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WaterHeaters@energystar.gov

June 24, 2022

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 Final Draft, Version 5.0 ENERGY STAR Residential Water Heater Product Specification

Dear Ms. Daken:

The American Gas Association (AGA) appreciates the Environmental Protection Agency's (EPA) willingness to reevaluate its draft ENERGY STAR Version 5.0 Residential Water Heaters specification, and we respectfully submit the following comments on the Final Draft, [Version 5.0 ENERGY STAR Residential Water Heater](#) Product Specification that was released on June 1, 2022.

The American Gas Association, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. More than 76 million residential, commercial, and industrial natural gas customers in the U.S., of which 95 percent—more than 72 million customers—receive their gas from AGA members. Natural gas meets more than 30 percent of the United States' energy needs today. According to the Energy Information Administration (EIA), approximately 58 million, 47% of U.S. households, utilize natural gas for water heating.

AGA strongly supports the EPA ENERGY STAR program's mission to provide "simple, credible, and unbiased information" on a product's energy efficiency. Consumers rely on the program to make well-informed decisions when purchasing water heaters and other appliances and equipment.¹ AGA members are doing their part to create a more efficient energy economy. Natural gas utilities administer over 132 natural gas efficiency programs across 42 states, which collectively invest more than \$4.2 million per day, in part to assist customers with the purchase and installation of these efficient gas

¹ Energy Star Overview. <https://www.energystar.gov/about>

appliances.² To date, ENERGY STAR-certified gas storage water heaters have been a central offering within these programs. We look forward to expanding customer offerings with higher efficiency ENERGY STAR equipment, including the eagerly anticipated gas heat pump water heater.

For these reasons, AGA and its members were shocked and disappointed by EPA's intent to "sunset the gas water heating criteria in the near future." This statement and approach are inconsistent with the EPA ENERGY STAR Products Program Strategic Vision and Guiding Principles, which recognizes that ENERGY STAR specifications were designed "to treat fuel types separately, so that consumers may find the right products for the fuel type in their home."³ EPA's attempt to rescind program offerings to support perceived trends in the electrification of the water heating market is wholly inappropriate for the ENERGY STAR program. It will confuse customers looking to maintain gas-powered equipment in their home, especially if that gas-powered appliance is the most efficient, lowest cost, lowest emissions, and most reliable solution for that customer or business.

AGA encourages EPA to recognize the critical role that natural gas and the infrastructure play in meeting the nation's energy needs and ambitious energy efficiency and greenhouse gas reduction targets, including the President's goal of a net-zero emissions economy by no later than 2050. The ability of gas infrastructure to store and transport large amounts of energy to meet seasonal and peak day energy use through efficient gas-end use applications represents an important and valuable resource that must be considered. The peak space heating load currently served by natural gas is significantly higher than that of the electrical system in most regions. The primary reason is that the existing gas energy storage and delivery infrastructure was designed to reliably serve customers through spikes in consumption during cold winters, while the electric infrastructure was generally designed for lower peak demand levels, driven mainly by summer air conditioning loads. Over the last five years, the combined demand for natural gas during the coldest winter month has been about 58% higher than the demand for electricity during the peak summer month within the buildings sector and about 84% higher than the demand for electricity for all end-uses, including space and water heating. In some areas of the country, natural gas peak energy deliveries are more than five times larger than what the electricity system delivers.

