

Dave Calabrese

Please see attached comments from Daikin U.S.



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(Submitted via e-mail only to <https://aq.ecology.commentinput.com?id=tH6Ch8VWA>)

**RE: Comments on Washington State Department of Ecology’s Proposed Amendments to Chapter 173-443 WAC Hydrofluorocarbons (HFCs) and Other Fluorinated Greenhouse Gases**

Daikin U.S. Corporation (Daikin) is pleased to provide comments on the proposed amendments to Chapter 173-443 WAC Hydrofluorocarbons (HFCs) and Other Fluorinated Greenhouse Gases in which Washington State’s Department of Ecology (Ecology) proposes to make changes to its sell-through provisions, to modify the prohibitions for Automatic Commercial Ice Machines (ACIMs), and to make other necessary technical and administrative changes throughout the chapter.

The Daikin Group of companies, and their more than 20,000 U.S. employees, are strong proponents of the phasedown of HFCs. We support the goals set forward by Congress in the AIM Act and through their resolution of ratification of the Kigali Amendment to the Montreal Protocol. We supported EPA’s implementation of the AIM Act through engagement and feedback on its Allocation Rules under subsection (e),<sup>1</sup> the Technology Transitions and Sector-Based Restrictions Rules under subsection (i),<sup>2</sup> and more recently, the Reclamation and Leak Reduction Proposed Rule under subsection (h).<sup>3</sup>

Daikin shares Ecology’s goal to achieve its emissions reduction targets identified in the Chapter 70A.60 RCW statute<sup>4</sup>, including making necessary amendments to Chapter 173-443 WAC to streamline the statute’s implementation. In its statement of inquiry for the rulemaking, Ecology proposed to align select portions of the rule with those promulgated

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<sup>1</sup> Phasedown of Hydrofluorocarbons: Establishing the Allowance Allocation and Trading Program Under the American Innovation and Manufacturing Act, 86 Fed. Reg. 55116-55222 (October 5, 2021)

<sup>2</sup> Phasedown of Hydrofluorocarbons: Technology Transitions Program Residential and Light Commercial Air Conditioning and Heat Pump Subsector, 88 Fed. Reg. 88825-88832 (December 26, 2023)

<sup>3</sup> Phasedown of Hydrofluorocarbons: Management of Certain Hydrofluorocarbons and Substitutes Under Subsection (h) of the American Innovation and Manufacturing Act of 2020, 88 Fed. Reg. 72216-72312 (proposed on October 19, 2023)

<sup>4</sup> Hydrofluorocarbons – Emissions Reduction. Chapter 70A.60 RCW.

by the United States Environmental Protection Agency (EPA) and the California Air Resources Board (CARB). In these comments, Daikin provides information to support that effort.

Specifically, we are requesting Ecology to align its VRF sell-through provisions with the final EPA rule published in December 2024, and to consider the need for clear industry guidance in advance of the final rule.

### **Background and Impact:**

EPA published its Technology Transitions Rule on October 24, 2023, which detailed GWP limits and compliance dates for refrigeration and air-conditioning equipment applied across a broad range of industry sectors and subsectors. For air-conditioning and heat pump systems in the residential and light commercial subsector (excluding VRF systems), EPA specified a GWP limit of 700 and a compliance date of January 1, 2025. In December 2023, EPA issued an interim final rule allowing an additional one year (until January 1, 2026) for installation of residential and light commercial air-conditioning and heat pump split systems using refrigerants above the 700 GWP limit as long as the equipment was manufactured or imported prior to January 1, 2025. This action was critical to avoid stranded inventory in the market and to support a smooth transition to lower GWP refrigerants.

For VRF systems, in its October 2023 rule, EPA specified a GWP limit of 700 and a compliance date of January 1, 2026. In December 2024, EPA issued a separate final rule allowing an additional year (until January 1, 2027) for installation of VRF systems using refrigerants above the 700 GWP limit as long as the equipment was manufactured or imported prior to January 1, 2026. EPA also allowed an additional year (until January 1, 2028) to install these systems if building permits were approved before October 5, 2023.

Daikin believes that it is important to recognize that large commercial buildings often have custom HVAC designs and equipment selected years ahead of final installation, and the final design and construction of the building can take several years to complete. Once selected, any change to the equipment would result in project delays, expensive redesign, and possible employment impacts as the project awaits redesign. The HVAC equipment may also have been manufactured and then retained for a period of three or four years while the building design, permitting, and construction phases are completed, and the equipment is eventually installed on site.

VRF equipment is a perfect example of custom designed systems, for which a longer installation period is necessary. For the reasons discussed, Daikin supported EPA's installation period extension for VRF systems and the allowance of additional time for projects with pre-approved permits.

With the publication of EPA's final rule for VRF complete, Washington is now the only state with a VRF compliance date of January 1, 2026, with no installation provisions through January 1, 2027. Additional time for installation of VRF systems is necessary to align with

EPA and CARB, and to mitigate impacts to customers, contractors, manufacturers, and the environment.

With no installation period for VRF equipment, the technology would not be specified during the transition to low GWP refrigerants due to the challenges of ensuring installations are complete by the 2026 compliance date resulting in significant negative economic impact.. Once a portion of the market is lost, it will likely take several years to recover. Economic impacts will result from loss of projects, project and construction delays, and job losses resulting from market and manufacturing slowdowns. If VRF equipment cannot be selected or installed, the use of less efficient technologies could have long lasting carbon footprint impacts that would be contrary to Washington's emissions reduction goals.

**Request:**

1) Installation Period (sell-through)

Daikin proposes that Ecology copies the existing sell-through language in Section WAC 173-443-060 that is specific to Table 1, and applies this same language to Section WAC 173-443-075 for Table 3 in place of the current sell-through text.

The language in Section WAC 173-443-060 for Table 1 is below. To apply this language to Section WAC 173-443-075, the only change necessary would be updating 'Table 1' to 'Table 3'.

*...Products and equipment manufactured prior to the effective date of a prohibition in WAC 173-443-040, Table 1, may be sold, leased, rented, imported, exported, distributed, installed, used, or otherwise introduced in to Washington commerce after the date of prohibition...*

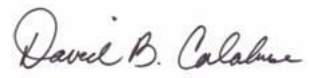
Daikin recognizes that there is already an exemption for projects with pre-approved building permits that is less stringent than EPA. Thus, we do not believe that any changes to the existing exemptions are necessary to align with EPA.

2) Industry Guidance in Advance of the Final Rule

Due to the potential overlap of EPA's VRF compliance date and Washington's target final rule publication date, Daikin requests Ecology to consider publishing guidance for VRF in advance of the final rule, similar to what Ecology has proposed for ACIM equipment, to prevent regulatory uncertainty and the associated market and economic impacts. Guidance prior to April 1, 2025, would provide advance notice of Ecology's intent to align with EPA, would give clear direction to the marketplace, and would allow the continued specification of VRF equipment without impacting pending, in-process, or planned projects.

Daikin appreciates the opportunity to provide comments on the proposed amendments. We are available to address any questions or to provide more detailed information.

Sincerely,

A handwritten signature in cursive script that reads "David B. Calabrese".

David B. Calabrese  
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Senior Vice President, Government Affairs  
Deputy General Manager