

## Manke, Adam P

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**From:** Mackay, Sean C  
**Sent:** Friday, March 13, 2015 9:50 PM  
**To:** Kristjansson, Sue; Chawkins, Ken D; Wooden, Grant  
**Cc:** Ahmed, Abdullah; Smith, Allison; Peacock, Tanya; Rendler, Daniel  
**Subject:** RE: Response to Dennis for AGA Meeting

Hi Sue,

Thanks for putting this together.

We seem to have a position on separate product classifications. However, since we don't think it will be that helpful given that the CEC will just mandate the use of condensing, we need to further explore question #2. The AGA document further breaks out Question 2 into these three options. Do we have a preference or favor one of these options over the other?

- Giving DOE authority to establish different standards for new construction and retrofit applications. *Legislation required to give DOE this authority.*
- Establishing a multiyear phase-out of non-condensing furnaces, stepping down the number of condensing furnaces shipped as a fraction of total units shipped (a.k.a. CAFE style approach, portfolio approach). *Legislation required to give DOE this authority.*
- Establishing a “condensing furnace-equivalent” category. Under this approach, non-condensing furnace would be allowed to remain on the market if packaged with other energy efficient technologies (e.g. smart thermostats, high efficiency furnace fans, efficient stand-by function). *DOE's existing authority would allow. Legislation could ensure adoption by the Department.*

The politics are laid out in the AGA memo. We will face significant opposition from the Enviros/NGOs and their Senate democrat allies if we pursue separate product classifications for condensing and non-condensing furnaces. AGA believes that while the environmental and efficiency advocacy communities strongly oppose the creation of separate product classes, they have expressed willingness to explore options that would allow non-condensing furnaces on the market within established limits. If we can reach consensus with the Enviros on the other three options, then we may have an opportunity to get this agreement added to the Shaheen/Portman energy efficiency bill which was recently reintroduced into Congress. Nonetheless, if we pursue separate product classifications and we are unsuccessful we will have missed our moment of opportunity with Shaheen/Portman and the Enviros will be less likely to work with us on a compromise. It should be noted that the Shaheen/Portman bill has been offered in the last two Congresses and has not moved forward due to fear of amendments on non-germane issues like Keystone, Obamacare, and EPA climate rules. There is hope that these concerns have been alleviated with the Republican control of both houses, but there are no guarantees that Shaheen/Portman will move forward this year.

So the question at hand is do we support separate product classifications? If we don't think it is going to be helpful for CA, then we should provide Dennis with guidance on which of the other three AGA legislative proposals make the most sense for a negotiation with the Enviros for inclusion in the Shaheen/Portman energy efficiency bill.

Thanks for everyone's support on this effort

Sean

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**From:** Kristjansson, Sue  
**Sent:** Friday, March 13, 2015 11:54 PM  
**To:** Chawkins, Ken D; Mackay, Sean C; Wooden, Grant  
**Cc:** Ahmed, Abdullah; Smith, Allison; Peacock, Tanya; Rendler, Daniel  
**Subject:** Response to Dennis for AGA Meeting

Happy Friday evening all,

Attached is my first crack at a response to Jeff for Dennis' consideration. I will wordsmith this more so it flows better but wanted to get the basic premise down and out to you as quickly as possible.

I've followed the PDF format for the most part and answered the action items with information related to our decision making. Please review and provide me feedback and input by tomorrow at 10 a.m. if possible. I would like to finalize my response to Jeff and send it to him early afternoon. I attached the AGA PDF so you can toggle back and forth.

Sean, I've left the political calculation element for you to provide suggestion – I put some thoughts in but will leave that area to you.

Ken and Grant, please give me your thoughts overall and when we have consensus we are good to go.

Thanks!

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