

# Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

## DEPARTMENT OF ENERGY

### 10 CFR Part 430

[Docket Number EERE-2014-BT-STD-0031]

RIN 1904-AD20

### Energy Conservation Program for Consumer Products: Energy Conservation Standards for Residential Furnaces

**AGENCY:** Office of Energy Efficiency and Renewable Energy, Department of Energy.

**ACTION:** Notice of data availability.

**SUMMARY:** The U.S. Department of Energy (DOE) has completed a provisional analysis of the potential economic impacts and energy savings that could result from promulgating amended energy conservation standards for residential non-weatherized gas furnaces (NWGFs) that include two product classes defined by input capacity and has published the data on its Web page. DOE encourages stakeholders to provide any additional data or information that may improve the analysis.

**DATES:** DOE will accept comments, data, and information regarding this NODA no later than October 14, 2015. See section IV for details.

**ADDRESSES:** Any comments submitted must identify the NODA for Energy Conservation Standards for Residential Furnaces, and provide docket number EERE-2014-BT-STD-0031 and/or regulatory information number (RIN) number 1904-AD20. Comments may be submitted using any of the following methods:

1. *Federal eRulemaking Portal:* [www.regulations.gov](http://www.regulations.gov). Follow the instructions for submitting comments.
2. *Email:* [ResFurnaces2014STD0031@ee.doe.gov](mailto:ResFurnaces2014STD0031@ee.doe.gov). Include the docket number and/or RIN in the subject line of the message. Submit electronic comments in Word Perfect, Microsoft Word, PDF, or ASCII file format, and avoid the use

of special characters or any form on encryption.

3. *Postal Mail:* Ms. Brenda Edwards, U.S. Department of Energy, Building Technologies Office, Mailstop EE-5B, 1000 Independence Avenue SW., Washington, DC 20585-0121. If possible, please submit all items on a compact disc (CD), in which case it is not necessary to include printed copies.

4. *Hand Delivery/Courier:* Ms. Brenda Edwards, U.S. Department of Energy, Building Technologies Office, 950 L'Enfant Plaza SW., Suite 600, Washington, DC 20024. Telephone: (202) 586-2945. If possible, please submit all items on a CD, in which case it is not necessary to include printed copies.

No telefacsimilies (faxes) will be accepted. For detailed instructions on submitting comments and additional information on the rulemaking process, see section IV of this document (Submission of Comments).

*Docket:* The docket, which includes **Federal Register** documents, comments, and other supporting documents/materials, is available for review at [www.regulations.gov](http://www.regulations.gov). All documents in the docket are listed in the [www.regulations.gov](http://www.regulations.gov) index. However, not all documents listed in the index may be publicly available, such as information that is exempt from public disclosure.

A link for access to the docket Web page can be found at: [https://www1.eere.energy.gov/buildings/appliance\\_standards/rulemaking.aspx?ruleid=62](https://www1.eere.energy.gov/buildings/appliance_standards/rulemaking.aspx?ruleid=62). The [www.regulations.gov](http://www.regulations.gov) Web page contains instructions on how to access all documents in the docket.

**FOR FURTHER INFORMATION CONTACT:** Mr. John Cymbalsky, U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, Building Technologies Office, EE-5B, 1000 Independence Avenue SW., Washington, DC 20585-0121. Telephone: (202) 287-1692. Email: [residential\\_furnaces\\_and\\_boilers@ee.doe.gov](mailto:residential_furnaces_and_boilers@ee.doe.gov).

Ms. Johanna Hariharan, U.S. Department of Energy, Office of the General Counsel, GC-33, 1000 Independence Avenue SW., Washington, DC 20585-0121. Telephone: (202) 586-9507 or (202) 287-6307. Email: [Johanna.Hariharan@hq.doe.gov](mailto:Johanna.Hariharan@hq.doe.gov).

For further information on how to review other public comments and the docket, contact Ms. Brenda Edwards at (202) 586-2945 or by email: [Brenda.Edwards@ee.doe.gov](mailto:Brenda.Edwards@ee.doe.gov).

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### I. Background

On March 10, 2015, DOE published in the **Federal Register** a notice of proposed rulemaking (NOPR) and public meeting to amend energy conservation standards for residential non-weatherized gas furnaces (NWGF) and mobile home gas furnaces (MHGF). 80 FR 13119. The proposed standards, which are expressed as minimum annual fuel utilization efficiencies (AFUE), are shown in Table I.1. These proposed standards, if adopted, would apply to all products listed in Table I.1 and manufactured in, or imported into, the United States on or after the date 5 years after the publication of the final rule for this rulemaking.

