

January 27, 2025

The Honorable Mike Johnson
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Johnson,

On behalf of the National Grocers Association (NGA), the National Association of Convenience Stores (NACS), and FMI – The Food Industry Association, we are writing to convey our support for H.J. Res. 30, a Congressional Review Act (CRA) resolution aimed at overturning the Environmental Protection Agency's (EPA) Final Rule: *Management of Certain HFCs and Their Substitutes Under the AIM Act (Management Rule)*, introduced by Congressman Neal Dunn (FL-02). Representing grocers, wholesalers, convenience stores, and retailers across the country, NGA, NACS, and FMI strongly encourage Congress to pass Congressman Dunn's resolution to halt this flawed rule, which imposes excessive government oversight on the retail sector, burdening both businesses and taxpayers.

This regulation is part of the EPA's broader strategy under the American Innovation and Manufacturing (AIM) Act of 2020 to phase down the production and use of hydrofluorocarbons (HFCs). As a result, grocery businesses are grappling with significant hurdles, including the costly transition to updated refrigeration technologies and alternative refrigerants like CO₂ and propane.

The Management Rule establishes an emissions reduction and reclamation program, which restricts the supply of allowable HFC refrigerants and inflates their costs. It also enforces more stringent requirements for leak detection, repairs, recordkeeping, and reporting, placing added pressure on existing refrigeration systems. These mandates require retailers to invest in advanced leak monitoring technologies and adhere to labor-intensive compliance processes.

Starting January 1, 2026, the rule mandates that refrigerant leaks must be repaired within 30 days of adding refrigerant to an appliance. While a 30-day timeframe might appear manageable, the compliance timeline makes it nearly impossible for many businesses to calculate leak rates accurately by the deadline. Additionally, the EPA has disregarded industry concerns over the stringent 20% leak rate threshold, even though the average leak rate for most systems is around 25%. This policy will necessitate frequent and expensive repairs, resulting in system downtime and significant additional costs.

The January 1, 2027 requirement for installing automatic leak detection (ALD) systems on existing refrigeration equipment is equally impractical. Since there are currently no federal

standards for ALD systems, sourcing and implementing these systems will involve exorbitant expenses. Moreover, mandating ALD systems for all new refrigeration installations starting January 1, 2026, will drive up costs even further. Many retailers report issues with ALD systems, including false alarms and failures to identify leaks, leading to wasted technician hours, unnecessary maintenance, and additional refrigerant losses.

By January 1, 2029, the rule will also require businesses to use reclaimed HFCs for servicing refrigeration equipment, prohibiting the use of unused (virgin) HFCs after this date. Since the introduction of the allowance allocation system, HFC prices have risen steadily, and this new mandate is expected to push costs even higher. A sharp increase in refrigerant prices is anticipated within the next year.

While the EPA permits older refrigeration systems to remain operational through their expected lifespan, this concession provides little relief. The allocation system and the ban on virgin gases will render these systems increasingly expensive to maintain and repair, undermining any perceived benefit.

This Management Rule, combined with other EPA regulations, places an unsustainable financial burden on retailers, who are already dealing with record-high costs for labor, utilities, and merchandise. These rising expenses leave retailers with limited options: either pass the costs onto consumers through higher prices or face the risk of closure. Such government overreach will drive up food prices without delivering meaningful environmental benefits.

We urge Congress to help retailers and refrigerant end-users across the country by passing Rep. Dunn's resolution to stop this rule in its tracks.

Thank you for your consideration of this request.

Sincerely,

National Grocers Association

National Association of Convenience Stores

FMI – The Food Industry Association