

ISSUE BRIEF | Proposed Rule: Environment Canada seeks to reduce use of certain hydrofluorocarbons, similar to USEPA proposal

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What change(s) are being proposed?

NAFEM members who either manufacture or sell commercial refrigeration equipment in Canada would be required to reduce the use of hydrofluorocarbons (HFC), if proposed Environment Canada regulations are approved. Doing so could necessitate the use of alternate, lower Global Warning Potential (GWP) refrigerants and blowing agents without adequate time to research, design, test, train and certify the products that would use these new refrigerants. In addition, the actual environmental gains have not been determined.

The proposed Environment Canada rule intends to help reduce global warming by phasing out ozone-depleting chemicals. It is similar to changes proposed by the U.S. Environment Protection Agency's (USEPA) Significant New Alternatives Policy (SNAP) Program, which also would require NAFEM members to transition to alternate, untested refrigerants and foam-blowing agents.

What organization is considering implementing the change(s)?

Environment Canada (EC) protects the environment, conserves the country's natural heritage, and provides weather and meteorological information to keep Canadians informed and safe. For more information on the organization, visit <http://www.ec.gc.ca/>.

How will this proposed change impact my business?

Meeting the proposed requirements will be costly and time-consuming. The proposed regulations would go into effect in January 2019 and apply to the import and manufacturer of stand-alone commercial refrigeration systems that contain or are designed to contain any HFC with a GWP greater than 150 (GWP>150), or a blend that contains any HFC where that blend has a GWP>150.

In its comments to EC, NAFEM stated that the proposal directly conflicts with recently promulgated energy efficiency standards established by the United States Department of Energy (USDOE), which rely on specific refrigerants that EC and USEPA propose to ban. These proposed new refrigerants are less energy efficient than the ones being banned. If EC and the USEPA require less efficient refrigerants and insulation blowing agents, commercial refrigeration manufacturers face an impossible situation – manufacture more efficient products using less efficient refrigerants.

NAFEM encouraged EC, USDOE and USEPA to closely coordinate their regulatory efforts to best reflect their common public policy goals of addressing environmental issues without compromising the energy efficiency standards and gains already made by the manufacturing sector. The potential lack of coordination and alignment between Canadian and U.S. policies stands to threaten supply chain participants, manufacturing jobs and end-user applications across North America.

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

The proposed changes to the allowable GWP levels in commercial refrigeration equipment sold or manufactured in Canada will have a significant impact on the industry.

- The industry must carefully test the safety of potential new refrigerants to be used in equipment.
- Manufacturers may have to reduce the variety of models they sell, as the proposal 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.
- Small businesses and consumers may delay the purchase of more energy-efficient equipment as the cost of meeting the proposed regulations will be passed on to customers.
- Meeting the proposed January 2019 compliance timeline will be an extreme hardship for the majority of the industry.
- Local municipalities must revise current fire and building codes to accommodate the use of the proposed higher-risk refrigerants.

[Complete details](#) on the proposed rule are available at Addendum to Consultation Document on Proposed Regulatory Measures on Hydrofluorocarbons.

What is NAFEM doing to address this issue?

NAFEM is aggressively advocating on its members' behalf, through written comments and dialogue with the EC. We will continue to be actively involved with this issue. NAFEM's comments are available on the Advocacy section of www.NAFEM.org.

What should my company be doing to address this issue?

You should begin to consider and quantify the impact of the proposed changes to your business. We may ask member companies to join NAFEM in opposing these recommended changes; being ready to share details about the impact on your company will be important.

Who should I contact with questions?

NAFEM will keep members apprised of this issue through the advocacy section of www.NAFEM.org and NAFEM Online. For questions on this topic, contact Charlie Souhrada, CFSP, NAFEM director, member services: +1.312.821.0201 or csouhrada@nafem.org.