TABLE I.1—PROPOSED AFUE ENERGY CONSERVATION STANDARDS FOR NON-WEATHERIZED GAS FURNACES AND MOBILE HOME GAS FURNACES (TSL 3)

Product class	AFUE %
Non-Weatherized Gas-Fired Furnaces .....	92
Mobile Home Gas-Fired Furnaces .....	92

A number of stakeholders objected to a national standard at 92 percent AFUE, which would effectively only be able to be met by using condensing technology. The objections raised by stakeholders covered a wide range of issues, but the negative impacts of the proposed

standards on some furnace consumers were highlighted by many stakeholders.

A letter dated June 8, 2015, signed by 121 members of the U.S. House of Representatives, expressed concern that a nationwide energy efficiency standard that effectively precludes a consumer from choosing to install a non-condensing furnace would result in many homeowners either abandoning the use of natural gas to heat their homes or paying substantially more for the installation of a furnace that meets the new standard. It stated that many families will be faced with the difficult choice of having to replace their non-condensing furnace with either a condensing furnace with higher installation costs or electric heat and accompanying higher monthly energy bills. (United States House of Representatives, No. 67 at p. 1) Comments from the Pennsylvania Chambers of Commerce, Business, and Industry, Meeks, Payne, Jr., Bishop, Jr., and Carrier make similar statements. (Pennsylvania Chambers of Commerce, Business, and Industry, No. 82 at p. 1; Meeks, No. 140 at p. 1; Payne, Jr., No. 75 at p. 1; Bishop, Jr., No. 76 at p. 1)

The American Gas Association (AGA), Goodman, and American Energy Alliance (AEA *et al.*) stated that even assuming DOE's analysis is correct, many consumers could incur costs under the proposed standard. They stated that, according to DOE's analysis, 20 percent of households nationwide would face higher life-cycle costs under the proposed standard, and in the replacement market, one-quarter of all households replacing their natural gas furnaces would see a life-cycle cost increase. (AGA, No. 118 at p. 27; AEA *et al.*, No. 69 at p. 1; Goodman, No. 135 at p. 2) AGA, Goodman, and Southern Gas Association (SGA) added that consumers in the South and low-income families would be disproportionately impacted. (AGA, No. 118 at p. 27; Goodman, No. 135 at p. 2; SGA, No. 145 at p. 1)

The Air-Conditioning, Heating, and Refrigeration Institute (AHRI), Carrier, Rheem, and Ingersoll Rand expressed concern that the proposed standards will result in 10–20 percent of homes switching from gas furnaces to electric heat pumps because venting of a condensing gas furnace is difficult to impossible. (AHRI, No. 159 at p. 3; Carrier, No. 116 at p. 2; Rheem, No. 142 at p. 3; Ingersoll Rand, No. 156 at p. 2) AGA expressed a similar concern, and asserted that the resulting adverse energy and environmental impacts of this fuel switching are very substantial. (AGA, No. 118 at p. 28)

Several stakeholders, who expressed general support for the proposed standards and suggested more stringent standards could be justified, provided a recommendation for reducing negative impacts on some furnace consumers while maintaining the overall economic and environmental benefits of the standards. The American Council for an Energy-Efficient Economy (ACEEE) recommended that DOE establish a separate product class for small furnaces (tentatively those with an input capacity of 50,000 Btu/hour or less) and leave the standard level for these units at 80-percent AFUE, while adopting a higher standard level of 95-percent AFUE for larger furnaces. (ACEEE, No. 113 at p. 1) The Alliance to Save Energy made a similar recommendation, but referred to an input capacity of no more than 50,000 to 65,000 Btu/hour for smaller furnaces. (Alliance to Save Energy, No. 115 at p. 1) The Natural Resources Defense Council (NRDC) urged DOE to adopt an 80-percent AFUE standard level for furnaces below a specified maximum capacity threshold, and set the capacity threshold low enough that the national energy, economic, and environmental benefits are largely preserved while allowing consumers in small and moderately-sized, well insulated and weatherized homes in moderate and warm climates to have a non-condensing option. (NRDC, No. 134 at p. 2) AGLR stated that DOE should establish a separate product class for small furnaces with an input capacity of less than 45,000 Btu/hour, citing section 305(f) of EPCA as authority for DOE to establish separate product classes based on product capacity. (AGLR, No. 112 at pp. 15–16)

ACEEE also stated that creating two product classes based on furnace size would reduce the number of households that would experience net costs under the proposed standard (many of whom are in the south). ACEEE stated that many of the consumers who would experience net costs will have small furnaces and recommended that DOE specifically examine this issue and estimate the economics of separate standard levels as a function of furnace input capacity. ACEEE noted that a size threshold provides another option for some households with very high installation costs—if they weatherize their home and get the needed capacity below 50,000 Btu/h, they can avoid the extra installation cost of a condensing furnace. ACEEE added that a size threshold would not present the potential enforcement challenges associated with regional standards. (ACEEE, No. 113 at p. 3)

Although DOE believes that the standards proposed in the March 2015 NOPR meet the statutory criteria for amended standards, given the concerns and suggestions described above, DOE undertook an analysis of the consumer economics and national impacts of establishing separate standard levels for large and small residential furnaces. In so doing, it examined the effect of alternative size thresholds for a small furnace. Because the issues raised by stakeholders primarily concern NWGFs, DOE only considered that product in its analysis and did not examine mobile home gas furnaces. The analysis is described in section II of this NODA; section III provides the results of the analysis.

