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RE: US Senate refrigerant bill not cool

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Excursions away from free market principles get really expensive for consumers. An energy bill passed out of the US Senate Energy & Public Works Committee Sept. 10 is a case in point. It forbids the sale of inexpensive existing refrigerants, and forces the use of a replacement costing up to fifteen times more. The legislation will likely cost consumers about \$13 billion a year just in higher refrigerant cost, and when money is misspent jobs are lost. That cost translates to an extra \$100 for a new car, new residential air conditioning, or repair. My testimony on this legislation is available on the Caesar Rodney Institute website.

Ask yourself why people need to be forced to buy a product by federal legislation, and who benefits. Two companies, Honeywell and Delaware based Chemours, lobbied for the same goals in a United Nations treaty, an EPA regulation, and now lobby for the American Innovation and Manufacturing Act to create a monopoly for their patent protected HFO product line that sells for up \$65 a pound compared to existing products that sell for \$3 to \$4 a pound. Two of the prime sponsors of the Act are Senators Tom Carper from Delaware, and John Kennedy from Louisiana where Chemours production facilities are located. This is about money. Lots of it, as that \$13 billion a year in higher consumer costs goes directly to these two companies.

Don't take my word for it. When President Obama did not send the UN negotiated Kigali Amendment to the US Senate for approval as he didn't have the votes to pass it, he told the EPA to regulate it into being. The EPA complied, but didn't really have the authority, and the regulation was overturned by the US Court of Appeals, DC Circuit. Honeywell and Chemours appealed the court decision which was denied with these comments from the judge, "*Industry intervenors are rent-seekers trying to use the government to foreclose their competitors' products*", and intervenor "*arguments mask their true interest in this case, which is to have government choose market winners and losers, thereby stifling competition*".

The excuse for passing the Act are claims made in a study, paid for by Honeywell and Chemours, stating that US export sales will increase from improved global market share of advanced air conditioning and refrigerant equipment. Supposedly that will add 33,000 US jobs. The forecast of increased exports is highly suspect based on the established historical pattern of U.S Manufacturers of both refrigerants, and air conditioning and refrigeration equipment to move manufacturing to lower labor cost countries. No increase in manufacturing means no increase in jobs.

In 2000 imports and exports of such equipment was in balance. Since then exports grew 10%, but imports grew 240%. A big reason for the increase in imports is equipment manufacturers themselves moved production to other countries along with technology advances. Almost half our imports are now coming from Mexico and Canada, with China and South Korea supplying another 37 percent. The first large scale HFO refrigerant manufacturing plant was built in China in 2010 which now dominates global refrigerant sales. Industry forecasts project most of the global growth for refrigeration and air conditioning will be in Asia, and South America where local manufacturers will serve the market.

The other part of the case for passing the AIM Act is it will reduce global warming as the newer refrigerants have a dramatically lower global warming potential. In reality, US regulations require all



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refrigerants be recycled, and very little escapes to the atmosphere. The latest EPA greenhouse gas inventory estimates fluorinated products account for 3-percent of net global warming emissions. The EPA MAGICC climate change calculator yields an estimated 6 one-thousandths of a degree reduction in global warming by 2100 if all US fluorinated emissions stop, essentially zero impact.

The claimed economic, and climate benefits of the AIM Act simply don't exist. The shameful motives behind the Act are very real.