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Heating, Air-Conditioning, & Refrigeration Distributors International (HARDI), Comments, CEC Docket #24-OIR-03

Additional submitted attachment is included below.

California Energy Commission
Docket Unit
715 P Street
Sacramento, CA 95814

August 18, 2025

RE: Docket 24-OIR-03; Energy Data Collection – Phase 3

Dear Chairman Hochschild,

HARDI appreciates the opportunity to provide feedback regarding the California Energy Commission's (CEC) request for information (RFI) regarding energy data collection. This issue directly affects HARDI membership; as such, HARDI hopes our answers provide insight into the negative impact that implementing this data collection would bring.

HARDI is a trade association comprised of more than 1,150 member companies, more than 490 of which are U.S.-based wholesale distribution companies. These include 26 wholesaler-distributor members in California, with 323 locations serving HVACR contractors and technicians in the state. Over 80 percent of HARDI's distributor members are classified as small businesses that collectively employ more than 60,000 U.S. workers, representing an estimated 75 percent of the U.S. wholesale distribution market for HVACR equipment, supplies, and controls.

Below are the RFI questions with HARDI's answers under each question.

1. Which steps of the supply chain are most/least appropriate for reporting of accurate equipment data, and why?

The reporting of equipment sales data should not occur because it involves sharing private business information. Such information is vital for each business's success, and if shared, it could lead to significant damage if disclosed to competitors, other companies, or throughout the industry at large. Typically, when equipment is purchased, information flows downstream from the manufacturer to the distributor, then to the contractor, and finally to the consumer. At each level, only the necessary information for that particular transaction is shared. For instance, the manufacturer receives no information on where the distributor sells the equipment, and the distributor receives no information on where the contractor installs the equipment.

Manufacturers and distributors are the least appropriate entities to require the reporting of equipment sales data. They do not receive any permit information from contractors. Furthermore, warranty information is not required under California law to be submitted to the manufacturer or distributor in order for the consumer to retain full

warranty protection, reducing the likelihood of warranty information being reported upstream.

Many manufacturers and some distributors operating in California are not based in the state. Imposing requirements on businesses outside of California is not within scope and would negatively impact California's out-of-state commerce.

Additionally, manufacturers, distributors, and contractors must be cautious with their equipment information. If sensitive business data fell into the hands of competitors, it could severely harm the business, potentially leading to its closure. This harmful information could include market share, customer lists, business practices, market strategy, pricing, and more. California has a reputation for having insecure databases that are frequently compromised by bad actors. Making it impossible for California to provide actual assurance that any shared information will be adequately safeguarded. This leaves the state vulnerable to legal liability ramifications when the data reporting inevitably is infiltrated by a bad actor. Even if manufacturers and distributors were capable of sharing equipment data, the potential harm to California and its businesses that provide essential services to California citizens outweighs any benefits gained, especially permit compliance.

If reporting of equipment sales data were to be mandated, contractors would be the most suitable position in the supply chain to report this information. However, any reporting requirement is easily avoided since the information should be from each job's permit. To ensure permit compliance and consistent data collection for each job, an improved digital permit system across all jurisdictions in California would be a more effective and potentially less costly solution than any complicated upstream reporting requirements.

2. Should data be reported from more than one step of the supply chain? Why or why not?

The requested information should not be reported at any stage in the supply chain, as it can be obtained from a properly filed permit. It is more beneficial for California to enhance the process through an improved digital permit system across all jurisdictions, rather than imposing additional compliance regulations on essential businesses. Such regulations would likely increase product costs for consumers due to the added reporting requirements.

If reporting were to be mandated at a particular step in the supply chain, the contractor would be the most and only suitable point for this reporting. The contractor typically possesses most of the data that the state seeks. If California involved multiple supply chain steps in reporting, such as manufacturers and distributors, it would inevitably lead to contradictory data due to numerous submissions. For example, a manufacturer might

report a sale to a distributor in California, but that distributor could subsequently ship the product to another state for final sale. Conversely, a manufacturer could report a sale to another state, and the distributor could later move the product into California. Both scenarios would result in incomplete and misleading data, making any conclusions drawn from it unreliable and inaccurate.