DOE notes that this NODA does not propose any energy conservation standards for residential furnaces. DOE may revise the analyses presented in today's NODA based on any new or updated information or data it obtains during the course of the rulemaking. DOE encourages stakeholders to provide any additional data or information that may improve the analysis.

## II. Summary of the Analyses Performed by DOE

DOE conducted an analysis of the consumer impacts (life-cycle cost and payback period) and national impacts (national energy savings and net present value of national benefits) of potential standard levels for the considered NWGF product classes. The tools used in preparing these analyses and their respective results are available at: [https://www1.eere.energy.gov/buildings/appliance\\_standards/rulemaking.aspx?ruleid=62](https://www1.eere.energy.gov/buildings/appliance_standards/rulemaking.aspx?ruleid=62). Each individual spreadsheet includes an introduction that provides an overview of the contents of the spreadsheet. These spreadsheets present the various inputs and outputs to the analysis and, where necessary, instructions. Brief descriptions of the analyses and of the supporting spreadsheet tools are provided below.

If DOE were to consider adopting energy conservation standards for residential furnaces that set separate levels based on input capacity, it would do so in a future supplemental NOPR (SNOPR). DOE would also publish a technical support document (TSD) containing a detailed written account of the analyses performed in support of the SNOPR, which will include updates to the analyses made available in this NODA.

The analysis conducted for this NODA used the same analytical

framework as the March 2015 NOPR.<sup>1</sup> Key aspects of the present analysis and DOE’s updates to the NOPR analysis are described in the sections below.

*A. Introduction*

The analysis conducted for this NODA estimated impacts for the potential standard level combinations shown in Table II.1. The key aspect of this analysis is that only large furnaces

would need to use condensing technology to meet the standard. Thus, households installing a small furnace would not need to incur the costs associated with installing a condensing furnace.

TABLE II.1—POTENTIAL STANDARD LEVEL COMBINATIONS ANALYZED FOR LARGE AND SMALL FURNACES

Furnace size	Annual fuel utilization efficiency (%)			
	90	92	95	98
Large .....	90	92	95	98
Small .....	80	80	80	80

This NODA analysis used the same sample of residential furnace consumers as the March 2015 NOPR. Each sample household was assigned a furnace size (in terms of input capacity) based on a number of features, as discussed in section II.C. The share of households

that would install a small furnace depends on how “small furnace” is defined in terms of input capacity. For this analysis, DOE considered the following small furnace definitions: ≤45 kBtu/hour, ≤50 kBtu/hour, ≤55 kBtu/hour, ≤60 kBtu/hour, and ≤65 kBtu/hour.

hour. In each case, large furnaces would be defined as all sizes above the given thresholds. The share of households that would install a furnace meeting a small furnace standard rises as the size cutoff in the small furnace definition increases, as illustrated in Table II.2.<sup>2</sup>

TABLE II.2—SHARE OF SAMPLE HOUSEHOLDS BY FURNACE SIZE [percent]

Furnace size	Small furnace definition				
	≤45 kBtu/hour	≤50 kBtu/hour	≤55 kBtu/hour	≤60 kBtu/hour	≤65 kBtu/hour
Large .....	92	86	85	68	62
Small .....	8	14	15	32	38
Total .....	100	100	100	100	100

*B. Engineering Analysis*

The engineering analysis establishes the relationship between the manufacturer production cost (MPC) and energy efficiency for residential furnaces. This relationship between MPC and energy efficiency serves as the basis for calculations performed in the other analysis tools to estimate the costs and benefits to individual consumers, manufacturers, and the nation. For each NWGF efficiency level that was analyzed, the MPC was estimated for four furnace capacities (60 kBtu/hour, 80 kBtu/hour, 100 kBtu/hour, and 120 kBtu/hour). For the NODA analysis, DOE updated the MPCs from the NOPR to incorporate the most recent available data for material,<sup>3</sup> component, labor, and overhead costs, and also updated the MPCs to 2014\$.

