

# FACT SHEET



## Hydrofluorocarbon (HFC) Phase-down: *Ozone-depleting Substances and Halocarbon Alternatives Regulations*

### International obligation to phase down HFCs

In October 2016, Parties to the *Montreal Protocol on Substances that Deplete the Ozone Layer* (Montreal Protocol) adopted the Kigali Amendment to phase down hydrofluorocarbons (HFCs).

**Canada ratified the Kigali Amendment to the Montreal Protocol on November 3, 2017, and must therefore reduce its HFC consumption.**

HFCs are potent greenhouse gases, some with global warming potentials hundreds to thousands of times greater than that of carbon dioxide.

HFCs were introduced as replacements to ozone-depleting substances. HFCs are commonly imported into Canada in bulk for use in the manufacture, servicing and maintenance of refrigeration and air-conditioning equipment, as blowing agents in the manufacture of foam products and as a propellant in aerosol products.

Under the Kigali Amendment, Parties to the Montreal Protocol are required to gradually reduce HFC consumption by 80-85 per cent from a calculated baseline level. Developed countries, such as Canada, are required to achieve an 85% reduction by the mid 2030s according to the schedule outlined in Table 1 below. Other obligations include the establishment of a permitting and reporting system for HFCs.

**Table 1: Canada's HFC consumption phase-down schedule**

YEAR	Reduction from Baseline (%)	Canada's maximum allowable HFC consumption (tonnes CO <sub>2</sub> equivalent)
2019	10	16 207 916
2024	40	10 805 277
2029	70	5 402 639
2034	80	3 601 759
2036	85	2 701 319

### ***Ozone-depleting Substances and Halocarbon Alternatives Regulations***

The *Ozone-depleting Substances and Halocarbon Alternatives Regulations* (the Regulations) implement Canada's international obligations as set out in the Montreal Protocol. The phase-



down established under the Regulations aims to gradually reduce the consumption of bulk virgin HFCs, thereby averting future HFC emissions.

## Canada's HFC consumption baseline

In accordance with the Kigali Amendment, Canada's HFC consumption baseline was calculated by determining the average HFC consumption for the years 2011 to 2013 and adding 15% of Canada's HCFC consumption baseline (expressed in CO<sub>2</sub> equivalents [CO<sub>2</sub>e]).

**Consumption = HFCs manufactured + HFCs imported – HFCs exported**

After the baseline value was established in the Regulations in 2016, new information became available and the value was amended with an interim order in October 2018. Canada's HFC consumption baseline is **18 008 795 tonnes of CO<sub>2</sub>e**. For more information on the interim order, refer to the notice published in *Canada Gazette, Part I*<sup>1</sup>.

## Consumption allowance system for HFCs

- 1. It is prohibited to import bulk virgin HFCs into Canada without a consumption allowance.**
- 2. It is prohibited to manufacture<sup>2</sup> HFCs in Canada except for use as feedstock.**

Beginning in 2019, individual annual consumption allowances were granted to eligible importers of new bulk HFCs. Allowance holders receive their consumption allowance each year and must ensure that their consumption never exceeds their allowance amount. They are also required to submit annual reports.

The Canadian consumption baseline is the sum of all individual consumption baselines, which were calculated according to the Regulations. The total quantity of virgin HFCs authorized for import under the consumption allowances will decrease over time in line with the phase-down schedule in Table 1.

HFCs that are recovered, recycled or reclaimed are not covered by the consumption allowance system<sup>3</sup>, however a permit would be required.

**Revoked or retired allowances will not be redistributed amongst allowance holders.**

## Transfers

Individual consumption allowances can be partially or fully transferred to other parties, either on a temporary basis (only for one calendar year) or on a permanent basis (for every calendar year following the year of the transfer). The transfer of a consumption allowance requires written approval from the Minister.

<sup>1</sup> <http://www.gazette.gc.ca/rp-pr/p1/2018/2018-10-27/html/notice-avis-eng.html#ne2>

<sup>2</sup> HFCs have never been manufactured in Canada.

<sup>3</sup> A consumption allowance is not required to import HFCs that are recovered, recycled or reclaimed, regardless of purpose; however, a permit would be required. Similarly, a consumption allowance is not required to import HFCs for destruction or for use as a feedstock; however, a permit would be required.

To request a transfer application form, ask questions regarding this process, or to submit an application, please contact ECCC by email at [ec.gestionhalocarbures-halocarbonsmanagement.ec@canada.ca](mailto:ec.gestionhalocarbures-halocarbonsmanagement.ec@canada.ca). The [list of HFC allowance holders](#) is available on the Canada.ca website.<sup>4</sup>

## Disclaimer

This fact sheet is not intended to replace the legal text of the *Regulations Amending the Ozone-depleting Substances and Halocarbon Alternatives Regulations* or to provide legal interpretation. In the event of any inconsistencies, the Regulations shall prevail. You are advised to retain a lawyer should you require legal advice.

## Regulatory compliance

Enforcement of the *Canadian Environmental Protection Act, 1999* (CEPA) and its Regulations will be undertaken in accordance with the Compliance and Enforcement Policy for CEPA.

Enforcement officers will, when verifying compliance with the Regulations, apply the Compliance and Enforcement Policy for CEPA<sup>5</sup>. This Policy sets out the range of possible responses to alleged violations.

## For more information

Visit the Government of Canada's Ozone Layer website at <https://www.canada.ca/en/environment-climate-change/services/air-pollution/issues/ozone-layer.html> for more information regarding the Regulations and Canada's Ozone Layer Protection Program.

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<sup>4</sup> <https://www.canada.ca/en/environment-climate-change/services/canadian-environmental-protection-act-registry/permits/authorizations-ozone-depleting-substances.html>

<sup>5</sup> The Department's Compliance and Enforcement Policy is available at <https://www.canada.ca/en/environment-climate-change/services/environmental-enforcement/publications/compliance-policy-canadian-protection-act.html>