFRIGERANT SCS Punta Gorda, FL 33982  
EPA Certified Reclaimer Company City State Zip

 Rick Rolano V.P.  
By: Signature Printed Name and Title

Certified Reclaimers:

Our company strongly supports and endorses the comments and recommendations presented above.

Consolidated Refrigerant Reclaim Peoria, AZ 85381  
EPA Certified Reclaimer Company City State Zip

 Rick Rolano V.P.  
By: Signature Printed Name and Title

Certified Reclaimers:

Our company strongly supports and endorses the comments and recommendations presented above.

COOLGAS, INC.

EPA Certified Reclaimer Company

Magnolia, Texas 77354

City State Zip

Joel K French  
By: Signature

Joel K. French, Vice President & General Counsel  
Printed Name and Title

Certified Reclaimers:

Our company strongly supports and endorses the comments and recommendations presented above.

ICOR INTERNATIONAL  
EPA Certified Reclaimer Company

INopls. IN 46236  
City State Zip

Jim B Tien  
By: Signature

JAMES TIEN President  
Printed Name and Title

Very truly yours,

Certified Reclaimers:

Our company strongly supports and endorses the comments and recommendations presented above.

J.R.'S APPLIANCE DISPOSAL  
EPA Certified Reclaimer Company

INUER GROVE HEIGHTS MN 55077  
City State Zip

Jim Zeien  
By: Signature

JIM ZEIEN REFRIGERANT MANAGER  
Printed Name and Title

Our company strongly supports and endorses the comments and recommendations presented above.

NoVent Refrigerant Services  
EPA Certified Reclaimer Company

TAMPA, FL 33619  
City State Zip

Robert Sheehan  
By: Signature

Robert Sheehan - President  
Printed Name and Title

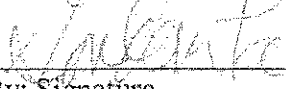


Certified Reclaimers:

Our company strongly supports and endorses the comments and recommendations presented above.

Refrigerant Exchange Corp.  
EPA Certified Reclaimer Company

Irwindale, CA 91706  
City State Zip

  
By: Signature

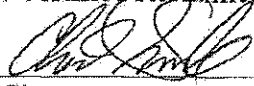
Gordon Pal, Manager January 30, 2012  
Printed Name and Title

Certified Reclaimers:

Our company strongly supports and endorses the comments and recommendations presented above.

Refrigerants Inc  
EPA Certified Reclaimer Company

Denver, CO 80204  
City State Zip

  
By: Signature

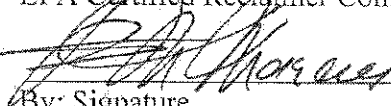
Chad Schnuelle, President  
Printed Name and Title

CERTIFIED RECLAIMERS.

Our company strongly supports and endorses the comments and recommendations presented above.

REMTEC INTERNATIONAL  
EPA Certified Reclaimer Company


BOWLING GREEN OH 43402  
City State Zip

  
By: Signature

Richard Marcus, President  
Printed Name and Title

Certified Reclaimers:

Our company strongly supports and endorses the comments and recommendations presented above.

  
EPA Certified Reclaimer Company

Bob, OH 44112  
City State Zip

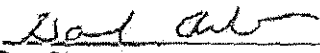
  
By: Signature

Bob, President  
Printed Name and Title

Certified Reclaimers:

Our company strongly supports and endorses the comments and recommendations presented above.

Perfect Cycle CFC Group                      Red Oak, TX 75154  
EPA Certified Reclaimer Company                      City State Zip

                      DAVID ANDREW - VP  
By: Signature                      Printed Name and Title

Certified Reclaimers:

Our company strongly supports and endorses the comments and recommendations presented above.

Pure Chem Separation LP                      Rhome, TX 76078  
EPA Certified Reclaimer Company                      City State Zip

                      Chris Ludwig, President  
By: Signature                      Printed Name and Title

Certified Reclaimers:

Our company strongly supports and endorses the comments and recommendations presented above.

