

**Environmental Protection Agency**

**§ 82.18**

**§ 82.17 Apportionment of baseline production allowances for class II controlled substances.**

Effective January 1, 2003, the following persons are apportioned base-

line production allowances for HCFC-141b, HCFC-22, or HCFC-142b as set forth in the following table:

Person	Controlled substance	Allowances(kg.)
AlliedSignal (Honeywell) .....	HCFC-22 .....	37,378,252
	HCFC-141b .....	28,705,200
	HCFC-142b .....	2,417,534
Ausimont USA .....	HCFC-142b .....	6,541,764
	HCFC-22 .....	42,638,049
DuPont Company .....	HCFC-22 .....	28,219,223
	HCFC-141b .....	24,647,925
Elf Atochem (ATOFINA) .....	HCFC-142b .....	16,131,096
	HCFC-141b .....	17,756,508
LaRoche Industries .....	HCFC-141b .....	17,756,508
MDA Manufacturing .....	HCFC-22 .....	2,383,835

[68 FR 2848, Jan. 21, 2003]

**§ 82.18 Availability of production in addition to baseline production allowances for class II controlled substances.**

(a) *Article 5 allowances.* (1) Effective January 1, 2003, a person apportioned baseline production allowances under § 82.17 is also apportioned Article 5 allowances, equal to 15 percent of their baseline production allowances for the specified HCFC for each control period up until December 31, 2014, to be used for the production of the specified HCFC for export only to foreign states listed in Appendix E to this subpart.

(2) Effective January 1, 2015, for all HCFCs, a person apportioned baseline production allowances under § 82.17 is also apportioned Article 5 allowances, equal to 10 percent of their baseline production allowances for the specified HCFC for each control period up until December 31, 2029, to be used for the production of the specified HCFC for export only to foreign states listed in Appendix E to this subpart.

(3) Effective January 1, 2030, for all HCFCs, a person apportioned baseline production allowances under § 82.17 is also apportioned Article 5 allowances, equal to 15 percent of their baseline production allowances for the specified HCFC for each control period up until December 31, 2039, to be used for the production of the specified HCFC for export only to foreign states listed in Appendix E to this subpart.

(b) *Export production allowances.* (1) Effective January 1, 2003, a person ap-

portioned baseline production allowances for HCFC-141b under § 82.17 is also apportioned export production allowances equal to 100 percent of their baseline production allowances for HCFC-141b for each control period up until December 31, 2029, to be used for the production of HCFC-141b for export only, in accordance with this section.

(2) [Reserved]

(c) *International trades of production allowances, export production allowances and Article 5 allowances.* (1) A person may increase or decrease its production allowances, export production allowances, or Article 5 allowances, for a specified control period through trades with another Party to the Protocol as set forth in this paragraph (c). Effective January 1, 2004, a nation listed either: in Appendix L of this subpart that is also listed in Appendix C, Annex 1 of the Protocol as having ratified the Beijing Amendments, or in Appendix C, Annex 1 of the Protocol as having ratified the Copenhagen Amendments but not listed in Appendix L of this subpart, or in Appendix C, Annex 2 of the Protocol, as being a foreign state complying with the Beijing Amendments if the foreign state is listed in Appendix L of this subpart, or as being a foreign state complying with the Copenhagen Amendments if the foreign state is not listed in Appendix L of this subpart must agree either to trade to the person for the current control period some quantity of production that the nation is permitted under the Montreal Protocol or to receive from the person for

the current control period some quantity of production that the person is permitted under this subpart. The person must expend its consumption allowances allocated under § 82.19, or obtained under § 82.20 in order to produce with the additional production allowances.

(2) *Trade from a Party—Information requirements.* (i) A person requesting a trade from a Party must submit to the Administrator a signed document from the principal diplomatic representative in that nation's embassy in the U.S. stating that the appropriate authority within that nation will establish or revise production limits for the nation to equal the lowest of the following three production quantities:

(A) The maximum production that the nation is allowed under the Protocol minus the quantity (in kilograms) to be traded;

(B) The maximum production that is allowed under the nation's applicable domestic law minus the quantity (in kilograms) to be traded; or

(C) The average of the nation's actual national production level for the three years prior to the trade minus the production to be traded.

(ii) A person requesting a trade from a Party must also submit to the Administrator a true copy of the document that sets forth the following:

(A) The identity and address of the person;

(B) The identity of the Party;

(C) The names and telephone numbers of contact persons for the person and for the Party;

(D) The chemical type and quantity (in kilograms) of production being traded;

(E) Documentation that the Party possesses the necessary quantity of unexpended production rights;

(F) The control period(s) to which the trade applies; and

(G) For increased production intended for export to the Party from whom the allowances would be received, a signed statement of intent to export to the Party.

