



GCA Submission to the Joint Select Committee on Australia's Clean Energy Future Legislation – 28 September 2011

Who We Are:

The Green Cooling Association is an NGO representing the interests of suppliers of low-GWP refrigerants and compatible equipment and people / organizations calling for better management of synthetic refrigerants (Synthetic Greenhouse Gases - SGG) and advancement of environmentally benign alternatives.

The Purpose of Our Submissions:

To make the JSC aware of the need to establish legislation and programs that more effectively address SGG emissions in Australia within the Clean Energy Future Legislation and complementary legislation, regulations and policy measures.

Current Situation:

Refrigerants and associated uses of SGG are a significant proportion of National CO₂-e Emissions – at least 3% and arguably closer to 6%.

SGG emissions occur because:

1. The refrigeration and air conditioning industry is large and diverse – 16,000 firms, 163,000 employees, over 30,000,000 Refrigeration and Air Conditioning (RAC) units installed.
2. The vast majority of RAC equipment use SGG refrigerants that leak during the life of the equipment (Some at high rates – eg over 25% PA).
3. The vast majority of end of life equipment is not degassed prior to being shredded. This fact is not broadly recognized but may give rise to emissions in excess of 1 M CO₂-e Tonnes PA.
4. Despite the fact that it has been illegal to emit SGG for over ten years virtually no one has been prosecuted under the relevant Act (Ozone Protection and Synthetic Greenhouse Gas Management Act). Any prosecutions that may have occurred have not been publicized.
5. The OPSGGM Act is not comprehensive – due to a regulatory exemption, it fails to capture blowing agent use of SGG which are a significant proportion of end of life emissions.
6. The organizations responsible for addressing these issues have not been effective (ARC, RRA, DEWSPC).

The imposition of a Carbon Tax will cause significant change:

1. The levy on fluorocarbon refrigerant imports will increase the cost of ODS & SGG refrigerants by 4 to 5 times, making these refrigerants far more expensive and causing the RAC industry to contribute about \$320 M to consolidated revenue in 2012/13. There is a major risk of stockpiling prior to the imposition of the levy unless steps are taken to control the volume of imports prior to the levy being applied.

2. Transition to low GWP refrigerants with the associated significant education and management adjustments (to avoid the high cost of High GWP refrigerants),
3. Far greater attention to leakage and recovery (through and at end of life), to avoid the high costs of replacing high cost refrigerants.
4. Far greater recycling – including recycling of Ozone Depleting Substances (ODS)

The current legislation does not address the need for increased compensation for ODS and SGG recovery and destruction. DEWSPC has indicated that they propose to delay the establishment of a cash rebate on ODS and SGG destruction by one year.

These developments call for a considered and broad scale program required to:

1. Ensure that ODS refrigerant recycling does not lead to greater emissions by providing an immediate and equal incentive for ODS and SGG recovery and destruction. A rebate to encourage recovery and destruction of ODS and SGG should be established at the same time as the import levy is applied.
2. Ensure that SGG refrigerant recycling does not lead to greater emissions in the same way.
3. Increasing the coverage of the OPSGGM Regulations to include blowing agents.
4. Support rapid transition to low GWP refrigerants through increased:
 - a) Enforcement of the Act
 - b) Education of the industry and its clients
 - c) Research and development to accelerate adoption of Low GWP refrigerant technology
5. Development of government and industry organizations that fully support the need for Product Stewardship of RAC equipment.

Priorities

1. The Clean Energy Future legislation should include an amendment to the OPSGGM Act establishing an incentive for recovery and destruction equal to the carbon price that is applied at the same time as the levy on imports is increased (as opposed to a delay to 2013/14).

The carbon-equivalent increase in the SGG levy will give rise to stockpiling unless steps are taken to control stockpiling prior to the imposition of the levy.

2. Increased enforcement of the Act.
3. Increased coverage to include blowing agents through removal of regulatory exemption.
4. A major educational program to facilitate and accelerate adoption of low GWP technologies.
5. Development of a Product Stewardship structure based on the entire RAC supply chain.

These proposals are significant adjustments for the RAC industry. Full consultation is required. GCA is available to assist.