

Demand for equipment supply in the RAC service sector

INFRAS, Switzerland, has prepared a report that delves into specific problems, experiences and solutions for establishing an equipment support scheme for the Indian RAC service sub-sector. This document is intended to enable service providers to apply best practise in CFC handling, CFC containment and handling environment friendly non-CFC refrigerants. According to the report, prevailing work practices and typical workshop equipment used by service units are in many aspects inadequate, leading to poor practices in handling CFCs, absence of CFC containment and inability to handle environment friendly alternative refrigerants. As a majority of repair and service activities are undertaken by micro and small enterprises, which have limited financial resources, frameworks for equipment supply would play an important role in the upgrading process. Equipment support schemes that will be implemented with assistance from the Multilateral Fund to the Montreal Protocol have to comply with the policies and eligibility criteria stipulated by ExCom.

For identifying equipment support issues, different segments of the service sub-sector have to be analysed individually. Based on their specific needs, which mainly result from the amount of refrigerant handled per service intervention and prevailing service arrangements such as on-site servicing, the following three groups of segments have different needs for equipment support:

- Mobile air-conditioning in passenger cars;
- Servicing of domestic and small commercial systems; and
- Large commercial and industrial systems, truck refrigeration, and bus and train ACs.

From experiences gained during pilot activities on equipment support schemes, there is strong evidence that the demand for equipment suitable for best practice and handling alternative refrigerants as well as recovery may depend largely on four criteria: awareness of the technicians; incentive structure and market demand for better practices; investment required for purchase and financing schemes offered; and ease of access to the support scheme for the target group. Calculations reveal that a significant amount of financial resources would be need if the “eligible incremental costs total” of the sub-sector is calculated through a bottom-up approach. The magnitude of funding required for such a scheme, which covers a significant portion of the technical needs in this sub-sector, will make it necessary to prioritize on the segments of enterprises that receive equipment support as well as the scope of equipment to be included. By including a grant component, the level of funding of incremental costs has to be carefully balanced with the prevailing incentive structures and market forces to avoid very low response (and thus low impact in terms of CFC savings) or allocation of grants to areas where market incentives would independently drive the upgrading process. *Contact: Mr. Stefan Kessler, INFRAS, Consulting, Policy Analysis and Research, Gerechtigkeitsgasse 20, 8039 Zurich, Switzerland. E-mail: stefan.kessler@infras.ch.* (ECOFRIG Conference, India, 5-6 March 2002)