



Comments of Ecology Action’s Ratio Institute on the Short Lived Climate Pollutant Scoping Plan and Cap-and-Trade Auction Proceeds Fourth Investment Plan

September 17th 2021.

[Ecology Action](#) is a 51 year-old 501(c)3 focused on GHG reduction while promoting social equity. The [Ratio Institute](#) is a new arm of Ecology Action with the purpose of accelerating the food retail industry’s transition to sustainability through expert collaboration, technical assistance, and practical tools.

Ecology Action would like to commend CARB for its focus on stationary sources of HFC as a priority target for its investment from 2022-25. We additionally applaud the Board’s acknowledgement that independent grocery retailers require specific focus and resourcing in order to stay solvent in the face of this expensive transition to low-GWP refrigerants. In fact, conversion costs are between \$125,000 and \$2.5M per store with virtually no incentives currently available for support and no expected return on invested capital on the part of retailers.

Independent grocers are often the last line of defense between many under resourced communities becoming food deserts. Further, profit margins for grocers operating in and near food deserts are lower than industry average. Indeed, this is the reason we are seeing food desertification. We are concerned the high cost of complying with phase-out laws will further erode margins for independent stores in and near food deserts, forcing more independents out of those areas and expanding food deserts.

We are concerned that without the appropriate incentive levels and associated technical support we will see the loss of additional independent local grocers in and near food deserts, which will disproportionately impact disadvantaged communities. Unlike their large corporate counterparts, these independents lack cash, credit, know-how, and ready supply chains to convert to low-GWP refrigerants.

We encourage CARB to fund not just incentives, but programmatic approaches that bundle incentives with start-to-finish hand holding and support; from initial retailer education and assets assessment, through to design, finance and installation of low-GWP systems. The “direct installation” model that is used widely for turnkey energy efficiency projects targeting hard to reach customers is an excellent

model to draw from. Without both aggressive rebates and full service, independents are at a great disadvantage compared to their well-resourced corporate counterparts, many of which no longer operate in or near food deserts.

In order for financing to work at scale, and help meet 2030 emissions targets, incentives must buy down approximately half of the installed cost of new systems, plus cover the costs of associated turnkey services for smaller independents. There are 4000 food retail establishments in the state, 2200 of which are independently operated. We estimate that 70% of the market in California will require incentives in order to meet 2030 goals.

Thank you for the opportunity to provide our input. We look forward to continuing to work with staff on its investment planning.



Aaron Daly

Principal, Ratio Institute