



April 8, 2020

The Honorable John Barrasso
Chairman
Committee on Environment & Public Works
United States Senate
Washington, DC 20510

The Honorable Thomas Carper
Ranking Member
Committee on Environment & Public Works
United States Senate
Washington, DC 20510

Dear Chairman Barrasso and Ranking Member Carper,

I am reaching out on behalf of the North American Sustainable Refrigeration Council (NASRC) to share written testimony for consideration regarding The American Innovation and Manufacturing Act of 2019 (AIM Act) (S.2754).

The NASRC is a 501(c)(3) environmental nonprofit working to advance the adoption of natural refrigerants in supermarkets. We are supported by more than 130 organizations from the supermarket refrigeration industry - including over 24,000 supermarket locations, equipment manufacturers, service contractors, engineering firms, and other stakeholders.

With the support of our network, we are uniquely positioned to drive forward industry solutions and provide important insights to policymakers. We respectfully request that the committee consider the following the information.

Refrigerant regulations are not new to the supermarket industry, which previously faced the phase-out of chlorofluorocarbon (CFC) and hydrochlorofluorocarbon (HCFC) refrigerants under the Montreal Protocol. Overall, the industry is prepared for federal hydrofluorocarbon (HFC) regulations, as many supermarkets had previously established plans for federal HFC regulations under the Environmental Protection Agency's (EPA) Significant New Alternatives Policy (SNAP) Rules 20 and 21.

Following the DC court of appeals rulings to vacate SNAP Rules 20 and 21, a number of states announced plans to implement HFC regulations at the state-level. This has led to growing concern that businesses operating in multiple states will be subject to a patchwork of state regulations. As a result, the industry is seeking regulatory clarity, certainty, and consistency. It is our opinion that federal framework is the best path to provide the industry with clarity, certainty, and consistency.

According to a study by the Interindustry Forecasting group at the University of Maryland, the phase down of HFCs will stimulate innovation and job creation in the chemical and equipment manufacturing industry and result in the improvement of the U.S. trade balance. However, these benefits come at the expense of supermarkets who will bear the cost burden associated with the phase down. As with many new technologies, upfront cost premiums remain a



significant barrier to the widespread adoption of low-GWP refrigeration technologies. With small profit margins averaging just 1%, many supermarkets are unable to afford these cost premiums.

Incentives for low-GWP technologies offset upfront costs, driving the volumes of adoption needed to stimulate economies of scale where costs ultimately fall, thus eliminating the cost barrier. Reduced upfront costs will lead supermarkets to adopt low-GWP technologies and stimulate further innovation and job creation in the chemical and equipment manufacturing industries. Therefore, it is our recommendation that an incentive program be established to reduce the financial burden for supermarkets, speed the adoption of low-GWP technologies, and accelerate the benefits of the HFC phase down.

There is a small window of opportunity to accelerate the movement to low-GWP refrigerants and stimulate the economic benefits. Once installed, a typical supermarket refrigeration system will have a lifespan of 15 or more years, limiting the opportunity for innovation and job creation.

We encourage the committee to consider options for an incentive program or other financial support to accelerate benefits to the economy and the job market, which will vastly outweigh the cost of financial support. Thank you for your consideration and please reach out to me with any questions.

Sincerely,

Danielle Wright

Danielle Wright
Executive Director
North American Sustainable Refrigeration Council

cc:

The Honorable James M. Inhofe
The Honorable Shelley Moore Capito
The Honorable Kevin Cramer
The Honorable Mike Braun
The Honorable Mike Rounds
The Honorable Dan Sullivan
The Honorable John Boozman
The Honorable Roger F. Wicker
The Honorable Richard Shelby
The Honorable Joni Ernst

The Honorable Benjamin L. Cardin
The Honorable Bernard Sanders
The Honorable Sheldon Whitehouse
The Honorable Jeff Merkley
The Honorable Kristen Gillibrand
The Honorable Cory A. Booker
The Honorable Edward Markey
The Honorable Tammy Duckworth
The Honorable Chris Van Hollen



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