RMS of Georgia                      Alpharetta, GA 30004  
EPA Certified Reclaimer Company                      City State Zip

                      Kenneth M. Acker, Owner  
By: Signature                      Printed Name and Title

Certified Reclaimers:

Our company strongly supports and endorses the comments and recommendations presented above.

SpecGas Inc  
EPA Certified Reclaimer Company

Warminster, Pa 18974  
City State Zip

*Alfred Boehm*  
By: Signature

Alfred Boehm, President  
Printed Name and Title

Certified Reclaimers:

Our company strongly supports and endorses the comments and recommendations presented above.

Summit Refractories  
EPA Certified Reclaimer Company

Humble, Texas 77338  
City State Zip

*Steve Trevino*

STEVE TREVINO, MANAGER

Certified Reclaimers:

Our company strongly supports and endorses the comments and recommendations presented above.

Total Reclaiming, Inc  
EPA Certified Reclaimer Company

Seattle, WA 98124  
City State Zip

*Jeffrey S. Field*

Jeffrey S. Field, President

## Attachment - Environmental Benefits of Reclaimers

### Partnership with the EPA

From Achievements in Stratospheric Ozone Protection – Progress Report April 2007 published by the EPA, it states:

*“About This Report - With our many partners, the U. S. Environmental Protection Agency (EPA) is proud to have been part of a broad coalition that developed and implemented flexible, innovative, and effective approaches to ensure stratospheric ozone layer protection. These partnerships have fundamentally changed the way we do business, spurring the development of new technologies that not only protect the ozone layer but, in many cases also save energy and reduce emissions of greenhouse gases. Together, we continue to look for alternatives and technologies that are as ozone – and climate-friendly as possible.”*

And

*“Partners in Ozone Protection – Many organizations are playing a pivotal role in the stratospheric ozone layer – both in the past efforts they made to eliminate use of first generation ozone-depleting substances and their current undertakings to reduce their use of second generation ozone-depleting substances. Leadership, investment, and innovation are the keys to these important achievements.”*

The above report was a very good and encouraging progress report on the reduction of ODS material prepared by the EPA to highlight the accomplishments in their ODS mission. Although “reclaimers” were not specifically mentioned as one of the many EPA partners in this report, reclaimers would like to provide some information that would clearly define their role as meeting the characteristics of a “pivotal partner” in the success that the EPA has achieved in its mission to reduce ozone depletion. We will show how the reclaiming industry has provided **“leadership, investment, and innovation” as a partner with the EPA** during the last nineteen years and will continue to do so in the future.

### Leadership

Prior to 1993, the reclaiming industry did not exist. Regulations developed to implement provisions of the 1990 Clean Air Act Amendments created a demand for commercial businesses to reclaim / recycle refrigerants for technicians and system owners rather than venting these as was the custom in the past. It was the leadership of individual companies that reclaimed the first pounds of used refrigerants. It was the same leadership that provided significant benefit, with more than 106,000,000 lbs of refrigerant reclaimed

in just the last eleven years and also saving emissions of 164,000,000 tons of CO2 between the years of 2000 – 2010 as shown in the following table:

