Advanced Refrigeration - ARS2019001

SHOPRITE SPARTA AND STROUDSBURG PROJECT PLAN

Revision 7

April 2022

ADVANCED REFRIGERATION PROJECTS FOR USE OF NEW ULTRA LOW-GWP LARGE REFRIGERATION RACKS IN UNITED STATES

ACR Project ID	Vintage	Location	Project Name
ACR737	2019	US (NJ, PA)	Advanced Refrigeration - ARS2019001

Table of Contents

A. PROJECT OVERVIEW

A1. PROJECT TITLE - Overview

This filing is for (1) project seeking to validate and verify ERTs pursuant to the Advanced Refrigeration Systems 2.1 Methodology.

Table 1 – Project Vintages and Locations

ACR Project ID	Vintage	Location	Project Name
ACR	2019	US (NJ, PA)	Advanced Refrigeration - ARS2019001

A2. PROJECT TYPE

Industrial Process Emissions

A3. PROOF OF PROJECT ELIGIBILITY

Project is eligible under the "Methodology for the Quantification, Monitoring, Reporting, and Verification of Greenhouse Gas Emissions Reductions and Removals from Advanced Refrigeration Systems, Version 2.1. Certain project eligibility requirements are specified within the Methodology and others are specified within the ACR Standard, Version 7.0.

Table 2 – Project Eligibility Criteria

Criterion	ACR Standard or Methodology Specific Requirement	Proof of Project Eligibility
Geographic location	The Project must be in North America	The large commercial refrigeration systems are installed in NJ and PA in the US.
Eligible Sectors	The Project must be in a sector and segment which has a low	The Projects fall within the Large Commercial

Criterion	ACR Standard or Methodology Specific Requirement	Proof of Project Eligibility
	adoption rate for the relevant project activity ("Eligible Project Activity" & "Eligible Refrigerator Sector/Segment") as defined in Table 1 of the Methodology. If the project activity involves replacement of CFC, HCFC or HFC based equipment with an advanced refrigeration system where he original equipment is decommissioned, any CFC or HFC in the original equipment must be recovered and destroyed in accordance with ACR or the California Air Resource Board ODS Destruction Methodology and any HFCs must be managed in accordance with EPA regulations (40CFR Part 82, Subpar F) under Section 608 of the Clean Air Act. Any refrigerant used in the advanced refrigeration system must be an acceptable substitute according to United States EPA Significant New Alternatives Policy (SNAP) program for use in commercial refrigeration end-uses in accordance with SNAP use conditions.	Refrigeration sector and use low-GWP refrigerants. They all far exceed the lower-end initial charge requirement of 50 lbs or more of refrigerant, as defined by the Advanced Refrigeration methodology. The project does not involve replacement of CFC, HCFC or HFC based equipment. The refrigerant is an acceptable; substitute under SNAP.
Start Date	Date for all projects other than AFOLU as the date on which the project began to reduce GHG emissions against its baseline.	The Project start date is 10/23/2019, determined by the earliest date of store initiation – 10/23/2019 (Sparta) and

Criterion	ACR Standard or Methodology Specific Requirement	Proof of Project Eligibility
	Non-AFOLU Projects must be validated within 2 years of the project Start Date. One exception applies to these timeframes: - Projects using a newly approved methodology or a newly approved modification that expands the eligibility of a previously published methodology may submit it for listing with ACR within 10 years of the project Start Date. - However, the date of listing submittal must be within 6 months of the methodology publication date, and the project must then be validated within 2 years of the listing. - The Start Date and the start of the Minimum Project Term shall be the same. - The Start Date and the start of the first Crediting Period are generally the same, unless otherwise allowable in the relevant methodology.	11/1/2019 (Stroudsburg)
Minimum Project Term	The Minimum Project Term for specific project types is specified in the relevant ACR sector standard	There is no risk of reversal for this project type and, therefore,

Criterion	ACR Standard or Methodology Specific Requirement	Proof of Project Eligibility
	and/or methodology. Project types with no risk of reversal after crediting have no required Minimum Project Term.	there is no required minimum project term.
Crediting Period	The Crediting Period for non-AFOLU projects shall be ten (10) years.	This is a non-AFOLU project, therefore the Crediting Period is 10 years for each Project.
Real	GHG reductions and removals shall exist prior to ERT issuance. ACR will not forward issue nor forward register a projected stream of future offsets.	GHG reductions occur from the replacement of baseline refrigerants in the operation of large rack refrigeration systems over 10 years from the project start date. ACR issues the full 10 years of emission reductions upon final Project Verification.
Emission or Removal Origin	Project Proponent shall own, have control, or document effective control over the GHG sources/sinks from which the emissions reductions or removals originate. If the Project Proponent does not own or control the GHG sources or sinks, the Proponent shall document that effective control exists over the GHG sources and/or sinks from which the reductions/removals originate.	The Project Proponent is Therm Solutions, Inc. Our partner Hill Phoenix and end use customers Ronetco Supermarkets Inc and Village Super Market Inc have maintained control over the GHG sources/sinks from which the emission reductions originate. Documentation showing effective control of the GHG sources from which the reductions originate is maintained for this project. Hill Phoenix maintained control over the

