



August 31, 2016

Dear Conferee,

We write today with an urgent request for your support of language included in S. 2012, the Energy Policy Modernization Act, addressing the Department of Energy's (DOE) rulemaking on efficiency standards for residential non-weatherized gas furnaces as part of the final energy bill that comes out of the conference committee. This provision is necessary to ensure that DOE commits to working with all stakeholders to achieve an efficiency standard that meets environmental and economic goals without penalizing families and businesses.

DOE's current proposed furnace standard would establish the minimum efficiency requirement for residential gas furnaces at such a high level that more than half of the furnaces shipped today could no longer be manufactured or imported for sale legally in the United States. These non-condensing furnaces, which in 2014 accounted for 51 percent of all furnaces shipped, are predominantly used in warmer regions of the country, where homeowners' lower heating requirements do not cost-justify installing a much more expensive product (namely, a condensing furnace). The proposed DOE rule will cause an unnatural disruption in the market, pushing many residential customers, particularly those in warmer climates or older buildings, to repair older, less efficient home heating products. It may also force consumers to install new, more costly products that have complicated installation requirements. They will never reap the efficiency or economic benefits, particularly in warmer climates.

While we have deep concerns about the methodology and analysis used by DOE in developing the justification for the furnace proposal, DOE's own analysis shows that its proposed rule would impose net costs rather than benefits on 20 percent of affected American households. Perhaps most troubling, DOE's analysis shows low income households would be hardest hit. In light of this, organizations representing minority and low income interests have expressed their concerns on the record to DOE and to OIRA, that as proposed this rule could have significant negative consequences to vulnerable communities.

The Gas Technology Institute predicts that the proposed rule would

impose an additional \$44.9 million in energy costs nationwide and produce an additional 348,589 tons of CO₂ per year. We must find a better way than to implement a standard that imposes higher costs on consumers, increases energy usage, and produces more emissions. As it stands now, DOE is willing to impose unfair energy efficiency standards that will negatively impact 1 in 5 homes in America.

The undersigned associations agree that, if implemented correctly, energy efficiency standards translate into high-tech jobs, class-leading technologies, energy security, and perhaps most importantly, money saved by every household throughout the country. However, if applied incorrectly, energy efficiency standards can stifle innovation, slow the economy and harm employment, all while not delivering the promised energy savings.

We ask you to support retaining the furnace language in S. 2012 in the bill approved by the conference committee and in doing so to lend your support for a balanced and economically justified approach to an energy efficient and fair furnace marketplace.

Sincerely,

ACCA – The Indoor Environment & Energy Efficiency Association
Air-Conditioning, Heating & Refrigeration Institute
American Gas Association
American Public Gas Association
Heating Air-conditioning & Refrigeration Distributors International
National Apartment Association
National Association of Home Builders
National Leased Housing Association
National Multifamily Housing Council
Plumbing-Heating-Cooling Contractors —National Association