	Year	R-11	R-12	R-13	R-22	R-23	R-113	R-114	R-123	R-500	R-502	R-503	Total
GWP value		4,750	10,890	14,420	1,810	1,200	6,130	10,040	77	7,800	800	800	
Reclaimed Lbs	2000	1,548,734	1,679,526	1,978	7,094,995	0	229,954	182,544	250,811	245,530	619,579	0	11,853,651
CO2 Tons		3,678,243	9,145,019	14,261	6,420,970	0	704,809	916,371	9,656	957,567	247,832	0	22,094,729
Reclaimed Lbs	2001	1,182,130	1,296,745	1,485	4,320,103	555	162,572	100,581	212,568	188,981	249,604	0	7,715,324
CO2 Tons		2,807,539	7,060,777	10,707	3,909,693	333	498,283	504,917	8,184	737,026	99,842	0	15,637,320
Reclaimed Lbs	2002	1,411,133	1,237,060	343	4,915,809	0	143,404	288,084	179,481	184,104	330,170	3,591	8,698,179
CO2 Tons		3,351,441	6,735,792	2,473	4,448,807	0	439,533	1,446,182	6,910	718,006	132,068	3,436	17,284,648
Reclaimed Lbs	2003	903,731	623,245	0	4,356,619	0	110,425	394,091	110,022	90,344	90,749	0	6,679,226
CO2 Tons		2,146,361	3,393,569	0	3,942,740	0	338,453	1,978,337	4,236	352,342	36,300	0	12,192,337
Reclaimed Lbs	2004	1,188,360	720,181	0	7,231,013	0	129,134	281,958	250,842	137,900	105,536	0	10,044,324
CO2 Tons		2,822,355	3,921,386	0	6,544,067	0	395,796	1,415,429	9,657	535,470	42,214	0	15,686,374
Reclaimed Lbs	2005	985,184	593,345	0	6,172,133	0	107,985	70,086	319,539	74,278	55,181		8,377,731
CO2 Tons		2,339,812	3,230,764	0	5,585,780	0	330,974	351,832	12,302	289,684	22,072	0	12,163,220
Reclaimed Lbs	2006	1,188,230	738,482	0	8,535,423	0	133,511	48,824	318,241	96,668	113,879	0	11,173,258
CO2 Tons		2,822,046	4,021,034	0	7,724,558	0	409,211	245,096	12,252	377,005	45,552	0	15,656,755
Reclaimed Lbs	2007	891,687	460,594	1,389	8,191,322	0	162,773	26,400	227,323	41,518	75,431		10,078,437
CO2 Tons		2,117,757	2,507,934	10,915	7,413,146	0	498,899	132,528	8,752	161,920	30,172	0	12,881,124
Reclaimed Lbs	2008	989,234	476,726		10,045,071		175,568	310,321	272,583	195,724	88,040	60	12,553,327
CO2 Tons		2,349,431	2,595,773	0	9,090,789	0	538,116	1,557,811	10,494	763,324	35,216	0	16,940,954
Reclaimed Lbs	2009	1,026,824	212,638	224	7,544,327	1,063	135,301	16,554	436,463	118,847	136,936	46	9,629,223
CO2 Tons		2,438,707	1,157,814	1,615	6,827,616	638	414,698	83,101	16,804	463,503	54,774	18	11,459,288
Reclaimed Lbs	2010	755,407	359,736	0	7,985,289	134	170,498	77,161	364,710	116,768	27,613	13	9,857,541
CO2 Tons		1,794,092	1,958,763	0	7,226,687	80	522,576	387,348	14,041	455,395	11,045	5	12,370,032
Total Refrigerant in lbs.												106,660,221	
Total CO2 Short Tons saved from atmosphere.												164,366,781	

This historical data shows commitment as reclaimers to a public / private partnership arrangement with EPA in an effort to increase quantities of refrigerants collected and avoid venting of any used material. Leadership was proven in developing this industry from the “grass roots”. The reclaim industry born of this effort largely remains in place today. The reclaimers are challenged to collect material from diverse sources, aggregate to larger common batches of material, and clean it to an industry accepted purity level before being reused to reduce the need of new production.

## Investment

Beyond the reclaimer commitment and EPA approval, the members of this industry have managed to exist without any subsidy and a very small EPA budget for oversight. Considerable investment has been made by private firms in the reclamation industry as well as continued re-investment in new technology to keep pace with changes in refrigerant compositions. Reclaimers intend to continue to use traditional means to invest resources and operate commercial enterprises to collect and reclaim refrigerant. It

is to the reclaimers benefit to maximize the value of their investment by collecting as much used refrigerant as possible.

