



January 21, 2016

Dear Senator,

We write today with an urgent request for your continued support of language in S. 2012, the Energy Policy Modernization Act, to review the Department of Energy's (DOE) rulemaking on efficiency standards for residential non-weatherized gas furnaces currently underway. The provision in this bill, which is identical to Senators Hoeven and Alexander's legislation (S.1029), is vitally needed 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, rather than running out the clock to finalize the residential gas furnace rule at the expense of consumers. This language provides DOE and stakeholders with the time and opportunity to get this important rule correct.

We understand that an amendment may be offered during floor debate to remove this important provision from the bill. **We ask that you oppose any effort to alter or replace the existing furnace rule provision.** The existing provision would require DOE to engage in a meaningful way in the ongoing negotiations among stakeholders. As discussions among stakeholders have shown over the past several months, there are alternatives that would meet our shared goals for energy savings and consumer benefits. The negotiated rulemaking process included in the existing furnace language will help us reach consensus.

The proposed DOE rule would establish the minimum efficiency standard 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 home owners rarely need heat. When households in these regions replace their furnace, they will be required to install a more costly product with a more complex installation process. This

would place an unfair economic burden on households in warmer climates.

Furthermore, the analysis by DOE does not fully reflect the costs to consumers. Industry data shows that an average homeowner would be forced to pay an additional \$350 in unit costs and up to an additional \$1,500-\$2,200 in installation costs. DOE's own analysis shows that this 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, including the African American Environmentalist Association and the American Association of Blacks in Energy, have gone on the record opposing the rule.

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 to improve efficiency than to implement a standard that imposes higher costs on consumers, increases energy usage, and produces more emissions.

We, the undersigned agree, that if implemented correctly, energy efficiency standards mean high-tech jobs, class-leading technologies made in America, energy security and perhaps most important, 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 the existing provision in the underlying bill, and to lend your support for a balanced and economically justified approach to the furnace marketplace.

Sincerely,

ACCA – The Indoor Environment & Energy Efficiency Association
Air-Conditioning, Heating & Refrigeration Institute
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