

From: [Anderson, Mary](#)
To: [Berman, Janice S](#); [Miller, Matthew](#); [Zelmar, Karen](#); [Eilert, Patrick L](#)
Cc: [Howe, James](#)
Subject: RE: DOE SNOPR - Furnaces
Date: Wednesday, September 07, 2016 1:37:59 PM

Matt,

We have reviewed the most recent furnace proposal and privately we are supportive. Based upon research we believe that this rulemaking is overwhelmingly positive for PG&E's customers and will have a minimal impact on PG&E's gas throughput over the next 20 years. Based upon our previous conversations with Nick we will not be making public comments on this proposal. We are reaching out to AGA and SCG to understand their positions. We will have more information later this week on this rulemaking and will keep you in the loop.

Mary

From: Berman, Janice S
Sent: Tuesday, September 06, 2016 8:39 AM
To: Miller, Matthew; Zelmar, Karen; Eilert, Patrick L; Anderson, Mary
Cc: Howe, James
Subject: RE: DOE SNOPR - Furnaces

Matt – I'm forwarding your message to our Codes and Standards team to respond,

--Jan

From: Miller, Matthew
Sent: Tuesday, September 06, 2016 8:37 AM
To: Berman, Janice S
Cc: Howe, James
Subject: DOE SNOPR - Furnaces

Janice –

Good morning. I hope you have a nice 3-day weekend.

Checking in to see if PG&E has a position on the recent proposal put forward by DOE on residential gas furnaces (see news story and link to supplemental notice of rulemaking (SNOPR) below). Additionally, is there plans to submit comments to the Record on the SNOPR, either on PG&E letterhead or through our trade association partner (like AGA)?

As aside, and just an FYI, I've pasted below AGA's new release on DOE's recent announcement.

Thanks for the feedback.

-Matt

By Darius Dixon

09/02/2016

The Energy Department [released](#) new proposed efficiency standards for residential gas furnaces this afternoon in an effort to assuage industry and congressional concerns about the costs.

DOE issued its initial version of the proposal in March 2015 only to have manufacturers complain that the standard should have separated condensing and non-condensing furnaces, including a separate track for small furnaces. The proposal itself noted that the rule could drive up sulfur dioxide and mercury emissions as it reduces CO2 and NOx because some homeowners likely would switch from natural gas to electric furnaces.

Industry mobilized more than 100 House lawmakers to press DOE on the original standard and language was inserted into the broad energy legislation being negotiated on Capitol Hill aimed at forcing the agency to take new comments and reconsider its proposal.

The revised proposal released today includes that separate "small furnaces" product class - something DOE [conceded](#) to almost a year ago. The new proposal also says the rule would lead to less CO2, mercury, sulfur dioxide and NOx emissions compared with the previous version.

Both industry and efficiency advocates argued - albeit with different intentions - that DOE had made errors in its analysis. Industry insisted that DOE underestimated how many people would swap out their gas furnaces, while advocates argued the agency underestimated the consumer benefits of the proposal. Yet, DOE's updated analysis showed that divvying up the product classes saved more energy and money than a single track.

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AGA Responds to Furnace SNOPR
Negative Impacts for Consumers, Environment, Economy

Washington, D.C. – Dave McCurdy, President and CEO for the American Gas Association ([AGA](#)) today issued the following statement in response to the U.S. Department of Energy's Supplemental Notice of Proposed Rulemaking on Energy Conservation Standards for Residential Furnaces:

“AGA is profoundly disappointed that DOE has blatantly ignored well-substantiated concerns expressed by numerous stakeholders, including natural gas utilities, during the past three years of continued discussions about these energy conservation standards for residential furnaces.”

“Throughout this process, AGA has brought a rigorous, fact-based approach to our engagement on this rulemaking. We have identified serious structural flaws and have worked consistently to underscore the negative consequences of these flaws, but time and time again these concerns have been put aside—it is now more clear than ever that the Administration is more focused on political expedience over technical accuracy. DOE’s own analysis, released in a technical support document that preceded the proposed rule, showed that its rule would cause economic harm to significant fractions of low income consumers, particularly in the southern United States. So it seems DOE agrees that the people who will ultimately bear the costs of the Obama Administration’s short-sightedness are some of the nation’s most vulnerable.”

“As we have previously indicated, the Notice of Proposed Rulemaking for Energy Conservation Standards for Residential Furnaces issued in March 2015 would have [unintended environmental consequences](#) and impose [significant economic burdens](#) on American consumers, while providing [substantially lower actual energy savings](#) than indicated by the DOE technical support documents. This is likely due to a [significant flaw](#) in the economic model used to test the rule, which has led to faulty outcomes and an inaccurate depiction of its impact.”

“The rule will have the effect of eliminating workable options for gas furnaces for many homeowners and renters, who will be forced to make hard choices about whether to repair an existing gas furnace beyond recommended operation, or to use more expensive alternatives that are far less clean for their home heating. If we do not see major changes to this proposed rule before it is finalized, AGA will absolutely look for recourse in the courts and we are fairly certain we will not be the only organization to do so.”

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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.