

HOUSE BILL REPORT

HB 1462

As Reported by House Committee On:

Environment & Energy

Title: An act relating to reducing greenhouse gas emissions associated with hydrofluorocarbons by transitioning to environmentally and economically sustainable alternatives and promoting use of reclaimed hydrofluorocarbons.

Brief Description: Reducing greenhouse gas emissions associated with hydrofluorocarbons.

Sponsors: Representatives Duerr, Berry, Doglio, Fitzgibbon, Reed, Ramel, Parshley, Goodman, Macri, Kloba and Hunt.

Brief History:

Committee Activity:

Environment & Energy: 1/30/25, 2/4/25 [DPS].

Brief Summary of Substitute Bill

- Phases-in, between 2030 and 2033, global warming potential (GWP) limits for virgin bulk hydrofluorocarbons (HFCs) entering commerce in Washington.
- Directs the Department of Ecology (Ecology) to establish a refrigerant transition task force (task force) to complete a study by 2027 addressing the transition to low-GWP refrigerants, and requires Ecology to adopt rules based on the task force's work to require low-GWP or ultra-low-GWP refrigerants.
- Prohibits the state agencies from purchasing virgin HFCs with a GWP of more than 750 carbon dioxide equivalents to service stationary equipment owned or operated by the state, beginning July 1, 2026.

HOUSE COMMITTEE ON ENVIRONMENT & ENERGY

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives Doglio, Chair; Hunt, Vice Chair; Abbarno, Berry, Duerr, Fey, Fitzgibbon, Kloba, Mena, Ramel, Stearns, Street, Stuebe and Wylie.

Minority Report: Do not pass. Signed by 1 member: Representative Dye, Ranking Minority Member.

Minority Report: Without recommendation. Signed by 6 members: Representatives Klicker, Assistant Ranking Member; Abell, Barnard, Ley, Mendoza and Ybarra.

Staff: Jacob Lipson (786-7196).

Background:

Hydrofluorocarbon and Refrigerant Regulations.

Hydrofluorocarbons (HFCs) are a category of gases used primarily as refrigerants in a variety of commercial and industrial applications. Hydrofluorocarbons are among the greenhouse gases (GHGs) identified by the United States Environmental Protection Agency (EPA) and the Department of Ecology (Ecology) as a result of their capacity to trap heat in the earth's atmosphere. According to the EPA, the global warming potential (GWP) of HFCs and other GHGs is measured as a function of how much of the gas is concentrated in the atmosphere, how long the gas stays in the atmosphere, and how strongly the particular gas affects global atmospheric temperatures. Under state law, the GWP of GHGs are measured in terms of their equivalence to the emission of an identical volume of carbon dioxide over a 100-year timeframe.

In December 2020 the United States Congress enacted the American Innovation and Manufacturing Act of 2020 (AIM Act) establishing federal restrictions on HFCs. The AIM Act, and EPA rules to implement it, establish a phase-down of the production and consumption of HFCs in the United States to 15 percent of baseline levels by 2036, with reductions to 60 percent of baseline levels taking effect in 2024, reductions to 30 percent of baseline levels taking effect in 2029, and reductions to 20 percent of baseline levels taking effect in 2034. In addition to the overall phase-down of HFCs, the EPA is authorized to adopt regulations to facilitate sector-based transitions to lower-GWP technologies, including through restrictions on the use of certain HFCs, and to adopt regulations to maximize reclamation and minimize releases of HFCs.

Under the Federal Clean Air Act, the EPA has adopted regulations to maximize the recapture and recycling of refrigerants during the maintenance, service, repair, and disposal of appliances and motor vehicle air conditioning systems. The EPA regulations require the certification of technicians that service, repair, or dispose of equipment that could release refrigerants, who must pass a test to become certified.