Criterion	ACR Standard or Methodology Specific Requirement	Proof of Project Eligibility
		equipment during the manufacturing and installation process. Once installed control and title moved to the end customers, Ronetco Supermarkets Inc and Village Super Market Inc. Therm Solutions, Inc, through the development process of this project, gathers and verifies all documentation regarding control over GHG sources. Through executed Refrigerant Carbon Development Agreement, Therm owns the title to the removed emissions.
Offset Title	Project Proponent shall provide documentation and attestation of undisputed title to all offsets prior to registration, including chain of custody documentation if offsets have ever been sold in the past. Title to offsets shall be clear, unique, and uncontested.	Documentation will be provided showing that title to the offsets is clear, unique, and uncontested and that the offsets have not been previously sold.
Additional	The Methodology requires Projects to pass the Regulatory Surplus Test and meet the ACR Practice-Based Performance Standard. Practice-Based Performance Standard: The Methodology has	This project passes the ACR-approved Practice-Based Performance Standard and the Regulatory Surplus Test. Practice-Based Performance Standard: The project meets

Criterion	ACR Standard or Methodology Specific Requirement	Proof of Project Eligibility
	already completed a market adoption analysis. Therefore, project proponents must only show that their project falls into one of the Eligible Sectors found in Table 1 of the Methodology to pass the Practice-Based Performance Standard. <u>Regulatory Surplus Test:</u> The project proponent must demonstrate that Project maintains compliance with all laws, regulations, and other legally binding mandates directly related to project activities. To meet this requirement, project proponents will submit a written and signed attestation to the verifier acknowledging the compliance status of the project during each verification interval.	the criteria for Large Commercial Refrigeration, as defined in Table 1 of the methodology, which means it has a low adoption rate. <u>Regulatory Surplus Test:</u> The Project passes the Regulatory Surplus test as there are no federal, state, or facility specific regulations requiring the emission reductions associated with the Project's transition from the baseline/default refrigerant to the project refrigerant.
Regulatory Compliance	Projects must maintain material regulatory compliance. To maintain material regulatory compliance, a project must complete all regulatory requirements at required intervals. Project Proponents are required to provide a regulatory compliance attestation to a verification body at each verification. This attestation must disclose all violations or other instances of noncompliance with laws, regulations, or other legally binding mandates directly related	This project maintains material regulatory compliance for the entire reporting period.

Criterion	ACR Standard or Methodology Specific Requirement	Proof of Project Eligibility
	to project activities.	
Permanent	For projects with a risk of reversal of GHG removal enhancements, Project Proponents shall assess risk using an ACR-approved risk assessment tool.	There is no risk of reversal of GHG removal enhancements for this project type.
Net of Leakage	The Methodology has determined there is no market-shifting leakage and, hence is to be disregarded. Activity shifting leakage - If the Project Activity results in the equipment used in the baseline being transferred to another location or activity in which a refrigerant with a GWP greater than 15 is used, leakage effects are to be considered. If the baseline equipment is also used in the project or is decommissioned, then leakage is to be disregarded.	All the large commercial refrigeration systems in this project are new, therefore, there is no baseline equipment. Leakage is not considered for this Project.
Independently Validated and Verified	ACR requires third-party validation and verification, by an ACR-approved Validation/Verification Body (VVB), at specified intervals to issue ERTs. Governing documents for validation and verification are the ACR Standard, relevant sector standard, relevant methodology, and the ACR Validation and Verification Guideline.	According to ACR rules, the project benefits will be validated and verified by an independent auditor.
Community	ACR requires community and	The project has only

Criterion	ACR Standard or Methodology Specific Requirement	Proof of Project Eligibility
& Environmental Impacts	environmental impacts to be net positive overall. Project Proponents shall document in the GHG Project Plan a mitigation plan for any foreseen negative community or environmental impacts and shall disclose in their Annual Attestations any negative environmental or community impacts or claims of negative environmental and community impacts.	positive effects on the environment. CO2 refrigerants are manufactured in sealed units. The use of CO2 avoids the loss of HFCs during the operation of the large refrigeration racks. Potential negative impacts were considered for this Project and there were not found to be any. The Projects also address aspects of the UN's Sustainable Development Goals.

A4. LOCATION

Table 3 – Installation Locations

Location	GPS Coordinates
Shoprite 18 N Village Blvd, Sparta Township, NJ, USA	Latitude: 41.0767046 N Longitude: 74.6581037 W
Shoprite 344 Stroud Mall Rd Suite 100, Stroudsburg, PA 18360, USA	Latitude: 40.9897416 N Longitude: 75.2279357 W

Table 4 – Project Location

ACR Project Numbers	Locations
ACR737	United States (NJ, PA)

A5. BRIEF SUMMARY OF PROJECT

Description of Project Activity

The Project Activity is the installation of new low-GWP refrigerant (R 744/ CO2) in large commercial refrigeration racks (systems) manufactured by Hill Phoenix, sold by AMF Sales and then installed at the ShopRite Sparta and Stroudsburg supermarkets (Table 4).