HARDI emphasizes that no reporting requirements should be imposed on any segment of the supply chain due to concerns over private business data being disclosed in insecure databases, a lack of knowledge of the requested information by multiple steps in the supply chain, and the possibility of conflicting data from multiple submissions. However, if reporting is deemed necessary, the contractor should be designated as the most appropriate point in the supply chain for this reporting requirement.

3. How often should data be reported? Should reported data be more granular than the frequency of reporting (e.g., a quarterly report that includes monthly sales figures)?

HARDI believes that no step in the supply chain should require reporting, as this information can be obtained from properly filed permits. It would be more beneficial for California to enhance the process with an improved digital permit system across all jurisdictions instead of imposing additional compliance regulations on essential businesses. However, if a reporting requirement were to exist, it should be as minimal as possible to ensure that any increase in product costs due to the new compliance rulemaking is negligible. More frequent reporting would demand more time for documentation, which would reduce the time available for companies to perform their actual job functions.

Additionally, any data reporting that occurs more than once a year should utilize an Application Programming Interface (API) integration with distributors' Enterprise Resource Planning (ERP) systems to automate the submission process. If California does not provide an automated option for distributors to report sales, it would lead to substantial compliance costs, resulting in increased equipment prices through the need for additional staff, delays in operations, and any associated filing fees.

Moreover, the reported information should be as minimal and less invasive as possible. Any data that goes beyond what is already disclosed through the permit process is inappropriate and out of scope. California is known for having insecure databases that frequently face compromises from bad actors. This situation makes it difficult for the state to ensure that shared information will be adequately protected. Manufacturers, distributors, and contractors must be cautious with their equipment information. If sensitive business data were to fall into the hands of competitors, it could severely damage the business and potentially lead to its closure. Such harmful information could

include market share, customer lists, business practices, market strategies, pricing, and more. Even if manufacturers and distributors were capable of sharing equipment data, the potential harm to California and its businesses, which provide essential services to the state's citizens, outweighs any benefits gained from permit compliance.

To summarize, HARDI believes that there should not be a reporting requirement in the supply chain. However, if one were mandated, it should occur as infrequently as possible, with information requirements limited to what contractors already provide on permits for each job.

4. What types of information are infeasible to report on?

HARDI believes that no step in the supply chain should require additional reporting, as this information can be obtained from properly filed permits. It would be more beneficial for California to improve its processes by implementing an enhanced digital permit system across all jurisdictions, rather than imposing extra compliance regulations on essential businesses.

If a reporting mandate is established for the supply chain, HARDI believes that the required information should not exceed what is provided by the contractor on a submitted permit. This is particularly important because the information sought by California is unknown to manufacturers and distributors. The entire supply chain only passes necessary information downstream, as they share only what is essential for a sales transaction. Accordingly, manufacturers are unaware of where distributors store equipment or where it is sold, aside from the delivery address. The same applies to distributors, who only possess information about their sales transactions and the delivery location to the contractor. Ultimately, the contractor is the only entity in the supply chain that knows the specific details about where and what type of equipment was installed. And this information is already provided to California through the permit process.

Additionally, based on the RFI, the CEC is developing a customer list database for the supply chain to the consumer, intending to cross-reference it with localities to ensure contractor permit compliance. Customer lists are critical to a business's survival. The creation of a centralized database containing customer lists across the entire supply chain is highly inappropriate. This information is private and protected, and it should not and cannot be shared with others.

Furthermore, even if manufacturers and distributors were aware of the requested information, California would not be able to securely store it due to the state's history of data breaches. Manufacturers, distributors, and contractors must protect their equipment and sensitive business information. If confidential business data were to fall into the hands of competitors, it could severely damage the business and potentially

lead to its closure. The unreliable security measures of a California database make it impossible for any business to report essential information, as doing so could ultimately harm the business. This vital information includes market shares, customer lists, business practices, market strategies, pricing, and more.

