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**Testimony on S. 2754, The American Innovation and Manufacturing Act
Committee on Environment and Public Works
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The Nature Conservancy greatly appreciates the opportunity to provide written testimony on S. 2754, The American Innovation and Manufacturing Act of 2019 (AIM Act), to the Senate Committee on Environment and Public Works. This bill represents an important step for reducing a potent greenhouse gas in a way that also supports U.S. industry's global competitiveness. The Nature Conservancy joins voices from a wide array of corporate and environmental interests in supporting passage of the AIM Act.

The Nature Conservancy is a global conservation organization that relies on a collaborative, science-based approach. We have chapters working on conservation projects in all 50 states. Our work also extends around the globe, into 79 countries and territories. In every place we work across this nation and around the world, we are seeing the dire impacts of climate change –more devastating storms, sea level rise, more deadly wildfires, and impacts on agriculture and in urban areas. The Nature Conservancy acknowledges that climate change is a significant threat to our communities, our economy, and to nature itself, which is why we believe we must address climate change right now, with diligence and urgency.

According to the latest science, if we are to protect our planet from the worst impacts of climate change, we must prevent the average global temperature from rising more than 2 degrees Celsius, and preferably no more than 1.5 degrees Celsius. Our best chance to limit global temperature rise is to ensure that by 2050, we have reached “net zero” carbon emissions both in the United States and around the world. This will require significant decarbonization of our global economy in a mere 30 years. No one country, no one organization, no one group, no one solution will be sufficient to meet the challenge. It will require bringing a diverse set of solutions together that will work comprehensively across economic sectors. The Nature Conservancy believes that reducing emissions from hydrofluorocarbons is a critical part of that climate solution set.

The AIM Act gives the Environmental Protection Agency the authority to facilitate a smooth and predictable phasedown of hydrofluorocarbons (HFCs) in the United States through an allowance allocation and trading program. This planned phase down provides certainty for business and supports the growth of the next generation of refrigerant technologies while addressing the emissions of a powerful greenhouse gas. The legislation is an important step that can be taken now to improve the competitiveness of American businesses while combatting climate change.

HFCs are used as coolants in refrigerators, air conditioners and industrial applications. Initially designed to replace previously-used ozone-destroying compounds, HFCs have since been discovered to be an extremely potent greenhouse gases—thousands of times more powerful than carbon dioxide. U.S. companies have been leading innovators in developing the next generation alternatives to HFCs. Passage of the AIM Act would provide these companies and the markets they serve the regulatory certainty necessary to support investments while also providing flexibility to businesses for a smooth transition away from HFCs. Such an outcome would be a dual win for U.S. economic development and climate change mitigation.

The predictable phasedown of HFCs along with other measures to facilitate the transition to next-generation technologies outlined in the AIM Act will assist businesses large and small by allowing each company to find its own approach that minimizes costs of implementation and consumer costs. Introduction of new technologies to replace HFCs will allow U.S. companies to maintain technology leadership and remain globally competitive against pressures from industry in Asia and Europe.

The Interindustry Forecasting at the University of Maryland (INFORUM) estimated U.S. industries that use or produce fluorocarbons directly employed more than 589,000 Americans in 2016 with an annual payroll in excess of \$39 billion, and sales of \$205 billion. The overall contribution of the fluorocarbon industries network to U.S. economic activity was more than 2.5 million jobs and goods and services valued at more than \$620 billion annually.¹A recent study by the U.S. Department of Energy's Clean Energy Manufacturing Analysis Center concluded that U.S. companies are currently at the forefront of innovations for alternatives to hydrofluorocarbons and the United States is positioned to be a major production center for advanced refrigerants.²

The AIM Act has garnered broad bipartisan support as well as support from a wide array of corporate and environmental interests. Thirty-four senators hailing equally from both parties have signed on to co-sponsor the bill. We are proud to join multiple environmental organizations along with individual companies and industry associations in supporting this important legislation.

Thank you again for providing the opportunity to comment on this critical piece of legislation. The Nature Conservancy looks forward to working with members of this Committee and with all stakeholders to see the American Innovation and Manufacturing Act passed into law.

¹ Meade, Douglas S. 2018. "Economic Impacts of U.S. Ratification of the Kigali Amendment." Interindustry Forecasting at the University of Maryland (INFORUM).

http://ahrinet.org/App_Content/ahri/files/RESOURCES/Kigali_JMS_04-19-18.pdf

² Booten, Chuck, Scott Nicholson, Margaret Mann, Omar Abdelaziz. 2020. "Refrigerants: Market Trends and Supply Chain Assessment." Clean Energy Manufacturing Analysis Center, U.S. Department of Energy.

<https://www.nrel.gov/docs/fy20osti/70207.pdf>