Since 2019 the Legislature has established a number of new regulatory programs to restrict emissions of HFCs and other refrigerants. Refrigerant emission policies include:

- requiring the repair or disposal services of refrigeration equipment use refrigerant extraction equipment to recover unused refrigerants;
- prohibiting the willful release of refrigerants from air conditioning, heating and refrigeration systems, and consumer appliances;
- establishing a maximum global warming potential for refrigerants in numerous categories of uses, including foam-blowing agents like polyurethane or spray foam, refrigeration equipment, and air conditioning equipment; and
- establishing a refrigerant management program to reduce refrigerant emissions from larger stationary refrigeration systems and larger commercial air conditioning systems.

Violations of restrictions on HFCs are subject to civil and criminal penalties authorized under the state Clean Air Act, including civil penalties of up to \$10,000 per violation.

State Purchasing and Procurement Policies for Hydrofluorocarbons and Refrigerants.

The Department of Enterprise Services (DES) is responsible for providing products and services to support state agencies, and sets policies and procedures for the state's purchases. State agencies covered by the DES's procurement policies include all executive and judicial branches of state government including: offices, divisions, boards, commissions, higher education institutions, and correctional and other institutions. The DES may enter into agreements with other state agencies that delegate certain authority to those agencies to purchase their own goods and services.

State law establishes certain preferences for the procurement of goods or services that meet a variety of criteria. Under legislation enacted in 2019, the DES established a purchasing and procurement policy favoring HFC-free products, or products that use ozone depleting substance substitutes with comparatively low GWPs. Under legislation enacted in 2021, the DES's purchasing and procurement policy was expanded to include a preference, in serving existing equipment, for reclaimed refrigerants that meet minimum quality standards established by the EPA.

Summary of Substitute Bill:

The following GWP limits are established for virgin bulk HFCs and HFC blends entering into commerce:

- 1,500 carbon dioxide equivalents (co2e), beginning January 1, 2030; and
- 750 co2e, beginning January 1, 2033.

By rule, Ecology may adopt lower GWP limits or earlier dates for GWP limits if it finds an adequate supply of reclaimed refrigerant in Washington is available. Reclaimed refrigerants, HFCs used in aircraft and aircraft maintenance, and HFC applications that receive a specific GWP authorization for certain uses under EPA regulations are not subject to these GWP limits. Ecology may also provide a temporary exemption for an HFC or HFC

blend where it determines that compliance is technically or economically infeasible.

Exemptions last for no more than three years and must be conditional upon the exemption recipient carrying out a plan to meet GWP limits. Exemptions may be renewed with Ecology approval. All HFC violations are subject to state Clean Air Act criminal and civil penalties.

The DES must establish purchasing and procurement policies, effective July 1, 2026, that require state agencies to purchase HFCs that do not contain a GWP of over 750 co2e for use in replenishing leaks or servicing state-owned or state-operated equipment, unless the HFC is reclaimed. The DES must consult with Ecology in adopting rules to implement this section, and may provide for temporary exemptions where compliance is technically or economically infeasible. State agencies may not knowingly purchase products that are not accorded a preference consistent with this policy, unless granted a temporary exemption.

Ecology must establish and provide operational support to a refrigerant transition task force (task force) to study transitioning to climate-friendly refrigerants and enhancing reclamation and recovery of refrigerants. Twelve task force members representing specific interest groups must be appointed by July 1, 2026, and a draft task force report must be made available for public comment for 60 days, no later than June 1, 2027. The task force's report must be submitted to the appropriate committees of the Legislature by December 1, 2027, and must assess the opportunities, barriers, and recommendations for transitioning to refrigerants with a GWP below 150 co2e and below 10 co2e.

Ecology must adopt rules, informed by the work and report of the task force, to require HFC alternatives with a GWP below 150 or 10 co2e in sectors unless it is not practical for entities in the sector to comply with such a requirement. Ecology may not commence this rulemaking until January 1, 2028. Ecology may combine this rulemaking with the rulemaking to establish the 2030 and 2033 GWP limits for HFCs.