Moreover, the CEC is not a permitting agency and lacks the authority to create reporting requirements with the intent of permit compliance. The purpose of this RFI is to facilitate permit compliance by establishing an invasive database. The only realistic solution to avoid improper reporting is to assist California jurisdictions in creating a convenient and straightforward digital permit system. This way, the CEC could gather the necessary information consistently across the state, without imposing unnecessary burdens on businesses.

HARDI believes that no step in the supply chain should require additional reporting, as this information can be obtained from properly filed permits. If a reporting mandate is introduced for the supply chain, HARDI believes that the information required should not exceed what is provided by the contractor on a submitted permit. Any information requested beyond the contractor's permit information is infeasible for the supply chain to deliver.

5. How geographically accurate will the reported location of delivery be to its final installed location? Is there a category of geographic information, such as zip code or county, that would best or most accurately inform forecasting, policy, and program efforts?

HARDI believes that no step in the supply chain should require additional reporting, as this information can be obtained from properly filed permits. It would be more beneficial for California to improve its processes by implementing an enhanced digital permit system across all jurisdictions, rather than imposing extra compliance regulations on essential businesses.

If a reporting mandate is established for the supply chain, HARDI believes that, generally, the geographical accuracy of the reported information will not be accurate at its final destination. Manufacturers and distributors do not know where the final installation of the equipment will be performed. The entire supply chain only passes necessary information downstream, as they share only what is essential for a sales transaction. Accordingly, manufacturers do not know where distributors store equipment or where it is sold, aside from the delivery address to one of the many distribution facilities that the business operates. The same applies to distributors, who only possess information about their sales transactions and the delivery location to the contractor. Ultimately, the contractor is the only entity in the supply chain that knows the

specific details about where and what type of equipment was installed. And this information is already provided to California through the permit process.

If the invasive and burdensome reporting requirement forced the manufacturers and distributors to share their vital business information, the accuracy of the information would be severely compromised. For example, a manufacturer might report a sale to a distributor in California, but that distributor could subsequently ship the product to another state for final sale. Conversely, a manufacturer could report a sale to another state, and the distributor could later move the product into California. Both scenarios result in incomplete and misleading data, making any conclusions drawn from that data unreliable and inaccurate.

Contractors are the only step in the supply chain that is capable of giving accurate information down to the city and county level. However, doing so would be an improper and invasive request of private customer data by a contractor. The supply chain must protect its equipment and sensitive business information. Customer lists are critical to a business's survival. The creation of a centralized database containing customer lists across the entire supply chain is highly inappropriate. This information is private and protected, and it should not and cannot be shared with others. If confidential business data were to fall into the hands of competitors, it could severely damage the business and potentially lead to its closure. The unreliable security measures of a California database make it impossible for any business to report essential information, as doing so could ultimately harm the business. This vital information includes market shares, customer lists, business practices, market strategies, pricing, and more. Furthermore, the sought information is already provided to California through the permit process. And it would be more beneficial for California to improve its processes by implementing an enhanced digital permit system across all jurisdictions, rather than imposing extra compliance regulations on essential businesses.

HARDI believes that no step in the supply chain should require additional reporting, as this information can be obtained from properly filed permits. If a reporting mandate is established for the supply chain, HARDI believes that, generally, the geographical accuracy of the reported information will not be accurate at its final destination. Manufacturers and distributors do not know where the final installation of the equipment will be performed.

6. What cost impacts are incurred by reporting sales and distribution information consistent with a potential reporting requirement? What are the different electronic reporting capabilities of stakeholders at different points of the supply chain?

HARDI believes that no step in the supply chain should require additional reporting, as this information can be obtained from properly filed permits. It would be more beneficial for California to improve its processes by implementing an enhanced digital permit system across all jurisdictions, rather than imposing extra compliance regulations on essential businesses.

Suppose a reporting mandate is established for the supply chain. In that case, HARDI believes that any amount of reporting of sales and distribution adds additional administrative burdens to each manufacturer, distributor, and contractor. Each business operates leanly and non-wastefully, so it can be assumed that a new hire would be brought in to be responsible for compliance. The cost of the new hire would then be passed down through the supply chain for each business, raising the price of equipment for the consumer.

