

Written Testimony before the
U.S. House of Representatives,
Committee on Small Business
Hearing Entitled:
“Burdensome Regulations: Examining the Effects of
Department of Energy Regulations on America’s Job Creators”

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Chairman Williams, Ranking Member Velazquez, and distinguished members of the committee, my name is Jeffrey Bauman. I am the Manager of Regulatory Affairs for National Refrigeration & Air Conditioning Products, Incorporated, which embodies Continental Refrigerator and National Comfort Products. I am truly thankful and honored for the opportunity to discuss the impact of Department of Energy (or “DOE”) Regulations on small businesses like ours.

I have worked in the commercial food service equipment industry for over 34 years, including the past 15 years with Continental, where I previously held the position of Engineer Manager. Approximately two years ago, our company made the decision that a new full-time position was needed, to help manage the barrage of multiple regulatory actions that continue to confront us, and I took over that role.

National Refrigeration and Air Conditioning Products is a small domestic manufacturer that, through our divisions of Continental Refrigerator and National Comfort Products, represents approximately 250 high-quality manufacturing jobs in Bensalem, Pennsylvania, a suburb of Philadelphia in Pennsylvania's 1st Congressional District.

Continental Refrigerator is a leading manufacturer of commercial refrigeration equipment, offering over 2500 different model configurations. We design, build, and certify all of our products to provide superior performance to maintain safe food temperatures in the harsh environments of commercial kitchens. Our products must comply with numerous regulations for safety and sanitation, as well as DOE energy efficiency. The refrigerants and foam insulation that are critical components of these products must comply with EPA Global Warming Potential (or “GWP”) limits for the phasedown of Hydrofluorocarbons (also known as “HFCs”).

Our company has made significant investments in research, development, production changes and training over the past six years to transition to extremely Low-GWP foam insulation and convert over 99% of our self-contained products to R290 refrigerant, with the lowest GWP available for these units. Multi-million-dollar capital expenditures were made for new

production equipment, including new temperature-controlled foam fixtures to address flow issues with Low-GWP foam and new charging stations required for flammable refrigerants. We also built in-house state-of-the-art laboratory-grade test chambers. These labs continue to run around the clock, seven days a week, to evaluate product performance and manage the multitude of energy testing required for regulatory compliance.

As a small manufacturer in a heavily regulated industry, Continental is particularly challenged by continual changes in regulations, while working to control rising costs and develop innovative products in a highly competitive market. In 2017 we discontinued a line of horizontal freezers, that could not economically meet new DOE Energy Standards. We compete with numerous low-cost imported products from foreign manufacturers who benefit from government subsidies.

Despite our resource limitations, Continental is an active member of industry associations, including the Air-Conditioning, Heating, and Refrigeration Institute (“AHRI”), the North American Association of Food Equipment Manufacturers (“NAFEM”), the American Society of Heating, Refrigerating and Air-Conditioning Engineers (“ASHRAE”); the American Society for Testing and Materials (“ASTM”), and the National Sanitation Foundation (“NSF”) Standards Task Force. We hold positions on numerous committees, that are critical to developing robust and reliable industry test methods and standards.

Our company actively works to engage with the Department of Energy (DOE) and the EPA in rulemaking activities. We analyze and regularly submit comments in response to requests for information and proposed rules. This effort is critical to our business, because compliance with excessive regulations significantly impedes our ability to develop new products, which have been a keystone to the successful growth of our business.

We also work with the Small Business Administration Office of Advocacy and helped initiate a small business roundtable to discuss concerns from the commercial refrigeration industry, that we participated in last year with other stakeholders.

On October 10, 2023, DOE published a Notice of Proposed Rulemaking in regards to Energy Conservation Standards for Commercial Refrigerators, Freezers, and Refrigerator-Freezers. Our company, along with other manufacturers and industry associations, are extremely concerned with DOE’s unrealistic proposals in this Notice.

Analysis of the proposed standard levels shows extremely excessive reductions, that are up to 60% lower than currently allowed. We are unable to identify any potential paths to these types of extraordinary cuts.

DOE’s consultants conducted manufacturer interviews that we participated in prior to this proposed rule. But it appears this information was not thoroughly evaluated for this rulemaking. Technology options that DOE indicates would reduce energy consumption in the near future, such as fan controls and high efficiency fan motors, are already in use. Other

proposed technologies, such as microchannel condenser coils, have so far proven to be impractical for many applications. Proposed technologies, such as variable speed compressors, have shown promise in reducing energy consumption, but have not proven to be an economically viable option for many of our products over the next few years, due to added costs and complexity. Increasing our prices to adopt this technology would impede our ability to compete against other products, particularly those from foreign manufacturers who benefit from government subsidies.

A review of information in DOE's public Compliance Certification Database indicates that overall, more than 85% of self-contained products currently certified would fail to meet the new standards. For the most common product types that we offer, solid-door self-contained refrigerators, over 94% of currently listed models would not meet the proposed standards. Manufacturers would have to redesign almost every product to significantly reduce energy consumption in a very short period of time, using proposed technologies that have not proven to be practical.

Another example of what we believe is DOE overreach in this standards rulemaking is illustrated in their proposal to add refrigerated chef bases to the scope. On September 26, 2023 DOE published a Final Rule that introduced a brand-new Test Procedure for these products. While we agree that the proposed method is suitable for chef bases, we are not aware of any published data using DOE's method. DOE is proposing new standards that we believe have never been evaluated through testing.

Thank you again for this opportunity to share information about our company and the significant burden presented by DOE regulations on small businesses like ours. We look forward to working with the Congress to address these concerns and will continue to engage with regulatory agencies.