



Alliance to Save Energy Comments: ENERGY STAR Proposal to Sunset the Certification Pathway to the ENERGY STAR Label for Residential Furnaces and Central Air Conditioners

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The Alliance to Save Energy developed the following analysis of the Environmental Protection Agency's ENERGY STAR program proposal to sunset the certification pathway to the ENERGY STAR label for residential furnaces and central air conditioners (CACs).

The Alliance to Save Energy (Alliance) is a bipartisan nonprofit coalition of business, government, environmental, and consumer leaders— and a leading voice in informing federal and state energy efficiency policies and standards. The Alliance is a strong advocate for the ENERGY STAR program, and we have historically sought increased EPA appropriations to ensure the program's stability and growth. However, we request that ENERGY STAR pause its proposal to sunset the certification pathway to the ENERGY STAR label for residential furnaces and central air conditioners (CACs), until such time that ENERGY STAR, the Alliance, and others can fully appreciate the impact the proposal would have on low, middle-income and disadvantaged communities.

The EPA is the Federal agency tasked with ensuring that our nation's environment is safe and clean, and the Agency has been a leader in communities across America by offering ENERGY STAR recommendations for Americans looking to save on their energy costs and reduce their emissions. While we at the Alliance understand and appreciate ENERGY STAR's reasons for this proposed change, we believe the change is not appropriately timed and we lack the necessary impact data, considering that so many Americans, especially low and middle-income households, rely on natural gas furnaces and central air conditioners for heating and cooling. Moreover, consumers rely on ENERGY STAR labeling when making equipment and appliance purchases.

Removing ENERGY STAR guidance now from residential furnaces and CACs may not be the appropriate tool if the objective is to increase energy efficiency, lower carbon emissions, and migrate consumers to heat pump product types. Fuel switching for homeowners in low-income and disadvantaged communities will present a number of hurdles, including costs, notwithstanding the new incentives made available by the Inflation Reduction Act (IRA)— and these same hurdles may be experienced by moderate-income households as well. We are concerned that when affordability is an issue at the time of equipment replacement for low-income and disadvantaged households, that these consumers will

not have the benefit of the ENERGY STAR label when purchasing a non-heat pump product. We are also concerned, that absent this guidance, consumers may choose an equipment type that is less expensive upfront, but more expensive to operate and less energy efficient.

Americans rely on ENERGY STAR to make informed purchasing decisions. In fact, 90% of American households recognize the ENERGY STAR label; about three fourths claim the ENERGY STAR label is influential in their purchasing decisions; and 80% of purchasers would recommend ENERGY STAR products to a friend.¹ For furnaces specifically, an incredible 67% of respondents stated they intend to purchase an energy-efficient furnace next time, which is especially remarkable considering that in 2013, in the same poll, 60% of respondents said they hadn't deliberately bought an energy-efficient home furnace.² Just looking at the years from 1992 to 2020, ENERGY STAR has saved Americans over \$500 billion in energy costs, 4 billion metric tons of emissions, and 5 trillion kilowatt-hours of electricity.³

To that end, many consumers still use natural gas furnaces and central air conditioning. 53 million households use natural gas furnaces, contrasted with the 16 million households that use a central electric heat pump. Of those 53 million, 42 million also have a central air conditioning unit. Of the 16 million households with an electric heat pump, 60% do not have access to natural gas in the first place.⁴ As of 2021, 1.6 million Americans purchased ENERGY STAR gas furnaces, with that number having increased by 123% since 2015. In 2021, 1.3 million ENERGY STAR air conditioners were also shipped. The market share for ENERGY STAR furnaces has nearly doubled from 26% in 2015 to 41% in 2021.⁵

2020 RECS data shows that the share of households with natural gas furnaces goes up as income level goes down.⁶ This make sense considering the average cost for residential natural gas is the cheapest form of energy, costing 12.09 per MMBtu compared to \$41.79 MMBtu for electricity. Even when compared to a cold climate heat pump, natural gas homes still saved \$390 on average annually.⁷

On top of that, 16 million natural gas furnaces are in homes that were built before 1960 and would potentially require additional upgrades to the electric service panel. As it currently

¹ EPA (2019), [ENERGY STAR® By The Numbers](#)

² Yale (2013), [Americans Actions to Limit Global Warming.](#)

³ EPA (2022), [Our History | ENERGY STAR.](#)

⁴ IEA (2020), [RECS Table HC6.5.](#)

⁵ EPA (2021), [Unit Shipment and Market Penetration Report Summary.](#)

⁶ IEA (2020), [RECS Table HC6.5.](#)

⁷ AGA (2022), [Appliance Cost and Emissions Comparison.](#)

stands, only 10% of all heat pumps are installed in homes built before 1960.⁸ Those panels would cost an average of \$2,890 to add.⁹

Additionally, Americans from coast to coast are struggling with high energy costs. An astonishing 60% of low-income households experience a high financial burden from energy costs, with those same households spending more per square foot on utilities relative to non-low-income households. This is in part due to the energy *inefficiency* often seen in low-income homes. In fact, bringing low-income housing stock up just to the efficiency level of the median household would eliminate 35% of their excess energy burden, reducing their average energy burden from 7.2% to 5.9%.¹⁰

With millions of low and middle-income Americans struggling financially, and 24.6% of American households reporting reducing or forgoing food or medicine to pay energy costs,¹¹ we request that ENERGY STAR pause any further action on its proposal to sunset the ENERGY STAR labeling of natural gas furnaces and CACs. The proposal is premature, and consumers, policymakers, and low-income advocates lack the information needed to appreciate how low-income and disadvantaged communities will be impacted.

The Alliance thanks the EPA and ENERGY STAR for its continued leadership in energy efficiency policy, climate mitigation, and your focus on at-risk communities and just energy transition. We look forward to our continued work together. If you have questions or need additional information, please contact Sam Friedberg, Manager, Research and Policy Analysis at sfriedberg@ase.org.

⁸ IEA (2020), [RECS Table HC6.3](#)

⁹ Based on the average single and multifamily cost of upgrading electrical panels in the 2019 City of Palo Alto Title 24 Energy Reach Code Cost-Effectiveness Analysis (American Gas Association analysis).

¹⁰ ACEEE (2016) [Lifting the High Energy Burden on America's Largest Cities](#).

¹¹ IEA (2020), [RECS HC11.1](#)