AGA and its members will continue to invest in building reliable and resilient energy systems that can help accelerate emission reductions economy-wide. Through continued innovation, investments in energy efficiency, and a transition to lower-carbon fuel sources, gas utilities and their customers can contribute to economy-wide decarbonization targets, including net-zero emissions. The continued availability and

² American Gas Association. Natural Gas Efficiency Programs Report (2020). <https://www.aga.org/globalassets/aga-ngefficiency-report-py2018-5-2021.pdf>

³ Environmental Protection Agency. "ENERGY STAR® Products Program Strategic Vision and Guiding Principles." https://www.energystar.gov/sites/default/files/asset/document/ENERGY_STAR_Strategic_Vision_and_Guiding_Principles.pdf

incentivization of efficient gas-end use applications are critical to those goals while addressing cost, customer equity, feasibility, and energy reliability.² Therefore, **we strongly encourage the ENERGY STAR program to continue its focus on promoting high-efficiency appliances across all fuel types and emissions reductions while taking the time to consider the comments it receives from all stakeholders fully.**

The ENERGY STAR Products Program Strategy and Guiding Principles state the "product labeling program overlays the consumer perspective as part of an ongoing process to identify and promote products that reduce greenhouse gas emissions by meeting the highest energy conservation standards. These standards (aka performance specifications) are established to recognize products that: **(1) are cost-effective from the purchaser's standpoint;** (2) offer at least equivalent functionality and features as standard products; and (3) are proven and broadly available."⁴ AGA is concerned with the proposal of "ENERGY STAR Program Requirements Product Specification for Residential Water Heaters, Eligibility Criteria Final draft, Version 5.0" because the gas storage water heaters that would meet the proposed criteria do not possess a strong value proposition. The proposed criteria would result in taking current ENERGY STAR appliance designations away from available high-efficiency gas products with strong value propositions and limiting energy savings and emissions reductions.

AGA respectfully requests that EPA consider a tiered approach to the Final Version 5.0 criteria for residential storage water heater efficiencies that would motivate consumers to consider existing products that exceed new DOE minimum efficiency standards while inducing manufacturers to add gas heat pump water heaters to their product mix in the near future as a way to incentivize further innovation in the consumer gas water heating market.

Please consider the following recommendations on the ENERGY STAR Residential Water Heater Specification Version 5.0:

- 1. AGA encourages EPA to consider a tiered approach for the proposed Version 5.0.**
 - a. One tier (Tier 1) that requires gas storage water heaters with UEF ratings between 0.68 and 1.0 and a second tier (Tier 2) that requires a UEF of greater than 1.0.

- 2. AGA urges EPA to continue to provide non-biased efficient product options for the consumer for ENERGY STAR Residential Water Heaters.**
 - a. It is important to utilities, their consumers, the market, and the ENERGY STAR® brand to have economically feasible ENERGY STAR® electric and gas water heaters available on an ongoing basis in each category. This distinction aligns with EPA's goal " to provide simple, credible, and unbiased information that consumers and businesses rely on to make well-informed decisions about energy efficiency."

⁴ Environmental Protection Agency. "ENERGY STAR® Products Program Strategic Vision and Guiding Principles." https://www.energystar.gov/sites/default/files/asset/document/ENERGY_STAR_Strategic_Vision_and_Guiding_Principles.pdf

3. **AGA supports driving the development and adoption of next-generation energy-efficient gas water heaters that will achieve UEF ratings of greater than 1.0 as long as non-biased efficient product options can be maintained** so that consumers may find the right products for the fuel type in their home.
- a. Based on the Northwest Energy Efficiency Alliance's and the North American Gas Heat Pump Collaborative's work with industry, utility partners, and energy efficiency organizations, gas heat pump-driven products meeting this requirement are expected to be available on the market in the near future. Technologies are under development with compelling cost-effectiveness propositions.⁵ Thus, to incentivize additional efficiency technologies that will promote equitable access to the benefits of energy efficiency technologies, EPA should consider a tiered approach to allow more uptake of efficient gas water heaters while cost-effectively reducing emissions.

Thank you again for the opportunity to submit comments on this draft specification. If you have any questions, please do not hesitate to contact us at RMurphy@aga.org or Sgheewala@aga.org.

Respectfully Submitted,

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⁵ GTI Energy. "The Gas Heat Pump Technology And Market Roadmap" https://www.gti.energy/wp-content/uploads/2020/09/Gas-Heat-Pump-Roadmap-Industry-White-Paper_Nov2019.pdf