



## OFFICE OF AIR AND RADIATION

WASHINGTON, D.C. 20460

November 29, 2023

Mr. Talbot H. Gee  
Chief Executive Office  
Heating, Air-conditioning & Refrigeration  
Distributors International  
445 Hutchinson Avenue, Suite 500  
Columbus, Ohio 43235

Dear Mr. Gee:

Thank you for the letter submitted jointly to the U.S. Environmental Protection Agency (EPA) by the Air-Conditioning, Heating, and Refrigeration Institute (AHRI), the Alliance for Responsible Atmospheric Policy, and Heating, Air-conditioning & Refrigeration Distributors International (HARDI) on November 13, 2023.

The letter addresses recent actions taken by the EPA in the final rule entitled “Phasedown of Hydrofluorocarbons: Restrictions on the Use of Certain Hydrofluorocarbons Under the American Innovation and Manufacturing Act of 2020” (88 FR 73098, October 24, 2023). Your letter requests that the EPA provide “immediate clarification of the provisions of the rule regarding two categories of equipment: Residential and Light Commercial Air Conditioning and Heat Pump Systems and Variable Refrigerant Flow (VRF) Systems.”

The EPA established the Technology Transitions Program through the rulemaking published on October 24, 2023 (see 88 FR 73098). Through that rule the EPA prohibited, among other things, the manufacture and import of factory-completed products and the installation of certain field-assembled refrigeration and air conditioning systems using higher-global warming potential hydrofluorocarbons (HFCs). The compliance dates for these restrictions vary depending on the subsector, ranging from January 1, 2025, to January 1, 2028. The rule also prohibited the sale, distribution, and export of products, as defined in the rule, that do not comply with the relevant restrictions three years after the prohibition on manufacture and import.

The EPA sought in the final rule to avoid stranding inventory of equipment that was in the manufacturing or distribution chain. The EPA stated that “[w]e recognize that the production and purchase of products or components that are unable to be sold to consumers is an economic and environmental outcome no parties desire, and the proposed rule’s forward-looking compliance dates were intended to allow all parties in the market supply chain sufficient time to avoid that outcome” (88

FR 73123). In response to commenters' concerns about stranded inventory, the EPA made the following changes in the final rule: first, the EPA allowed for components' "continued manufacture, import, sale, distribution, offer for sale and distribution, and export, subject to certain restrictions, including that these uses are for the purpose of servicing existing equipment," and second, the EPA extended "the compliance date for the sales prohibition on factory-completed products from the proposed one year to three years after the manufacture and import compliance date" (88 FR 73122).

The EPA notes the information provided by members of AHRI, the Alliance, and HARDI indicating that stranded inventory remains a serious concern within the residential and light commercial air conditioning subsector. In particular, you note, "This is particularly problematic for residential new construction, including both single-family and multi-family dwellings, where builders order heating and cooling equipment well in advance of knowing the exact date of install." The EPA acknowledges that additional consideration is necessary to avoid stranding inventory for these systems subject to a January 1, 2025, and a January 1, 2026, installation compliance date. The EPA therefore intends to act swiftly to address concerns regarding the January 1, 2025, installation compliance date, including by potentially amending the final regulation to allow for installation of previously manufactured components until January 1, 2026, and separately intends timely consideration of VRF systems.

We appreciate your engagement in this process and the history of working together to address HFCs. We look forward to continuing to work with you and all stakeholders as we continue our work to implement the American Innovation and Manufacturing Act. Should you have any questions, please contact Cindy Newberg in the Office of Atmospheric Protection at [newberg.cindy@epa.gov](mailto:newberg.cindy@epa.gov). Again, thank you for your letter. I appreciate the opportunity to be of service and trust the information provided is helpful.

Sincerely,



Joseph Goffman  
Principal Deputy Assistant Administrator