NORTH AMERICAN SUSTAINABLE REFRIGERATION COUNCIL

4655 Opal Cliff Drive, Santa Cruz, CA 95062

October 29, 2015

California Air Resources Board
1001 I Street
Sacramento, CA 95812

Re: Comments on the Draft Short Lived Climate Pollutant Reduction Strategy

The North American Sustainable Refrigeration Council (NASRC) is pleased to offer comments on the SLCP Reduction Strategy, and fully endorse a low-GWP incentive program for commercial refrigeration. NASRC is working to lessen the environmental impact of supermarket refrigeration though the widespread adoption of natural refrigerants. We are taking action to address the challenges that are slowing our transition to more climate-friendly refrigeration technology, especially in the supermarket and grocery sector.

The Draft Strategy makes several observations that we believe are key to designing an effective and efficient plan for reducing HFC emissions:

1) Commercial refrigeration accounts for a significant portion of HFC emissions in California (36% in 2013);

2) Natural refrigerants (CO2, ammonia, hydrocarbons) are very low-GWP refrigerants that are being used safely and successfully in many other parts of the world;

3) Near term action is especially important because commercial refrigeration equipment has an average lifetime of 15 to 20 years. In addition, the HCFC-22 phaseout is driving transition out of HCFCs and into high-GWP HFCs, effectively worsening the overall climate impact of commercial refrigeration.

In response to these points, the Air Resources Board proposes a low-GWP incentive program as one of several strategies for reducing HFC emissions in the refrigeration sector. **NASRC believes that a low-GWP incentive program is not only a good idea, but is fundamental to driving the necessary transition to more climate-friendly refrigeration options.**

Many businesses within the commercial refrigeration sector (like supermarkets and convenience stores) operate on very small profit margins. Right now, natural refrigeration equipment is more expensive to purchase and install than traditional HFC technologies, making it cost-prohibitive for many end-users. Even if the investment makes sense in the long run, the upfront capital costs are too high for most. In the Draft Strategy, ARB acknowledges that the current trend is to replace HCFC-22 equipment higher-GWP HFC equipment—the primary reason for this is because HFC equipment currently costs less than natural refrigeration equipment.

But, a low-GWP incentive program could help with those upfront costs.

If, through a low-GWP incentive program, we can make it affordable to install natural refrigeration technology, we will "lock in" early and permanent emissions reductions *and* help drive the market in the right direction. A low-GWP incentive program will help generate the evidence and real-world data we need to show the rest of the country that natural refrigeration is more climate-friendly, more energy efficient and can reduce overall refrigeration costs to businesses. The more end-users that install natural refrigerants, the more we build economies of scale, the more costs come down, and the more likely other end-users are to install similar technology.

Imagine a world where there is cost parity between natural refrigerants and high-GWP HFCs; a world where refrigeration technology is actually *cheaper* than high-GWP HFC equipment; where installing natural refrigerants and other low-GWP technology is the obvious choice for end-users because it is better for the environment *and* for the company's bottom line.

That's the goal. And a low-GWP incentive program will help us get there. In fact, a truly successful incentive program would catalyze enough transition in the first few years that the program would become obsolete – we won't need a program when natural refrigerants are the status quo for new equipment. Because of the lifetime of commercial refrigeration equipment, and because there are not yet good natural refrigerant options for retrofitting or updating existing equipment, it is imperative that we act quickly to incentivize natural refrigerants for new installations in particular. In addition, a low-GWP refrigerant incentive program compliments many of California's greater goals for GHG emissions reductions and for ensuring benefits to disadvantaged communities. Potential funding recipients include new stores opening in disadvantaged, food-poor areas; stores hat have chosen to bring jobs, fresh produce *and* sustainable technology to those communities.

NASRC is an environmental non-profit committed to seeing natural refrigerants succeed in the United States. Given our access to end-users and breadth of industry knowledge, we are well positioned to help implement and manage a low-GWP incentive program. We look forward to working with ARB and assisting however we can. Thank you for considering our comments.

Sincerely,

Liz Whiteley, Executive Director
North American Sustainable Refrigeration Council