Condensing Furnace Standard

Department of Energy Residential Furnace Standards Rulemaking

PG&E supports DOE proposed condensing furnace standard as cost effective for the nation and California. Based upon PG&E independent analysis PG&E believes DOE’s analysis is accurate. Other supporters of the standard include:

* NEEP
* ACEEE
* California Energy Commission(CEC)
* NRDC
* EEI
* Earth Justice
* The Consumer Federation of America
* National Consumers Law Center
* Massachusetts Union Of Public Housing Tenants
* Texas Ratepayers' Organization to Save Energy

Opponents of the Furnace standard believe DOE should withdraw rulemaking since it is not cost effective because the analysis is flawed. Opponents of the standard include:

* SoCalGas
* AGA
* APGA
* AHRI
* HARDI
* ACCA
* NAHB

**Key Issues**

* PG&E supports the ruling because we believe customers in colder climates and buyers of new homes will benefit significantly, costs of condensing furnaces will decrease over time with the passage of the standard as has occurred for many other technologies, and that rental markets will function to prevent costs being passed to renters.
* SoCalGas’ opposes the rulemaking because they believe it will result in higher gas bills for the majority of their customers, and may lead to switching to electric heat pumps in their climate zone. Based upon PG&E's research this isn't a substantial issue.
* PG&E believes DOE’s research supporting the cost-effectiveness of a condensing furnace standard is rigorous and accurate, and has concerns about opposition research.
	+ PG&E conducted an independent review of DOE cost effectiveness methods and assumptions (by Marshall Hunt and TRC) which verified DOE’s analysis.
	+ Feasibility issues related to difficult installations (row houses in Philadelphia) were researched and found to be either exaggerated or properly incorporated into the DOE analysis.
	+ Opposition analysis by Gas Technology Institute (GTI) uses the DOE LCC tool to develop the worst case results based on their choice of inputs.
	+ Negawatt, hired by SoCalGas, skewed their analysis by limiting it to the warm climates of coastal LA and San Diego where the technology may not be cost effective at current prices, omitting colder climates where the technology results in significant savings.
* Energy Efficiency reduces revenues for non-decoupled gas utilities.
* Furnace standards have not been updated for more than 30 years.
* PG&E’s support for federal furnace standards aligns with the CPUC and CEC climate goals and efficiency objectives.