



TESTIMONY OF MIKE NEROZZI
DIRECTOR OF GOVERNMENT AFFAIRS

ON BEHALF OF
THE AIR-CONDITIONING, HEATING, AND REFRIGERATION INSTITUTE

BEFORE THE ALASKA HOUSE OF REPRESENTATIVES
LABOR AND COMMERCE COMMITTEE

HEARING ON HOUSE BILL 253

FEBRUARY 14, 2024

Greetings, Chairman Sumner, and members of the House Labor and Commerce Committee. My name is Mike Nerozzi, Director of Government Affairs for the Air-Conditioning, Heating, and Refrigeration Institute (AHRI). Thank you for allowing me to speak with you today and convey AHRI's strong support for House Bill 253, sponsored by Representative Wright, which will provide American manufacturers in the heating, ventilation, air conditioning, and refrigeration (HVACR) and water heating industry with the certainty needed to comply with forthcoming federal regulations phasing down the use of hydrofluorocarbons (HFCs) refrigerants.

AHRI represents more than 330 manufacturers of air-conditioning, heating, commercial refrigeration equipment. It is an internationally recognized advocate for the HVACR industry and certifies the performance of many of the products manufactured by its members. In North America, the annual economic activity resulting from the HVACR industry is more than \$211 billion. In the United States alone, AHRI member companies, along with distributors, contractors, and technicians employ more than 700,000 people. We are also pleased to share with you that the HVACR industry supports more than 400 jobs in Alaska.

Signed by President Trump in December 2020, the American Innovation and Manufacturing Act (AIM Act) mandates that the US Environmental Protection Agency (EPA) phase-down the supply of HFCs. The EPA is well underway implementing the AIM Act in a way that will guide an orderly, market friendly transition to a range of new substitute refrigerants. Hundreds of substitutes exist and are commercially available for all major uses of HFCs. U.S. manufacturers already are planning the transition, which is creating jobs, stimulating new investment, and positioning the U.S. to sustain its technological leadership in the global HVACR industry.

The environmental benefits of AIM Act implementation are also considerable. Because many HFCs are thousands of times more powerful than carbon dioxide, the transition from HFCs will reduce U.S. greenhouse gas (GHG) emissions by approximately 2.4 billion metric tons of carbon dioxide-equivalent by 2036.

AHRI and its member companies have been working diligently over the last several years to amend state building codes to allow use of these substitute refrigerants and avoid any marketplace disruptions as the EPA transition begins. To date, 43 states have the necessary changes to their state building codes, many using legislation like HB 253. The few remaining states are in the process of making changes, either through legislation or regulatory action.

The most important issue right now is time. New regulations finalized by EPA will significantly restrict the upstream supply of HFCs beginning this year and, separately, prohibit the use of certain HFCs in most new air conditioning and refrigeration product categories in 2025.

As manufacturers start to transition product lines to HFC substitutes, they need to be confident that they can sell products with these HFC substitutes in U.S. markets, including Alaska. The most significant barrier manufacturers face is the state's building code.

HB 253 amends the Alaska state building code to allow any HFC substitute that has already been approved by EPA to be used in air conditioning and refrigeration equipment. If this change is not made quickly, manufacturers will face significant risk of being unable to sell new air conditioning and refrigeration equipment into the state as the new EPA regulations take effect.

HB 253 does not make any other change to state law; it simply removes a barrier to ensure Alaska consumers and businesses enjoy uninterrupted access to new HVACR equipment with the latest, most advanced, and cleanest technologies available.

Thank you again for the opportunity to provide testimony. AHRI looks forward to continuing to work with the Alaska legislature to achieve both the economic and environmental benefits of the phase down of HFCs.