



# HYDROFLUOROCARBONS (HFCs) ENVIRONMENTAL PREFERENCE (EP) DESK AID



Executive Order 20-01 | POL-DES-310-00

This document will be updated as needed and is best used online. Please avoid printing in color.







#### STEP 1. DETERMINE WHETHER OR NOT THE PRODUCT YOU ARE PURCHASING HAS AN ENVIRONMENTAL PREFERENCE.

Use this <u>Environmental Risk Calculator</u> to determine whether the product you are purchasing is at risk of environmental concerns.

Specifically, HFCs are primarily found in the following products, some of which are no longer produced containing HFCs.

- Refrigeration and air conditioning, to include chillers, cold storage warehouses, commercial ice machines, household refrigerators and freezers, ice skating rinks, industrial process air conditioning, industrial process refrigeration, motor vehicle air conditioning, non-mechanical heat transfer systems, residential and light commercial air conditioning and heat pumps, residential dehumidifiers, refrigerated transport, retail food refrigerations, vending machines, very low temperature refrigeration, water coolers.
- 2. Foam contained in products, including, but not limited to: refrigerators and freezers, building materials and insulation, furniture, bedding, packaging, piping insulation, vending machines, coolers, marine floatation foam, automobiles, shoes, packaging materials.
- 3. Cleaning solvents used to remove oil, grease, solder flux, and other contaminants, to include metals, electronics, and precision cleaning;
- 4. Fire suppression and explosion protection;
- 5. Aerosols, to include solvents;
- 6. Sterilants (substances used to kill microorganisms on medical equipment and devices;
- 7. Adhesives, coatings, and inks.

The questions in the Environmental Preference Calculator apply to and evaluate the products listed above.

# STEP 2. PLAN HOW THE HFCS PREFERENCE WILL BE APPLIED. THERE ARE FOUR CONSIDERATIONS (A-D BELOW).

- A. Determine if your purchase has specific human impact, other environmental impacts, market impact, or public concerns that will affect the design of your procurement. In addition to the Environmental Preference, agencies may design their specific procurements to meet agency, market, additional environmental impacts, which may include other factors (i.e., human impact).
- B. Determine if you will use the HFCs Environmental Preference in one or multiple items.
   Multiple items: If the procurement is for numerous line items (e.g., office products, multiple devices), the agency should specify those items within the solicitation.
- C. Determine and identify in the solicitation if the bidder must provide notification of substitute products throughout the duration of the contract.
- D. Determine if you will give the minimum 5% preference, or if you will give a higher percentage.

Example

**Example**: Your agency needs to purchase 15 commercial ice machines. Following is a bid example showing how you could use an HFC cost preference of 5% for products that bid with an







"Acceptable" Substitute Listing Status, as identified by the EPA SNAP Program. Remember, you can make your Environmental Preference higher than 5%.

# **Cost Preference Sample Calculation:**

Product <sub>1</sub> :	Commercial Ice Machines Quantity 15						
Bidder:	Unit Price	Extended Price	SNAP RATING2	GWP Level	Price Preference <sub>3</sub>		Total Evaluated Price <sub>4</sub>
Bidder A:	\$2,000.00	\$30,000.00	Acceptable Substitute	1,100	0%		\$30,000.00
Bidder B:	\$1,620.00	\$24,300.00	Acceptable Substitute	1,000	5%		<mark>\$23,085.00</mark>
Bidder C:	\$1,556.00	\$23,340.00	Acceptable Substitute	1,606	0%		\$23,340.00
Bidder D:	\$2,101.00	\$31,515.00	Acceptable Substitute	1,000	5%		\$29,939.25
Bidder E:	\$1,500.00	\$22,500.00	Unacceptable Substitute		0%		<sup>N/A</sup> 5

#### Footnotes:

**1** – In this scenario, all products bid are not prohibited substitutes, under WAC **173-443-040**.

2 – Products are rated by the Environmental Protection Agency's SNAP Program.

**3** - The preference is only applied to those products bid that have an "Acceptable Substitute" SNAP rating; <u>AND the products bid are not listed under the prohibited substitutes within WAC 173-443-040</u>. Bidders A & C did not receive the preference as the GWP level for products bid were not the lowest. Note: Purchasers have the flexibility to offer a higher than 5% preference, but no less than 5%.

**4** - Calculation of price preference: In the example above, the Bid Price is multiplied by .95 (5% preference) to equal the Total Evaluated Price.

5 – Bidder E is considered non-responsive, as the product bid did not have an "Acceptable Substitute" SNAP rating.