The systems are all newly manufactured and assembled on a production line at the facilities and were previously manufactured with high-GWP refrigerants. Refrigerant is injected into the systems during system startup process and then sealed within the system. ShopRite has the option to purchase systems with high-GWP refrigerants at any given time, therefore only low-GWP systems are incentivizeable.

Background Information

Refrigerants are a necessary ingredient in the production of large commercial systems for retail food refrigeration. These refrigerants contain chemicals that release GHGs during manufacture, operation, and end-of-life (destruction). The Montreal Protocol has taken action to limit the use of high GWP refrigerants and over the years and the US EPA implemented the Significant New Alternatives Program (SNAP) to work with and guide industry in these transitions. The AIM Act (Dec. 2020) has also published a drawdown schedule, which ends in 2036 with a phased down rate 15% of 2021 baseline production. As a result, most refrigerants currently in the market today are HFCs. HFCs, while safer for the ozone layer compared to CFCs and HCFCs, are still powerful GHGs when released into the atmosphere.

An opportunity to reduce emissions beyond regulatory compliance is by replacing HFC refrigerants with low-GWP refrigerants.

Project Purpose(s) and Objective(s)

The purpose of these projects is to offset the GHG emissions that would have been produced by the manufacturing installation and operation of HFC refrigerants by transitioning to R-744 (CO2), a (1) GWP and zero-ODP Refrigerant.

A6. PROJECT ACTION

Description of prior physical conditions

ShopRite has been using refrigeration equipment for the commercial and retail food market for many years and has historically used CFCs, HCFCs, and HFCs as refrigerants. Prior to the transition to CO2, ShopRite was using HFC refrigerants. While ShopRite still

uses high GWP refrigerants in the majority of their supermarkets, the supermarkets included in this project were built with new CO2 refrigeration systems. ShopRite chose to go above and beyond regulatory requirements by installing low-GWP CO2 refrigeration systems.

Description of how the Projects will achieve GHG reductions and/or removal enhancements

ShopRite chose to install low-GWP refrigerants and refrigeration systems for the supermarkets included in these projects. The voluntary transition to a low-GWP refrigerant results in a reduced amount of GHG in the operation of the systems installed. The Projects measure the amount of SNAP-approved, low-GWP refrigerant used by ShopRite against the amount of baseline refrigerant (a blend of R-404a and R-407a) set as the default by the methodology for large commercial refrigeration systems that would have been used to produce the same refrigeration capacity.

Description of projects technologies, products, services and expected level of activity

The technologies, product, and services included in this project are cooling, in the form of advanced commercial refrigeration at supermarkets. The quantity of cooling and associated emissions reductions for the new CO2 systems installed during this project are as follows:

Table 5 – Level of Activity

Property	New System Capacity (kbtu/hr)	New System Charge Charge (lb)	Total Reduced Emissions (CO2e)
Shoprite 18 N Village Blvd, Sparta Township, NJ	2,791.2	2,200	25,047
Shoprite 344 Stroud Mall Rd Suite 100, Stroudsburg, PA 18360	2,162.4	1,450	19,411
Total	**4,953.6**	**3,650**	**44,458**

A7. EX ANTE OFFSET PROJECTION

Table 6 – Ex-Ante ERT Projection

Vintage	ACR Project Number and Location	Baseline Refrigerant [1]	Project Refrigerant	Baseline Refrigerant GWP[2]	Project Refrigerant GWP[1]	Total ERTs (tonnes CO2e)[2]
2019	**ACR737** (US NJ, PA)	404a (50%) and 407a (50%) blend	R-744 (CO2)	3015	1	44,458

[1] *Baseline refrigerant and GWP is from Table 6 (Baseline Refrigerant (GWP) for Large Commercial Refrigeration and Remote Condensing Units) in the methodology 2 GWP as published by GWPs listed are ACR standard 7.0, 100-year GWPs.*

[2] *Total offsets created reflects the Methodology calculation that allows for all 10 years of reductions to be issued as ERTs upon Verification.*

As these are new construction projects, baseline emissions are calculated using the new CO2 system characteristics, baseline default assumptions outlined in ARS 2.1 Methodology Table 4, and assumed baseline GWP outlined in ARS 2.1 Methodology Table 6, in the respective Reporting Period. Calculations are conducted using Equation 1, with parameters as specified in Section E1 of this document.

