

January 5, 2011

Abigail Daken
Environmental Protection Agency
1725 Eye Street NW, Suite 1000
Washington, DC 20006

Dear Ms. Daken:

Thank you for the opportunity to provide input on the Draft 2 Version 3.0 ENERGY STAR® Furnace Specification (Specification). On behalf of CEE and its Gas Committee (the Committee), please accept the following comments.

CEE is the binational organization of energy efficiency program administrators and a staunch supporter of the ENERGY STAR Program. CEE members are responsible for ratepayer-funded efficiency programs in 43 U.S. states and 8 Canadian provinces. In 2010, CEE members directed over \$7.5 billion of energy efficiency program budgets in the two countries, and gas efficiency program budgets, have grown to over \$1 billion. In short, CEE represents the groups that are actively working to make ENERGY STAR the relevant platform for energy efficiency across North America.

CEE highly values the role ENERGY STAR plays in differentiating energy efficient products and services that the CEE membership supports locally throughout the US and Canada. We agree that it is time to revise the ENERGY STAR furnace specification and fully support advancing energy performance for furnaces. The ENERGY STAR brand plays an important role in CEE member programs, and therefore it is important that any changes to criteria are consistent with the established brand attributes and principles. We offer these comments on the merits of this proposal in that spirit and appreciate the opportunity to provide these comments

Provide Additional Data Supporting the Cost-Effectiveness and Projected Model Availability of the Proposed Specification for All Regions and Requirements

The Committee appreciates the cost, savings, and simple payback data EPA provided in support of the proposed AFUE levels; however, it would like the opportunity to review data that supports all three aspects—AFUE, electrical efficiency, and air leakage—of the specification requirements.

Need the Basis for National Equipment and Installation Cost Estimates

The equipment and installation cost data provided by EPA appear low when compared to sample data from member programs. Data from one program indicates that installation costs for 90 percent AFUE furnaces are almost double those quoted by EPA. With such a discrepancy, CEE would like to see a more detailed basis for the recommended levels. Specifically, the Committee would like to know what research EPA conducted, the data received, and any assumptions made to fill in the gaps. Additionally, CEE asks that EPA not only look at costs associated with the proposed AFUE levels, but also any potential increases to the equipment costs resulting from meeting the electrical efficiency and air leakage requirements.

The Proposed Requirement Does Not Appear to Meet the ENERGY STAR Goal of Capturing the Top 25 Percent of Models

The Committee conducted a model availability analysis based on data available in the AHRI Directory of Certified Product Performance. This analysis indicated that 39 percent of models currently meet the proposed AFUE level for the US South and 19 percent of models meet the proposed AFUE levels for the US North and Canada. When adding in the proposed electrical efficiency requirements (“e” less than or equal to 2 percent), only 16 percent and 11 percent of models meet the proposed requirements for the US South and the US North/Canada, respectively. It is clear that the proposed electrical efficiency requirement has a significant impact on model availability, and the Committee is concerned that the air leakage requirements may have a similar impact. To be better able to evaluate the specification as a whole, the Committee would like to see analysis on both cost and model availability that is comprehensive of all three specification components.

Provide the Basis for the Proposed Electrical Efficiency Requirement

The Committee acknowledges that the proposed metric is consistent with the federal tax credits and the CEE Optional Air Handling Specification. It is not clear,

however, whether this approach is relevant for ENERGY STAR. Since it appears it will have a sizable effect on how many products meet the ENERGY STAR, the Committee would like to see a solid basis for its inclusion in the specification and why it is consistent with the brand tenets. Specifically, the Committee would like to see the expected energy savings per unit and incremental cost of meeting this requirement.

Elaborate on the Basis for the Proposed Air Leakage Specification Requirement

CEE does not have sufficient data to comment on the proposed air leakage requirement. The Committee requests analysis behind the proposed 2 percent air leakage requirement that provides evidence indicating energy losses associated with leaking cabinets and demonstrates expected energy savings in addition to cost effectiveness for the consumer—including expected cost increases related to testing— and expected impacts on share of qualified models. Since this is a measure of performance not currently widely adopted in the market, it is crucial to provide a solid foundation of data to ensure that it meets the principles of the ENERGY STAR brand. If EPA can provide evidence that this requirement is proven to cost effectively save energy, then CEE would support its incorporation into the ENERGY STAR criteria for furnaces.

Thank you again for the opportunity to comment. We hope that these comments help in the development of the next draft specification. Please contact Jennifer Anziano, CEE Natural Gas Program Manager, at 617-337-9278 with any questions.

Sincerely,



Marc G. Hoffman
Executive Director

Supporting Organizations

NSTAR Electric and Gas

Southern California Gas Company

Southwest Gas

Vermont Gas

Wisconsin Focus on Energy