

May 29, 2007

Mr. Richard Karney
U.S. Department of Energy
Energy Star Program
1000 Independence Avenue, N.W.
Washington, D.C. 20585-0121

Dear Mr. Karney

The National Rural Electric Cooperative Association (NRECA) appreciates the opportunity to comment on the Draft Criteria Analysis for Energy Star Residential Water Heaters. NRECA is a firm supporter of the Energy Star program and encourages our members (rural electric cooperatives) to seek ways to increase energy efficiency among their consumer-owners, as well as increasing energy efficiency themselves. As discussed in the criteria document, residential water heaters represents the third largest energy user in residential homes. Efforts to improve energy efficiency would result in major energy and cost savings to all residential consumers.

NRECA is the national association for 930 electric power systems that supply central station electricity to 40 million people in 47 states and in 2500 of the nation's 3128 counties. Of the 930 systems, 60 are generation and transmission cooperatives that are owned by and serve 695 of 870 distribution systems.

NRECA makes these comments on behalf of our membership.

NRECA and its members worked closely with the Department of Energy on the last round of energy efficiency standards for water heaters. At that time, the efficiency standards were raised for both electric resistance and gas-fired water heaters. We concur with DOE's conclusion that there is limited additional energy savings for both of these technologies that would warrant considering an Energy Star rating.

We question the need, at this point, to produce Energy Star ratings for little used, advanced technologies that are not currently offered by manufacturers. Gas Condensing water heaters and Advanced non-condensing water heaters fall into this category. The one remaining water heater that does have a share of the market and is capable of providing cost effective energy savings is the tankless gas fired water heater, with annual sales of approximately 255,000 units per year. We believe that this technology should be considered for Energy Star rating. Not mentioned in this analysis is oil or propane fired water heaters. NRECA is unfamiliar with the market share of these technologies but assume there are sufficient sales to warrant a discussion.

NRECA cooperated with the Oak Ridge National Lab on its program of Drop-In Residential Heat Pump Water Heaters and several of our members installed and tested these devices. We believe that if HPWH were to gain greater market share, there could

be major energy savings in a cost effective way. However, since less than 2000 of these units are being sold yearly, and the support facilities are not available, we do not recommend developing an Energy Star rating for HPWH at this point. We have similar thoughts on the solar water heaters. This is an area where more education and information could improve the sales of these energy saving devices. But with their current poor track record, high installation cost, small number of sales and little supportive infrastructure, it is premature to consider Energy Star rating.

Thank you for this opportunity to comment.

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NRECA