ACR has granted a "Forward Crediting Policy Revision" in relation to the Methodology. The revision states the following: "An advanced refrigeration transition project must result from an action that has already occurred (the transition to a low-GWP refrigerant) and that action must be verifiable. To quantify avoided emissions associated with the transition to a low GWP refrigerant, it is necessary to utilize modeled emission rates over a 10-year crediting period. These avoided emissions are quantified during the project's reporting period and, pending a successful verification, Emission Reduction Tonnes (ERTs) are granted for the full 10 years of avoided emissions." The emission rates found in the Methodology are derived from EPA sources and were accepted for use in the ACR methodology development process.

ACR's forward crediting prohibition shall not apply to refrigerant transition projects utilizing ACR's "Methodology for the Quantification, Monitoring, Reporting, and Verification of Greenhouse Gas Emissions Reductions and Removals from Advanced Refrigeration Systems, Version 2.1."

A8. PARTIES

The project is not in any GHG program under any governmental regulatory process. Therm is the developer of the offsets. Land title is not relevant to this project type.

Therm – Project Proponent

Therm is a registered Project Proponent with the ACR. Therm focuses on refrigeration and related projects.

Contact Information:

Contact: John Tinsley
Address: 170 S Poplar Rd Lake Forest, IL 60045
Phone: (253) 279-0690
Website: www.therm.cool

AMF Sales - Equipment Manufacturer's Representative

AMF Sales is a registered Hill Phoenix Representative. Hill Phoenix is a leading manufacturer of refrigeration equipment in the US. Based in Conyers, GA, Hill Phoenix is a division of Dover Corp. and AMF Corp. represents Hill Phoenix in the Northeast region of the US, providing sales, engineering, and customer service support for customers.

Contact information:
Contact: Brian Cleary
Address: 503 Corporate Drive West Langhorne, PA 19047
Phone: 914.844.3014
Email: brian@amfsales.net
Website: www.amfsales.net

ShopRite Sparta NJ (Ronetco Supermarkets Inc)

The Romano family has a long and proud history in the food business. It all began in 1927 when Thomas and Vincenia Romano started a candy store in their New Jersey living room. Their legacy continued when the family, under Dominick V. Romano's persuasion, joined Wakefern in 1956. Today, his sons Dominick J. and David P. operate eight stores in Northwest New Jersey and Ronetco employs nearly 2,000 full and part-time associates.

Contact information:
Contact: David Romano
Address: 1070 U.S. 46, Ledgewood, NJ, USA

Phone: (973) 927-8300
Website: https://shop.shoprite.com/globaldata/banner-pages/member-pages/ronetco-supermarkets-inc

ShopRite Stroudsburg PA (Village Super Market Inc.)

Greek immigrants Nick and Perry Sumas opened the first Village Market in 1937. Just under 10 years later the brothers joined Wakefern, becoming one of the cooperative's earliest members. As the Sumas family grew, so too did their business. Today, the family, including Nick's son Robert, and Perry's sons William and John, and their children and extended family, own and operates 30 ShopRite supermarkets located in northern, central and southern New Jersey, Maryland, New York and Pennsylvania.

Contact information:
Contact: Bryan McKenna
Address: 733 Mountain Ave, Springfield Township, New Jersey 07081, USA
Phone: (973) 467-2200
Email: Bryan.McKenna@wakefern.com
Website: www.myvillagesupermarket.com

B. METHODOLOGY

B1. APPROVED METHODOLOGY

These projects are submitted under the approved methodology entitled "Methodology for the Quantification, Monitoring, Reporting, and Verification of Greenhouse Gas Emissions Reductions and Removals from Advanced Refrigeration Systems, Version 2.1, issued in August 2021.

B2. METHODOLOGY JUSTIFICATION

The Projects involve the transition of large commercial refrigeration systems from high-GWP refrigerants to low-GWP refrigerants. The chosen methodology provides the quantification framework for the creation of carbon credits (ERTs) from the GHG reductions resulting from these activities.

B3. PROJECT BOUNDARIES

The physical boundary for the Projects makes up the complete aggregated physical boundary of the Projects. The physical boundary for the Project includes the location of

the system manufacturing facilities and the locations within North America where the systems are operated. The temporal boundaries for the Projects fall between October 23, 2019, and October 22, 2029 (See Table 6).

Table 7 – Project Boundaries

ACR Project #	Physical Boundary	Temporal Boundary
ACR737	United States (NJ, PA)	Oct. 23, 2019 - Oct. 22, 2029

B4. IDENTIFICATION OF GHG SOURCES AND SINKS

Table 8 – GHG Sources and Sinks

SSR	Source Description	Gas	Included (I) or Excluded (E)	Quantification Method
1 Refrigerant Production	Fossil fuel emissions from the production of refrigerants	CO_2	E	N/A
		CH_4	E	N/A
		N_2O	E	N/A
	Refrigerant leaks during production	HFC	E	N/A
		Low GWP Refrigerant	E	N/A
2 Refrigerant Transport	Fossil fuel emissions from transport of refrigerants	CO_2	E	N/A
		CH_4	E	N/A
		N_2O	E	N/A

