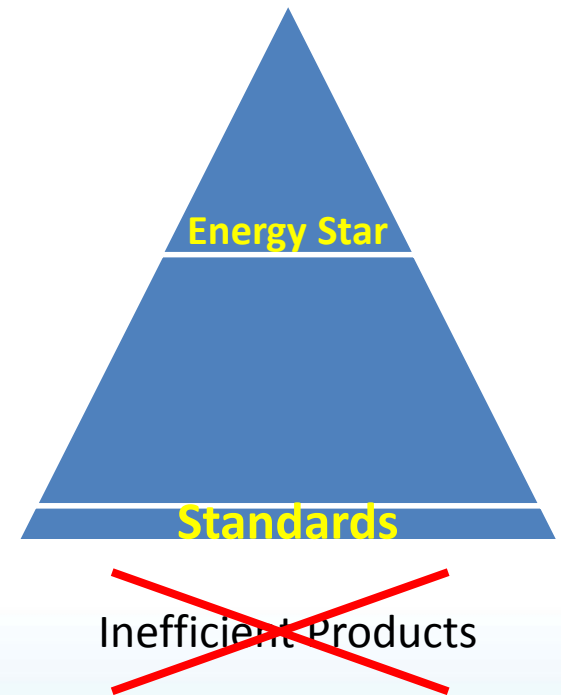


Updating DOE's Furnace Efficiency Standards: The Need for DOE to Act Promptly

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NASUCA

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)

← 28 years →



Refrigerators (3 updates over similar time period)



 = 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- Today's minimum efficiency standard (78%AFUE) is obsolete.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

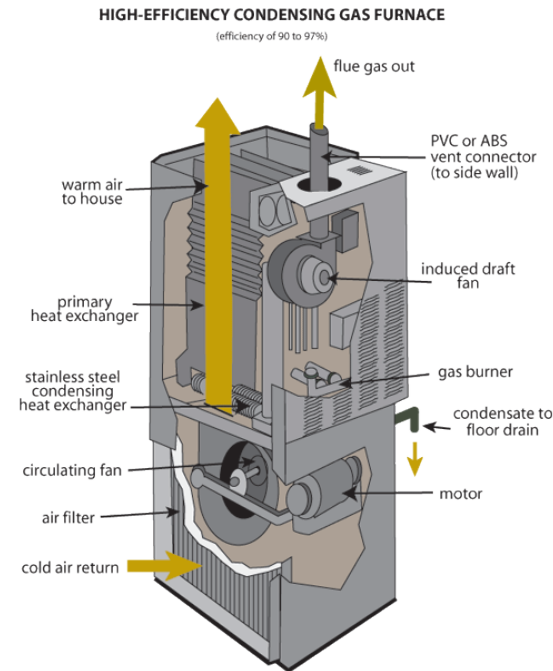
March 2015 proposed standards would:

- 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.”

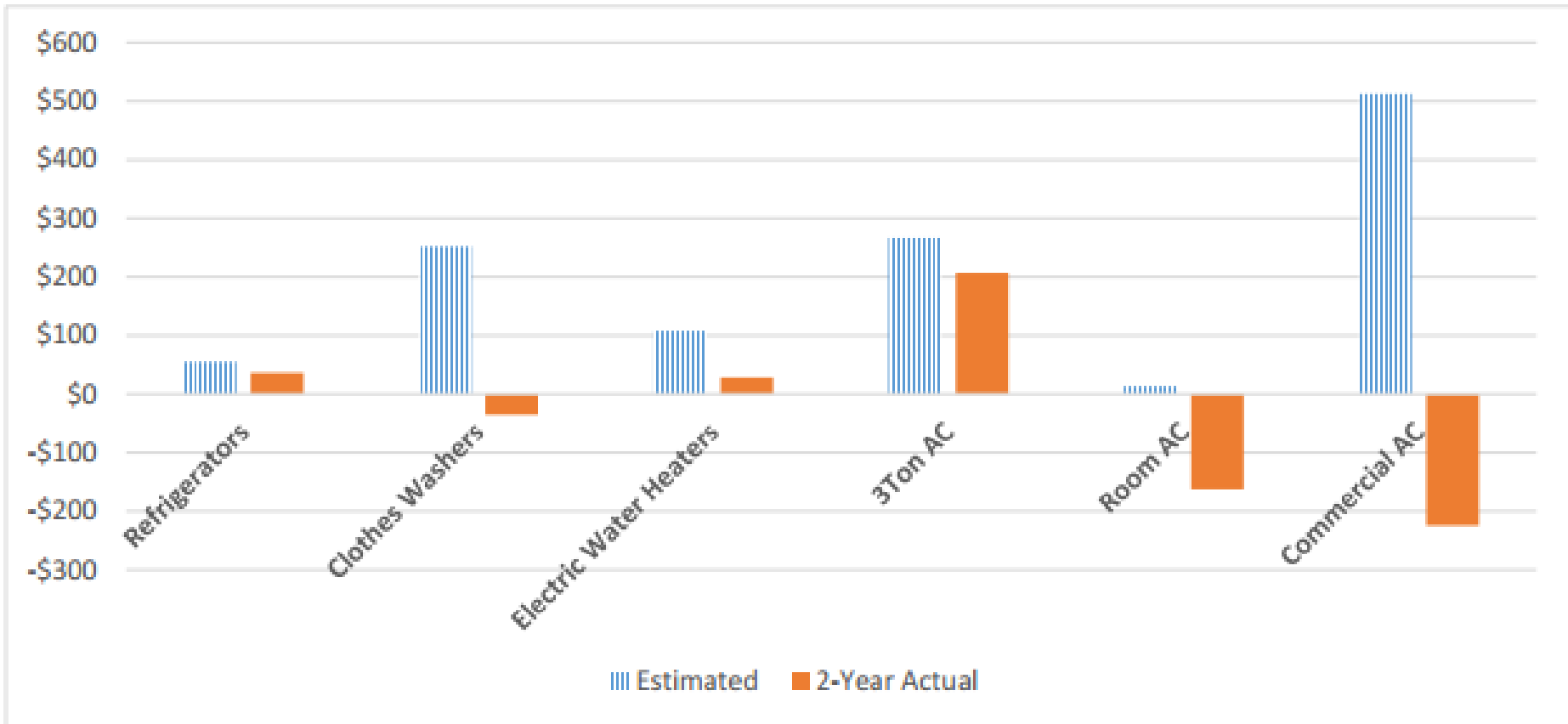
“We further propose that DOE set the standard at 95% this yields greater net benefits for consumers.”

“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



Source: Nade, Steven I and Andrew Delaski, *Appliance Standards: Comparing Predicted and Observed Prices*, American Council for an Energy Efficient Economy and Appliance Standards Awareness Project, July 2013.

Meaningful furnace efficiency standards are long overdue



Questions?

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Appliance Standards Awareness Project

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