Substitute Bill Compared to Original Bill:

As compared to the original House Bill, the Substitute Bill:

- eliminates the 2027 GWP limit of 2,200 co2e for virgin bulk HFCs;
- eliminates the authority for Ecology to prohibit the use of stockpiled refrigerants that exceed GWP limits;
- requires Ecology's rules to consider, and authorizes Ecology's rules to incorporate, factors that eliminate disincentives or that incentivize refrigerant recovery for reclamation or destruction;
- exempts HFCs used in aircraft maintenance or onboard aircraft from the 2030 and 2033 HFC GWP limits;
- delays the deadline for the appointment of the stakeholder task force by Ecology until July 1, 2026;
- amends the composition of the stakeholder task force, including by adding two representatives and by authorizing Ecology to seek the input of additional specified

- interests for task force discussions;
- specifies that Ecology may not commence rulemaking related to the transition to low and ultra-low GWP HFCs until January 1, 2028, and may combine this rulemaking with other HFC rulemaking;
- amends the portion of the bill specifying that state-owned equipment must be serviced by reclaimed HFCs or HFCs with a GWP of less than 750 co2e, including by specifying that: (a) the DES must establish purchasing and procurement policies relating to the purchase of goods or services, rather than prohibiting the use of HFCs through their procurement authority; (b) the DES must consult with Ecology in the establishing of these purchasing and procurement policies; and (c) Ecology, rather than the DES, is responsible for granting exemptions from HFC servicing requirements; and
- amends and eliminates portions of the intent section.

Appropriation: None.

Fiscal Note: Preliminary fiscal note available. New fiscal note requested on February 5, 2025.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Federal law has already reduced the supply of high-GWP HFC refrigerants, and will further do so in the near future. Hydrofluorocarbons are extremely potent GHGs, and it is important to capture and reuse HFCs from existing refrigerant systems. The bulk virgin HFC GWP limits will create a market demand for reclaimed HFC refrigerants, which will encourage their recovery and proper management from existing systems. The long-term goal for HFC policy is to transition to environmentally and economically friendly alternatives. Carbon dioxide and other next generation refrigerant systems reduce energy use and do not rely on high GWP refrigerants. Boosting the supply of reclaimed refrigerant will allow supermarkets and other HFC users to continue to rely on their existing systems. This bill does not require anyone to purchase a new system. Industry and other stakeholders have helped shape this policy proposal. Heating and ventilation businesses currently have the capacity to properly recover and manage high-GWP refrigerants.

(Opposed) None.

(Other) This bill has been the subject of a lot of stakeholder discussion and input. It aligns with similar policy enacted in California, but would benefit from some additional fine-tuning to ensure that it works for Washington. Contractors should not be required to pay for recovered refrigerant that they bring back to a reclaimer. Local businesses should be

represented well on the task force. The task force should include a larger number of voices of businesses that rely on or use HFCs, including from grocers and the agricultural sector. The start date for the initial phase down should be delayed until 2028 to allow the task force to look at California's implementation first. Businesses that have been legally stockpiling refrigerant should be allowed to use it.

Persons Testifying: (In support) Representative Davina Duerr, prime sponsor; Richie Kaur, Natural Resources Defense Council; Mike Armstrong, A-Gas; Cory Eckert, Alpine Ductless; Mike Wenrick, PCC Markets; Beth Porter, Environmental Investigation Agency; and Heather Trim, Zero Waste Washington.

(Other) Katie Beeson, Washington Food Industry Association (WFIA); Carolyn Logue, Washington Air Conditioning Contractors Association; Mike Connors, Washington Potato and Onion Association; Joel Creswell, Washington State Department of Ecology; Peter Godlewski, Association of Washington Business; Michael Transue, Mechanical Contractors Association of Western Washington; and Alex Ayers, HARDI.

Persons Signed In To Testify But Not Testifying: None.