SSR	Source Description	Gas	Included (I) or Excluded (E)	Quantification Method
	Refrigerant leaks during transport	HFC	E	N/A
		Low GWP refrigerant	E	N/A
3 Equipment Manufacture	Fossil fuel emissions from the operation of the refrigeration system in the baseline and the project.	CO_2	E	N/A
		CH_4	E	N/A
		N_2O	E	N/A
4 Equipment Delivery and Installation	Fossil fuel emissions from the delivery and installation of the advanced refrigeration system.	CO_2	E	N/A
		CH_4	E	N/A
		N_2O	E	N/A
5 Equipment Operation	Fossil fuel emissions from the operation of the refrigeration system in the baseline and the project.	CO_2	E	N/A
		CH_4	E	N/A
		N_2O	E	N/A
	Refrigerant leaks from the operation of the refrigeration system in the baseline and the project.	CFC	I	See Methodology Table 4
		HCFC	I	See Methodology Table 4

		HFC	I	See Methodology Table 4
		Low GWP refrigerant	I	See Methodology Table 4
6 Equipment Service/Recharge	Fossil fuel emissions from servicing refrigeration or A/C equipment or system to replace leaked refrigerant	CO_2	E	N/A
		CH_4	E	N/A
		N_2O	E	N/A
	Refrigerant emissions occurring from servicing refrigeration or A/C equipment or system to replace leaked refrigerant	HFC	I	See Methodology Table 4
		Low GWP Refrigerant	I	See Methodology Table 4
7 Equipment Disposal	Emissions from the disposal of the equipment at end-of-life, including destruction of refrigerant.	CO_2	E	N/A
		CH_4	E	N/A
		CFCs	I	See Methodology Table 4
		HCFC	I	See Methodology Table 4
		HFCs	i	See Methodology Table 4

B5. BASELINE

The baseline scenario is the use of the default refrigerant, as set by the Methodology, in the operation of large commercial refrigeration systems. Baseline quantities are calculated as shown in the table below:

Table 9 – Baseline Scenario

Property	$ERA_{REF,j}$ (%)[1]	Baseline Refrigerant[2]	$GWP_{REF,j}$ (GWP)[3]	$QBR_{j,l}$ (kg)[4]
Shoprite 18 N Village Blvd, Sparta Township, NJ	25.67%	404a (50%) and 407a (50%) blend	3,015	3,236.6
Shoprite 344 Stroud Mall Rd Suite 100, Stroudsburg, PA	25.67%	404a (50%) and 407a (50%) blend	3,015	2,508.3

[1]Per methodology Table 4

[2]Per methodology Table 6 assessed by property state

[3]Per methodology Table 6 assessed by property state

[4]Calculated using Table 4 "Charge Size" categorization and cooling capacity of the new system

B6. PROJECT SCENARIO

The project scenario is the use of low-GWP project refrigerant in the operation of large commercial refrigeration systems.

B7. REDUCTIONS AND ENHANCED REMOVALS

The Projects are based on a simple premise of product replacement and mass-balance. The baseline/default refrigerant has a high-GWP that produces a significant amount of GHG during the manufacturing, operation, and end-of-life of refrigeration rack systems. The project refrigerant has a low-GWP and emits virtually no GHG during the lifetime of the systems. Baseline/default refrigerant GHG emissions minus project refrigerant GHG emissions equals the Project emission reductions and enhanced removals.

B8. PERMANENCE

There is no risk of reversal. Once the refrigeration product is produced with the low-GWP refrigerant, the product is made and the associated GHG reductions are fixed.

C. ADDITIONALITY

Assessment of the Additionality of a Project under this Methodology is defined in the Methodology itself. It is made based on passing the following two tests:

1. Regulatory Surplus Test, and
2. Practice-Based Performance Standard

C1. REGULATORY SURPLUS TEST

To pass the regulatory surplus test a project must not be mandated by existing laws, regulations, statutes, legal rulings, or other regulatory frameworks in effect as of the start date that directly or indirectly affect the credited offsets.

The Project is not mandated by existing laws, regulations, statutes, legal rulings, or other regulatory frameworks in effect as of the start date that directly or indirectly affect the credited offsets.

In the United States, requirements with respect to the GHG potency first arose from implementation of the Montreal Protocol and more recently by its Kigali Amendments. Title VI of the 1990 Clean Air Amendments addresses Stratospheric Ozone Protection and includes authority for EPA to also regulate Ozone Depleting Substances (or ODS). That led EPA to adopt rules to disallow use of ODS through a progression of rulemaking actions, which includes what are colloquially referred to as Significant Use Alternative Policy or SNAP.

