



American Public Gas Association

Opening statement from Arthur Corbin, MGAG President and CEO and APGA Board Member, at DOE Public Meeting Addressing Improvements to the Process Rule

Good Morning. My name is Arthur Corbin; I am the President and CEO of the Municipal Gas Authority of Georgia. I am here on behalf of the more than 700 municipally or community-owned natural gas utilities that are members of the American Public Gas Association. As public gas systems, our focus is to serve the citizens that own us.

Because we are owned and operated by local governments, our attention is on how we can better serve, represent and benefit our customers. That is why we commend the Department for exploring ways to improve the current Energy Conservation Program consistent with the President's goals for regulatory reform. My comments today track what APGA filed on the RFI on July 14, 2017.

Prior to making changes to the Process Rule, APGA would like DOE to embrace four reforms that I will discuss briefly: (1) DOE should focus on lowering costs to consumers through energy conservation but only if it clearly makes economic sense; (2) DOE's process should be as transparent as possible; (3) Test procedures must precede efficiency proposals; and (4) Peer reviews must be completed before DOE authorizes another energy conservation standard.

Energy efficiency standards of course play an important role in reducing energy consumption and, in doing so, provide real cost savings to consumers. With that in mind, it should go without saying that there should never be "winners and losers" when establishing these standards. If done right, the process should produce results whereby consumers have more options to save on their energy bills and manufacturers have the freedom to produce better products for consumers. That was the original intent of the Energy Conservation Program, to create an environment in which consumers have options that meet a realistic efficiency level while not over-burdening them financially. Unfortunately, over the years, the minimum efficiency standards process has changed. Through this RFI, we seek to have this Program return to its original intent and focus on lowering costs to consumers through appropriate minimum efficiency standards.

Secondly, the cornerstone of refocusing this program back to its roots is the need to allow all interested stakeholders the ability to interact with DOE early in the process in a transparent forum. Unfortunately, this has not been the case. I can say with certainty

that many in this room would be able to cite numerous times when this program has developed standards in a less than transparent manner. Minimum energy efficiency standards must reflect a clear balance of energy use with positive economic impacts. By advancing new standards without full input from stakeholders, this balance cannot be achieved. An example of this is the DOE's use of proprietary data in its justification for an efficiency rulemaking. It is APGA's position that proprietary data should not be used in a DOE rulemaking unless that data is made available to the public at no cost and without limitations as to its use, allowing stakeholders to thoroughly analyze the data and provide valuable input early on.

Third, new efficiency standards rulemakings must only be initiated after test procedures have been established as the current Process Rule requires. Several times over the last several years, test procedure and efficiency rulemakings have been advanced simultaneously. This concept defies logic considering that stakeholders will not know the procedure for testing equipment to determine compliance with the proposed efficiency standards, hindering their opportunity to meaningfully analyze and comment on the impact of the proposed standards.

DOE should also consider replacing the current complex life-cycle-cost analysis with a more consumer-oriented, simple payback analysis. This would be more reflective of "real world" consumer decisions. Finally, to ensure the process always reflects true consumer behavior, DOE should require a peer review every 10 years.

In light of the clear need for reform, we suggest that the Department impose an immediate freeze of all current and future energy efficiency reviews to allow for a comprehensive peer review of the standards development process. We would again like to point out that the Crystal Ball-driven spreadsheet relied upon by DOE to populate its technical support documents has substantial flaws. These flaws were highlighted in a Gas Technology Institute report that APGA submitted as part of its comments to the proposed furnace rule. These flaws undermine and invalidate DOE's proposals and ultimately create the need for significant review and modification prior to future use.

We appreciate this opportunity to interact with DOE staff as well as the many stakeholders here and look forward to an engaging conversation on how to improve the Energy Conservation Program.