## **STEP 3: INCLUDE HFCs PREFERENCE IN YOUR SOLICITATION.**

A. Include a *HFCs Purpose Statement* regardless of whether the product you are purchasing will have a HFCs Environmental Preference.

# Sample Hydrofluorocarbons (HFCs) Purpose Statement:

Hydrofluorocarbons (HFCs) contribute to climate change and so have an adverse effect on human health and the environment. Accordingly, the State of Washington, through its procurements of goods, is trying to minimize the purchase of products that contain HFCs or contain HFCs with a comparatively low global warming potential and to incentivize its vendors to sell products without HFCs.

B. Include a statement that specifies how you will award the preference points during the evaluation.

# Sample Hydrofluorocarbons (HFCs) Evaluation Clause:

Pursuant to RCW 39.26.310 a preference shall be given to bidders who bid products that first satisfy the <u>Environmental Protection Agency's (EPA) Significant New Alternatives Policy (SNAP) Program</u>; AND certify the products are no listed under the prohibited substitutes within WAC 173-443-040. Products that apply to the policy that do not satisfy this criteria will be considered non-responsive.

Bidders must make the certification on the certification form attached as DOCUMENT TITLE. Bidders who seek to obtain the XX% bid preference for Products that Do Not Contain Hydrofluorocarbons (HFCs) must, in regard to the products pertaining to this procurement, certify that the products specified in DOCUMENT TITLE have an "Acceptable" Substitute Listing Status, as identified by the EPA SNAP Program; AND certify the products are not listed under the prohibited substitutes within WAC 173-443-040.

C. Include a requirement that states that the bidder must ensure the product or products still maintain the same levels or lower of HFCs throughout the term of the contract.

When writing this requirement consider these questions:

- What are the consequences if the product that was given preference is changed and no longer meets the agreed upon HFCs levels?
- Will the item be removed from contract until corrected?
- Will the vendor be cured/suspended/terminated due to contract performance?

Include a requirement that the vendor certify the products eligible for a preference are all products bid with an "Acceptable" Substitute Listing Status, as identified by the <u>Environmental Protection Agency's</u> (EPA) Significant New Alternatives Policy (SNAP) Program AND certify the products are not listed under the prohibited substitutes within WAC 173-443-040..







- D. Include an Environmental Bidder Certification.
- E. Mark your preference in WEBS on the *Manage Solicitations* screen.

## STEP 4: INCLUDE HFCs ENVIRONMENTAL LANGUAGE IN YOUR SAMPLE CONTRACT.

A. Include language regarding HFCs in your sample contract.

# Sample Hydrofluorocarbons (HFCs) Contract Warranty Language:

<u>Contractor Preference – Product(s) Do Not Contain HFCs or Contain HFCs with a Comparatively Low</u> <u>Global Warming Potential</u>. Contractor represents and warrants that, during the term of this Contract, for any product(s) for which Contractor sought and was awarded a purchasing preference pursuant to RCW 39.26.310 and Washington State Procurement Policy DES-POL-310-00, such product(s) shall meet or have less than the HFC level(s) that enabled Contractor to be awarded such preference.

Notwithstanding any provision to the contrary, upon breach of warranty and Contractor's failure to provide satisfactory evidence of compliance within thirty (30) days, Agency may suspend or terminate this Contract. The rights and remedies of the parties under this warranty are in addition to any other rights and remedies of the parties provided by law or equity, including, without limitation, actual damages, and, as applicable and awarded under the law, to a prevailing party, reasonable attorneys' fees and costs.

B. Include *HFCs Environmental Purpose Statement* regardless of whether the product you are purchasing has a HFCs preference.

# Sample Hydrofluorocarbons (HFCs) Purpose Statement:

Hydrofluorocarbons (HFCs) contribute to climate change and so have an adverse effect on human health and the environment. Accordingly, the State of Washington, through its procurements of goods, is trying to minimize the purchase of products that contain HFCs or contain HFCs with a comparatively low global warming potential and to incentivize its vendors to sell products without HFCs.

## STEP 5: APPLY THE PREFERENCE, AND MARK IN WEBS

A. The purchaser must confirm receipt of the Contractor Certification for Environmental Preference noting "Acceptable" Substitute Listing Status, as identified by the <u>Environmental Protection Agency's (EPA)</u>





Significant New Alternatives Policy (SNAP) Program, AND, bidder must certify the products are not listed under the prohibited substitutes within WAC 173-443-040. If the product(s) bid do not satisfy the "Acceptable" Substitute Listing Status, as identified by the <u>Environmental Protection Agency's (EPA) Significant New</u> <u>Alternatives Policy (SNAP) Program, AND</u>, bidder must certify the products are not listed under the prohibited substitutes within WAC 173-443-040, then the bid is non-responsive and will not continue to evaluation.

