

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460



OFFICE OF
AIR AND RADIATION

February 26, 2009

Dear ENERGY STAR[®] Furnace Partner and other Interested Stakeholder,

The purpose of this letter is to announce EPA's decision not to move forward with a revision to the ENERGY STAR specification for residential furnaces at this time and provide the rationale for this decision.

As background, in June of 2007, EPA released a Draft 1 of the Version 2.1 ENERGY STAR specification for residential furnaces, proposing to increase the AFUE requirements from 90% to 92% AFUE. EPA was satisfied that the availability of models at this level was sufficient to allow for adequate choice for purchasers. However, comments were received on this draft that questioned the cost effectiveness for purchasers of increasing the AFUE value. Based on limited review of the current market, EPA has concluded that the simple payback associated with a 92% AFUE unit versus a 90% AFUE unit is generally more than five years (due in large part to the costs associated with condensing versus non-condensing technologies). In light of the ENERGY STAR program principle promising consumers money savings, EPA feels that revising the AFUE requirements for qualified gas furnaces is premature at this time. Further, ENERGY STAR qualified gas furnaces at the 90% AFUE level represent about 35% of the market in 2008, suggesting that the current specification remains effective in designating top performing products in the market.

EPA is aware that a new standard is coming into effect in Canada in January 2010 that sets the requirement for furnaces at 90% AFUE. The impact of this Canadian standard on the heating market in the U.S. is uncertain, in particular the impact on prices; however, we will continue to monitor the market for these products. Should the impact of the Canadian standard or other factors lead to greater cost effectiveness of 92% AFUE furnaces, we will reconsider a change to the ENERGY STAR specification for this product category at that time.

Thank you for your continued interest in and support for ENERGY STAR.

Sincerely,

A handwritten signature in black ink that reads "Rachel Schmeltz".

Rachel Schmeltz
ENERGY STAR Product Manager