



FACT SHEET 2016-1: Ozone-depleting Substances and Halocarbon Alternatives Regulations: HCFC Manufacturing Phase-Out

This fact sheet is not intended to replace the legal text of the *Ozone-depleting Substances and Halocarbon Alternatives Regulations* or to provide legal interpretation. You are advised to retain a lawyer should you require a legal opinion.

International obligations to phase-out HCFCs

In 2007, Parties to the *Montreal Protocol on Substances that Deplete the Ozone Layer* (Montreal Protocol) agreed to accelerate the phase-out of hydrochlorofluorocarbons (HCFCs) that included, for the first time, a phase-out of their production.

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 Regulations will repeal and replace the *Ozone-depleting Substances Regulations, 1998* on December 29, 2016.

Phase-out of HCFC manufacture

A manufacturing allowance system is established in the Regulations to ensure that Canada's obligations to phase out HCFCs production under the Montreal Protocol are fully met. A manufacturing allowance is the maximum quantity that can be manufactured by a given person.

Under the Regulations, manufacturing allowances, expressed in ozone-depleting potential (ODP) tonnes, are distributed proportionally to Canadian companies based on the quantity

manufactured by the company in the 2013 calendar year. Only those companies that manufactured HCFCs in 2013 are eligible to receive a manufacturing allowance. The sum of the manufacturing allowances correlates with Canada's HCFC production limit under the Montreal Protocol. In addition, the phase-out is in accordance with the schedules established under the Protocol.

Manufacturing allowances will only be issued for the manufacture of HCFCs to be used or sold as a refrigerant or as a fire-extinguishing agent, or if they are manufactured for export.

Timelines

In accordance with the phase-out schedule for HCFC production under the Montreal Protocol, 10% of Canada's production baseline can be distributed amongst the manufacturing allowance holders until December 31, 2019.

On January 1, 2020, the manufacturing allowances will be reduced to 0.5% of Canada's production baseline. After January 1, 2020, only the manufacture of HCFC-123 to be used or sold as a refrigerant or to be exported is allowed. This will allow for continued servicing of existing HCFC-123 refrigeration and air-conditioning equipment.

On January 1, 2030, the manufacture of all HCFCs will be prohibited, except where a permit has been issued under the Regulations.

Exemption

The use and sale of HCFCs imported or manufactured before the prohibition dates can continue to be used as a refrigerant or as a fire-extinguishing agent.

Regulatory compliance

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

Environment and Climate Change Canada's Enforcement Officers may undertake inspections in order to verify compliance. Whenever a possible violation is identified, Enforcement Officers may carry out investigations. The range of possible responses to alleged violations include warnings, directions, environmental protection compliance orders, tickets, ministerial orders, injunctions, prosecution and environmental protection alternative measures. For more information, consult the Compliance and Enforcement Policy for *the Canadian Environmental Protection Act, 1999* at <https://www.ec.gc.ca/lcpe-cepa/default.asp?lang=En&n=5082BFBE-1>.

For more information

Visit Environment and Climate Change Canada's Stratospheric Ozone website at www.ec.gc.ca/ozone for more information regarding the *Ozone-depleting Substances and Halocarbon Alternatives Regulations* and Canada's Ozone Layer Protection Program.