

April 30, 2015

RE: Support for Rep. Blackburn's amendment regarding energy conservation standards for residential natural gas furnaces.

Dear Members of Congress:

We support Rep. Blackburn's amendment to H.R. 2028 to remove funding for one year from the U.S. Department of Energy's current effort to develop new energy conservation standards for residential gas furnaces.

We believe the rule as proposed is deeply flawed. We are concerned that, if the Department of Energy is allowed to proceed along its current path and finalize its proposed rule, a number of unintended consequences will result that would significantly outweigh any value the rule would provide. We believe that it is possible to structure the rule differently so that the many of these negative outcomes can be avoided or diminished.

Over the past several months, we have been engaged in discussions with a diverse group of stakeholders, including energy efficiency and environmental advocacy organizations to consider alternate ways of structuring the rule. We have made good progress in developing several modified approaches to the rule that would maximize its potential to advance our shared goals of improving energy efficiency, reducing emissions, and helping consumers.

We believe that the proposed rule would not produce actual energy savings benefits or emissions reductions. The delay that the Blackburn amendment would impose on the Department would provide us with an opportunity to continue our engagement with other stakeholders, and to develop an alternate approach that will prevent the unintended consequences that the proposed rule would incur.

According to a recent survey conducted by the Gas Technology Institute (GTI), about 22 percent



of homes with existing non-condensing furnaces cannot be easily retrofitted with a condensing furnace, either because of prohibitive expense or due to local building codes that would prevent installation of the required new venting systems. The added cost of buying and installing a condensing furnace to replace a non-condensing furnace ranges from \$1,850 to \$2,550. The analysis shows that even small degrees of displacement of natural gas appliances would result in outsized adverse effects including greater overall energy usage, higher consumer costs, and increased carbon emissions. In the first year of the proposed standard alone, GTI estimates the rule would result in the emission of nearly 350 thousand additional tons of carbon dioxide, an increase of 463 thousand decatherms of energy usage, and added consumer costs nationwide totaling \$45 million.

Additionally, if finalized, we believe the rule would impose burdensome costs and renovations on many homeowners replacing their natural gas furnaces. According to the Department's own analysis, 66 percent of affected households would see no benefit or bear higher net costs under the proposed rule. Specifically – and again according to the DOE – 20 percent of households nationwide would see a net life cycle cost increase, and in the South, nearly a third of affected consumers would actually have higher costs under the proposed rule. Low-income consumers would be the hardest hit – 39 percent of low-income consumers in the Southern United States would bear higher costs for home heating as a direct result of the proposed rule.

DOE is required by statute to demonstrate that any new proposed standard is not only technically feasible, but also economically justified. It is hard to understand how the Department can continue on its present course that will clearly leave many Americans worse off than they are today.

The Blackburn amendment is critical to the success of our effort to find a collaborative way forward on the rule. By creating a pause in the rulemaking process, your amendment will give us the opportunity to complete the development of an alternate approach that is acceptable to all stakeholders. The limited time available before the rule is scheduled to be finalized next year does not provide the time needed to accomplish the task at hand. Natural gas furnaces have long service lifetimes, and the impacts of this rule will be felt for decades. Taking a one-year delay to achieve a positive outcome in the long-term is a prudent – and needed – step. The Blackburn amendment will maximize the rule's potential to successfully contribute to our shared goals of improving energy efficiency, reducing emissions, and protecting vulnerable consumers across the nation.

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 Association of Home Builders