

# Supply Chain Assessment

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Port labor negotiations between the International Longshoremen’s Association and the US Maritime Alliance have stalled ahead of a contract set to expire on September 30. In preparation for a possible strike by dockworkers spanning ports from Massachusetts to Texas, US retailers continue to accelerate shipment timelines and divert cargo to West Coast ports to mitigate potential disruptions. At the Port of Long Beach, year-over-year cargo volumes surged 34 percent in August as container terminals reached nearly 75 percent capacity. To accommodate volumes from the uptick in shipments and growth through the end of 2024, the port has bolstered its workforce, modernized its infrastructure, and increased its terminal capacity.

## Findings

### 1. Product Availability

#### a. HVAC

As part of the US Department of Energy (DOE) Cold-Climate Heat Pump Challenge, a leading manufacturer has successfully completed laboratory testing and field trials for their residential variable-speed heat pumps, with production beginning in September. In addition to advanced cold-climate technology, the units feature digital monitoring and servicing capabilities and R-454B refrigerant with lower global warming potential (GWP).

Trade Ally Team Communications per Technology Domain

	This Issue	Volume 5 To Date
HVAC	29	368
Foodservice	8	149
Water Heating	17	233
Pumps	8	85
Lighting and Electrical	21	177
Life Sciences	10	97
Clean Transportation	7	10
<b>Total</b>	<b>100</b>	<b>1,119</b>

### 2. Equipment Sales

#### a. Across Technologies

Some distributors report that their sales have decelerated in September following high quoting activity in August. In Vermont, distributors are leveraging midstream program rebates and hiring additional staff to expand their contractor customer base and bolster residential gas equipment sales.

#### b. HVAC

- i. Ahead of federal GWP limits that will become effective in 2025, distributors are challenged with meeting current demand for R-410A systems and working through existing inventory to stock lower-GWP products according to manufacturer releases.
- ii. In the Northeast, a major manufacturer observes that program rebates are driving their distributors’ purchasing decisions and that qualifying equipment accounts for most orders. One distributor reports that more than half of their residential gas furnace sales include the sale of a rebate-eligible energy or heat recovery ventilator.





### c. Foodservice

According to the Manufacturers' Agents Association for the Foodservice Industry Business Barometer, commercial equipment sales in Q2 2024 declined for the twelfth consecutive quarter. Only 29 percent of manufacturers' representatives reported an increase in quoting activity compared to 35 percent in the previous quarter. Although this has fueled predictions of a continued downward trend in Q3, it is estimated that sales will begin to recover by early 2025 as inflation and interest rates soften.

### d. Lighting and Electrical

- i. A manufacturer citing increased materials costs will raise prices for products in their lamp and ballast portfolios effective October 1.
- ii. Despite a reported stagnation in summer sales, distributors anticipate improvement due to large project demand encouraged by midstream program rebates and promotions. In Massachusetts, distributors not stocking integrated controls products are concerned that their sales will be impacted when program changes implement controls requirements in 2025. Distributors continue to coordinate contractor training events to socialize the forthcoming requirements and promote controls rebates.

### e. Life Sciences

Distributors nationwide observe slower order activity across cold storage equipment. Still, some distributors report a strong overall sales trend in 2024 that contributed to a 40-percent year-over-year increase in ultra-low temperature freezer submissions in September.

## 3. Service Providers and Contractors

### a. HVAC

The US DOE has collaborated with Pacific Northwest National Laboratory to launch the Cold-Climate Heat Pump Decision Tool, an online tool designed to guide contractors and installers in the sizing, selection, and installation of residential heat pumps with an emphasis on retrofit applications in cold climates.

### b. Life Sciences

According to a Q2 2024 assessment by the property management company JLL, a steady trend in industry investments has spurred technological advancements and job opportunities that have contributed to a rise in research and development, office, and laboratory spaces in California and Massachusetts.



## Policy Spotlight

On September 11, the California Statewide Utility Codes and Standards Enhancement (CASE) Team celebrated a major step forward toward achieving statewide energy and climate goals when the **California Energy Commission (CEC)** unanimously approved the 2025 California Energy Code (Energy Code, Title 24, Part 6) and the voluntary energy efficiency requirements for the 2025 California Green Building Standards Code (CALGreen, Title 24, Part 11). In addition to energy savings, the 2025 Code supports building decarbonization, load management, grid resiliency, and water use reduction. Read more information about the energy and greenhouse gas impacts [here](#).



## 4. Administrative and Application Submittal

### a. Across Technologies

Distributors that have experienced high levels of staff turnover report challenging internal operations and are seeking new administrative hires to manage claim submissions.

## From the Field

From September 17 to 20, the **2024 Foodservice Equipment Distributors Association (FEDA) Annual Conference** gathered equipment dealers, manufacturers, buying groups, and other market actors. As an event sponsor, Energy Solutions hosted a booth to promote the Instant Rebates (IR) programs, engage dealers in IR program participation, and meet with manufacturers to explore qualified products list (QPL) testing opportunities.

The **PRIDE Centric Resources** foodservice buying group held its **Annual Fall Conference** from September 24 to 27. Energy Solutions hosted a table to promote IR, meeting with manufacturers and dealers to discuss QPL testing opportunities and new pathways for participation in the IR programs we implement.

## About Energy Solutions

For more than 25 years Energy Solutions has provided cost-effective, market-driven solutions that deliver reliable, large-scale impacts. We implement more midstream and upstream programs in North America than any other company, which gives us access to valuable insights across technologies.

Our program success is fueled by a deep connection to the market. These market relationships have allowed us to closely monitor supply chain impacts to keep you informed.

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**Disclaimer:** This report reflects our best estimate of market impacts, with the information available at this time. Energy Solutions will continue to provide valuable reporting on supply chain conditions. These updates will be versioned and dated to indicate at what time they apply.

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