*C. Life-Cycle Cost and Payback Period Analyses*

The life-cycle cost (LCC) and payback period (PBP) analyses determine the economic impact of potential standards on individual consumers who purchase a furnace in the expected compliance year (assumed to be 2021 for this analysis). The LCC is the total cost of purchasing, installing and operating a residential furnace over the course of its lifetime. DOE determines the LCC by considering: (1) The total installed cost to the consumer (which consists of manufacturer selling price, distribution channel markups, sales taxes, and installation costs); (2) the annual energy consumption (natural gas or LPG and electricity) of residential furnaces as they are used in the field; (3) the operating cost of residential furnaces (i.e., energy cost and maintenance and repair cost); (4) equipment lifetime; and (5) a discount rate that reflects the consumer cost of capital and puts the

LCC in present-value terms. The PBP represents the number of years needed to recover the increase in purchase price of higher-efficiency residential furnaces through savings in the operating cost.

For each considered standards case, DOE measures the change in LCC relative to a no-new-standards case, which reflects the market in the absence of amended energy conservation standards, including market trends for equipment that exceeds the current energy conservation standards.

In the March 2015 NOPR and in today’s NODA, DOE developed nationally-representative household samples for residential furnaces from the 2009 Residential Energy Consumption Survey (RECS).<sup>4</sup> DOE analyzed the net effect of potential amended residential furnace standards on consumers by calculating the LCC savings and PBP for each household by efficiency level.

DOE performed the LCC and PBP analyses using a spreadsheet model

<sup>1</sup> Please see the March 2015 NOPR and the accompanying TSD for details, which are available at [http://www1.eere.energy.gov/buildings/appliance\\_standards/rulemaking.aspx?ruleid=62](http://www1.eere.energy.gov/buildings/appliance_standards/rulemaking.aspx?ruleid=62).

<sup>2</sup> The shares in Table II.2 reflect the likelihood that some consumers would down-size a new

furnace to meet the “small furnace” definition. See section II.C for discussion.

<sup>3</sup> DOE uses 5-year averages for metal materials and current prices for all other materials.

<sup>4</sup> U.S. Department of Energy: Energy Information Administration, Residential Energy Consumption Survey: 2009 RECS Survey Data (2013), available at: <http://www.eia.gov/consumption/residential/data/2009/> (last accessed July 29, 2015).

combined with Crystal Ball<sup>5</sup> to account for uncertainty and variability among the input variables. Each Monte Carlo simulation consists of 10,000 LCC and PBP calculations using input values that are either sampled from probability distributions and household samples or characterized with single point values. The analytical results include a distribution of 10,000 data points showing the range of LCC savings for a given efficiency level relative to the no-new-standards case efficiency distribution. In performing an iteration of the Monte Carlo simulation for a given consumer, product efficiency is chosen based on its probability. If the chosen product efficiency is greater than or equal to the efficiency of the standard level under consideration, the LCC and PBP calculation reveals that a consumer is not impacted by the standard level. By accounting for consumers who already purchase more-efficient products, DOE avoids overstating the potential benefits from increasing product efficiency.

#### 1. Furnace Size Assignment

For the March 2015 NOPR, DOE assigned an input capacity for the existing furnace of each housing unit based on an algorithm that correlates the heating square footage and the outdoor design temperature for heating (*i.e.*, the temperature that is exceeded by the 30-year minimum average temperature 1 percent of the time) with the distribution of input capacity of furnaces.<sup>6</sup> DOE assumed that, for the new furnace installation, the input capacity would remain the same. DOE's analysis accounted for the typical oversizing of furnace capacity (*i.e.*, the furnace is larger than it needs to be to fulfill the building heating load).

If there is a separate standard for small furnaces, DOE expects that some consumers who would otherwise install a typically-oversized furnace would choose to down-size in order to be able to purchase a non-condensing furnace. For the NODA analysis, DOE identified those sample households that might

<sup>5</sup> Crystal Ball is a commercial software program developed by Oracle and used to conduct stochastic analysis using Monte Carlo simulation. A Monte Carlo simulation uses random sampling over many iterations of the simulation to obtain a probability distribution of results. Certain key inputs to the analysis are defined as probability distributions rather than single-point values.

<sup>6</sup> The distribution of input capacity is based on shipments data by input capacity bins for the year 2000 provided by AHRI (AHRI (formerly GAMA). Furnace and Boiler Shipments data provided to DOE for Furnace and Boiler ANOPR, January 23, 2002). AHRI data was further disaggregated into 5-kBtu/h bins using the reduced models dataset from the NOPR analysis. Appendix 7B of the NOPR TSD provides details about furnace sizing method.

down-size at the considered small furnace definitions. DOE first determined if a household would install a non-condensing furnace with an input capacity greater than the small furnace size limit without amended standards. In the standards case, DOE assumed that a fraction of such consumers would down-size to the input capacity limit for small furnaces.

