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July 7, 2023

Ann Bailey  
Director, ENERGY STAR Labeling Branch  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue NW  
Washington, DC 20460

***Submitted via email: HVAC@energystar.gov***

Re: Proposal to Sunset ENERGY STAR Boilers Specification

Dear Director Bailey:

Atmos Energy Corporation (Atmos Energy) opposes EPA's proposal to sunset ENERGY STAR specification for boilers (Proposal).<sup>1</sup> Atmos Energy supports energy efficiency measures and is concerned the Proposal would undermine longstanding and highly effective energy efficiency programs and reduce the adoption of energy efficient products.

Headquartered in Dallas, Texas, Atmos Energy is the nation's largest natural gas-only distributor, serving more than three million distribution customers in over 1,400 communities across eight states located primarily in the South. As part of our vision to be the safest provider of natural gas services, we are modernizing our business and infrastructure while continuing to invest in safety, innovation, environmental sustainability, and our communities.

A significant environmental benefit of this investment is the reduction of greenhouse gas emissions, which supports our goal of reducing methane emissions by 50 percent from 2017 to 2035 for EPA-reported distribution mains and services. In addition, Atmos Energy supports the promotion of energy efficient natural gas appliances and equipment as a means of supporting climate-related goals and has previously engaged with EPA regarding updated ENERGY STAR specifications for natural gas-fueled appliances.

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<sup>1</sup> EPA, ENERGY STAR Residential Boilers Discussion Guide (June 2023), [https://www.energystar.gov/sites/default/files/asset/document/ENERGY%20STAR%20Residential%20Boilers%20Discussion%20Guide\\_0.pdf](https://www.energystar.gov/sites/default/files/asset/document/ENERGY%20STAR%20Residential%20Boilers%20Discussion%20Guide_0.pdf) (Proposal).

Atmos Energy understands that the Agency seeks to “support the national transition to the most energy efficient equipment available”<sup>2</sup> in light of the Inflation Reduction Act, in which electric *and* natural gas heat pumps, water heaters, boilers, and furnaces are eligible for tax credits. But, the presumably unintended consequences of the Proposal are contrary to this goal. The ENERGY STAR program should allow consumers to “find the right products for the fuel type in their home, as most make product replacements without switching fuel types.”<sup>3</sup> Accordingly, as discussed further below, we believe it is in the best interest of our customers and the environment that EPA reconsider its proposed action.

#### **A. The Proposal Undermines Highly Effective Energy Efficiency Rebate Programs.**

EPA’s proposal to sunset boiler ENERGY STAR specifications thereby removing natural gas boilers from ENERGY STAR certification would have far-reaching consequences for state-approved utility energy efficiency programs. As EPA has noted, “[m]ore than 840 utilities, state and local governments, and nonprofits leverage ENERGY STAR in their efficiency programs, reaching roughly 97% of households in all 50 states.”<sup>4</sup> Atmos Energy’s SmartChoice Energy Efficiency Program is one such program.

Atmos Energy’s SmartChoice Energy Efficiency Program uses EPA’s ENERGY STAR certification system in order to offer rebates and incentives for businesses and residential customers who install energy-efficient natural gas appliances like commercial cooking equipment, water heating, smart thermostats and heating equipment that meet ENERGY STAR criteria. Incentive programs like the SmartChoice Program provide a cost-effective means for improving commercial and residential building energy efficiency *without* burdening customers, who otherwise bear the brunt of the market transition if the boiler options they need are no longer available.

To help our customers conserve energy, save money, and reduce their environmental impact,<sup>5</sup> Atmos Energy continues to work on reducing end-user emissions through energy efficiency programs. Atmos currently offers comprehensive conservation and energy efficiency programs in its Louisiana, Mississippi, Colorado, and Mid-Tex divisions<sup>6</sup>, with Louisiana being the latest authority to approve the program in early 2022. These programs, which are marketed as SmartChoice Rebates, provide financial incentives to purchase high-efficiency natural gas

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<sup>2</sup> Proposal at 1.