In 2015 and 2016, EPA adopted an extensive set of amendments to its extant SNAP rules of note are SNAP 20 and 21. The SNAP 20 regulations were invalidated by the Circuit Court of Appeals for the District of Columbia, to the extent they replaced allowable HFCs with lower GWP HFCs, as exceeding EPA's statutory authority. That decision then led to the Court also invalidating SNAP 21 in 2019. By then, the then-new administration had declared it would not enforce the SNAP 20 and 21 rules unless and until it underwent a new rulemaking action to address the court's decision and rationale and in 2018 EPA stated it will not enforce those rules until further rulemaking is completed. 83 Fed. Reg. 18431 (April 27, 2018). No further action has been taken by EPA to re-adopt these SNAP rules.

On December 27, 2020, the American Innovation and Manufacturing (AIM) Act of 2020 was enacted as section 103 in Division S, Innovation for the Environment, of the Consolidated Appropriations Act, 2021 (H.R. 133 (116th): Consolidated Appropriations Act,

2021 [Including Coronavirus Stimulus & Relief]). The AIM Act directs EPA to address HFCs by providing new authorities in three main areas: to phase down the production and consumption of listed HFCs, manage these HFCs and their substitutes, and facilitate the transition to next-generation technologies.

The AIM Act, which was included in the Consolidated Appropriations Act, 2021, directs EPA to phase down production and consumption of HFCs in the United States by 85 percent over the next 15 years. A global HFC phasedown is expected to avoid up to 0.5° Celsius of global warming by 2100.

This final rule is the first regulation under the AIM Act to address HFCs, which are potent greenhouse gases commonly used in refrigerators, air conditioners, and other applications. This final rule sets the HFC production and consumption baseline levels from which reductions will be made, establishes an initial methodology for allocating and trading HFC allowances for 2022 and 2023, and creates a robust, agile, and innovative compliance and enforcement system.

State-specific laws in the applicable states for this project (NJ and PA) did not prohibit HFC production and commercial use at time of project. The GWP baselines for this project reflect the status of all laws passed at time of project.

New Jersey subsequently passed Bill A5583 AcaSca (2R) adopting SNAP Rules 20 & 21 in new supermarket refrigeration systems effective July 1, 2020. This was, however, after the conclusion of this project and refrigerants used in this project have far lower GWPs than those mandated by this legislation. Pennsylvania is considering subsequent related legislation, however this legislation was also not enacted prior to project conclusion.

HFC production and commercial use is not prohibited or mandated at the time of the project.

C2. COMMON PRACTICE TEST

Not applicable.

C3. IMPLEMENTATION BARRIERS TEST

Not applicable.

C4. PERFORMANCE STANDARD TEST

The Methodology has already completed a market adoption analysis. Therefore, project

proponents must only show that their project falls into one of the eligible segments found in Table 1 of the Methodology to pass the Practice-Based Performance Standard.

The Project falls into the Large Commercial Refrigeration segment listed in Table 1 of the Methodology.

D. MONITORING PLAN

D1. PARAMETERS MONITORED

Parameter	$Q_{BR,j,i}$
Units	kg
Description	Quantity of refrigerant j in equipment i used in baseline system (charge size of equipment in kgs). Other than for Large Commercial Refrigeration projects where an existing system is being replaced, use the Refrigerant Charge size default values in Table 4. For Large Commercial Refrigeration projects where existing equipment is being replaced, use regulatory compliance reporting or verifiable historical operating records to establish the charge size of the replaced baseline systems.
Methodology Section	4.1
Equation #(s)	Equation 1
Source of Data	Calculated from new system design cooling capacity (system specifications) and charge size assumption (specified in Table 4)
Measurement Frequency	Determined once

Parameter	$AR_{k,i}$
Units	kg
Description	Quantity of alternative refrigerant k used in project system i.
Methodology Section	4.2
Equation #(s)	Equation 2
Source of Data	Certified charge size documentation from refrigeration contractor
Measurement Frequency	Determined once

Parameter	$ERA_{REF,j}$
Units	% per year
Description	Annual amortized emission rate of refrigerant j in baseline system (%).
Methodology Section	4.1
Equation #(s)	Equation 1
Source of Data	Table 4 - Annual Amortized Emission Rate
Measurement Frequency	Determined once

Parameter	$GWP_{REF,j}$
Units	Global Warming Potential (GWP)
Description	GWP of baseline refrigerant j used in project system.
Methodology Section	4.1
Equation #(s)	1
Source of Data	GWP default values in Table 6
Measurement Frequency	Determined once

Parameter	$ERA_{REF,k}$
Units	% per year
Description	Annual emission rate of alternative refrigerant k used in project system
Methodology Section	4.2
Equation #(s)	2
Source of Data	Set equal to the emission rate of the baseline system.
Measurement Frequency	Determined once

Parameter	$GWP_{REF,k}$
Units	Global Warming Potential (GWP)
Description	GWP of alternative refrigerant k used in project system.
Methodology Section	4.2
Equation #(s)	2
Source of Data	IPCC, published governmental reference (e.g., EPA SNAP) or scientific, peer reviewed publication
Measurement Frequency	Determined once