#### 2. Energy Prices

For this NODA, DOE updated current energy prices and also the projection of future energy prices. Current average and marginal monthly energy prices are based on the latest data (2013 energy prices) from EIA (Form 861 data<sup>7</sup> to calculate commercial electricity prices, Natural Gas Navigator<sup>8</sup> to calculate commercial natural gas prices, and State Energy Data System<sup>9</sup> to calculate LPG prices). The update to 2013 energy prices had a very small impact on the LCC and PBP results.<sup>10</sup> Future energy prices are based on the projection of average annual percent change in national-average residential natural gas and electricity prices in the *Annual Energy Outlook 2015 (AEO 2015)*.

#### 3. Other Updates

For this NODA, DOE updated the efficiency distribution in the no-new-standards case to reflect AHRI shipments data from 2010 to 2014.<sup>11</sup> The update resulted in decreased fraction of consumers being impacted by an efficiency standard requiring efficiencies of 90-percent AFUE and above.<sup>12</sup> DOE also made minor updates to the markups, product price trend, and the building shell efficiency and climate indexes used to adjust energy use. These are described in the LCC spreadsheet.

<sup>7</sup> Energy Information Administration (EIA), Survey form EIA-861—Annual Electric Power Industry Report (Available at: <http://www.eia.gov/electricity/data/eia861/index.html>) (Last accessed July 15, 2015).

<sup>8</sup> Energy Information Administration (EIA), Natural Gas Navigator (Available at: [http://tonto.eia.doe.gov/dnav/ng/ng\\_pri\\_sum\\_dcu\\_nus\\_m.htm](http://tonto.eia.doe.gov/dnav/ng/ng_pri_sum_dcu_nus_m.htm)) (Last accessed July 15, 2015).

<sup>9</sup> Energy Information Administration (EIA), State Energy Data System (SEDS) (Available at: <http://www.eia.gov/state/seds/>) (Last accessed July 15, 2015).

<sup>10</sup> For the NOPR, 2012 energy prices from the same sources were used.

<sup>11</sup> Air-Conditioning, Heating, and Refrigeration Institute. Personal communication. May 12, 2015. <http://www.regulations.gov/#!documentDetail;D=EERE-2014-BT-STD-0031-0052>.

<sup>12</sup> For the NOPR, the AHRI shipments data was not available and DOE instead relied on shipments data from the ENERGY STAR program to derive its estimates. Based on the AHRI shipments data, DOE's estimate of the condensing furnace market share in 2021 increased from 47-percent in the NOPR to 53-percent in the NODA.

#### D. National Impact Analysis

The national impacts analysis (NIA) estimates the national energy savings (NES) and the net present value (NPV) of total consumer costs and savings expected to result from potential new standards. DOE calculated NES and NPV as the difference between a case without amended standards and each standards case.

DOE calculated the annual energy consumption for each case using the appropriate per-unit annual energy use data multiplied by the projected residential furnaces shipments for each year. To estimate impacts of separate standards for small and large furnaces, DOE needed to disaggregate NWGF shipments by input capacity. To do so, DOE assumed that the shares of each size category in NWGF shipments are the same as the shares estimated for the household sample. The shares were assumed to remain constant over time.

Cumulative energy savings are the sum of the annual NES determined for the lifetime of furnaces shipped during a 30-year period assumed to start in the expected compliance year. Energy savings include the full-fuel cycle energy savings (*i.e.*, the energy needed to extract, process, and deliver primary fuel sources such as coal and natural gas, and the conversion and distribution losses of generating electricity from those fuel sources).

To develop the national NPV of consumer benefits from potential energy conservation standards, DOE calculated projected annual operating costs (energy costs and repair and maintenance costs) and annual installation costs for the no-new-standards case and the standards cases. DOE calculated annual energy expenditures from annual energy consumption using forecasted energy prices in each year. DOE calculated annual product expenditures by multiplying the price per unit times the projected shipments in each year.

The aggregate difference each year between operating cost savings and increased installation costs is the net savings or net costs. DOE multiplies the net savings in future years by a discount factor to determine their present value. DOE estimates the NPV of consumer benefits using both a 3-percent and a 7-percent real discount rate, in accordance with guidance provided by the Office of Management and Budget (OMB) to Federal agencies on the development of regulatory analysis.<sup>13</sup>

<sup>13</sup> Office of Management and Budget, OMB Circular A-4, section E, Identifying and Measuring Benefits and Costs (2003), available at <http://www.whitehouse.gov/omb/memoranda/m03-21.html>.

For the NODA analysis, DOE updated energy price trends and several other inputs with data from *AEO 2015*, as described in the NIA spreadsheet.

**III. Results of the Analysis**

*A. Economic Impacts on Consumers*

As mentioned in section II.C, for each considered standards case, DOE measures the change in LCC relative to a no-new-standards case. For example, in the case of a separate standard of 90-

percent AFUE for large furnaces and 80-percent AFUE for small furnaces, the analysis reflects the likelihood that some consumers would purchase a furnace at or above those efficiency levels without standards, and thus would not be affected by the standards. The average LCC savings in Table III.1 only include those consumers who would be affected at a given standard level.

