From:	Zelmar, Karen
To:	Eilert, Patrick L; Hunt, Marshall; Anderson, Mary
Subject:	Fwd: RELEASE: DOE Underestimates Significant Economic Burdens from Furnace Rule
Date:	Tuesday, October 18, 2016 8:39:01 AM
Attachments:	image001.jpg

In case you guys didn't see this...

-------- Original message --------
From: "Miller, Matthew" <MQM9@pge.com>
Date: 10/18/16 5:33 AM (GMT-08:00)
To: "Zelmar, Karen" <KJZ1@pge.com>, "Howe, James" <JYHC@pge.com>
Subject: RELEASE: DOE Underestimates Significant Economic Burdens from Furnace Rule

FYI:

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For Immediate Release:
October 17, 2016

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DOE Underestimates Significant Economic Burdens from Furnace Rule
AGA proposal would provide superior balance between energy efficiency and protecting vulnerable consumers

Washington, D.C. – The U. S. Department of Energy's (DOE) Supplemental Notice of Proposed Rulemaking on Energy Conservation Standards for Residential Furnaces will place an undue burden on far too many low income consumers. The American Gas Association (AGA) has provided a proposal to DOE and the Office of Management and Budget – a threshold of 70 kbtu rather than the proposed 55 kbtu – that would provide a superior balance between the goals of achieving energy efficiency nationally and the need to protect vulnerable consumers from unnecessary economic harm.

In her statement at a public meeting held today on this rule, Kathryn Clay, AGA's Vice President of Policy, applauded DOE for recognizing the need to maintain the market option of non-condensing furnaces for some consumers under the proposed rule. Dr. Clay said that AGA is deeply concerned that providing a non-condensing option limited to furnaces of heating capacities of 55 kbtu or below will leave many Americans out in the cold when they are unable to overcome the initial barrier

presented by the higher unit costs of condensing furnaces.

On average, condensing furnaces cost about $350 more than non-condensing furnaces, along with an additional $1,500-$2,200 in installation costs.

“The fundamental structure of the rule and its size-differentiated approach, is a significant step forward toward a better outcome for all consumers,” said Dr. Clay. “But we remain deeply concerned that the rule will impose significant economic burdens to far too many American consumers.”

The analysis provided by DOE with the release of the supplemental ruling indicates that the proposed 55 kBtu threshold would still result in economic harm to **one out of every six low income households in the Southern United States** – a level AGA deems unacceptable.

“We believe the actual number of households likely to be harmed is far greater. Many homeowners living in apartments, town homes, and row-houses will face structural barriers to installing condensing furnaces that will force them into options that will be economically burdensome, and less energy efficient overall, in the longer term,” Dr. Clay said.

An in-depth analysis of the DOE methodology, performed by the Gas Technology Institute, and jointly supported between AGA and the American Public Gas Association, exposed fundamental flaws in DOE’s modeling of consumer choice – in fact, assuming random decision making in place of rational economic choices.

Dr. Clay continued, “Adopting a threshold of 70 kbtu would set the market on a clear pathway – without the undue harm that will result from the more abrupt shift a 55 kbtu threshold would entail.”

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About the American Gas Association

The American Gas Association, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 72 million residential, commercial and industrial natural gas customers in the U.S., of which 95 percent — just under 69 million customers — receive their gas from AGA members. Today, natural gas meets more than one-fourth of the United States' energy needs.