

ISSUE BRIEF | Final Rule: EPA to make propane an acceptable refrigerant; prohibit the use of certain other refrigerants

October 4, 2016

What is the rule?

The U.S. Environmental Protection Agency's (EPA) Significant New Alternatives Policy (SNAP) program continues to evolve. The Final Rule lists propane as an acceptable refrigerant in new, self-contained commercial ice machines, new water coolers, and in new very-low-temperature refrigeration equipment (subject to use conditions). To make this change possible, EPA exempts propane in these end uses from the current venting prohibition under the Clean Air Act (CAA). Finally, certain refrigerants currently used by NAFEM members and others will no longer be allowed under these additional SNAP changes.

The rule allows the use of propane 30 days after the final rule is published. The industry would be required to eliminate currently used refrigerants determined unacceptable by January 1, 2021.

Is this a Federal, state or local issue?

This is a Federal issue.

What organization is implementing the change(s)?

EPA oversees the SNAP Program. Under the CAA, the Agency must prohibit the use of a substance where it has determined that there are other available substitutes, or potentially available substitutes, that pose less overall risk to human health and the environment. Information on EPA can be found at www.epa.gov.

How will this change impact my business?

In addition to the costs and time associated with transitioning to the new refrigerants, there are limited acceptable substitutes for R-404A, which EPA has banned. Additionally, the use of flammable refrigerants, such as propane, should be carefully considered.

Under the rule, the following refrigerants will no longer be allowed in new retail food refrigeration equipment: HFC-227ea, KDD6, R-125/290/134a/600a (55.0/1.0/42.5/1.5), R-404A, R-407A, R-407B, R-407C, R-407F, R-410A, R-410B, R-417A, R-421A, R-421B, R-422A, R-422B, R-422C, R-422D, R-424A, R-428A, R-434A, R-437A, R-438A, R-507A, RS-44 (2003 formulation).

Companies that make refrigeration equipment will need to make supply chain changes, transitioning to the final list of acceptable alternative refrigerants by January 1, 2021.

Complete details on the rule are available at <https://www.epa.gov/snap/final-rule-signed-september-26-2016>. An abbreviated fact sheet is also available at https://www.epa.gov/sites/production/files/2016-09/documents/snap_action_scr_2_factsheet.pdf.

How will this change impact the foodservice equipment industry as a whole?

The changes to the refrigerants available for use in foodservice equipment will have a significant impact on the industry.

- The safety of propane refrigerants must be carefully tested for use in refrigeration equipment.
- Manufacturers will have to bear the cost of migrating away from no-longer-acceptable refrigerants to those that are acceptable (including propane). This may reduce the variety of models they sell, as the

rule requires them to redesign/retest every product they produce; customizing products could also become cost-prohibitive.

- Market supply could decrease if manufacturers are not able to sell existing supplies.

What is NAFEM's position on the rule?

NAFEM believes the changes are broad and ignore refrigerants that are safe, energy efficient and environmentally sound. The organization also believes that the rule is overly burdensome - particularly to small business, limits manufacturer productivity, threatens less profitable lines that currently meet marketplace needs, and passes costs on to end users and, ultimately, consumers.

Finally, and most important, it is NAFEM's position that propane must be carefully studied to ensure the safety of everyone who comes in contact with the foodservice equipment using it.

What is NAFEM doing to address this issue?

NAFEM is aggressively advocating on its members' behalf, through written comments and ongoing dialogue with the EPA. We will continue to be actively involved with this issue.

What should my company be doing to address this issue?

You should consider and quantify the impact of these changes to your business. NAFEM will continue to keep members updated on this issue. Also visit the Advocacy section of www.NAFEM.org for updates and to learn more.

Who should I contact with questions?

For questions on this topic, contact Charlie Souhrada, CFSP, Director, Member Services at NAFEM headquarters: csouhrada@nafem.org; +1.312.821.0212.