D2. MONITORING PLAN

a) Project Implementation

AMF Sales and Associates/Hillphoenix design systems and ship materials to installation locations. Contracted refrigeration contractors then install the specified systems at the supermarket and fill the systems with the new low-GWP refrigerant, conduct start up and system commissioning.

b) Technical Description of the Monitoring Task

Monitoring is conducted exclusively through review of official documents identifying data outlined in section c) as well as photos confirming systems were installed where specified. Due to the complex and dispersed nature of these systems, documentation provides the most reliable form of monitoring.

c) Data to be monitored and collected

The following data requires monitoring for this project. Once obtained, this information provides the required metrics to calculate Baseline Emissions (Equation 1), Project Emissions (Equation 2), and Project Emissions Reductions (Equation 3):

- Project system cooling capacity - Project system cooling capacity is specified by design documents created during system design. Installed systems are then validated via purchase, shipping, and commissioning records. Additional validation occurs via photos of the installed systems.
- Alternative refrigerant charge size - Project system charge size is determined by charge and purchase records created during initial installation of the refrigeration systems.
- Location sold to - Location sold to is determined by purchase and shipping records.
- System operational date - System operational date is determined by publicly-available store opening dates.

All other data is determined as outlined in Section D1.

d) Overview of data collection procedures

Data will be collected via data requests from the system manufacturer, supermarket owners, and installation contractors. These requests are fulfilled via email or other digital document sharing methods. Data is transferred manually as requested.

e) Frequency of the Monitoring

Monitoring will be conducted once at a date after the opening date for the final supermarket included in this project plan.

f) Quality Control and Quality Assurance Procedures

Quality control and quality assurance are conducted by cross-referencing multiple forms of documentation with confirming information and further by photographs of installed equipment.

g) Data archiving

Records showing the systems were filled with CO2 are maintained on file by Ronetco Supermarkets and Village Supermarkets, as required by the EPA. Both owners use digital recordkeeping systems for data storage.

h) Organization and Responsibilities of the Parties Involved in the Above

Therm Solutions – Project Proponent and Developer. Therm works with customers to successfully manage the refrigerant transition process. John Tinsley – Vice President leads the Project.

AMF/Hill Phoenix - AMF acts as representative for Hill Phoenix, the manufacturer of refrigeration systems. AMF provides all specifications and data as required by the monitoring plan.

i) Calibration Procedures

Calibration is not applicable for this project type. While routine maintenance is performed on the new systems and refrigerant leakage is monitored, that data is irrelevant to the calculations associated with the project.

E. QUANTIFICATION

E1. BASELINE EMISSIONS

Baseline emissions will be calculated according to the following formula:

Equation 1

$$BE_y = \sum_i [(Q_{BR,j,i} \div 1000) \times ERA_{REF,j} \times GWP_{REF,j}] \times 10$$

WHERE

BE_y	Baseline emissions in year y (MT CO_2e)
$Q_{BR,j,i}$	Quantity of refrigerant j in equipment i used in baseline system (Charge Size of equipment in kgs). Other than for Large Commercial Refrigeration projects where an existing system is being replaced, use the Refrigerant Charge Size default values in Table 4. For Large Commercial Refrigeration projects where, existing equipment is being replaced, use regulatory compliance reporting or verifiable historical operating records to establish the charge size of the replaced baseline system.
$ERA_{REF,j}$	Annual amortized emission rate of refrigerant j in baseline system (%). Other than for Large Commercial Refrigeration projects where an existing system is being replaced, use the Annual Emission Rate default values in Table 4. For Large Commercial refrigeration projects where, existing equipment is being replaced, use regulatory compliance reporting or verifiable historical operating records to establish the annual leak rate of the replaced baseline system which shall be based on the average of the previous two years of baseline system operation prior to installation of advanced refrigeration system.
10	Number of years in the crediting period[17]
$GWP_{REF,j}$	Global warming potential of baseline refrigerant j. Other than for Large Commercial Refrigeration projects where an existing system is being replaced, use the GWP default values in Tables 5 and 6. For Large Commercial refrigeration projects where existing equipment is being replaced, use regulatory compliance reporting or verifiable historical operating records to establish the type of refrigerant historically used.[18]

Project emissions will be calculated according to the following formula:

Equation 2

$$PE_y = \sum_i [(AR_{k,i} \div 1000) \times ERA_{REF,k} \times GWP_{REF,k}] \times 10$$

WHERE

PE_y	Project emissions in year y (MT CO_2e)
$AR_{k,i}$	Charge size of alternative refrigerant k used in project system from manufacturer specifications i (kgs) [19]
$ERA_{REF,k}$	Annual emission rate of alternative refrigerant k set equal to emission rate for baseline system (% per year).
10	Number of years in the crediting period
$GWP_{REF,k}$	Global warming potential of alternative refrigerant k used in the project.

