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WaterHeaters@energystar.gov

December 9, 2020

Attn: Ms. Abigail Daken
U.S. Environmental Protection Agency
ENERGY STAR Program
Office of Air and Radiation
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Re: AGA Comments on EPA Draft 1, Version 4.0 ENERGY STAR Water Heater Product Specification

Dear Ms. Daken:

The American Gas Association (AGA) appreciates the opportunity to comment on the Environmental Protection Agency's (EPA) Draft 1, Version 4.0 ENERGY STAR Water Heater Product Specification and the Draft 2 Test Method to Validate Demand Response (Draft Test Method) that were released on October 28, 2020 for stakeholder comment under cover of your memorandum.¹

The American Gas Association, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 75 million residential, commercial and industrial natural gas customers in the U.S., of which 95 percent — more than 71 million customers — receive their gas from AGA members. Today, natural gas meets more than 30 percent of the United States' energy needs.

AGA member natural gas utilities and their customers are directly affected by the proposal because it will impact our members' ability to continue offer fuel-neutral Energy STAR options for

¹ See Residential Water Heaters Specification Version 4.0, available at https://www.energystar.gov/products/spec/residential_water_heaters_specification_version_4_0_pd.

Residential Water Heaters, which promotes energy diversity and resilience. The proposal also would impact our members' efforts to help customers improve their energy efficiency. Fuel diversity and equipment options are essential for a stable, low-cost energy future. Additionally, efficiency should remain a priority, regardless of fuel type. Please consider the following comments for inclusion in the ENERGY STAR Residential Water Heater Specification Version 4.0.

AGA supports and agrees with the following comments submitted to EPA by the North American Gas Heat Pump Collaborative (Collaborative), the Northwest Energy Efficiency Alliance (NEEA) and the Consortium for Energy Efficiency (CEE):

- Future Specification Revisions: EPA is monitoring the savings potential and consumer payback offered by ENERGY STAR gas storage and gas instantaneous water heaters. If more significant energy savings at a lower initial investment do not materialize, EPA will consider sunsetting those product categories.
 - o AGA supports the comment recommending EPA to consider all available gas water heating technologies and their impacts on savings potential and consumer payback when considering sunsetting these product categories. For the past several years, technologies have emerged for gas storage and gas tankless equipment that meets the ENERGY STAR® savings criteria while also offering a lower primary investment. Currently available ENERGY STAR® gas storage tanks with non-powered dampers and gas tankless equipment capable of operating on ½" gas supply lines can avoid high retrofit installation costs (GTI 2019). Both technologies suggest favorable outcomes for savings potential and consumer payback, thus justifying product categories for gas water heaters.
- Future Specification Revisions (Other):
 - o AGA supports the comment recommending EPA to integrate criteria for gas storage water heaters with a UEF > 1 in future specification revisions. Based on NEEA's and the Collaborative's work with industry, utility partners, and energy efficiency organizations, products meeting this requirement will be available on the market in two to three years. They will further address EPA's concerns regarding savings and consumer payback. Technologies are already under development with compelling cost-effectiveness propositions over traditional, baseline gas scenarios (Brio and GTI 2019). For instance,

gas heat pump water heaters are not only capable of achieving significant energy savings than older gas technologies; they can be served by the same gas pipes already installed in existing buildings. Products are expected to increase in efficiency as the technology matures over time, with UEFs increasing to 1.2 and beyond. The upfront savings of using existing infrastructure combined with improved energy efficiency allow this technology to overcome consumer payback barriers. By recognizing this technology, EPA can further encourage manufacturers to accelerate new gas technologies and significant energy savings. As the EPA did in 2007 with electric water heating, AGA supports the recommendation on an early start to integrate this emerging technology.

- AGA supports the comment recommending EPA to explore setting a "Most Efficient" level for gas and electric water heaters in the future.
 - o Water heating technology and efficiency continue to improve; having a "Most Efficient" distinction aligns with EPA's goal of "recognizing products that deliver cutting edge energy efficiency along with the latest in technological innovation."

Thank you again for the opportunity to submit comments on this draft specification. To recap, AGA supports and agrees with the comments and future specification revisions provided by the Collaborative, NEEA and CEE, as stated above. AGA believes that EPA should consider all available gas water heating technologies and their impacts on savings potential and consumer payback when considering sunseting these product categories. Additionally, EPA should integrate criteria for gas storage water heaters with a UEF > 1 in future specification revisions. Moreover, EPA should explore setting a "Most Efficient" level for gas and electric water heaters in the future.

If you have any questions, please do not hesitate to contact me at sgheewala@aga.org.

Respectfully Submitted,

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