

From: [Anderson, Mary](#)
To: [Hunt, Marshall](#)
Cc: [Eilert, Patrick L](#)
Subject: RE: Status of DOE Furnace Rule Making
Date: Wednesday, October 14, 2015 7:48:08 AM

Marshall and Pat,

Please review my write up to Jan below and let me know if you have any comments. Thanks!!!

I apologize for not explaining the compromise and the capacity cutoff in greater detail. Below is a summary of the standard and the capacity cut off.

The Department of Energy released an initial furnace standard that would require a 92% efficient furnace, which is an increase from the current standard of 80% efficient furnace (effective 2015). The increase in the standard will likely require a condensing furnace. It was noted in the analysis that in some older homes in the northeast and in Los Angeles customers may pay more for the increased standard than what it would save.

As a compromise it was determined that the increased standard would only impact customers over a specific capacity threshold (or furnace size) to reduce the impact on coastal communities (i.e. Los Angeles). The intention was to minimize the impact while still increasing the standard. SCG would like to set the capacity cutoff at 65 kBtuH which would exclude most of the furnaces in California from the standard. Since most homes in California are less than 65 kBtuH due to home size and climate. PG&E initially advocated for a 45 kBtuH capacity cut off.

The Department of Energy has released additional information and has requested comments on the furnace proceeding. As part of the newly released information DOE has issued a compromise that was brokered by the advocates and industry that raises the capacity cutoff to 50 kBtuH. PG&E's C&S program is supportive of this compromise. We believe it is cost effective and in the best interest of our customers. Every single manufacturer makes furnaces that meet this standard. And the incentive programs do not provide many incentives (if any) for furnaces due to the low cost effectiveness of the measure. The impact to the market is minimal since the new standard would take effect no sooner than 2021

From: Berman, Janice S
Sent: Tuesday, October 13, 2015 5:47 PM
To: Hunt, Marshall; Zelmar, Karen; Davis, Vincent
Cc: Eilert, Patrick L; Anderson, Mary
Subject: RE: Status of DOE Furnace Rule Making
Importance: High

Any update on this?

As Marshall and I discussed, I think it's important to get a note to Nick Stavropoulos tonight, if we plan to file a letter in opposition to AGA's position tomorrow. Given Nick's position at AGA, I do not feel we should submit a letter without letting him know in advance.

I was expecting to see a draft this evening. I am leaving in 15 minutes for dinner, unfortunately, but will look for it as soon as I return,

--Jan

From: Berman, Janice S
Sent: Tuesday, October 13, 2015 2:07 PM
To: Hunt, Marshall; Zelmar, Karen; Davis, Vincent
Cc: Eilert, Patrick L; Anderson, Mary
Subject: RE: Status of DOE Furnace Rule Making

Do you have an update on this?

I just got a call message from Dan Rendler at SoCalGas, who expressed concern with the different positions PG&E and SoCal will apparently be filing tomorrow.

I should give Nick Stavropoulos a heads-up of what we're intending to file, and whether AGA is in agreement with our position, and what position SoCal is taking.

--Jan

From: Hunt, Marshall
Sent: Thursday, September 24, 2015 4:39 PM
To: Berman, Janice S; Zelmar, Karen
Cc: Eilert, Patrick L; Anderson, Mary
Subject: Status of DOE Furnace Rule Making

Jan and Karen

This is the present status of the DOE Furnace Standard rule making.

1. Congress forced DOE to consider the AGA, NRDC, and ACEEE capacity based 2 Tier Standard.
2. While there may be some dissenters, AGA is in support of the compromise although the capacity level may go up from 55k BTUh. PG&E C&S team would like the capacity level as low as possible.
3. Advocating for a 95 AFUE for large furnaces (>55 kBtuH) and 80 AFUE for small furnaces is the best value for the nation and will work for California. Compared to the 92 single standard this would increase by 160% the Quads saved and increase the net present value by 210%, which is larger than expected. The higher energy savings are due to the assumption that there will be a reduction in fuel switching (from gas to electric). This isn't an issue for California compared to non-CA utilities, especially in the Southeast.
4. PG&E is working to have a Statewide IOU C&S Team comment letter. A draft will be out for review Friday. SCG has committed to let the SW IOU team know their position by the end of the week.
5. There is a potential meeting of EE advocates next Wednesday in Washington DC at which time we will know more. I will already be in DC and will attend the meeting. I recommend that an update be sent to Nick on the 7th with the latest information for his use with AGA colleagues.

Please do not hesitate to contact me if you want more information. This compromise would not have happened if we and other EE advocates had not supported the DOE 92 AFUE standard.

Thank you for your attention to this important issue.

Marshall B. Hunt
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