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Thursday, June 4, 2015 ASAP call on furnace negotiations – Andrew’s notes

Draft agenda

1. Plans for June 11th meeting at AGA - who plans to attend?

Attendees from our team will be Andrew, Steve, Harvey, Elizabeth and Jeff H. Tim will call in for the first hour.

1. Legislative versus regulatory approaches (5 minutes)

The negotiations envision a legislative outcome since several of the elements cannot be done by DOE through regulation. Getting legislation enacted will not be easy, but the presumption is that the coalition involved in these negotiations is broad enough that it could be done. Some in our group our not so sure.

Some of the elements in these discussions can be adopted by DOE via regulation. A consensus that relies on regulatory options would have a greater chance of completion. Also, if consensus is not reached, we may still want to use some of the ideas developed during these negotiations for our written comments due on July 10.

C. Reports (15 minutes)

a. Any progress with thermostat working group – Harvey

Harvey reported that Charlie McCrudden of ACCA has gotten NEMA and Honeywell to agree to participate in the working group, but no initial meeting of the working group has been scheduled and it’s unlikely one will be before we meet on the 11th. Robin had earlier circulated to this group links to the EPA’s thermostat work. EPA withdrew Energy Star for thermostats several years ago and has been working with stakeholders on developing a new program that may incorporate learning and DR features. Definitions are central to this work. Robin asked if anyone among our organizations has been involved – no one said they are. Robin observed that defining a high performing thermostat is a difficult task, complicated task, there are people working on it other than those involved in these negotiations.

b. Investigations into appropriate btu/h cut off point - Harvey, Elizabeth

Harvey and Marshall has an initial conversation with PGW and APGA; PGW said that there are some 400K row houses in Philly and they range in size from 1100 – 3600 sf. Marshall and Harvey intend to have done some modeling for next Thursday for a Philly row house. They will attempt to show what size furnace is needed for a well-weatherized home of moderate size (perhaps 1500 or 1600 sf). It may be useful to look at several other cities (e.g. St Louis), but that will take a little longer to do.

c. CA views on EER - Kristin and Marshall

(Marshall did not join the call.) Kristin reported that the CEC is strongly opposed to dropping EER from the Central air standards for their region. Marshall had previously said same for utility perspective.

d. CA views on AFUE levels - Kristin and Marshall

Discussions ongoing as to what region CA would want to be in if there is a condensing and non-condensing region. Kristin intends to get back to us before next Thursday’s meeting.

e. DOE plans for central air rulemaking – Andrew

DOE’s next step for CAC is to publish a NOPR, which could happen sometime this summer. A final rule would be completed next year and take effect in 2021. Confidentially, industry is interested in initiating a reg neg for this docket and DOE seems interested as well. This topic may come up at the next ASRAC meeting, scheduled for June 17.

f. Timing of refrigerant phase-outs – Elizabeth

The timing of the SNAP determination that would affect his equipment is very unclear. Many steps in the process involving changes to model bldg codes and then adoption by the states. Elizabeth said there’s a concern that tying the effective date of standards to these processes: it would complicate the decisions and politics around the SNAP rules and may become another tool for mfrs to seek delay for refrigerant phase outs. Coordination is a good idea, but tying them too firmly can create some perverse incentives, with delay in one helping to drive delay in the other. On the other hand, a firm date in one or the other could help keep changes on track. Jeff pointed out that they’ll seek delay anyway.

1. Regional standards approach: DOE it make sense if you have a btu/h cut off below which 80% furnaces are permitted

Andrew observed that DOE’s analysis shows 92 and 95 AFUE furnaces as cost effective on average in the southern region. Allowing non-condensing products up to a certain btu/hr input is an approach designed to reduce the number of households that would have non-economic condensing installations in a standards scenario. Given that the prevalence of heat pumps is high in the south and that a smaller furnace will meet most heating loads, there may be relatively few households impacted by allowing non-condensing furnaces over the btu cut off in southern region. We’ve already tentatively agreed to a 3000 HDD line for a north and south region, but we should consider if having a regional standard is necessary if we permit low btu/hr input non-condensing furnaces. Once non-condensing furnaces of any size are permitted in some region, no matter how limited that region, then those furnaces will be manufactured and the complexity or regional enforcement and risk of leakage into the condensing region is introduced.

1. MHGF proposal (10 minutes)

Andrew suggested that we should propose that the mobile home gas furnace standard be set at whatever condensing level is selected for other products – 92 AFUE is very cost-effective nationally and 95 is better. Charlie pointed out that this is a new construction market only – for replacement purposes, an owner of a mobile home can buy whatever they want and can find on the market. This argument suggests that the only distinguishing characteristics of these products in there installation in a factory-built home. Is this correct? If so, we need to be very concerned about loopholes if there standard is less than that of other furnaces. Robin will check with the mobile home manufacturers to get their views. Harvey suggested that the volume is small so we might not be so concerned. Andrew reiterated the loophole concern; what’s to stop a MHGF from being installed in a site built home? (If these homes are reasonably weatherized, equipment below the btu cut off will meet their heating needs; question may emerge whether MHGF should get the same treatment as NWGF below the btu cut off point since they are so cost-effective and since they are primarily (exclusively?) installed into new homes.)

1. Bldg code:  what is value of having federal law change to allow states to adopt higher than minimum AFUE values? (10 minutes)

Charlie S. said that there is a proposal advancing in IECC to allow for states to adopt a condensing furnace compliance package. He’s optimistic it will be adopted. Jeff is skeptical. In sum, some members of our team see little value in the code element in these negotiations than others.

1. Alternate strawman (NRDC)

Alternate idea is a 95% AFUE national standard, except allow 80% furnaces below a certain size threshold. This approach has the very significant advantage that it can be adopted by DOE through regulation, avoiding the need for Congressional action. It avoids all the complications and uncertainties of thermostat element while delivering more certain savings. The size cut off pushes installers to right-sizing and leaves utilities with the opportunity to promote condensing since the smaller, non-condensing remain available.

Robin explained again that NRDC is not supportive of the 92% AFUE level over the 95% level since the 95% has greater average consumer savings, more purchasers are better off, significantly larger national energy savings and emissions reductions. Questions why the group has advanced 92%. Rationale appears to be to allow for more product differentiation for manufacturers, but, Robin argued, that’s their issue, not ours. Moreover, if we allow 80% furnace below a certain size then there is the sell-up option in that range.

Andrew suggested that furnaces below the input size cut off could also be limited to replacement. Tim pointed out that this feature would have the side benefit of enabling states to adopt the condensing level into new construction building codes (without having to provide an alternate compliance pathway). Charlie S objected, saying it was unnecessary (b/c, he argued, the 2018 IECC will include the options path, and could not be enforced. Robin said he tended to agree with Charlie. Andrew pushed back that limiting 80% furnaces below the threshold to replacements was part of our original proposal and could only help to limit the market size for non-condensing furnaces. Conceptually, it might be as simple as a labeling requirement.

Andrew said he would discuss this altenative approach with Steve when he returns. It may be useful to have this approach ready in case the approach with the thermostat falters.

H. Alternate placeholder language

We did not discuss.