Pat and Mary

* Leadership may not allow us to comment on the furnace standard no matter what we think.
* The good news is that DOE did not go along with the NRDC led negotiations that were considering a cut off of up to 75K Btuh.
* Attached is the summary of a quick analysis done by DEG concerning what is getting installed in new homes. Existing homes will have larger furnaces. Thus the market share of “small” furnaces is small.
* A primary driver behind larger furnaces is the need for AC airflow which is only available in larger furnaces. Furnace manufacturers make product for the national market which can be thought of as Kansas City where 60k Btuh is needed with 2 or 3 tons of airflow.
* Most customers and contractors replace existing furnaces with the same size even when they could downsize.
* It is possible that manufacturers could introduce new high airflow, small furnaces they might cost more because low volume.
* Another factor is that the industry is responding to the challenges of difficult retrofits with new components that will reduce costs to the point that condensing furnaces will become standard practice.
* In Title 24 we can get creative and make non-condensing “small” furnaces make up for lost efficiency. Or let it slide because the Therm usage will be so low after the 2019 Title 24 standards the difference between 80 and 92 AFUE will be small.
* The 2022 T24 standards will have the fun of working out the preemption issues but that can go on the back burner for now.

Response to Karen – needs editing thinking of the audience

* Jan Berman briefing memo to Nick needs to be updated to cover recent history
* DOE proposal is very close to the compromise we were willing to support before we had to stop
* It is in PG&E’s EE interest to support DOE because the gas savings are large and we are funded by CPUC to save energy

DOE estimates that the standard proposed today will reduce US energy use by 2.9 quadrillion Btu’s (quads) over 30 years of sales, which is enough to meet all of New England’s gas and propane heating needs for 16 years. The savings from this standard rank it as the biggest end-use natural gas saver of any standard ever issued.

* AGA and SCG will oppose