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

June 22nd, 2023

Re: ONE Gas, Inc. Comments on ENERGY STAR® Program: Residential Heating and Cooling Equipment Partner or Other Interested Stakeholders and Sunsetting of ENERGYSTAR Version 4.1 Specification for Gas Furnaces

Ms. Bailey:

ONE Gas, Inc. is pleased to provide its comments on the sunsetting of ENERGY STAR® Version 4.1 specification for gas furnaces.¹ Headquartered in Tulsa, Oklahoma, ONE Gas provides natural gas distribution services to more than 2.3 million customers in three operating divisions—Oklahoma Natural Gas, Kansas Gas Service, and Texas Gas Service. Texas Gas Service provides energy efficiency programs to customers in its Central Texas (which includes Austin) and Rio Grande Valley service areas.

ONE Gas opposes ENERGY STAR’s proposal to sunset Version 4.1 of its Specification for Gas Furnaces (the “Specification”). Sunsetting the Specification could cause consumer confusion, potentially lead to increased emissions, and jeopardize the success of the Texas Gas Service Energy Efficiency Programs. ONE Gas recognizes ENERGY STAR provides an essential basis for showcasing consumers energy efficient products through ENERGY STAR labeling. Because consumers look for ENERGY STAR labeling, *more* products should be eligible for labeling. Unfortunately, this proposal does the opposite.

Eliminating natural gas furnaces from the ENERGY STAR program is a step backward in improving natural gas consumer energy efficiency. For example, residential customers use energy efficiency ratings to help reduce their own emission and associated greenhouse gases (“GHG”). Since 2020, ONE Gas has provided over 22,000 rebates to customers purchasing high efficiency natural gas furnaces, including over 500 rebates to consumers switching to high efficiency furnaces from inefficient resistant heating systems. The total value of these State-approved residential customer rebates exceeds \$13 million over four years, including partial data through 2023.² We estimate that ONE Gas’ energy efficiency programs in Oklahoma and Texas avoided approximately 33,842 metric tons of CO₂e in 2022.

¹ Bailey, A. “Dear ENERGY STAR® Residential Heating and Cooling Equipment Partner or Other Interested Stakeholder,” ENERGY STAR, March 2023.

² ONE Gas data.

Texas Gas Service partners with Austin Energy in supporting consumer information and rebates covering natural gas furnaces, building envelope energy efficiency upgrades, mechanical system and controls upgrades, and off-season incentives. Elimination of natural gas furnaces from ENERGY STAR will have a negative, financially significant impact upon Texas Gas Service’s energy efficiency program and potential customer energy efficiency programs. The Texas Gas Service and Austin Energy “Residential Home Performance with ENERGY STAR®” program is summarized in the following graphic description:

Residential Home Performance with ENERGY STAR®

How to Get Your Rebate:
This energy-saving option is offered to eligible Texas Gas Service customers in conjunction with Austin Energy’s Home Performance with ENERGY STAR® Program.

Rebates Available:
Eligible Texas Gas Service customers may qualify for the following rebate amounts, in addition to the rebates offered through Austin Energy. Texas Gas Service rebates are subject to a \$1,000 total rebate cap, excluding furnace rebates and off-season promotions.

- Attic Insulation: \$0.0030 x sq. ft. insulated x “R” unit added + \$45 Setup Fee
- Duct Sealing: \$0.08 per building sq. ft.
- Duct Insulation: \$1.00 per linear ft.
- Duct Replacement: \$1.75 per linear ft.
- High Efficiency Natural Gas Furnace: \$675 for > 92% AFUE
- Qualified Wi-Fi Thermostat: \$30.00 (effective March 1, 2022)
- Off-Season Promotion: \$100 (October 1 - April 15)

Eligibility:

- The rebate is available to qualified residential Texas Gas Service customers within the city limits of Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum with a base gas service rate code of ABIA I/S, AUST I/S, BEEC I/S, CDPK, CUER I/S, DRIP I/S, GONZ I/S, KYLE I/S, LAKE I/S, LOCK I/S, LULU I/S, NIXO I/S, ROLL I/S, SHIN I/S, SUNV I/S, WLHS I/S and YOAK I/S.
- To be eligible for a rebate, the customer must have an active Texas Gas Service account.

