Nick,

As a follow-up to our discussion about DOE’s condensing furnace standard in August, I wanted to let you know that we are planning to submit a letter to DOE addressing the revised analysis DOE released in September. The official deadline for comments is today at COB our time. Given the sensitive nature of this issue we have decided to submit a place holding letter notifying DOE that we are working to reach a consensus compromise. This procedure is not without precedence.

The DOE released an initial furnace standard that would require a 92% efficient furnace, which is an increase from the current standard of 80% efficient furnace.  A noncondensing furnace has AFUE values up to 80 and a condensing furnace will achieve AFUE (Annual Fuel Utilization Efficiency) values above 90.  This achieved by adding a second heat exchanger.  It was noted in the analysis that in some older homes customers living in older homes may pay more for the increased standard that what it would save due to installation difficulties.

NRDC, AGA, ACEEE, ASAP, and others worked on the capacity based standard but could not complete negotiations before comment letter were due in July.  Up to a certain capacity (Btu input) noncondensing furnaces are allowed.  The theory is that when a large capacity furnace is installed the annual energy use will be higher.  Savings are a percentage of the usage so higher usage will yield more savings which can offset incremental costs thereby increasing LCC.  The DOE has released additional information and has requested comments on the furnace proceeding on September 14, 2015. As part of the newly released information DOE has performed analysis of the impact of a compromise that was proposed by the advocates and industry that considers the capacity cutoffs of 45, 55 and 65 kBtuH.  PG&E’s C&S program is supportive of this compromise urges a cutoff at the lower end of the range.  We believe it is cost effective and in the best interest of our customers.

The Codes & Standards team draft comment letter will support the DOE’s compromise position and advocate for a 50 kBtuH cutoff capacity.  This cutoff level allows noncondensing 80 AFUE furnaces with adequate heating capacity and air conditioning airflow to serve the comfort conditioning needs of our customers with furnaces under 50 kBtuH. Furnaces over this size will be required to meet a 95% standard AFUE.

The other organizations participating in this rulemaking are taking the following stances:

* ACEEE, NRDC and ASAP are taking the same position as PG&E on this rulemaking.
* The CEC has emailed us to let us know that they will be urging DOE not to proceed with a capacity based standard.  Since the majority of furnaces in California are under 65 kBtuH the capacity standards will not provide significant savings for California.
* SCE and SDG&E are staying neutral to avoid the controversy.
* Our understanding is that SCG, AHRI, and AGA are the major detractors for this rulemaking.  If they accept the compromise capacity standard they will probably advocate for the 65 kBtuH or higher cutoff requirement.

Please do not hesitate to contact me, as well as our experts Marshall Hunt and Pat Eilert, if you want more information.

--Jan Berman