



# DML&S

AIR CONDITIONING & HEATING

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Since the beginning of 2012 the price of R-22 refrigerant has risen as much as 400%. R-22 is more commonly known as Freon and is used in most residential air conditioners. We don't know how much higher it is going to go as there are many factors driving the cost up.

The main reason for the price increase is due to the EPA trying to completely phase-out refrigerants that contain chlorine; which is ozone depleting. The EPA governs the production and import of all refrigerants. They set limits on production and imports each year, the limits for 2012 made manufactures have to produce 45% less than 2011. The total allowances for virgin R-22 for 2013 are 39 million pounds. That compares with 55 million pounds of new product in 2012 and 100 million pounds in 2011. And, by comparison; in 1999, the base year for all current measurements of supplies, refrigerant manufacturers were bringing more than 300 million pounds of virgin R-22 to the market. The supply houses we get refrigerant from will also control how much we can buy each month just like last year. They will raise their prices when summer comes and demand sky rockets. We already experienced this last summer when a lot of supply houses were gouging. Although most supply houses have large stocks of Freon purchased at a cheaper price prior to this production cut, they will inevitably now charge us current price to raise their profit margins.

As the EPA continues to decrease production and demand remains high we can be sure the price will continue to increase accordingly. This will make it less cost effective to keep on adding Freon into systems with large leaks every year. This is something we are informing all our customers of so they are not surprised that Freon prices are much higher than last year. You can rest assured that we will not be gouging like some supply houses or other companies. We cannot be sure what the price per pound will be in the spring and summer but as the cost to us increases; we have no choice but to pass that cost along to our customers. Unfortunately we have no control over the cost of a commodity like Freon.

We've always been proactive with finding Freon leaks and if found not to be repairable we advise customers to replace their equipment. The good news is that there are great incentives this year for replacing old inefficient equipment with new energy efficient equipment that uses the new 410A refrigerant (commonly known as Puron). LIPA is offering a \$1000 rebate for people who install qualifying high efficiency equipment. There is also a Federal tax credit of up to \$500. We will also be offering coupons of up to \$300 that you can print from our website. To qualify for the LIPA rebate you have to use a company that participates in the "Cool Homes Program" We are one of the companies that participate in the program and have been since it first came out. You can visit LIPA's website for more information or you can call us to find out how to qualify for these rebates.