Important Information:
Rebates are limited and issued on a first-come, first-served basis until program funds are depleted. Texas Gas Service encourages each customer to review all program eligibility requirements. Payment will be issued approximately six to eight weeks after approval, subject to availability of program funds.

Texas Gas Service
A Division of ONE Gas
Energy Efficiency Rebate Program
Residential Home Performance

We have estimated that the Texas Gas Service Central Texas energy efficiency program achieved site savings of 18,085 MMBtu, and the Rio Grande Valley energy efficiency program achieved site savings of 3,375 MMBtu in 2022.

Beyond the direct efforts of ONE Gas to promote customer energy efficiency, ONE Gas’ efforts bolster broader achievements of the U. S. natural gas industry through consumer rebates as documented by the American Gas Association (“AGA”). These benefits are captured in the AGA’s document titled “Empowering Consumer Choices: Analyzing the Impact of the ENERGY STAR Program on the Adoption of High-Efficiency Gas Appliances.” These benefits are also encapsulated in comments submitted on the Specification by AGA, the American Public Gas Association (“APGA”), the National Propane Gas Association (“NPGA”), and other organizations.

Beyond the likely negative impacts on customer energy efficiency, ENERGY STAR's proposal conflicts with consumer choice by limiting available efficiency information and directly contradicts ENERGY STAR's objective of providing consumers with higher energy efficiency space heating equipment. As the ENERGY STAR announcement states, the objective of the proposed sunsetting *is to meet the Administration's efforts to promote heat pumps*, which is *not* consistent with ENERGY STAR "Guiding Principles"³ and "Standard Operating Procedure (SOP)."⁴ These documents lay out specific requirements for ENERGY STAR's promulgation and revisions of ENERGY STAR product criteria and its *objective of improving consumer energy efficiency*. The documents do not address sunsetting of entire product categories that have been part of the ENERGY STAR product recognition and labeling program. Additionally, the sunsetting of natural gas furnaces should be accompanied by evaluation of this product category elimination against consumer high efficiency alternatives, using the "Guiding Principles" and SOP criteria, including but not limited to the following for competing space heating technologies versus natural gas furnaces:

"...

- Significant increase in market penetration of ENERGY STAR® qualified models
- Change in the Federal minimum efficiency standards
- Technological advancements
- Product availability limitations
- Issues with consumers realizing expected energy savings
- Performance or quality issues
- Issues with test procedures."⁵

With respect to the ENERGY STAR SOP, the following requirements are laid out and should be applied in analysis for both the sunsetting of natural gas furnace ENERGY STAR recognition and competing space heating products:

"3. Analysis of Performance Data

EPA's ENERGY STAR® specification process is data driven. Proposed levels are generally based on available ENERGY STAR certified product data and DOE's Compliance Certification Management System of certified ratings, sometimes supplemented by data offered by stakeholders during the

³ ENERGY STAR® Products Program Strategic Vision and Guiding Principles," ENERGY STAR, January 2012 (https://www.energystar.gov/ia/partners/prod_development/downloads/guiding_principles_2012.pdf)

⁴ "Standard Operating Procedure: Revising or Establishing an ENERGY STAR Product Specification," ENERGY STAR, April 2018 (https://www.energystar.gov/ia/partners/prod_development/downloads/guiding_principles_2012.pdf).