Table III.2 shows the percentage of consumers that would experience a net

cost under each considered standards case, and Table III.3 shows the percentage of consumers in the South that would experience a net cost.<sup>14</sup> For these consumers, the LCC would increase under the standard compared to the furnace they would purchase in no-new-standards case. As expected, the percentage of consumers that would experience a net cost declines as the definition of small furnace expands to include more furnaces.

**TABLE III.1—AVERAGE LCC SAVINGS FOR ALTERNATIVE FURNACE STANDARD LEVEL COMBINATIONS [2014\$]**

Minimum AFUE (%)		Average LCC savings (2014\$) *				
Large	Small	Small furnace definition (kBtu/hour)				
		≤45	≤50	≤55	≤60	≤65
90	80	\$383	\$400	\$400	\$492	\$484
92	80	463	478	479	553	525
95	80	439	447	449	479	437
98	80	365	372	374	388	347

\* The average LCC savings only include those consumers who would be affected at a given standard level.

**TABLE III.2—SHARE OF ALL CONSUMERS EXPERIENCING A NET COST FOR ALTERNATIVE FURNACE STANDARD LEVEL COMBINATIONS**

Minimum AFUE (%)		% of consumers experiencing a net cost				
Large	Small	Small furnace definition (kBtu/hour)				
		≤45	≤50	≤55	≤60	≤65
90	80	19	15	13	11	7
92	80	17	13	12	10	6
95	80	21	17	15	12	9
98	80	35	34	33	26	23

**TABLE III.3—SHARE OF CONSUMERS IN THE SOUTH EXPERIENCING A NET COST FOR ALTERNATIVE FURNACE STANDARD LEVEL COMBINATIONS**

Minimum AFUE (%)		% of consumers in the south experiencing a net cost				
Large	Small	Small furnace definition (kBtu/hour)				
		≤45	≤50	≤55	≤60	≤65
90	80	27	20	19	13	7
92	80	25	18	17	11	7
95	80	28	22	21	14	10
98	80	35	31	30	20	14

Table III.4 compares the key consumer economic impacts of a single standard for all furnaces to a separate standard for large and small furnaces.<sup>15</sup> Under a separate standard for large and small furnaces, the average LCC savings

increase somewhat but the share of consumers with a net cost declines considerably. The impacts of a separate standard for large and small furnaces would vary depending on the small furnace definition. For example, if the

definition was ≤60 kBtu/hour instead of ≤55 kBtu/hour, the difference between the single standard for all furnaces and separate standards for large and small furnaces would be greater than shown.

<sup>14</sup> The analysis used the same definition of the South region as the March 2015 NOPR.

<sup>15</sup> The results for a single standard for all furnaces differ slightly from the results in the March 2015 NOPR because of the input revisions discussed in

section II. DOE believes that showing a direct comparison with the NOPR results would not serve the purpose of the NODA analysis.

TABLE III.4—COMPARISON OF CONSUMER IMPACTS OF SINGLE STANDARD VS. SEPARATE STANDARD FOR LARGE AND SMALL FURNACES \*

Single standard for all furnaces			Separate standard for large and small furnaces		
AFUE (%)	Avg. LCC savings (2014\$)	Share of consumers with net cost (%)	AFUE (%) large/small	Avg. LCC savings (2014\$)	Share of consumers with net cost (%)
90 .....	\$347	20	90/80 .....	\$400	13
92 .....	425	18	92/80 .....	479	12
95 .....	420	22	95/80 .....	449	15
98 .....	343	41	98/80 .....	374	33

\* Using small furnace definition of  $\leq 55$  kBtu/hour.

Table III.5 and Table III.6 show a similar comparison for consumers in the south and low-income consumers, with similar results.<sup>16</sup>

TABLE III.5—COMPARISON OF IMPACTS FOR CONSUMERS IN THE SOUTH OF SINGLE STANDARD VS. SEPARATE STANDARD FOR LARGE AND SMALL FURNACES \*

Single standard for all furnaces			Separate standard for large and small furnaces		
AFUE (%)	Avg. LCC savings (2014\$)	Share of consumers with net cost (%)	AFUE (%) large/small	Avg. LCC savings (2014\$)	Share of consumers with net cost (%)
90 .....	\$291	31	90/80 .....	\$335	19
92 .....	357	28	92/80 .....	405	17
95 .....	357	33	95/80 .....	379	21
98 .....	319	44	98/80 .....	368	30

\* Using small furnace definition of  $\leq 55$  kBtu/hour.

