Updating DOE’s Furnace Efficiency Standards: The Need for DOE to Act Promptly

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The Basics

• Standards set minimum energy- and water-efficiency levels for:
  – Appliances
  – Equipment
  – Lighting

• Standards remove the most inefficient products from the market while retaining a broad array of consumer choice
Long wait for updated gas furnace efficiency standards

Gas furnaces (1 update since initial standard adopted by Congress)

- Initial standards adopted by Congress: 1987
- Effective date of standards: 2015
- Duration: 28 years

Refrigerators (3 updates over similar time period)

- Initial standards adopted by Congress: 1987
- Effective date of standards: 2014
- Duration: 27 years

Key:
- ◼ = initial standards adopted by Congress
- ⭐ = effective date of standards
Gas furnace efficiency standards are stuck in the past

• Today’s minimum efficiency standard (78% AFUE) is obsolete. It was set 28 years ago in 1987

• 2007 standard that goes into effect Nov 19, 2015 is already behind the times

  • 99% of furnaces on the market already meet the 80% AFUE standard
Gas furnace efficiency standards are stuck in the past (con’t)

• 2009 MA waiver filed with NCLC to enforce 90% state standards denied by DOE

• In 2011, DOE set regional standards (80% south/90% north) but they were sent back to drawing board after lawsuit by APGA
Fast forward to 2015 DOE rulemaking

March 2015 proposed standards would:

- Increase efficiency from 80% to 92% AFUE, requiring condensing furnaces (nearly 50% of all furnace shipments)
- Yield the largest natural gas savings ever proposed by DOE
- Save consumers between $4 and $19 billion over 30 years
- Provide environmental and health benefits

*At 7% and 3% discount rate respectively*
What is the opposition saying/doing?

- Some utilities and trade groups cite fuel switching and higher costs for difficult installations
- Amendments filed in Congress to delay or stop rulemaking process
- Stakeholder groups are working on a negotiated agreement
  - would address most of key concerns, e.g., smaller units might be exempted
Consumer Groups Comments

*Joint consumer comments to DOE* - Consumer Federation of America, National Consumer Law Center, Massachusetts Union of Public Housing Tenants, Texas Ratepayers Organization to Save Energy

“We support a minimum efficiency standard for furnaces set at an AFUE of at least 92% and believe that it is clearly in the consumer and national interest.”

“We further propose that DOE set the standard at 95% . . . . this yields greater net benefits for consumers.”

“We propose exempting units of 50,000 BTU capacity or less to address concerns about burdens to low income households.”
Consumer groups comments (con’t)

• Consumers have been losing out on savings with the delays – up to $13 billion lost while waiting

• Renters in particular will benefit

• As large as the consumer pocketbook benefits are, we believe that the DOE has underestimated the net pocketbook benefits by overestimating the costs and underestimating the benefits.
Estimated and actual cost increases associated with recent standards for major appliances

Meaningful furnace efficiency standards are long overdue
Questions?

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What do front-line installers say?

• Usually involves more PVC and related labor
• Incremental cost generally <$200
• Has not been an issue in low-income programs, including Philly