March 11, 2025

Administrator Lee Zeldin
Environmental Protection Agency
1200 Pennsylvania Ave NW
Washington, DC 20004

Dear Administrator Zeldin,

On behalf of the National Grocers Association (NGA), I write to you today to highlight two Environmental Protection Agency (EPA) regulations concerning hydrofluorocarbons (HFCs) that present significant challenges to the independent grocery industry. Grocers are currently grappling with the effects of unprecedented food price inflation, which has been exacerbated by soaring overhead costs. The additional burden of costly refrigerant regulations will further strain grocers and consumers alike. We urge the EPA to amend the Restrictions on the Use of Certain Hydrofluorocarbons under Subsection (i) of the American Innovation Act and support H.J. Res. 38/S.J. Res. 14 in Congress.

The National Grocers Association is the national trade association representing retail and wholesale grocers that comprise the independent sector of the food retail and distribution industry. America's 21,000 independent community grocers account for 33% of all annual grocery sales—exceeding $250 billion—and more than 1.14 million American jobs. Our members are at the heart of local communities and the U.S. economy, where they bring choice, convenience, and value to hard-working Americans in often underserved areas.

The Management and Technology Transitions Rules under the AIM Act of 2020 will significantly impact the operations of independent grocers and their customers. The mandated phase-down of HFCs requires the replacement of current refrigerants with alternatives that are not only more expensive but also necessitate substantial modifications to existing equipment. These changes impose significant financial burdens on independent grocers who are already struggling with high operational costs.

Furthermore, the complexity and cost of training employees to handle new refrigerants and the potential increased maintenance expenses add to the challenges. Small grocers, in particular, lack the economies of scale that larger chains benefit from, making the financial strain even more pronounced. The current economic climate, characterized by record inflation and ongoing supply chain disruptions, exacerbates these difficulties, threatening the viability of many independent businesses.

Our members actively participated in the comments to both EPA and OMB, highlighting how the rules pose huge challenges for small grocers. Despite these concerns, the EPA has not addressed them, placing the transition burden on grocers and our customers.

The rules as currently written will have the following unintended consequences:

- Besides increasing food waste and costs, both rules create health risks to consumers because they decrease reliability in our refrigerant systems.
- The increased energy demands of CO_2 systems offset the greenhouse gas reduction efforts.
- These systems are incredibly complex and there is no national technician base to install and service them, especially in rural parts of the Country where maintenance for legacy systems is already challenging.
- The currently available CO_2 systems can dramatically increase water usage.
- The impact of these rules would be felt most harshly in rural or urban areas without many if any other stores, who are the least able to absorb such a hit.
- Independent grocers operate on a 1-2% profit margin; adding on significant additional costs from untested technology could likely lead many independent operators to shelve any plans for store expansions and without clarity removing any existing stores from compliance - no renovations of existing stores.
- The only other systems that are available contain flammable refrigerants.
- There is no fire, life safety codes in place for the installation for the new systems across the Country. As a result, our members are faced with the choice of putting in systems with no specifications in violation of local codes, presenting a safety and legal risk to our operations.

As such, we are respectfully requesting that EPA honor the commitment that the President has made in his EO "Delivery Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis" to eliminate unnecessary regulations that will drive up food prices. NGA stands with NACS, FMI, and several other food industry associations who are asking for a commonsense approach to make this transition possible and we ask that EPA amend the Technology Transitions Rule to allow for the industry to use refrigerants with a GWP up to 1400 until January 1, 2032, and that the Agency support the CRA resolutions for the Management Rule.

Sincerely,

Greg Ferrara
President and CEO
National Grocers Association