- B. If the bidder wishes to receive the preference, they must check the appropriate box in the Contractor Certification for Environmental Preference. The purchaser shall apply the preference to the product(s) bid, in accordance with the bid evaluation clause in the solicitation.
- C. If no bids are received seeking an "HFCs Environmental Preference," <u>the agency shall evaluate and</u> award based on best value; provided product(s) bid satisfy "Acceptable" Substitute Listing Status as identified by the <u>Environmental Protection Agency's (EPA) Significant New Alternatives Policy (SNAP) Program</u> <u>AND the product(s) bid are not listed under the prohibited substitutes within WAC 173-443-040</u>.
- D. Mark your preference in WEBS on the Solicitations Responses screen.







# Sample Language

SELECT THIS LINK FOR THE LATEST SAMPLE ENVIRONMENTAL PREFERENCE BIDDER CERTIFICATION

# SAMPLE HFCs Environmental Preference Purpose Statement:

Hydrofluorocarbons (HFCs) contribute to climate change and so have an adverse effect on human health and the environment. Accordingly, the State of Washington, through its procurements of goods, is trying to minimize the purchase of products that contain HFCs or contain HFCs with a comparatively low global warming potential and to incentivize its vendors to sell products without HFCs.

# SAMPLE HFCs Environmental Preference Evaluation Clause:

Pursuant to RCW 39.26.310 a preference shall be given to bidders who bid products that first satisfy the <u>Environmental Protection Agency's (EPA) Significant New Alternatives Policy (SNAP) Program;</u> AND certify the products are no listed under the prohibited substitutes within WAC 173-443-040. Products that apply to the policy that do not satisfy this criteria will be considered non-responsive.

Bidders must make the certification on the certification form attached as DOCUMENT TITLE. Bidders who seek to obtain the XX% bid preference for Products that Do Not Contain Hydrofluorocarbons (HFCs) must, in regard to the products pertaining to this procurement, certify that the products specified in DOCUMENT TITLE have an "Acceptable" Substitute Listing Status, as identified by the EPA SNAP Program; AND certify the products are not listed under the prohibited substitutes within WAC 173-443-040.

## SAMPLE HFCs Environmental Preference contract warranty language:

<u>Contractor Preference – Product(s) Do Not Contain HFCs or Contain HFCs with a Comparatively Low</u> <u>Global Warming Potential</u>. Contractor represents and warrants that, during the term of this Contract, for any product(s) for which Contractor sought and was awarded a purchasing preference pursuant to RCW 39.26.310 and Washington State Procurement Policy DES-POL-310-00, such product(s) shall meet or exceed the HFC level(s) that enabled Contractor to be awarded such preference.

Notwithstanding any provision to the contrary, upon breach of warranty and Contractor's failure to provide satisfactory evidence of compliance within thirty (30) days, Agency may suspend or terminate this Contract. The rights and remedies of the parties under this warranty are in addition to any other rights and remedies of the parties provided by law or equity, including, without limitation, actual damages, and, as applicable and awarded under the law, to a prevailing party, reasonable attorneys' fees and costs.







# FAQS FREQUENTLY ASKED QUESTIONS

## 1. What are HFCs?

**Answer**: Hydrofluorocarbons or HFCs are chemicals consisting of hydrogen, fluorine, and carbon. They are commonly used in air conditioning systems, in refrigeration, in the production of insulating foams, and as aerosol propellants. There are many forms of HFCs that, in some cases, have thousands of times the global warming potential of carbon dioxide. They are primarily found in the following products:

- 8. Refrigeration and air conditioning, to include chillers, cold storage warehouses, commercial ice machines, household refrigerators and freezers, ice skating rinks, industrial process air conditioning, industrial process refrigeration, motor vehicle air conditioning, non-mechanical heat transfer systems, residential and light commercial air conditioning and heat pumps, residential dehumidifiers, refrigerated transport, retail food refrigerations, vending machines, very low temperature refrigeration, water coolers.
- 9. Foam contained in products, including, but not limited to: refrigerators and freezers, building materials and insulation, furniture, bedding, packaging, piping insulation, vending machines, coolers, marine floatation foam, automobiles, shoes, packaging materials.

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- 10. Cleaning solvents used to remove oil, grease, solder flux, and other contaminants, to include metals, electronics, and precision cleaning;
- 11. Fire suppression and explosion protection
- 12. Aerosols, to include both propellants and solvents;
- 13. Sterilants (substances used to kill microorganisms on medical equipment and devices).
- 14. Adhesives, coatings, and inks.