TABLE III.6—COMPARISON OF IMPACTS FOR LOW-INCOME CONSUMERS OF SINGLE STANDARD VS. SEPARATE STANDARD FOR LARGE AND SMALL FURNACES \*

Single standard for all furnaces			Separate standard for large and small furnaces		
AFUE (%)	Avg. LCC savings (2014\$)	Share of consumers with net cost (%)	AFUE (%) large/small	Avg. LCC savings (2014\$)	Share of consumers with net cost (%)
90 .....	\$210	22	90/80 .....	\$274	12
92 .....	301	20	92/80 .....	379	11
95 .....	363	24	95/80 .....	423	13
98 .....	356	44	98/80 .....	447	31

\* Using small furnace definition of  $\leq 55$  kBtu/hour.

In the NOPR analysis, DOE estimated that some consumers faced with significant costs to install a condensing furnace would instead choose to switch

to electric heating with a heat pump or electric furnace. If there were a separate, lower standard level for small furnaces, fewer consumers would be faced with

installing a condensing furnace, and there would be less switching. Table III.7 shows this outcome.

TABLE III.7—COMPARISON OF FUEL SWITCHING IMPACTS OF SINGLE STANDARD VS. SEPARATE STANDARD FOR LARGE AND SMALL FURNACES \*

Single standard for all furnaces			Separate standard for large and small furnaces		
AFUE (%)	Switch to heat pump (% of consumers)	Switch to electric furnace (% of consumers)	AFUE (%) large/small	Switch to heat pump (% of consumers)	Switch to electric furnace (% of consumers)
90 .....	6.7	3.0	90/80 .....	2.9	1.8
92 .....	6.9	3.1	92/80 .....	3.0	1.9
95 .....	8.3	3.5	95/80 .....	3.9	2.3
98 .....	11.7	4.2	98/80 .....	6.5	2.8

\* Using small furnace definition of  $\leq 55$  kBtu/hour.

<sup>16</sup> The results in Table III.6 overstate the percentage of low-income households that would actually be negatively impacted by proposed higher-efficiency furnace standards. Close to 60 percent of low-income households in RECS 2009

are either renters or residents of public housing. In these cases, the furnace would be purchased by the property owner, and the cost of a higher-efficiency furnace might be passed on over time in the rent (or perhaps not all in the case of public housing).

DOE's current analysis assumes that in cases where the property owner does not pay for energy, the cost of a higher-efficiency furnace is passed on immediately, which would tend to overstate any negative impact.

*B. National Impacts*

The estimated national energy savings (full-fuel-cycle) of the considered combinations of minimum AFUE for

large and small furnaces are shown in Table III.8. Table III.9 and Table III.10 show the national NPV of benefits for alternative furnace standard level combinations at

7-percent and 3-percent discount rates, respectively. The national energy savings decrease as the small furnace definition expands.

TABLE III.8—NATIONAL ENERGY SAVINGS FOR ALTERNATIVE FURNACE STANDARD LEVEL COMBINATIONS [Quads]

Minimum AFUE (%)		Small furnace definition (kBtu/hour)				
Large	Small	≤45	≤50	≤55	≤60	≤65
92	80	2.9	2.9	2.9	2.3	1.8
95	80	4.2	4.2	4.1	3.4	2.8
98	80	5.8	5.7	5.7	4.9	4.2

TABLE III.9—NATIONAL NET PRESENT VALUE OF BENEFITS FOR ALTERNATIVE FURNACE STANDARD LEVEL COMBINATIONS AT 7-PERCENT DISCOUNT RATE [Billion 2014\$]

Minimum AFUE (%)		Small furnace definition (kBtu/hour)				
Large	Small	≤45	≤50	≤55	≤60	≤65
92	80	3.1	3.5	3.5	3.0	2.4
95	80	4.2	4.6	4.6	4.2	3.6
98	80	3.8	4.4	4.4	4.6	4.0

TABLE III.10—NATIONAL NET PRESENT VALUE OF BENEFITS FOR ALTERNATIVE FURNACE STANDARD LEVEL COMBINATIONS AT 3-PERCENT DISCOUNT RATE [Billion 2014\$]

Minimum AFUE (%)		Small furnace definition (kBtu/hour)				
Large	Small	≤45	≤50	≤55	≤60	≤65
92	80	14.7	14.8	14.8	11.8	9.1
95	80	20.2	20.1	20.0	16.9	13.9
98	80	23.9	24.0	23.9	21.3	18.4

Table III.11 compares the national energy savings and NPV of a single standard for all furnaces vs. a separate standard for large and small furnaces. The national energy savings are higher

in the case of a separate standard for large and small furnaces mainly because there is less switching from gas to electric heating.<sup>17</sup> The NPV is higher in the case of a separate standard for large

and small furnaces mainly because the LCC savings are higher. The impacts of a separate standard for large and small furnaces would vary depending on the small furnace definition.

