



Governor Edmund G. Brown
c/o State Capitol, Suite 1173
Sacramento, CA 95814

Mary D. Nichols, Chairperson
Air Resources Board
1001 I Street
Sacramento, CA 95812

CC: Pamela Gupta, Bart Croes, Ryan McCarthy (Air Resources Board)

Subject: Letter of support for incentive program for end users adopting low-GWP refrigeration systems

Dear Governor Brown and Chair Nichols,

This letter represents the views of a diverse group of stakeholders from industry and non-profit sectors who support establishing an incentive program to allow supermarkets and other end users to adopt low-global warming potential (GWP) refrigerants to replace hydrofluorocarbons (HFCs) used in commercial refrigeration systems, as envisioned by SB 1013. Now that SB 1013 has been signed into law, we hope this incentive program will be prioritized in the state of California's upcoming fiscal year budget and appropriation processes and allocated funding through the Greenhouse Gas Reduction Fund at a level that will enable transformative impact.

An incentive program has the power to enable transformative change to reduce the direct HFC emissions impacts of refrigeration systems in California by helping to overcome current market hurdles to adoption of energy efficient, low-GWP refrigeration systems. In order to achieve the goals stated in SB 1013 to a) maximize emission reductions and b) overcome market hurdles, this program should prioritize incentives for new refrigeration systems that utilize refrigerants with a GWP of less than 150, using alternatives such as carbon dioxide, ammonia, and hydrocarbons. These alternatives are commercially available, but face significant market hurdles to widespread adoption due to high up-front costs that provide a financial burden to many end users.

By providing incentives to supermarkets and other end users, California can help create economies of scale for manufacturing, designing, installing, and maintaining these low-GWP systems and equipment. In order to create transformational change, we estimate that funding

of \$30 million should be initially allocated to the incentive program, which should be available in the form of a simple grant structure available to cover the incremental costs of a new low-GWP refrigeration system.

Thank you for considering our views on this important program which will help California meet its HFC emission reduction goals under SB 1383 and contribute to the state's energy efficiency goals under SB 350.

Sincerely,

AHT Cooling Systems USA

Arneg

Bitzer US Inc.

Carter Retail Equipment Ltd

Danfoss

Ecology Action

Embraco

Emerging Energy Solutions

Enreps

Evapco, Inc

Environmental Investigation Agency (EIA)

Hillphoenix

KW Refrigerant Management Strategy

Parker Hannifin - Sporlan Division

The North American Sustainable Refrigeration Council (NASRC)

True Manufacturing

VaCom Technologies

Whole Foods Market