Every reclaimer is different but it is safe to say that millions of dollars are invested by each reclaimer, and much more by many of them, to supply an inventory of tanks for the recovery, containment, consolidation and processing of the refrigerants; to purchase the specialized laboratory equipment required to test purity, acidity, moisture, non-condensable gases, halogen ions, and particulates; to provide equipment for closed-end filtering and blending; to build tall distillation equipment for separating cross-contaminated refrigerants; and even to provide destruction equipment or services, as reclaimers are responsible for all refrigerants that they accept, even if they can not be reclaimed.

Investments have been used to educate and train the employees as well as for training contractors, technicians and wholesalers who collect and provide used refrigerant to them. Investments in payrolls, supplies, waste disposal, filter media, etc. are also required. This is all arranged in an expensive energy consuming facility that must meet all OSHA and EPA requirements. Finally, transportation is usually paid by the reclaimer as well as an incentive to the supplier for his time and effort to recover the used refrigerant for reclaiming. Another large cost is the disposition or disposal of contaminated material. All these costs must be recovered in the reclaimers daily operations by selling the reclaimed good product in a market that is flooded with newly produced and imported products.

### **Innovation**

As mentioned above, the industry was previously non-existent so innovation was a requirement of those entering into this industry. In most cases, equipment was developed to meet the need using inventions untried before. Innovations occur daily to meet the changing needs of the different refrigerants entering the market. Separation of cross-contaminated material required many reclaimers to design and build unique distillation towers due to the properties and characteristics of the blending of refrigerants.

A good example of innovation shown by reclaimers is the technology that was developed to process mixed refrigerants that required more than just filtering and blending. In most cases, mixed refrigerants are a result of accidentally collecting or consolidating different refrigerants into one container. To correct this situation, investment and innovation were required. Leaders recognized that developing methods for a higher yield of returned material would encourage added recovery. They needed to find solutions that would avoid venting this type of material due to "penalties" in the form of extra fees imposed for the accidental contamination of used material. Leaders recognized the most important issue was to encourage the return of this material, even if it would cost more to reclaim. They recognized that the elimination of mixed refrigerant charges would do more to encourage recovery than price incentives.

Their innovations required investment in state-of-the-art distillation techniques to salvage as much material as possible in these situations, and to properly destroy the residual. These leaders recognized that this is all “part of the process” as they have to accept all material into the system to avoid release to the atmosphere, as opposed to accepting just the “easy” (non-contaminated) material for reclamation. Leaders look at these situations as challenges and opportunities.

**The Reclaimer Industry Provides Substantial Environmental Benefits and will Encourage More Recovery and Future Environmental Benefits**

- **Reclaimed Material Eliminates the Need for New Production and Importations of HCFC-22**

The production of new harmful products (including the waste of related packaging materials) can be seriously reduced with the increase in reclamation or, in other words, “every pound reclaimed is a pound less produced.” While it is simply stated, it speaks volumes for the ideals and reasons for recycling any product such as bottles, cans, steel, paper, chemicals etc., but even more so for products that are known to be detrimental to the atmosphere and can result in increased health risks to our citizens and the entire world population. Moreover, a pound reclaimed means a pound that is **NOT BEING RELEASED INTO THE ATMOSPHERE** or a pound that will not be required to be destroyed. This increases the useful life of all previously manufactured and all future manufactured refrigerants. These are just two inherent environmental benefits from reclaiming refrigerants that are not always quantifiable.

- **Reclamation Provides Huge Global Warming Benefits**

Reclaiming refrigerant not only benefits the environment by reducing the need for the production of additional ozone depleting substances and by reclaiming those materials for reuse, it also provides a huge global warming benefit. CFC, HCFC and HFC materials have significant global warming potentials. By creating incentives to recover used refrigerants, the reclaim industry will promote the collection of millions of pounds of refrigerants which will never find their way into the stratosphere. As the previous table illustrates, reclaim efforts between 2000 and 2010 have created the equivalent of 164,000,000 tons of CO<sub>2</sub> reductions.