TABLE III.11—COMPARISON OF NATIONAL IMPACTS OF SINGLE STANDARD VS. SEPARATE STANDARD FOR LARGE AND SMALL FURNACES \*

Single standard for all furnaces			Separate standard for large and small furnaces		
AFUE (%)	National energy savings (quads)	National net present value, 7% (billion 2014\$)	AFUE (%) large/small	National energy savings (quads)	National net present value, 7% (billion 2014\$)
92	2.6	2.2	92/80	2.9	3.5
95	3.9	3.3	95/80	4.1	4.6
98	5.4	2.6	98/80	5.7	4.4

\* Using small furnace definition of ≤55 kBtu/hour.

<sup>17</sup> In terms of FFC energy, switching from gas to electricity increases energy use considerably

because of the losses in thermal electricity generation.

#### IV. Submission of Comments

DOE will accept comments, data, and information regarding this analysis before or after the public meeting, but no later than the date provided in the **DATES** section at the beginning of this document. Interested parties may submit comments, data, and other information using any of the methods described in the **ADDRESSES** section at the beginning of this document.

Submitting comments via [www.regulations.gov](http://www.regulations.gov). The [www.regulations.gov](http://www.regulations.gov) Web page will require you to provide your name and contact information. Your contact information will be viewable to DOE Building Technologies staff only. Your contact information will not be publicly viewable except for your first and last names, organization name (if any), and submitter representative name (if any). If your comment is not processed properly because of technical difficulties, DOE will use this information to contact you. If DOE cannot read your comment due to technical difficulties and cannot contact you for clarification, DOE may not be able to consider your comment.

However, your contact information will be publicly viewable if you include it in the comment itself or in any documents attached to your comment. Any information that you do not want to be publicly viewable should not be included in your comment, nor in any document attached to your comment. Otherwise, persons viewing comments will see only first and last names, organization names, correspondence containing comments, and any documents submitted with the comments.

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Include contact information each time you submit comments, data, documents, and other information to DOE. If you submit via mail or hand delivery/courier, please provide all items on a CD, if feasible, in which case it is not necessary to submit printed copies. No telefacsimiles (faxes) will be accepted.

Comments, data, and other information submitted to DOE electronically should be provided in PDF (preferred), Microsoft Word or Excel, WordPerfect, or text (ASCII) file format. Provide documents that are not secured, that are written in English, and that are free of any defects or viruses. Documents should not contain special characters or any form of encryption and, if possible, they should carry the electronic signature of the author.

*Confidential Business Information.* Pursuant to 10 CFR 1004.11, any person submitting information that he or she believes to be confidential and exempt by law from public disclosure should submit via email, postal mail, or hand delivery/courier two well-marked copies: One copy of the document marked "confidential" including all the information believed to be confidential, and one copy of the document marked "non-confidential" with the information believed to be confidential deleted. Submit these documents via email or on a CD, if feasible. DOE will make its own determination about the confidential status of the information and treat it according to its determination.

Factors of interest to DOE when evaluating requests to treat submitted information as confidential include: (1) A description of the items; (2) whether and why such items are customarily treated as confidential within the industry; (3) whether the information is generally known by or available from other sources; (4) whether the information has previously been made available to others without obligation concerning its confidentiality; (5) an explanation of the competitive injury to

the submitting person that would result from public disclosure; (6) when such information might lose its confidential character due to the passage of time; and (7) why disclosure of the information would be contrary to the public interest.

It is DOE's policy that all comments may be included in the public docket, without change and as received, including any personal information provided in the comments (except information deemed to be exempt from public disclosure).

Issued in Washington, DC, on September 4, 2015.

**Kathleen B. Hogan,**

*Deputy Assistant Secretary for Energy Efficiency, Energy Efficiency and Renewable Energy.*

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## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. FAA-2015-3628; Directorate Identifier 2015-NM-025-AD]

RIN 2120-AA64

#### Airworthiness Directives; The Boeing Company Airplanes

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Notice of proposed rulemaking (NPRM).

**SUMMARY:** We propose to supersede Airworthiness Directive (AD) 2012-12-04, which applies to certain The Boeing Company Model 737-300, -400, and -500 series airplanes. AD 2012-12-04 currently requires repetitive external detailed inspections and nondestructive inspections to detect cracks in the fuselage skin along the chem-mill steps at stringers S-1 and S-2R, between station (STA) 400 and STA 460, and repair if necessary. Since we issued AD 2012-12-04, we have determined that, for certain airplanes, the skin pockets adjacent to the Air Traffic Control (ATC) antenna are susceptible to widespread fatigue damage. This proposed AD would require a preventive modification of the fuselage skin at crown stringers S-1 and S-2R. This proposed AD would reduce inspection thresholds and repetitive intervals for certain airplanes. We are proposing this AD to detect and correct fatigue cracking of the fuselage skin panels at the chem-mill steps, which could result in sudden fracture and failure of the fuselage skin panels,