DELIVER BY July 10, 2015

U.S. Department of Energy

Building Technologies Program

Via email: ResFurnaces2014STD0031@ee.doe.gov

RE: Joint Stakeholder Comments on Notice of Proposed Rulemaking for Energy Conservation Standards for Residential Furnaces; docket number EERE-

2014–BT–STD–0031

This letter provides joint comments on behalf of the American Gas Association, the Natural Resources Defense Council, the American Council for an Energy Efficient Economy, CONSUMER GROUP, MANUFACTURERS/AHRI *{, ANY OTHER SIGNERS MOST WELCOME}* (“the Joint Commenters”) regarding the Department of Energy’s (DOE’s) Notice of Proposed Rulemaking (NOPR) for Energy Conservation Standards for Residential Furnaces. We appreciate the opportunity to provide this joint input. Some of the Joint Commenters may also submit separate supplementary comments.

The Joint Commenters share a common interest in updated energy efficiency standards that benefit consumers and the environment. DOE estimates that an updated standard would deliver about $20 billion dollars in consumer savings and reduced carbon pollution exceeding 300 Mt CO2-eq for purchases made over a thirty-year period.

Manufacturers have achieved major technology advances since the standards were last significantly updated in 1987, most notably with the development of very high efficiency condensing furnaces that capture 95% or more of the energy available from combustion. An updated standard is an essential complement to the suite of policy tools for cost-effective residential energy efficiency, alongside product labeling (e.g., ENERGY STAR), gas utility energy efficiency programs, and federal tax credits.

However, the substantial overall benefits are not uniform. The Joint Commenters recognize that the standard proposed in the NOPR would result in uneconomic outcomes for a fraction of households, estimated by DOE at some 20%. It is of course preferable to avoid uneconomic outcomes, particularly more significantly uneconomic outcomes, where it is possible to do so without sacrificing the standards overall benefits. In addition, the proposed standard could lead to some counter-productive outcomes if some residences switch from natural gas furnaces to other heating forms with higher total life-cycle costs and environmental impact.

The Joint Commenters have identified an enhancement to the NOPR proposal that we believe will greatly reduce unintended, counterproductive impacts while continuing to deliver on the opportunity for substantially improved energy savings. The Joint Commenters offer this enhancement without taking any position on the merit, legal or otherwise, of the NOPR proposal.

To that end, we urge DOE to make the following revisions in the Final Rulemaking:

1. **Adopt an 80% AFUE minimum standard for residential gas furnaces below a capacity threshold of 65,000 btu/h;**
2. **Adopt a 95% Annual Fuel Utilization Efficiency (AFUE) minimum standard for furnaces equal to or greater than 65,000 btu/h (the substantial majority of furnace sales).**

Each of the Joint Commenters has conducted its own assessment of the above approach. Each finds that, compared to the NOPR proposal, it would deliver improved consumer outcomes, similar energy and environmental savings, superior manufacturer outcomes, and opportunities for enhanced gas utility energy efficiency programs. It would also be simple and straightforward for installers and distributors, and for the Department to enforce. Each of the Joint Commenters also finds that prompt action on the above proposal would be superior to delays in DOE adopting an updated standard.

The Joint Commenters will discuss in our respective separate supplementary comments each Commenter’s analysis of and reason for supporting the general approach and the recommended specific capacity threshold and AFUE levels.

If the Joint Commenters can be of assistance to the Department as it completes these important standards, please let us know.

Respectfully submitted,