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**Subject:** Industry vows to 'fight hard' against proposed furnace rule

## **ENERGY EFFICIENCY:**

### **Industry vows to 'fight hard' against proposed furnace rule**

Katherine Ling, E&E reporter

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Industry groups laid out a heated response today against the Energy Department's proposed rule to raise energy efficiency levels for residential gas furnaces, accusing the agency of obscuring where it is getting its data and overestimating product lifetimes to boost consumer benefits.

The American Gas Association; the Air-Conditioning, Heating and Refrigeration Institute; and other participants provided input at a public meeting held today on DOE's proposed rule, which was officially released last month ([\*Greenwire\*](#), Feb. 11).

The proposed rulemaking would raise the efficiency standard for non-weatherized gas furnaces and mobile home gas-fired furnaces to 92 percent from the current standard of 80 percent.

DOE's furnace efficiency standards have essentially remained unchanged for about 25 years as it faced repeated litigation from both sides. The most recent rulemaking in 2011 was based on a consensus agreement that included AGA and AHRI but was contested by the American Public Gas Association. The litigation ended in 2014 in a settlement in which DOE agreed to withdraw the rule and issue a new one.

AGA and AHRI have both argued that more stringent efficiency standards for gas furnaces would push consumers toward lower-cost electric heaters, increase energy bills and lead to a loss of jobs.

Now, however, they say DOE is refusing to disclose the methodologies and assumptions the agency made in order to reach the conclusion that the new standard is technically feasible and economically justified, the groups say -- an echo of similar complaints that derailed the 2011 rulemaking.

"DOE has failed to provide sufficient information needed by AGA -- or any member of the public - - to develop a clear understanding of the technical analysis supporting this rulemaking," AGA said in comments submitted to DOE. "As a result, it is impossible to ascertain whether or not the proposed rule meets the criteria established by [Energy Policy Conservation Act] for establishing new and/or amended standards."

Kathryn Clay, vice president of policy strategy at AGA, added: "This is particularly troubling given the immense complexity of the proposed rule and its reliance on highly sophisticated and opaque modeling methodologies. We hope that the Department will act quickly to address the needs of the

public by supplying full access to the data, assumptions, and methodologies needed to assess the full implications of the proposed rule in a meaningful way."

DOE held a public meeting last fall before the proposed rule was released to demonstrate the analytical tools developed by the agency to support the rule, although they were only allowed to clarify the methodology and not the data.

From the data provided, AGA also said DOE is underestimating the costs to consumers in upgrading equipment -- particularly low-income households -- and costs of switching from natural gas to electric furnaces. On the other hand, DOE is overestimating the size of the affected market and the lifetime of the equipment -- which DOE says will last at least five years longer than industry estimates -- according to AGA.

Stephen Yurek, president and CEO of AHRI, said his members are open to new efficiency standards developed on a consensus basis, much as had been done on a previous version of the rule, but the current standards would be devastating to manufacturers and consumers.

"DOE's proposed rule makes no sense for anyone, and America's furnace manufacturers intend to fight -- and fight hard -- to protect our customers from this economically and environmentally devastating rule," Yurek said in a statement. "We will work diligently with our members and with like-minded industry associations to advocate for standards that are not only technically feasible but economically justified for consumers and manufacturers."

Efficiency advocates have welcomed the rule but argue that, in fact, given its latency, the standards do not go far enough. The Natural Resources Defense Council said it would like to see the requirement pushed up to 95 percent and that there is technology available to hit 98 percent.

"Improved furnace efficiency standards are a crucial energy-savings opportunity for homeowners and the nation, since about one-fifth of all the energy consumed in U.S. homes goes to operate gas and propane furnaces," Andrew de Laski, director of the Appliance Standards Awareness Project, said when the rule was released. "These furnaces provide heat for more than 40 percent of homes, and their minimum efficiency standards have been virtually unchanged since 1992."

De Laski also argued in that statement that the proposed rule now takes into account the full cost of potential fuel switching from gas to electric and installation costs, contrary to the 2011 rulemaking.

"The agency's new analysis is substantially revised to address those critics' concerns and now estimates that about 10% of furnace purchasers would switch to electric heat, primarily heat pumps, as a result of the standard," he said. "Most fuel switching would likely occur in those regions of the country where heat pumps are a cost-competitive option compared to gas heating."

ASAP and other advocates are working on a potential exemption for "a small portion of consumers" who may face unusually high installation costs -- although new venting technologies already are bringing down the cost of venting condensing furnaces in "even the most difficult circumstances, and may make any special treatment unnecessary," de Laski noted.

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