E3. LEAKAGE

By installing an advanced refrigeration system, a project is not increasing overall market demand for refrigeration systems. Thus, there would be no “market-shifting” associated with this project type. Regarding “activity-shifting” leakage, all the rack systems in this project are new, therefore, there is no baseline equipment. Leakage is not considered for this Project.

E4. UNCERTAINTY

There is no uncertainty with respect to the projected emission reductions. All calculations are based on existing production, financial information, and systems placed into service. The equations used for the calculations are precise since the products involved must be manufactured based on quality control requirements for the finished products.

E5. PROJECT EMISSION REDUCTIONS

Equation 3

$$ER_y = [BE_y - PE_y]$$

WHERE

ER_y	Emission reductions in year y ($MT\ CO_2e$)
BE_y	Baseline emissions in year y ($MT\ CO_2e$)
PE_y	Project emissions in year y ($MT\ CO_2e$)

E6. EX-ANTE ESTIMATION METHODS

Emission reductions created from this Project are calculated using the baseline refrigerants (a blend of R-407a and R-404a), as set by the Methodology, and the project refrigerant (R-744/CO2) GWP values and the cooling capacity and charge sizes of systems put into service in the Reporting Period (2019). The equations in the Methodology calculate the GHG reductions over the first 10 years. There is only one reporting period for each Project that will issue all 10 years of ERTs upon final Verification.

F. COMMUNITY & ENVIRONMENTAL IMPACTS

F1. NET POSITIVE IMPACTS

The potential impacts on the local community and the environment were considered. Positive community impacts from the Project include the reduction of GHG emissions from refrigeration equipment manufacturing and operation, both at the local level (near the installed equipment locations) and globally. There were no foreseeable negative impacts to the community or the environment that result from this project.

The Project meets and fulfills the applicable sustainability goals as articulated by the UN Department of Economic and Social Affairs, in #Envision2030:

Goal #9 - Industry, Innovation, and Infrastructure: This project fulfills this goal, specifically

subsection 9.4, in that the adoption of low-GWP refrigeration systems is a sustainable upgrade with substantially reduced CO_2 emissions per unit of value (in this case food distribution and sale) added. Low-GWP refrigeration systems both reduce emissions from refrigerant leakage (addressed in this project) and reduce emissions from typically lower energy consumption than comparable HFC or HFC/HFO systems.

Goal #11 – Sustainable Cities and Communities: This project fulfills Goal #11 by reducing climate-damaging emissions which cause natural disasters. Successfully reducing this emissions at scale, for example through use of low-GWP refrigerants, will help prevent the human and economic losses associated natural disasters.

Goal #12 - Responsible Consumption and Production: This project fulfills Goal #12 in several ways related to food production. It reduces the material footprint per capita for supermarkets (12.2) by using lower footprint low-GWP refrigerants. It achieves environmentally sound management of chemicals throughout their life cycle (12.4) by using chemicals that are minimally damaging to the climate and local communities when leaked during use and at time of decommissioning. Finally, it fulfills the goal for companies to adopt sustainable practices (12.6).

Goal #13 – Climate Action: This project fulfills Goal #13 by taking direct climate action through the choice to use a low-GWP refrigerant. Paul Hawken's *Drawdown* ranks refrigeration as the #1 global drawdown opportunity, based on the total amount of greenhouse gases it can potentially avoid or remove from the atmosphere. Bill Gates' *How to Avoid a Climate Disaster* calls F-Gases used in traditional AC and refrigeration "extremely powerful contributors to climate change". This project directly addresses one of our world's most meaningful solutions for climate change.

F2. STAKEHOLDER COMMENTS

Not applicable for this project type.

G. OWNERSHIP AND TITLE

G1. PROOF OF TITLE

Therm owns the title and rights to the carbon offset credits involved in this Project. Therm, ShopRite Sparta, and ShopRite Stroudsburg have a signed Refrigeration Carbon Development Agreement in place, confirming the transfer of title to Therm.

G2. CHAIN OF CUSTODY

The Projects have not produced any offsets to date and, therefore, no offsets have been bought or sold previously. Nor do the Projects have a forward option contract in place.

G3. PRIOR APPLICATION

These activities have not previously been the subject of an offset project.

H. PROJECT TIMELINE

H1. START DATE

The start dates for this Project and how it was determined are as follows:

Table 10 – Project Start Dates

ACR Project Numbers	Project Start Date	How Determined
ACR737	October 23, 2019	Earliest project start date for aggregated projects: Sparta, NJ – 10/23/2019 Stroudsburg, PA – 11/1/2019

H2. PROJECT TIMELINE

Table 11 – Project Timelines

ACR Project Numbers	ACR737
Initiation of Project Activities	October 23, 2019
Project Term	N/A
Crediting Period	10/23/2019-10/22/2029
Reporting Period	10/23/2019-11/1/2019

Frequency of Reporting	Once
Monitoring Period	10/23/2019-11/1/2019
Frequency of Monitoring	Determined once
Frequency of Validation	Once in 2022
Frequency of Verification	Once in 2022