<sup>3</sup> EPA, *ENERGY STAR Products Program Strategic Vision and Guiding Principles* 3 (May 2012), [https://www.energystar.gov/sites/default/files/asset/document/ENERGY\\_STAR\\_Strategic\\_Vision\\_and\\_Guiding\\_Principles.pdf](https://www.energystar.gov/sites/default/files/asset/document/ENERGY_STAR_Strategic_Vision_and_Guiding_Principles.pdf).

<sup>4</sup> EPA, *About ENERGY STAR – 2020* (Apr. 2021), <https://www.energystar.gov/sites/default/files/asset/document/2021%20About%20ENERGY%20STAR%20Overview%204.12.21%20v1.pdf#:~:text=Since%201992%2C%20ENERGY%20STAR%20has%20helped%20reduce%20investment%2C%20metric%20tons%20of%20GHGs%20are%20reduced.>

<sup>5</sup> According to an American Gas Foundation study, greenhouse gas emissions from U.S. residential natural gas use could be reduced by as much as 40 percent by 2050 through the use of energy-efficient emerging natural gas technologies, at about 10 percent of the cost of electrification. American Gas Foundation, *Opportunities for Reducing Greenhouse Gas Emissions Through Emerging Natural Gas Direct-Use Technologies* (Dec. 2019), <https://gasfoundation.org/wp-content/uploads/2019/12/AGF-2019-Direct-Use-Study-Full-Report-Final-12-18-19-V2.pdf>.

<sup>6</sup> Atmos Energy also has a low income weatherization program in Kentucky.

equipment and smart thermostats and install home weatherization upgrades, in addition to providing free energy-saving devices. For calendar year 2021, more than 57,000 residential and commercial customers participated in these energy efficiency programs, resulting in **1.98 million therms of natural gas conserved** and 11,625 tons of CO<sub>2</sub> emissions avoided annually.

Through its SmartChoice programs, Atmos Energy finds customized solutions for commercial and industrial customers and has been very successful in providing efficiency gains for those businesses. Some examples of these custom projects involving boilers from Atmos Energy's Mississippi EM&V Program Year 2022 Impact Evaluation include:

- Industrial project that consisted of replacing a failed boiler burner tube along with the recalibration of this boiler. These burners were operating at 68% efficiency due to cracked and broken tubes. The boiler operated at 82% thermal efficiency which showed significant savings. This project resulted in a 100% realization rate.
- Condensing boiler installation project for a large office complex that showed significant therm savings for the efficiency gains. This project received a 100% realization rate.
- Boiler controls and economizer custom project with a 100% realization rate.

For the Mississippi 2022 program year, Boiler Burner Replacements and Boiler Tune Ups in Atmos Energy's Commercial and Industrial Programs accounted for 36,657 therms in savings, representing more than 424,000 lbs of carbon emissions reductions.

Additionally, under our Demand Side Management program in Colorado, we partnered with a local school district to implement energy efficiency measures within the Eaton School District. The District constructed a new high school campus equipped with high-efficiency boilers, advanced boiler controls and other efficient technologies, and retrofitted two other existing campuses to update the buildings' heating systems. As a result of these improvements, the District achieved a combined savings of 87,230 therms annually and expects annual utility cost savings of more than \$150,000 per year. Further, the energy efficiency measures are estimated to reduce annual greenhouse gas emissions by 462 metric tons of carbon dioxide, 8.7 kg of methane, and 0.9 kg of nitrogen oxide.

Maintaining customer-funded energy efficiency programs is in the public interest. Regulated public utilities are uniquely positioned to efficiently and effectively administer these programs, and the ENERGY STAR certification system has provided a streamlined approach to help identify qualifying products that reduce the rate at which energy is used by equipment and/or processes while maintaining or improving the customer's existing level of comfort and end-use functionality. In addition, the economic savings realized for commercial and industrial customers reduce cost in a way that supports the overall economy and provides much needed ongoing financial relief to businesses that benefit the communities we serve. By eliminating the certification for natural gas appliances, the Proposal unnecessarily removes a tool that EPA is uniquely positioned to provide and that supports the continued success of energy efficiency programs like Atmos Energy's SmartChoice Rebates and the inarguable benefits they provide. By any measure, removing ENERGY STAR certification for high-efficiency natural gas boiler

replacements would be counterproductive to the purpose of the ENERGY STAR program and bad for consumers.