Additionally, the level of technology used by distributors to track sales of equipment varies widely. Some distributors use sophisticated Enterprise Resource Planning (ERP) systems to track sales and inventory, and could, theoretically, be used to automate reporting data. However, other firms use antiquated handwritten tracking of sales and inventory that would not be feasible to automate with electronic reporting. Even among firms that use ERP systems, the systems vary from off-the-shelf systems to custom-built ERPs. If a reporting requirement were placed on distributors for any amount of information, it would undoubtedly lead to additional costs passed down to the consumer.

HARDI believes that no step in the supply chain should require additional reporting, as this information can be obtained from properly filed permits. But if a reporting mandate is established for a step in the supply chain, any amount of reporting sales and distribution adds additional administrative burdens to each step downstream in the supply chain.

7. Should businesses below a certain size threshold be excluded from data reporting requirements? If so, what should the size threshold be, and why is it appropriate?

HARDI believes that no step in the supply chain should require additional reporting, as this information can be obtained from properly filed permits. It would be more beneficial for California to improve its processes by implementing an enhanced digital

permit system across all jurisdictions, instead of imposing extra compliance regulations on essential businesses.

However, suppose a reporting mandate is established for the supply chain. In that case, HARDI argues that any general reporting requirements imposed are inappropriate and beyond the capabilities of many businesses based on their staffing and technological capabilities. Each business runs a lean, non-wasteful operation, so it can be assumed that a new hire would be brought in to be responsible for compliance. The cost of the new hire would then be passed down through the supply chain for each business, raising the price of equipment for the consumer.

Additionally, the level of technology used by distributors to track sales of equipment varies widely. Some distributors use sophisticated Enterprise Resource Planning (ERP) systems to track sales and inventory, and could theoretically be used to automate reporting data. However, other firms use antiquated handwritten tracking of sales and inventory that would not be feasible to automate with electronic reporting. Even among firms that use ERP systems, the systems vary from off-the-shelf systems to custom-built ERPs. If a reporting requirement were placed on distributors for any amount of information, it would undoubtedly lead to additional costs passed down to the consumer.

Consequently, regardless of the size of the business, these requirements would lead to increased costs, forcing companies to raise the prices of their equipment. Therefore, all businesses should be exempt from such reporting mandates. Making the reporting requirements useless and should not be implemented. HARDI believes that no step in the supply chain should require additional reporting, as this information can be obtained from properly filed permits. It would be more beneficial for California to improve its processes by implementing an enhanced digital permit system across all jurisdictions, instead of imposing extra compliance regulations on essential businesses.

8. Who else collects this data? In particular, are there other governmental entities (i.e., federal, state, or local agencies) that require reporting of sales and distribution data?

HARDI believes that no step in the supply chain should require additional reporting from any governmental entity, as this information can be obtained from properly filed permits, especially since no other entity in the United States requires the data being referenced in the RFI. The EPA was the last entity that attempted to issue tracking requirements on products sold in the HVACR industry. And the U.S. Court of Appeals for the District of Columbia Circuit in *HARDI v. EPA* found that the EPA exceeded statutory authority with their required tracking requirement and overruled the mandate.

However, it is worth noting that the U.S. Department of Energy (DOE) requires recordkeeping of sales of central split system air conditioners for compliance with regional standards; however, this is only for central split system AC and does not apply to heat pumps or package systems, and there is no reporting requirement.

Additionally, HARDI members participate in the HARDI Unitary Market Intelligence Project, a voluntary program to benchmark unitary sales against other distributors. With this program and other public data sources, HARDI has developed a model that can replicate the installed base of equipment in the state of California. HARDI has proven the ability to safely keep private business data safe while maintaining accurate reports and ethical standards. Most, if not all, of the information can be safely gathered and purchased from HARDI instead of creating unnecessary additional reporting requirements that would only raise the cost of equipment for consumers and burdens on businesses.

