

State of California Air Resources Board

Board Item Summary

Item # 23-9-3: Public Hearing to Consider the Proposed Amendments to the Regulation for Small Containers of Automotive Refrigerant

Staff Recommendation:

Staff recommends that the California Air Resources Board (CARB) approve the Proposed Amendments to the Regulation for Small Containers of Automotive Refrigerant (collectively, Proposed Amendments).

Discussion:

Hydrofluorocarbon (HFC)-134a has been the predominant refrigerant used in motor vehicle air conditioning (MVAC) systems manufactured since 1994. HFC-134a is not an ozone-depleting substance but is a potent short-lived climate pollutant with a global warming impact 1,430 times greater than that of carbon dioxide. Small containers of automotive refrigerant are an economical way for consumers to recharge MVAC systems, but emissions from their use must be reduced to help CARB meet statutory mandates under Senate Bill 32 (Pavley, Stat. 2016, Ch. 249), Senate Bill 1383 (Lara, Stat. 2016, Ch. 395), and Assembly Bill 1279 (Muratsuchi, Stat. 2022 Ch. 337).

Staff is proposing amendments to the regulation covering four main areas: (1) removal of the deposit and return program, (2) phase-in requirements for reclaimed refrigerant in new small containers, (3) modification and clarification of associated provisions related to both the sell-through and reporting requirements, and (4) refinement of procedures and parameters for spending unclaimed deposits. The Proposed Amendments are expected to compensate for any greenhouse gas emission reductions currently achieved by the deposit and return program while reducing costs to consumers of small containers. In addition, the Proposed Amendments focus the expenditure of unclaimed deposits towards projects that will reduce greenhouse gas emissions and increase the supply of reclaimed refrigerant that can be used in small containers. Overall, the Proposed Amendments decrease costs to consumers, achieve greenhouse gas emissions reductions, and incentivize the reclamation of refrigerant.

The Proposed Amendments are the result of an extensive public process. Staff held two public workshops on January 22, 2022 and September 9, 2022, to discuss the Proposed Amendments and solicit input from affected stakeholders. On April 28, 2022, staff held a technical meeting with small container manufacturers and refrigerant reclaimers to discuss reclamation-related issues. In addition, staff met individually with a number of stakeholders, including small container manufacturers, refrigerant reclaimers, non-profit organizations, and state agencies to discuss various issues.

Summary and Impacts:

The Proposed Amendments are expected to reduce greenhouse gas emissions by 1.6 and 3.3 million metric tons of carbon dioxide equivalent cumulatively by 2030 and 2045, respectively. The Social Cost of Carbon benefits would range between \$77 million and \$341 million cumulatively for 2025 through 2045, depending on the discount rate. There would be a benefit of \$59.5 million annually as deposits would no longer be collected after January 1, 2025. Staff estimates that the total cost to comply with the Proposed Amendments is approximately \$45.5 million total from 2025 to 2045 or \$2.2 million annually. This cost includes both the price differential between reclaimed refrigerant and virgin refrigerant, and the additional reporting requirements.

Staff analysis indicates that there are more small container sales and returns in disadvantaged communities than in other communities. However, as more total containers are sold in disadvantaged communities, greater amounts of unclaimed deposits accumulate from disadvantaged communities. Retailers located in disadvantaged communities accumulate an average of \$1.78 million in unclaimed deposits annually. Staff analysis supports the removal of the deposit and return program as it would provide savings to all California consumers, with those living in disadvantaged communities receiving the greatest share of this benefit. In addition, the proposed requirement that reclaimed refrigerant be used in the manufacturing of small containers sold in California would compensate for the emission reductions currently achieved by the deposit and return program. The Proposed Amendments to the use of unclaimed deposits are aimed at decreasing the demand for small containers of refrigerant and increasing the supply of reclaimed refrigerant.