# 2. Why should we be concerned?

**Answer:** HFCs represent a relatively small percentage of greenhouse gas emissions; in Washington State, for example, HFCs currently make up about 4 percent of overall greenhouse gas emissions. However, their "global warming potential", or capacity to damage the climate, is high (some HFCs are over a thousand times more damaging than carbon dioxide) and HFC emissions are rapidly increasing.

# 3. How are we exposed?

**Answer:** At environmental concentrations HFCs pose little to no immediate threat to human health. However, HFCs contribute to global climate change, and the estimated long-term risks to human health due to climate change include the following: increased severe weather events, extreme heat, increased rates of disease, increased air pollution, and degradation of water quality and food systems.

# 4. What can government and industry do?

**Answer:** In 2016, 197 countries signed the Kigali Agreement, an amendment to the Montreal Protocol that will reduce the manufacture of HFCs by up to 85 percent by 2045. The United States signed onto







the Kigali Agreement but has not yet ratified it. The U.S. Environmental Protection Agency has removed HFCs from the list of acceptable substitutes for ozone-depleting substances, but the U.S. Court of Appeals later ruled that EPA does not have the regulatory authority to require the replacement of HFCs that are currently in use. After this decision, some states have chosen to adopt their own HFC reduction rules.

The 2019 Washington Legislature determined that HFCs pose a significant threat to Washington's environment and that safer, cost-effective alternatives are available. The Legislature passed <u>Engrossed</u> <u>Second Substitute House Bill 1112 (ESSHB 1112)</u> to restrict the use of HFCs in equipment and products in Washington.

The Washington law, to be implemented by the Department of Ecology, focuses on reducing the use of HFCs in new equipment, so these requirements will be met by manufacturers and distributors. This means that, in most cases, residents and businesses that own or use equipment containing HFCs will not need to take action to comply with the law.

In 2021, the Washington Legislature found that significant sources of HFCs from stationary air conditioners, and heat pumps, were not addressed by ESSHB 1112. To remedy the situation, In 2021, the Legislature through 2021 Engrossed Second Substitute House Bill 1050 (ESSHB 1050) that addresses additional sources of HFCs from stationary air conditioners, heat pumps, and ice rinks. This law also directs Ecology to establish a maximum global warming potential (GWP) threshold for HFCs in air conditioning and refrigeration equipment. This law also a establishes a program to reduce refrigerant leaks, which requires that leaks from large refrigerant and air conditioning systems be maintained through the implementation of a refrigerant management program, and encourages refrigerant recovery from large refrigerant and air conditioning systems. Further, ESSHB 1050 establishes a state procurement preference policy for recycled refrigerants.

### 5. To whom does this policy apply?

**Answer:** Any state office or activity of the executive branch of state government, including state agencies, departments, offices, divisions, boards, commissions, institutions of higher education as defined in <u>RCW</u> <u>28B.10.016</u>, correctional and other types of institutions (<u>RCW 39.26.010(1)</u>) (<u>RCW 39.26.100</u>) (<u>RCW 39.26.102</u>).

### 6. What are the Authorizing sources?

#### Answer:

- Engrossed Second Substitute House Bill 1112
- <u>RCW 39.26.310</u>
- <u>RCW 39.26.160(3)(d)</u>
- Executive Order 04-01
- Executive Order 18-01
- Executive Order 20-01







#### 7. What is the effective date of the policy?

**Answer:** Please review the policy here: <u>Purchasing Preference for Products That Do Not Contain</u> <u>Hydrofluorocarbons (HFCs) - DES-310-00 | Department of Enterprise Services (DES) (wa.gov)</u>

#### 8. Question: When do I have to complete the training?

Answer: Agencies will be required to complete environmental purchasing training.

- a. Within 6 months of the effective date of this policy, personnel who are responsible for small purchases, competitive procurements, and contract management activities shall complete the mandatory training provided by DES available in the <u>Learning Center</u> (LC).
- b. Employees assigned these responsibilities after the initial 6-month implementation period of this policy shall complete the required training within 90 days of assignment. Specifically, this applies to all new employees, employee's assigned new responsibilities/duties, and employees in new positions, who are responsible for competitive procurements.

## **CONTACTS & RESOURCES**

Contact DES Customer Service, (360) 360-407-2210 or email Contractingandpurchasing@des.wa.gov.

- Questions about providing the Environmental Preference during procurement
- HFCs within Master Contracts