Thus, HARDI believes that no step in the supply chain should require additional reporting from any governmental entity, as this information can be obtained from properly filed permits. No other governmental entity requires the reporting of the information that the CEC is seeking. And instead of placing additional compliance costs onto a business, the CEC can purchase the desired data that is already safely aggregated from HARDI and available today.

9. How detailed should reported information be about the type or model of equipment? Should equipment counts be grouped or aggregated by model family, size or capacity, or by some other factor? Why or why not?

HARDI believes that no step in the supply chain should require reporting, as this information can be obtained from properly filed permits. It would be more beneficial for California to enhance the process with an improved digital permit system across all jurisdictions instead of imposing additional compliance regulations on essential businesses. However, if a reporting mandate is established for the supply chain, HARDI believes that the required information should not exceed what is provided by the contractor on a submitted permit. The more detailed the reporting requirements become, the more improper the requirements become. Any information that is required to be reported beyond a permit's information is improper and places a business unnecessarily at risk.

All manufacturers, distributors, and contractors must be cautious with their equipment information. If sensitive business data fell into the hands of competitors, it could severely harm the business, potentially leading to its closure. This harmful information could include market share, customer lists, business practices, market strategy, pricing, and more. California has a reputation for having insecure databases that are frequently

compromised by bad actors. Making it impossible for California to provide actual assurance that any shared information will be adequately safeguarded. This leaves the state vulnerable to legal liability ramifications when the data reporting inevitably is infiltrated by a bad actor. Even if manufacturers and distributors were capable of sharing equipment data, the potential harm to California and its businesses that provide essential services to California citizens outweighs any benefits gained, especially permit compliance.

Additionally, HARDI members participate in the HARDI Unitary Market Intelligence Project, a voluntary program to benchmark unitary sales against other distributors. With this program and other public data sources, HARDI has developed a model that can replicate the installed base of equipment in the state of California. HARDI has proven the ability to safely keep private business data safe while maintaining accurate reports and ethical standards. Most, if not all, of the information can be safely gathered and purchased from HARDI instead of creating unnecessary additional reporting requirements that would only raise the cost of equipment for consumers and burdens on businesses.

HARDI believes that no step in the supply chain should require reporting, as this information can be obtained from properly filed permits. It would be more beneficial for California to enhance the process with an improved digital permit system across all jurisdictions instead of imposing additional compliance regulations on essential businesses. However, if a reporting mandate is established for the supply chain, HARDI believes that the required information should not exceed what is provided by the contractor on a submitted permit. Especially since the sought information is already available for purchase by CEC from HARDI.

10. How detailed should reported information be about the destination and purchaser/receiver of any equipment? Should sales to contractors record their contractor license number?

HARDI believes that no step in the supply chain should require reporting, as this information can be obtained from properly filed permits. It would be more beneficial for California to enhance the process with an improved digital permit system across all jurisdictions instead of imposing additional compliance regulations on essential businesses. However, if a reporting mandate is established for the supply chain, HARDI believes that the required information should not exceed what is provided by the contractor on a submitted permit. The more detailed the reporting requirements become, the more improper the requirements become. Any information that is required to be reported beyond a permit's information is improper and places a business unnecessarily at risk.

All manufacturers, distributors, and contractors must be cautious with their equipment information, even the destination it is delivered to. If sensitive business data fell into the hands of competitors, it could severely harm the business, potentially leading to its closure. This harmful information could include market share, customer lists, business practices, market strategy, pricing, and more. California has a reputation for having insecure databases that are frequently compromised by bad actors. Making it impossible for California to provide actual assurance that any shared information will be adequately safeguarded. This leaves the state vulnerable to legal liability ramifications when the data reporting inevitably is infiltrated by a bad actor. Even if manufacturers and distributors were capable of sharing any of the requested delivered data, the potential harm to California and its businesses that provide essential services to California citizens outweighs any benefits gained, especially permit compliance.

HARDI believes that no step in the supply chain should require reporting, as this information can be obtained from properly filed permits. Asking for private business data will inevitably hurt the businesses in California and the consumers they serve. Moreover, the lack of feasibility for information being sought by reporting mandates should lead the CEC to pursue other avenues of data collection that would not hurt California businesses. Such as purchasing the data from HARDI that is already aggregated and available, or improving the digital permit process in each jurisdiction.

