

North American Association of Food Equipment Manufacturers
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SENT VIA EMAIL TO:
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RE: Consultation Document on the Proposed Regulatory Measures for HFC's, including HFC-404A (GWP 3922), HFC-134a (GWP 1430), and HFC-507A (GWP 3985) as used in the Commercial Refrigeration Market

To whom it may concern:

The North American Association of Food Equipment Manufacturers (NAFEM) appreciates the opportunity to submit comments on the Environment Canada (EC) Consultation Document on the Proposed Regulatory Measures for HFC's, including HFC-404A (GWP 3922), HFC-134a (GWP 1430), and HFC-507A (GWP 3985) as used in the Commercial Refrigeration Market.

Introduction

NAFEM is comprised of more than 525 manufacturers of commercial foodservice equipment. These member companies have a long history of implementing measures to improve energy efficiency and reduce emissions of substances that are harmful to human health and the environment. We look forward to participating in a constructive dialog with EC to continue these efforts in a measured, strategic approach.

The Consultation Document notes the United States Environmental Protection Agency (USEPA), announced a proposed rulemaking on August 6, 2014, under its Significant New Alternative Policy Program (SNAP). Under the proposed rule, various HFC's and HFC-containing blends that were previously listed as acceptable alternatives to ozone-depleting substances will have their status changed to "unacceptable" for some uses. These current alternatives would therefore be prohibited in their application as refrigerants for commercial refrigeration and foam blowing agents used in commercial refrigeration applications. The USEPA has based its proposed rule on

information that the agency believes shows that a limited list of substitutes poses a lower risk overall to human health and the environment.

EC's similar proposal seeks comments addressing the import and manufacture of stand-alone commercial refrigeration systems that contain or are designed to contain any HFC with a GWP > 150, or a blend that contains any HFC where that blend has a GWP > 150, with a date of January 1, 2019. This date would eliminate important, transitional steps that manufacturers must consider to safely move from high GWP HFC's.

The concerns raised below are similar and consistent with those concerns NAFEM has filed with the USEPA in its rulemaking docket on these same alternatives.¹

Unintended and Negative Consequences

NAFEM is gravely concerned that the proposed deadline will impose unintended and negative consequences, including threatening the energy efficiency and performance of refrigeration products, as well as compromising the occupational health of employees through the commercial refrigeration manufacturing, distribution, service and end-user markets. These dangers also could extend to the public at large as flammable refrigerants are forced into certain market applications. In all applications, EC's proposal does not provide adequate time to research, design, test, train and certify these commercial refrigeration products reliant on new alternative refrigerants.

At the same time, EC's proposal also 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. In fact, the proposed new refrigerants are less energy efficient than the ones being banned. If less efficient refrigerants and insulation blowing agents are required by the EC and USEPA, commercial refrigeration manufacturers face an impossible situation – manufacture more efficient products using less efficient refrigerants. The new acceptable substitute refrigerants and blowing agents may be less efficient than the present products, which will only exacerbate the goal of greater energy efficiency.

To illustrate, commercial refrigeration manufacturers are working to address several USDOE regulations that require significant improvements in energy efficiency by 2017. Manufacturers are finding that developing products that meet both the energy conservation standards and also utilize acceptable alternatives to existing refrigerants and blowing agents is technologically and economically infeasible. These rulemaking actions include:

- Department of Energy's Automatic Commercial Ice Makers Energy Conservation Standards Rulemaking, Docket No. EERE-2010-BT-STD-0037;
- Department of Energy's Commercial Refrigeration Equipment Energy Conservation Standards Rulemaking, Docket No. EERE-2010-BT-STD-003;
- Department of Energy's Walk-in Coolers and Walk-in Freezers Energy Conservation Standards Rulemaking, Docket No. EERE-2008-BT-STD-0015; and

¹ See EPA-HQ-OAR-2013-0748; RIN 2060-AS04 at <http://www.regulations.gov/#!searchResults;rpp=25;po=0;s=2060-AS04;fp=true;ns=true>, or by using the search function at <http://www.regulations.gov>.

- Environmental Protection Agency's Protection of Stratospheric Ozone: Listing of Substitutes for Refrigeration and Air Conditioning and Revision of the Venting Prohibition for Certain Refrigerant Substitutes, Docket No. EPA-HQ-OAR-2013-0748-0001

We encourage EC, USDOE and USEPA to closely coordinate their regulatory efforts reflective of common public policy goals of addressing certain environmental issues without compromising energy efficiency standards and gains, made primarily by a market-driven manufacturing sector. Because numerous regulatory regimes apply to this larger North American marketplace, lack of coordination and alignment between Canadian and U.S. policies will threaten supply chain participants, manufacturing jobs and end-user applications across North America. In the end, the many individual consumers and small business users who depend on commercial refrigeration equipment will be hurt the most.

For example, the EC proposal, if finalized with the existing timeline, will have consequences on the commercial refrigeration manufacturing industry that undermine the EC's goal of decreasing the emissions of ozone-depleting substances. The increased costs of bringing new commercial refrigeration equipment into compliance, pursuant to standard business practices, will be passed to consumers to make up for the significant upfront costs required to re-engineer the current product line. This will result in consumers keeping older, less efficient products in service longer to avoid purchasing the newer, more expensive equipment, assuming an adequate supply of new equipment can even be made available.

Additionally, any small entity that requires a customized commercial refrigeration product will have the incentive to keep older products because the costs associated with developing and testing customized products will prohibit manufacturers from offering customized products or price out a substantial number of current users. Even if products were available, it is likely consumers will still be forced to continue using older products because local fire and building codes may limit the placement of products with the amount of flammable refrigerants required to cool and freeze food at safe temperatures.

Manufacturers and end-users will face dramatic increases in the cost of insurance policies as insurance companies address the increased risks of accident and injury with the use of flammable, high pressure, or toxic refrigerants and blowing agents. In addition to insurance costs, it is likely that a portion of manufacturers and end-users will have the added costs and lost productivity associated with compliance with local building codes prohibiting these higher-risk substances in small spaces.

Refrigerant Transition Considerations

Through careful consideration of previous refrigerant transitions and the amount of time necessary to safely introduce different/flammable refrigerants into the manufacturing process, we do not believe the timeline proposed in the Consultation Document allows adequate time to:

- research refrigerant options;
- assess risks;
- analyze current manufacturing facilities;
- update existing refrigeration systems;
- work with suppliers to select appropriate compressors and components;
- build test units in a controlled lab environment;

- test the beta units;
- complete production and facility updates and internal training;
- build pre-production units;
- conduct field tests;
- educate customers – and gain their approval;
- phase out or switch existing production lines;
- manage trapped inventory; and
- train customer service and field technicians to safely install, repair and maintain these units.

Foodservice equipment manufacturers cannot switch the refrigerants, aerosols and foam blowing agents in commercial refrigeration products by the EC's proposed compliance deadlines.

Recommendations

NAFEM suggests an extension of at least ten years, based on the transition experience of European manufacturers and prior changes within the North American industry, to allow sufficient time for safe product development and testing. This also allows businesses to spread the costs over several years instead of assuming the burden of investing high sums of capital up front. Consistent with the numerous manufacturers and supply chain participants filing comments in the above cited USEPA rulemaking, NAFEM recommends a compliance deadline not before 2025.

NAFEM appreciates the opportunity to comment on the proposed rule and looks forward to working with the EC to develop alternatives, including but not limited to, a feasible compliance timeline.

Respectfully submitted,

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