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APGA Commends DOE for Releasing Notice of Data Availability on Natural Gas Furnace Efficiency Standards

Washington, D.C. (September 8, 2015) –The American Public Gas Association (APGA) commends the Department of Energy (DOE) for recognizing the need for a two-product class approach for furnace efficiency standards as opposed to the one-size-fits-all approach proposed earlier this year. In its Notice of Data Availability (NODA) regarding energy conservation standards for residential furnaces issued on Friday, September 4, DOE acknowledged that a two-product class approach is a more reasonable approach for increasing furnace efficiency standards as it could reduce economic burdens and fuel switching that would result from DOE's March 2015 Notice of Proposed Rulemaking (NOPR). APGA has long-maintained the need for a two-product class approach to furnace efficiency standards.

In comments filed in July to address the one-size-fits-all NOPR, APGA expressed the real and serious concerns of millions of Americans who currently use natural gas to heat their homes. The NOPR proposed a national standard that would eliminate non-condensing furnaces. The high installation costs associated with requirements for condensing furnaces, which are the only furnaces capable of meeting the 92 percent annual fuel utilization efficiency (AFUE) requirement, would push many residential customers—particularly those in warmer climates—to switch from natural gas to less efficient home heating alternatives, such as oil, kerosene and electricity.

Should a two-product class approach based on furnace size be pursued, APGA has concerns that the furnace sizes referenced in DOE's NODA, which range from 45,000 to 65,000 BTU per hour, will not provide sufficient relief to those that would be negatively impacted by the nationwide standard. Rather, APGA believes that a higher furnace range in the 85,000 to 90,000 BTU per hour range should be considered as the threshold for a separate product class. At these levels, consumers could continue working with a local contractor and utility to install an energy efficient furnace that best fits their situation. This approach best accommodates a consumer choice driven by rational economics, versus an arbitrary rule for which there is no economic support.

As current market data demonstrates, the market is working. In the North, where there are significant operating cost savings associated with condensing furnaces for most consumers, condensing furnaces dominate the market despite the absence of a rule requiring that condensing furnaces be used for replacement or new construction.

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APGA is the national association of municipally and publicly-owned local distribution systems. There are about 1000 public gas systems serving more than 5 million customers. These public gas utilities are not-for-profit retail distribution entities that are owned by, and accountable to, the citizens they serve. They include municipal gas distribution systems, public utility districts, county districts, and other public agencies that have natural gas distribution facilities.