Advancing energy efficiency and decarbonization goals requires more than a narrow focus on electrification. It is critical that EPA allow and encourage consumers to choose energy efficient and cost-effective appliances that meet their fuel needs while maintaining a high standard of energy efficiency.

### **B. EPA Should Promote Highly Efficient Cost-Effective Products For All Fuel Types.**

Supporting the “national transition to the most energy efficient equipment available” also means ensuring that the most energy efficient equipment is affordable. EPA cannot improve energy efficiency if all the “most energy efficient equipment” is out of reach for consumers. EPA claims that the Proposal “will in no way affect consumers’ continued access to, or the availability of boilers.”<sup>7</sup> However, EPA’s Proposal would eliminate a critical cost-saving measure for consumers—utility rebates—thereby increasing costs to consumers and impeding their access to affordable, efficient products. Policies that hinder the installation of affordable, efficient products undermine the goals of the energy efficiency program overall.<sup>8</sup>

Costs are a significant factor in a consumer’s decision to replace an appliance, and natural gas appliances and equipment are cost-effective options to improve energy efficiency. Atmos Energy’s commercial and industrial customers who have taken advantage of our customized energy efficiency projects may also have access to similar programs sponsored by their electric utilities, but there are no electric options that meet their budget even with the incentives offered.

In addition to being affordable, natural gas appliances and equipment are also highly efficient. While electric appliances may consume less energy than natural gas appliances, natural gas homes are more energy efficient overall. Compared to an all-electric home, a natural gas home requires approximately one-quarter less total energy on a full-fuel-cycle basis.<sup>9</sup> While the ENERGY STAR program is focused on promoting highly efficient technologies, EPA must consider the impact of its Proposal on overall energy efficiency if the Agency wishes to reduce GHG emissions. Product specifications only represent one component of the strategy to increase energy efficiency.

EPA cannot assume that removing natural gas boilers from ENERGY STAR certification will “guide consumers to the choices that support the efficient electrification of residential space conditioning.”<sup>10</sup> Consumers trust EPA’s ENERGY STAR designation and look to it for guidance but, ultimately, budget and consumer preference drive many consumer decisions. If cost-effective ENERGY STAR products are unavailable, consumers may be inclined to purchase a less energy efficient but more immediately affordable product, further undercutting the overall effectiveness

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<sup>7</sup> Proposal at 1.

<sup>8</sup> In Question 16, EPA is seeking comment on the cost of air-to-water heat pump systems. EPA should conduct comprehensive surveys to fully evaluate the costs of installation and maintenance associated with these heat pump systems. It is critical that appliances certified through the ENERGY STAR program are affordable for consumers.

<sup>9</sup> American Gas Association, *Comparison of Home Appliance Energy Use, Operating Costs, and Carbon Dioxide Emissions* at 3.

<sup>10</sup> See Proposal at 1.

of the program. In order to obtain “full subscription” on Atmos Energy’s rebate programs, the rebates offered must meet the required cost-effectiveness tests *and* lower the cost of the appliance to the consumer to a level that is within a reasonable range of the cost of less efficient alternatives (and that range of reasonableness is narrower in communities with a higher energy burden). If EPA refuses to certify natural gas appliances that fulfill these requirements, then the consequence of the Proposal may be the unintentional promotion of less efficient, more affordable alternatives (whether natural gas or electric) over the pricier electric products EPA intends to promote.

In order for energy efficient measures to be adopted, they must be affordable for the consumer while maintaining or improving the consumer’s existing level of comfort and end-use functionality. The Proposal is one of a growing number of electrification efforts that does not adequately consider the hurdle of affordability—to the detriment of consumers and the environment.

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Atmos Energy sincerely appreciates EPA’s consideration of these comments and would be pleased to answer any follow-up questions the Agency may have, particularly related to its energy efficiency programs. Please do not hesitate to reach out to Blake Barfield at 214-864-2795 for additional information or if you have follow-up questions.

Sincerely,

/s/ Blake D. Barfield  
Director, Stakeholder Strategy