

Intro to SBA Advocacy Asst. Chief for Energy Portfolio & DOE's CRE NOPR

July 29, 2024



Discussion Outline

- Introductions (Souhrada/All)
- Introduction to Shanerika Flemings (Mullis/Flemings)
- Overview of DOE Proposed Rule (Andes/Bandza)
- Industry Issues & Concerns (All)
- Open Discussion (All)
- Next Steps (Souhrada/Flemings/Mullis/All)

Introductions



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AHRI ...

- Represents more than 330 manufacturers of air conditioning, heating, and refrigeration equipment.
- Internationally recognized advocate for the HVACR industry and certifies the performance of many of the products manufactured by its members.
- In North America, the annual economic activity resulting from the HVACR industry is approximately \$256 billion.
- In the U.S. alone, AHRI member companies, along with its distributors, contractors, and technicians, employ more than 1.3 million people.

NAMA ...

- Founded in 1936, the National Automatic Merchandising Association (NAMA) is the association representing the \$26 billion U.S. convenience services industry, with its core membership of owners and operators of commercial refrigeration equipment companies. With nearly 1000-member companies – including many of the world's most recognized brands.
- NAMA members include nearly all the U.S. based commercial refrigeration equipment in the categories mentioned above as well as their largest customers.
- NAMA represents many types of commercial refrigeration machines and beverage vending machines, including those under the jurisdiction of DOE.
- The core of NAMA membership is the hundreds of small businesses who sell food and beverage products through the use of what are known as "vending machines" found in thousands of micro-markets, small grocery stores, convenience stores, and local neighborhood markets.

NAFEM ...

- Is a trade association of more than 500 commercial foodservice equipment and supplies manufacturers – a \$14.9 billion industry.
- These businesses, their employees, and the products they manufacture, support the food away from home market – which includes more than one million locations in the U.S. and countless more around the world.
- Nearly 50% of NAFEM member companies are “small businesses” with less than \$10 million in annual sales.

Introduction to Shanerika Flemings, assistant chief counsel, energy portfolio



Overview of DOE Proposed Rule

- DOE ECS CRE - final rule expected in November
- Not Technically Feasible
 - Manufacturers already use most of the “screened-in” technologies
 - Other “screened-in” technologies are not technologically feasible
 - Deploying all “screened-in” technologies cannot meet the levels chosen by DOE
 - **2023 TSD does not cite “teardown” data**
 - *(TSD says they did “teardown” but at the public hearing Nov. 7, 2023, DOE confessed they did not)*
 - NOPR assumes use at lower ambient temperatures
 - Capacity limitations at third-party testing labs constrain R & D
 - 2023 TSD is an “estimate of estimates” for chef bases and griddle stands

Overview of DOE Proposed Rule

- Not Economically Justified

- Compliance costs are substantially underestimated
- Compliance will substantially increase manufacturing costs
- Costs will be passed on to buyers, i.e., small businesses
- Identified technologies have no track record of reliability
- Several identified technologies were rejected by DOE in other rulemakings
- Compliance may increase food safety risks, i.e., inability to maintain safe temperatures in real-world environments
- DOE underestimated the impact of remanufacturing; this returns units to the marketplace w/o compliance to the new energy standard requirements
- Errors in the 2022 pre-TSD were not corrected in the TSD used in the 2023 NOPR

Overview of DOE Proposed Rule

- Not Economically Justified

- DOE calculates a simple payback period (PBP) which does not discount operating costs”
- For the equipment classes analyzed and the different trial standard levels, these PBPs can fluctuate from under a year to more than **5, 10, 75, and 93.9 years**
- Average lifetime of these products is estimated to be, at most, about 14 years
- PBPs mean consumers will not come close to “enjoying” any of the purported economic benefits from owning the more-expensive CRE that DOE is mandating
- No business enterprise can legitimately plan more than a few years out
- Because of this short horizon, **no PBP more than one or two years would ever be seriously considered** by businesses

Industry Issues & Concerns

- Refrigerant Transition is Ongoing – contrary to DOE estimate
- Refrigerant Transition Impact – may result in more positive impacts on climate change than the energy levels
- Sector Refrigerant Controls
- EPA Refrigerant Approvals
- Safety Standards Status (*UL/CSA 60335-2-89*)
- Building Code Status
- Lack of Agency Coordination
- Shipment Numbers – may be off by >50% in some categories
- Cumulative Regulatory Burden on Small Businesses Ignored
 - Manufacturers
 - Operators

Open Discussion

- Urged DOE to issue a “no-new-standard” for the following reasons
 - The NOPR’s proposed standards are not technically feasible
 - The NOPR’s proposed standards are not economically justified because they fail DOE’s statutory factors under EPCA
 - A “no-new-standard” will provide additional three years of lead time for manufacturers to complete the transition to low GWP refrigerants and understand the impacts of that transition

Next Steps

- Send Letter from Advocacy Urging DOE to issue “No-New-Standard”
- Convene a SBREFA Panel
- Conduct Stakeholder Roundtable
- Urge OMB/OIRA Meeting
- Other Suggestions?

Thank you!



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