- **A Healthy Reclaiming Industry Can Influence Additional Recovery**

Although the reclaimers have prevented many millions of pounds of refrigerant from escaping to the atmosphere already, there is room for much improvement. Some argue that 10 times the quantity that is reclaimed is released each year, *i.e.* as much as 100 million pounds each year. These estimated losses to the atmosphere — that could be prevented — must be reversed to ensure adequate supply in 2015 and beyond. A healthy reclaimer industry is the answer. A healthy reclaimer industry needs a level paying field

by leaving a demand not filled with new production and a fair selling price that allows for payments to those who can recover the material.

- **Reclaimers Spend a Considerable Amount of Time Educating Contractors**

Reclaimers spend a considerable amount of time educating the contractors who service HVACR equipment on the benefits of recovery and reclamation and are often referred to as the “front line” of the recovery effort. Recovery is the first step to stopping the release of ODS and without recovery there could be no reclamation and reuse. The reclaim industry has invested significant time and money to encourage recovery and reclamation in the field. Our education efforts would be greatly enhanced if used refrigerant were perceived to have an economic value, however slight, to send home the message that released product is lost income. A healthy reclaimer industry is the best channel to make this message a reality.

In addition to the contractor base, many reclaimers work exclusively with wholesalers to create a conduit for refrigerants to be reclaimed and expand the education process required. Depending on the business model employed by the reclaimer, both contractors and wholesalers play a vital role in the reclaiming process but the reclaimer is the necessary hub of this activity.



## Combs Investment Property LP

2777 Allen Pkwy  
Suite 1185  
Houston, TX 77019

June 17, 2013

Ms. Drusilla Hufford  
Director of the Stratospheric Protection Division  
U.S. Environmental Protection Agency  
1200 Pennsylvania Ave., NW  
Washington, DC 20460

### ***Re: Production of Stratospheric Ozone: Adjustments to the Allowance System for Controlling HCFC Production, Import and Export for the 2015 - 2019 Control Period***

The purpose of this letter is to provide the Environmental Protection Agency's with input from Combs Investment Property, LP ("CIP") regarding the Proposed Rule that is being drafted for the 2015 – 2019 Production, Import and Export Control Period for HCFC's.

Looking ahead to the 2015-2019 control period, CIP believes that the EPA should give due consideration to the following observations when the drafting its proposed and ultimately final rule to addresses this control period.

#### **1) Maintain the Current Production and Consumption Baselines**

CIP does not believe that moving away from the current production and consumption baselines will result in any environmental benefit, and thus should be kept in place. In the past, it has been suggested that more recent production and import data be used to establish new production and consumption baselines. The current baselines have been in place for both the 2003 to 2009 and 2010 to 2014 control periods, and over the time the annual distribution of allowances will have been reduced to 10% or less for the control period beginning 2014 and nearly 95% of the cumulative quantity from 2003 to 2030. Thus, as this process is very far along and close to achieving its goal of phasing out HCFC's emissions with only ~5% of the total cumulative quantity of HCFC allowances remaining, we feel that the development a new approach for establishing a new baselines would likely be a lengthy and difficult process to implement that would have only a minimal or no effect at all on the total quantity of allowances to be distributed.

#### **2) The Need for Additional Reductions in the Pool of Production and Consumption Allowances to Allocated**

We believe that further reductions in the *number* of allowances that EPA in the 2015 to 2019 control period beyond the mandated reduction to a 10% will benefit the environment by even further reducing emissions of HCFC's. A further reduction to less than the mandated 10% will result in a more limited availability of virgin HCFC's and therefore the increased use of reclamation services for HCFC's as a result of the tightened supply that will result from this action.

