



SUB·ZERO GROUP, INC.

2866 Buds Drive, Fitchburg, WI 53719
P: 800.532.7820 P: 608.271.2233

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By E-mail

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

Re: Comments by Sub Zero Group Inc. on the American Innovation and Manufacturing Act of 2019 for the U.S. Senate Environment and Public Works Committee's Information-Gathering Process

Dear Chairman Barrasso and Ranking Member Carper:

Sub Zero Group, Inc. (Sub Zero) is a family-owned company that has been headquartered in Madison, Wisconsin for 75 years. Sub Zero developed the niche market for customized Built-In refrigerators, freezers and wine storage products. We manufacture these, as well as Wolf high performance cooking products and the Cove branded dishwasher, exclusively in our Wisconsin and Arizona manufacturing facilities.

We fully support the swift and expeditious passage of the American Innovation and Manufacturing Act of 2019 (AIM) Act, S.2754. As a relatively small manufacturer in the residential appliance industry, we view the AIM Act as being essential legislation for providing the EPA with broad authority for the uniform, national phasedown of HFCs; however, it is extremely important that any legislation provide the EPA with the ability to preempt current and future state actions. Without federal preemption, we must attempt to respond to a patchwork of state regulations that prevent harmonization of the U.S. market.

As a small, niche market manufacturer, we require years of planning, developing and testing to comply with regulatory changes such as converting the refrigerant used in our refrigeration system from HFC 134a to HC R600a. The reason for this stems from the fact that regulatory compliance does not scale with the size of the manufacturer; meaning, there is no linear relationship between a company's market volume and the actual cost and effort of transitioning for compliance. That reality requires a company like Sub Zero to combine compliance initiatives with manufacturing platform changes that includes manufacturing equipment, product features and new, innovative designs in effort to maximize the value of the company's investment.

Sub Zero is committed to transitioning away from HFCs, but strongly wants to see the EPA preempt current state laws and regulations in effort to harmonize the union's compliance deadline. In 2018, Sub Zero met with California CARB and state legislators on CA SB1013 to ensure that we had enough lead time for a transition. While we agreed at the time that it was feasible to transition the residential refrigeration industry's undercounter and built in product classes by 2021 and 2023, respectively, we knew it would be tight given the amount of investment in facility equipment, product development and



testing. California's bill became law in 2018 and has since become the adopted language of subsequent states. As a result, we continue to work feverishly to meet the compliance deadlines for those states that now have non-HFC laws.

With the onset of the COVID-19 pandemic, we have been forced to send employees home. This 'work from home' period has greatly disrupted our ability to build and test prototypes, which is leaving us deeply concerned about meeting the compliance deadlines. Moreover, we are experiencing key supply chain disruptions from multiple regions around the world, including key supply chain partners in the U.S. and Mexico.

Sub Zero would very much like to see a Senate bill that can be sent to the President's desk in 2020 that provides the EPA with preemptive authority to allow for a national compliance deadline, which takes into account the COVID-19 disruption on U.S. manufacturers, especially smaller scale companies like Sub Zero that need greater transition lead times.

In closing, Sub Zero, as always, is open to further discussion/clarification and is willing to you and your committee in any way possible.

Respectfully Submitted,

Christopher M. Jessup
Director of Quality & Regulatory Compliance, Sub Zero Group, Inc.
Email: Christopher.Jessup@Subzero.com
Phone: 608.270.3364
Website: <https://www.subzero-wolf.com>

Cc: James Bakke, President/CEO, Sub-Zero Group, Inc.
Paul Sikir, Vice President of Design Engineering, Sub Zero Group, Inc.
Robert Schroeder, Vice President of Quality & Reliability, Sub Zero Group, Inc.
Peggy Petersen, Vice President of Supply Chain, Sub Zero Group, Inc.