

FACT SHEET



HFC Allowance Transfers: *Ozone-depleting Substances and Halocarbon Alternatives Regulations*

Consumption allowances for HFCs

It is prohibited to import virgin HFCs into Canada without a consumption allowance.

In 2019, under the [Ozone-depleting Substances and Halocarbon Alternatives Regulations](#) (the Regulations), annual consumption allowances were granted to companies that imported new bulk HFCs in 2014 and 2015.

For a company or person who does not have a consumption allowance, virgin HFCs have to be purchased domestically from stocks that were imported under a consumption allowance. However, the Regulations have provisions to allow a transfer of allowance between parties, under certain conditions. HFCs that were recovered, recycled or reclaimed can be imported under a permit by any company or person.

Transfers

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

Applying for a transfer

Environment and Climate Change Canada does not facilitate agreements between parties. A company who wishes to transfer, or to obtain a transfer, is responsible for contacting other potentially interested companies and agree on the terms of the transaction.

The transferor and the transferee apply jointly for the transfer by filling out the application form and submitting it for approval by the Minister of Environment and Climate Change. The service standard for assessing the transfer application is 10 business days, starting once the application is deemed complete. A company may only transfer unused portions of a consumption allowance.

To request a transfer application form, ask questions regarding this process, or to submit an application, please contact ECCC by email at ec.gestionhalocarbuures-halocarbonsmanagement.ec@canada.ca. The [list of HFC allowance holders](#) is available on the Canada.ca website.¹

¹ <https://www.canada.ca/en/environment-climate-change/services/canadian-environmental-protection-act-registry/permits/authorizations-ozone-depleting-substances.html>



Allowance calculation after a permanent transfer

After a permanent transfer, the transferred amount becomes subject to the phase-down schedule (Table 1, below) defined in the Regulations. Therefore, the quantity of virgin HFCs authorized for import will decrease over time. This phase-down schedule was established in accordance with the Kigali Amendment to the *Montreal Protocol on Substances that Deplete the Ozone Layer*.

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

YEAR	Reduction from Baseline (%)	Canada's maximum allowable HFC consumption (tonnes CO ₂ 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

HFCs that are recovered, recycled or reclaimed are not covered by the consumption allowance and phase-down framework. However a permit is required to import or export recovered, recycled or reclaimed HFCs.

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 CEPA². 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.

² 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>