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California Air Resources Board

c.c.
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28th May 2021

JRAIA's Comment on CARB's Notice of Public Availability of Modified Text and Availability of Additional Documents and Modification to the Proposed Regulation Order published on May 13, 2021

The Japan Refrigeration and Air Conditioning Industry Association (JRAIA) is an industrial organization to support the sound development of heating ventilation air conditioning and refrigeration industry (HVACR), particularly as to energy and climate change policy. We conduct activities with member companies not only in Japan, but also globally, to support the adoption of energy efficient HVAC equipment and lower GWP refrigerants to promote action on climate change.

JRAIA have reviewed the Notice of Public Availability of Modified Text and Availability of Additional Documents and Modification to the Proposed Regulation Order that was published recently (May 13, 2021). As a result of CARB's hard work and careful response to all comments, we understand that comments from many stakeholders, including those we at JRAIA raised, are reflected in a balanced manner. In response to the content of the documents, we would like to make additional comments and pose additional questions as described below.

Handling of Reclaimed Refrigerants

According to the Notice of Public Availability of Modified Text and Availability of Additional Documents, "*Certified reclaimed refrigerants can be refrigerant recovered from any geographic location as long as the reclaimed refrigerant meets the requirements being reclaimed by a U.S. EPA-certified reclaimers*", regardless of where the equipment with the reclaimed refrigerant is sold or delivered.

We believe you have shown a very flexible response, but we would like you to clarify the following points for further consideration: (1) can a reclaimer outside the United States (including a non-U.S. subsidiary of a reclaimer in the United States) be certified by the US EPA; and (2) providing that it is the case, is the sale of equipment with refrigerants reclaimed outside the United States by a US EPA certified reclaimer to the United States subject to the CARB requirement for the use of reclaimed refrigerants.

If this is approved, it will promote the recovery and reclamation of refrigerants not only in California and the United States, but also globally, and it will enhance the momentum of activities around the world and become a groundbreaking initiative that serves as a new standard. Also, we are confident that this will lead to an equitable and stable supply of reclaimed refrigerants to manufacturers outside the United States, thereby contributing to the supply of a variety of products to consumers in the United States.

Preference of an averaged target in VRF/VRV after 2025

In this revision, the ratio of reclaimed refrigerant used in VRF/VRV was changed from 10% in 2023 and 2024 to 15%, and from 30% to 25% in 2025. we would like to comment on this as well.

Regarding the change in the percentage, CARB stated in the Notice that VRF/VRV is subject to a higher percentage than other applications because it utilizes a larger charge amount at the time of installation. This is true, and so we do not object to an appropriately higher percentage than other applications. However, we disagree that a higher percentage is imposed in the final year.

According to CARB, the GWP regulation allows for an additional year of benefits than other applications, and so it would be unfair, therefore, for CARB to impose a higher percentage in the final year to keep a level-playing-field. But we think this is a factual error. As we pointed out in our previous comment made in March of this year, the delay in the transition of VRV/VRF is not the responsibility of OEMs, but is due to the delay in the revision of building codes and the safety standards. It is therefore prohibited by law to use lower GWP refrigerants, and so we do not believe that OEMs should be penalized for this fact. We also believe that increasing the percentage in the final fiscal year will complicate administration of the requirement.

With this in mind, we would like to ask CARB to consider measures to avoid administrative complexity and potential supply constraints while taking into account the larger refrigerant field charges in VRF/VRV by setting the percentage of VRF/VRV to the same percentage for three years, even if it is slightly higher. For example, instead of 15% in 2023-2024 and 25% in 2025, it may be conceivable to adopt a flat rate of 17% for all those 3 years. It is the average of 10%, 10% and 30%.

Clarification of the Baseline-Based Approach and how to report the use of reclaimed refrigerant

Finally, please clarify the following points regarding the baseline concept and how to report the use of reclaimed refrigerants.

OEMs sell their equipment mostly through distributors. There are also many interstate transactions, and it may be difficult to determine the location of equipment depending on the timing of sales, and the baseline may differ significantly depending on where equipment is located. In addition, if this rule is not clear at the time of confirmation, accurate verification will be difficult at a later date.

We request that all stakeholders gather to discuss specific methods and take measures to prevent loopholes and fraud.

Review of the scope of exceptions to the GWP regulation

Page 36 of the Modification to the Proposed Order states; " (c) Requirements Applicable to Table 3 of Section 95374... (c) Exceptions... (D) Approved Building Permits: The proposals in Table 3 section 95374 (c), do not apply to any facility with new refraction equipment that received an approved building permit before the effective date." However, this is not limited to "refrigeration equipment", but also applies to other applications. Therefore, JRAIA proposes to change the description of "refrigeration equipment" to "equipment listed in Table 3".

The AIM Act and California

The AIM Act was passed by the U.S. Congress at the end of last year, and the EPA recently announced the HFC phase-down measures based on the total amount of GWP in HFCs. In the United States, the world's largest HVAC market, we welcome the promotion of low-GWP refrigerants as a major step toward curbing global warming. The HFC regulation in California is an effort to ensure this phase-down policy, and JRAIA and its member companies operating in the United States would like to cooperate to achieve the target with our accumulated knowledge and experience.

We thank you for this opportunity to provide these comments, and are available at any time to discuss them further.

Yours sincerely,



Tetsuji Okada

President

The Japan Refrigeration and Air Conditioning Industry Association

About JRAIA

The Japan Refrigeration and Air Conditioning Industry Association (JRAIA) was originally established in February 1949 as the Japan Refrigerating Machine Manufacturers Association which was thereafter reorganized in February 1969 to become an incorporated association and renamed as it is at present.

JRAIA is the industry association representing over 160 manufacturers of refrigeration and air conditioning equipment in Japan. We, the members of JRAIA, have so far been dedicated to offering quality products to global market. JRAIA aims to promote and improve production, distribution and consumption of refrigeration and air conditioning equipment and their applied products, as well as auxiliary devices and components, automatic controls and accessories and thereby contribute to the steady development of Japanese industry and the improvement in people's standard of living. For more information, please see JRAIA's website: www.jraia.or.jp

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