⁵ "Guiding Principles," page 6.

specification development process. At the earliest possible point in the process, EPA shares data relied upon in specification development, including publicly available performance data (or the source where large data sets are used), the Agency's payback analysis in cases where a cost differential for more efficient products exists, and an estimate of savings."⁶

ENERGY STAR demonstrates no efforts to address these program operating criteria or provide an explanation of why they might not apply in the case of elimination of the natural gas furnace product category. *Notably absent from the announcement is any discussion or justification of ENERGY STAR's proposal as founded on cost-effectiveness to consumers.*

Even in the absence of incentive approaches for furnaces based on ENERGY STAR qualification, *a likely unintended consequence of ENERGY STAR'S proposed action will be to incentivize consumer purchases of lower efficiency furnace products* and a general diminution of the value of the ENERGY STAR label.

In addition, *ENERGY STAR's proposal does not meet the requirements of its enabling statutory considerations listed in the Energy Policy Act of 2005*, which ENERGY STAR cites as its authorizing statutory basis. The Energy Policy Act of 2005 presumes ENERGY STAR has conducted analysis and public disclosure to justify its proposals to establish and revise program criteria for products it covers. Such requirements for analysis and disclosure supporting ENERGY STAR Program coverage extends to sunseting of products from the Program and "duties" of the Program as discussed under Section 131, ("Duties") of the 2005 Energy Policy Act,⁷ including but not limited to:

- **“(1) promote Energy Star compliant technologies as the preferred technologies in the marketplace for-**

“(A) achieving energy efficiency;...” The ENERGY STAR announcement neither provides nor cites energy efficiency gains associated with sunseting of coverage for either residential furnaces or central air conditioning (CAC) systems, the latter also being sunset by the ENERGY STAR proposal. Such citations should address direct energy efficiency gains to consumers as well as full fuel cycle energy efficiency gains.

“(B) reducing pollution;” The announcement neither provides nor cites pollution reduction gains from the sunseting of these products, which would require inclusion of impacts on airborne emissions over the full fuel cycle.

“(5) solicit comments from interested parties prior to establishing or revising an Energy Star product category, specification, or criterion;” The development and issuance of the announcement, while not final for the program, fails to meet these

⁶“SOP,” page 1.

⁷ 42 U.S.C. § 6294a, Energy Star program, (c) “Duties.”

“duties” by including limited timely distribution of the proposed sunsetting of products to its standing partner and “interested parties” correspondence list.

- **“(6) on adoption of a new or revised product category, specification, or criterion, provide reasonable notice to interested parties of any changes (including effective dates) in product categories, specifications, or criteria along with-**

“(A) an explanation of the changes, and...” The proposal lacks justification for sunsetting residential furnaces and CAC systems on any substantive technological, economic, or environmental grounds.

“(B) as appropriate, responses to comments submitted by interested parties...” While public input on the proposal is not complete, ENERGY STAR does not include in its consideration of sunsetting criteria for these products a structured means of development of revised criteria, including alternatives to sunsetting of entire product categories represented by residential furnaces and CAC systems such as through public meetings or workshops and has failed to justify the sunsetting proposal generally.

The sunsetting of natural gas furnaces (and CAC systems as well) does not conform to ENERGY STAR’s enabling legislation. Ultimately, the lack of evidence supporting ENERGY STAR’s sunsetting of natural gas furnaces also undermines the credibility of the ENERGY STAR label because consumers and businesses cannot point to research or analysis to support ENERGY STAR’s claims of improving consumer energy efficiency or reducing GHG emissions.

Upon reviewing ENERGY STAR criteria for residential gas furnaces based upon the guidance provided by these arguments, ENERGY STAR should provide full documentation supporting its review. Also, while as a “voluntary program,” ENERGY STAR avoided following administrative procedures outlined in the Administrative Procedures Act, especially establishing a docket for its proposed action, posting its proposal and supporting analysis, and position of public comments it receives. These additional actions are necessary since ENERGY STAR is now proposing eliminating entire product categories from its program – not revising qualification criteria.

We look forward to working with the EPA and the ENERGY STAR Program to encourage energy efficiency measures to reach shared climate change goals.

Sincerely,



Jason Ketchum

Vice President, Commercial Activities, Regulatory, Government Affairs, and Community Relations

