

1310 L Street, NW, 7th Floor
Washington, DC 20005
cei.org

202 331 1010 *main*
202 331 0640 *fax*



October 6, 2020

Dear Senator:

The undersigned organizations urge you to oppose amending the pending energy bill to restrict hydrofluorocarbons (HFCs) on the grounds that they contribute to climate change. Such measures would inflict economic pain well beyond any environmental gain.

HFCs are an affordable class of refrigerants, and most residential air conditioners and refrigerators as well as vehicle air conditioners were designed to use one of them. Restricting HFC production would boost future repair bills for this equipment as supplies dwindle and prices rise. New systems would also become more expensive as they would have to be redesigned to use one of the environmentally-acceptable HFC substitutes. Many of these new refrigerants already carry a price premium, and they would likely spike even higher if granted a virtual captive market by Congress. The extra costs could easily reach into the hundreds of dollars per household, and possibly more.

The impact would not be limited to consumers. HFCs are equally widespread in the air conditioning and refrigeration equipment used in millions of business establishments and commercial properties. HFCs are also used in many industrial processes, thus domestic restrictions would confer a competitive advantage on manufacturing competitors located in China and other nations that do not face the same measures.

There is a flip-side to the higher costs imposed on HFC users: these measures would give a multi-billion dollar windfall to the companies who have lobbied hard for them. Leading these efforts are some large chemical makers that produce a number of patented substitutes for HFCs. One such substitute, used in vehicle air conditioners, already costs nearly ten times more than the HFC it would replace.

Industry proponents of HFC restrictions have diverted attention away from costs by making grandiose claims of increased American jobs via expanded exports of new refrigerants and equipment. These claims make no sense, for several reasons. First of all, manufacturers who believe there is a global market for these new environmentally-friendly products are free to cater to that demand, and they can do so with or without domestic restrictions on HFCs. These provisions create no new export opportunities and only serve to limit what can be sold in the United States.

Furthermore, many developing nations—where most of the refrigeration and air conditioning demand growth is expected to occur—are on record that they plan to continue using the more affordable HFCs for the foreseeable future and are in no hurry to switch to pricier alternatives. Additionally, most of these companies making promises of American manufacturing jobs have in

reality been aggressively outsourcing these jobs, and this trend is unlikely to reverse itself upon passage of these measures.

Finally, the jobs projections fail to consider the negative job impacts of higher cooling costs on American consumers and businesses. In truth, these provisions have nothing to do with increasing jobs and exports and everything to do with setting the stage for legalized price gouging of Americans.

The ostensible reason for targeting HFCs is that they are greenhouse gases, and in fact environmental activist groups have joined forces with the rent-seeking companies in lobbying for these measures. However, there are reasons to doubt the extent of the environmental benefits, especially given that China and many other nations plan to continue using HFCs.

The costs imposed by these measures are especially out of place in light of COVID-19. Air conditioning systems have the ability to reduce the spread of indoor air contaminants, especially in public buildings, both by filtering the air and providing for ventilation. Maximizing the health benefits should be a high priority going forward, but forcing a change in refrigerants would add to air conditioning costs without doing anything to improve these benefits.

We should emphasize that we are not opposed to any of the new refrigerants and equipment for those consumers and businesses who choose them over HFCs. We simply oppose Congress stepping in to restrict consumer choice, especially given the high costs of doing so. For these reasons, we believe that restrictions on HFCs should be kept out of the energy bill. Thank you.

Sincerely,

Ben Lieberman, Senior Fellow
Center for Energy and Environment
Competitive Enterprise Institute

Myron Ebell, Director
Center for Energy and Environment
Competitive Enterprise Institute

David Stevenson, Director
Center for Energy & Environmental Policy
Caesar Rodney Institute

Tom Pyle, President
American Energy Alliance

Craig Rucker, President
Committee For A Constructive Tomorrow

Jessica Anderson
Executive Director
Heritage Action For America

David Ridenour, President
National Center for Public Policy Research

James Martin, Founder/Chairman
60 Plus Association

Steve Milloy, Publisher
JunkScience.com

E. Calvin Beisner, Founder and President
Cornwall Alliance

Julie Gunlock, Director
Center for Progress and Innovation
Independent Women's Forum

Justin Danhof, Director
Free Enterprise Project

Horace Cooper, Co-Chairman
Project 21

Brent Gardner
Chief Government Affairs Officer
Americans for Prosperity

Jason Isaac, Director
Life:Powered
Texas Public Policy Foundation

Bette Grande, CEO and President
Roughrider Policy Center

Jonathan Small, President
Oklahoma Council of Public Affairs

Paul Gessing, President
Rio Grande Foundation

Donald van der Vaart, Senior Fellow
John Locke Foundation

Matthew Gagnon, CEO
Maine Policy Institute

Isaac Orr, Policy Fellow
Center for the American Experiment

Benjamin Zycher, Resident Scholar
American Enterprise Institute (affiliation
listed for identification purposes only)