### **3) The Need to Address the Detrimental Effect of Issuing the Additional 2013/2014 Recoupment Allowances**

In the 2012 to 2014 Final Rule, the EPA issued Recoupment Allowances in addition to the total quantity that would otherwise be issued for 2013 and 2014 rather than allocating them directly from the total quantity of allowances available, which would have therefore kept the total quantity issued constant. **As a result of this action, there was an additional 2,953,794 kgs of HCFC-22 allocated in both 2013 and 2014, or 5,907,588 additional kgs of HCFC-22 over these two years.** These additions, resulted in an increased in the total amount of allowances by 12% in 2013 and 15% in 2014 or an increase of 13% over this critical two year period before the next step-down in 2014.

In fact, since other allowance holders were given the same number of HCFC-22 baseline consumption allowances in 2010 equal to the recoupment totals, **the issuing of these additional recoupment allowances in 2013/2014 has actually resulted in almost 6 metric tonnes of additional HCFC-22 allowances being made available which could be emitted into the atmosphere.**

We believe that the EPA has an opportunity in the new rulemaking process for 2014 to 2019 to reverse this unfortunate action by now deducting these Recoupment Allowances from the total number of allowances available prior to proceeding with its allocation. **Thus for 2015, the total quantity available would be no larger than 14,186,513 kgs less 5,907,588 kgs = 8,278,925 kgs or 5.8% of the original baseline to start.**

### **4) Adjust the Estimated Market Demand to Reflect Actual Allowance Consumption Data**

Data provided by the EPA indicates that there was an significant excess of allowances made available in 2010 - 2012, since roughly 20% of allowances typically were not consumed between 2005 and 2010. The availability of these excess allowances can only have and adverse effect on the development of more reclamation and is in direct contradiction to the EPA's stated goal of promoting a sustainable recycling industry. Clearly, there is no indication that any company has had difficulty sourcing virgin material as needed.

In order to ensure that there is a viable reclamation industry, that will be needed to ensure that HCFC's are still available in significant quantities to meet potential servicing in the years ahead, the availability of virgin must be limited. Thus, CIP believes that the EPA must significantly reduce the quantity of allowances available in order to ensure there is adequate incentive to recover and reclaim HCFC's. Therefore, a reduction of at least 20% should be applied to the allocation of future year allowances.

### **5) Draw Down Excessive Inventory Levels**

While we are not aware of any compilation of annual HCFC inventories since this information is typically treated as being company confidential, CIP believes that there is still a significant stockpile of HCFC-22 that could possibly fill a significant portion of the demand for HCFC-22 in the 2015 to 2019 control period.

The April 13, 2013 final Rule estimates that the current inventory of HCFC-22 could be as little as 22,700 MT and as much as at 45,400 MT. Assuming this range is still valid in 2015, this reflects between 52% and 103% of the total quantity of allowances that will be issued between 2015 and 2019, assuming as straight line reduction of 20% per year between 2015 and 2019.

Therefore, reducing future allowances should result in an additional draw down of this significant inventory overhang, thereby supporting a sustainable reclamation industry while also still ensuring that sufficient supply is available for end-users that need HCFC-22 for servicing equipment.

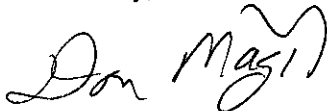
### Summary

In summary, as noted in the Solvay letter dated February 2, 2012 to the EPA, CIP's views are also reflected in the NRDC June 2, 2011 submission to the Docket by the National Resources Defense Council referenced in that letter:

"...NRDC opposes any option that would increase the number of HCFC allowances issued for 2011 or subsequent years. That would increase the burden of ozone-depleting HCFC-22 in the atmosphere, and increase the risk of fatal and non-fatal skin cancers, cataracts, immunological disorders for all Americans and for billions of other people. EPA needs to find a solution to the allocation problem before the agency that does not place any additional burden on the stratosphere, on public health, or on the natural environment."

Thank you very much for your consideration of our concerns. We welcome any questions or comments you may have, along with addition discussion.

Sincerely,



Don Magid  
Regulatory Affairs

cc: Gina McCarthy, USEPA  
Bob Perciasepe, USEPA  
Luke Hall-Jordan, USEPA