(3) *Trade to a Party—Information requirements.* A person requesting a trade to a Party must submit a request that sets forth the following information to the Administrator:

(i) The identity and address of the person;

(ii) The identity of the Party;

(iii) The names and telephone numbers of contact persons for the person and for the Party;

(iv) The chemical type and quantity (in kilograms) of allowable production being traded; and

(v) The control period(s) to which the trade applies.

(4) *Review of international trade request to a Party.* After receiving a trade request that meets the requirements of paragraph (c)(3) of this section, the Administrator may, at his/her discretion, consider the following factors by seeking concurrence from the Department of Commerce, the United States Trade Representative, and the Department of State, where appropriate, in deciding whether to approve such a trade:

(i) Possible creation of domestic economic hardship;

(ii) Possible effects on trade;

(iii) Potential environmental implications; and

(iv) The total quantity of unexpended production allowances held by U.S. entities.

(5) *Notice of trade.* If the request meets the requirement of paragraph (c)(2) of this section for trades from Parties and paragraphs (c)(3) and (4) of this section for trades to Parties, the Administrator will issue the person a notice. The notice will either grant or deduct production allowances or export production allowances or Article 5 allowances and specify the control period to which the trade applies. The Administrator may disapprove the trade request contingent on the consideration of factors listed in paragraph (c)(4) of this section for trades to Parties.

(i) For trades from a Party, the Administrator will issue a notice revising the allowances held by the recipient of the trade to equal the unexpended production allowances, unexpended export production allowances, or unexpended Article 5 allowances held by the recipient of the trade under this subpart plus the quantity of allowable production traded from the Party.

(ii) For trades to a Party, the Administrator will issue a notice revising the production limit for the trader to equal the lesser of:

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(A) The unexpended production allowances, unexpended export production allowances or unexpended Article 5 allowances held by the trade or minus the quantity traded; or

(B) The unexpended production allowances held by the trader minus the amount by which the U.S. average annual production of the class II controlled substance being traded for the three years prior to the trade is less than the total allowable production of that class II controlled substance under this subpart minus the amount traded; or

(C) The total U.S. allowable production of the class II controlled substance being traded minus the three-year average of the actual annual U.S. production of the class II controlled substance prior to the control period of the trade.

(6) Revised notices of production limits for subsequent traders. If after one person obtains approval of a trade of allowable production of a class II controlled substance to a Party and other persons obtain approval for trades of the same class II controlled substance during the same control period, the Administrator will issue revised notices. The notices will revise the production limits for each of the other persons trading to equal the lesser of:

(i) The unexpended production allowances, unexpended export production allowances or unexpended Article 5 allowances held by the trader under this subpart minus the quantity traded; or

(ii) The result of the following set of calculations:

(A) The total U.S. allowable production of the class II controlled substance minus the three-year average of the actual annual U.S. production of the class II controlled substance prior to the control period of the trade;

(B) The quantity traded divided by the total quantity traded by all the other persons trading the same class II controlled substance in the same control period;

(C) The result of paragraph (c)(6)(ii)(A) of this section multiplied

by the result of paragraph (c)(6)(ii)(B) of this section;

(D) The quantity derived in paragraph (c)(6)(i) of this section, minus the result of paragraph (c)(6)(ii)(C) of this section;

(7) Production limit for previous traders. The Administrator will also issue a notice revising the production limit for each trader who previously obtained approval of a trade of the class II controlled substance to a Party in the same control period to equal the result of the following set of calculations:

(i) The total U.S. allowable production of the class II controlled substance minus the three-year average of the actual annual U.S. production of the class II controlled substance prior to the control period of the trade;

(ii) The quantity traded by the person divided by the quantity traded by all the persons who have traded that class II controlled substance in that control period;

(iii) The result of paragraph (c)(7)(i) of this section multiplied by the result of paragraph (c)(7)(ii) of this section.

(iv) The unexpended production allowances, unexpended export production allowances or unexpended Article 5 allowances held by the person plus the result of paragraph (c)(7)(iii) of this section;

(8) Effective date of revised production limits. The change in production allowances, export production allowances or Article 5 allowances will be effective on the date that the notice is issued.

[68 FR 2848, Jan. 21, 2003]

**§ 82.19 Apportionment of baseline consumption allowances for class II controlled substances.**

(a) Effective January 1, 2003, the following persons are apportioned baseline consumption allowances for HCFC-141b, HCFC-22, or HCFC-142b as set forth in the following table:

Person	Controlled substance	Allowances (kg)
ABCO Refrigeration Supply .....	HCFC-22 .....	279,366
Air Systems .....	HCFC-22 .....	13,514
Allied (Honeywell) .....	HCFC-22 .....	35,392,492
	HCFC-141b .....	20,749,489