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New DOE Furnace Efficiency Standard Ultimately Reduces Efficiency

Washington D.C. (February 11, 2015) –The Department of Energy (DOE) has released a new natural gas efficiency standard that will have an adverse impact on millions of Americans who currently use natural gas to heat their homes. Last year, as a result of a petition filed by the American Public Gas Association (APGA), the U.S. Court of Appeals vacated a direct final rule (DFR) concerning furnace efficiency standards issued by DOE in 2011. The 2011 proposal would have established a 90 percent fuel efficiency standard for furnaces in the northern region of the United States. This would have eliminated non-condensing natural gas furnaces from the northern region and likely driven many consumers in that region to switch to less efficient heating alternatives that have higher greenhouse gas emissions.

Unfortunately, DOE’s new proposed standard will again adversely affect homeowners because the new standards will require all homes, nationwide, to utilize the higher costing condensing furnace. The high initial costs associated with installation and the additional venting requirements will push many residential customers—particularly those in warmer climates—to purchase and install potentially less efficient home heating alternatives.

APGA is a longstanding supporter of energy efficiency and will continue to be. In fact, the direct use of natural gas is one of the most efficient uses of delivered primary energy at 90 percent compared to 27 percent for electricity.

Bert Kalisch, APGA’s President & CEO, stated that, “Once again, natural gas consumers must protect themselves against overzealous regulations that will drive up the cost of installing a natural gas furnace and, as a result, incentivize inefficient fuel switching. Given that the direct use of natural gas in the home has a considerably lower carbon footprint when compared to other home heating alternatives, this rulemaking is contrary to the administration’s recent push to curb carbon dioxide emissions.”

Jose Lozano, CEO of the Okaloosa Gas District and Chairman of the APGA Board of Directors, stated that, “at a time when this country has an abundant, long-term supply of low cost, efficient natural gas, we should be implementing policies and standards that promote the direct use of natural gas in homes and businesses rather than less efficient energy alternatives with higher greenhouse gas emissions. APGA looks forward to working with DOE and other stakeholders in establishing a furnace efficiency standard that serves the best interests of American consumers.”

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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.