11. How detailed should reported information be about when equipment was delivered?

HARDI believes that no step in the supply chain should require reporting, as this information can be obtained from properly filed permits. It would be more beneficial for California to enhance the process with an improved digital permit system across all jurisdictions instead of imposing additional compliance regulations on essential businesses. However, if a reporting mandate is established for the supply chain, HARDI believes that the required information should not exceed what is provided by the contractor on a submitted permit. The more detailed the reporting requirements become, the more improper the requirements become. Any information that is required to be reported beyond a permit's information is improper and places a business unnecessarily at risk.

All manufacturers, distributors, and contractors must be cautious with their equipment information, even when equipment is delivered. If sensitive business data fell into the hands of competitors, it could severely harm the business, potentially leading to its closure. This harmful information could include market share, customer lists, business practices, market strategy, pricing, and more. California has a reputation for having insecure databases that are frequently compromised by bad actors. Making it impossible for California to provide actual assurance that any shared information will

be adequately safeguarded. This leaves the state vulnerable to legal liability ramifications when the data reporting inevitably is infiltrated by a bad actor. Even if manufacturers and distributors were capable of sharing any of the requested delivered data, the potential harm to California and its businesses that provide essential services to California citizens outweighs any benefits gained, especially permit compliance.

Moreover, the requirement to report delivery dates of equipment offers no real benefit to the CEC. Knowing when a manufacturer, distributor, or contractor delivered a piece of equipment does not help in formulating policy, complying with permits, or achieving any of the other objectives that the CEC aims to accomplish through the RFI and the subsequent rule. Imposing a delivery date reporting requirement would only result in additional private business information that could potentially be exposed to competitors due to the consistently unreliable safeguards of California's databases.

HARDI believes that no step in the supply chain should require additional reporting, as the sought information can be obtained from properly filed permits. Reporting when equipment is delivered does not offer any real benefits to the CEC. Instead, it poses a risk to California businesses by potentially exposing private business data to competitors. It would be more beneficial for California to enhance the process with an improved digital permit system across all jurisdictions instead of imposing additional unnecessary compliance regulations on essential businesses.

12. Should refrigerants used by reported units be specified? Why or why not?

HARDI believes that no step in the supply chain should require reporting, as this information can be obtained from properly filed permits. It would be more beneficial for California to enhance the process with an improved digital permit system across all jurisdictions instead of imposing additional compliance regulations on essential businesses. However, if a reporting mandate is established for the supply chain, HARDI believes that the required information should not exceed what is provided by the contractor on a submitted permit. Any additional reporting only adds to the cost of compliance for the entire supply chain and eventually the consumer.

Each manufacturer has selected refrigerants based on the type of equipment, with most manufacturers using a single refrigerant across their air conditioner and heat pump product lines. Reporting this refrigerant information is unnecessary, as this information is already publicly available for the CEC to access. Requiring companies to report the refrigerants they use would only lead to increased equipment costs, as businesses would be forced to invest in compliance efforts.

HARDI believes that no step in the supply chain should require reporting, as this information can be obtained from properly filed permits. Reporting the requested information should not exceed what is provided by the contractor on a submitted

permit, especially when the data is already publicly available for CEC to find. Any additional reporting only adds to the cost of compliance for that entity and the rest of the supply chain, which will eventually increase the price for the consumer. It would be more beneficial for California to enhance the process with an improved digital permit system across all jurisdictions instead of imposing additional compliance regulations on essential businesses.

Conclusion

Thank you for the opportunity to provide responses to CEC's RFI about energy data collection. HARDI believes in creating a better environment, but at a pace that does not hinder the progress of businesses and the affordability of essential products for consumers. HARDI looks forward to working with the CEC to help guide this rulemaking in a way that benefits all of California.

Sincerely,



Todd Titus

Director of State and Public Affairs

Heating, Air-conditioning, & Refrigeration Distributors International