

June 22, 2023

U.S. Environmental Protection Agency
1200 Pennsylvania Ave., NW
Washington, DC 20460

RE: Phase out of certification pathway for ENERGY STAR® gas furnaces proposal

Thank you for the opportunity to comment on the proposed phasing out of the certification pathway to the ENERGY STAR® label for residential gas furnaces and central air conditioners. This letter outlines the position of the North American Gas Heat Pump Collaborative (“Collaborative”) on this proposal.

The Collaborative is comprised of 17 gas and dual fuel utilities and energy efficiency organizations who recognize the vital role that gas heat pump technologies play in decarbonization. Our members represent over 33 million customers in the US and Canada, and are focused on providing diverse solutions to equitably decarbonize with considerations for local and regional policies, climate, customer affordability, existing infrastructure, and grid composition to maximize carbon emissions reductions. The Collaborative’s mission is to accelerate the adoption of innovative technologies that advance energy efficiency and facilitate the decarbonization of North America’s gas network through market transformation initiatives. We are working to accelerate the commercialization of gas heat pump (GHP) technology which exceeds efficiencies of 100%. As part of this, we recognize the influential role ENERGY STAR® labelling has in both development and adoption of high efficiency technologies. The Collaborative and ENERGY STAR® share the desire to decarbonize and lower emissions. We see natural gas a path to decarbonization with less cost to consumers, increased reliability and safety for utilities.

On behalf of our members and their customers, the NAGHPC strongly opposes this proposal for these reasons.

- The ENERGY STAR® label has been effective at increasing adoption of efficient gas appliances and lowering emissions across the country.
- High-efficiency natural gas appliances provide reliable practical, low cost, and low emission optionality for consumers and provide a cost-effective path to achieving emission goals.
- Sunsetting the certification pathway also negatively affects consumers due to high costs of alternatives and potential lack of ENERGY STAR® rated products on the market.
- There are negative consequences, particularly to low and moderate -income consumers, to removing the ENERGY STAR label from gas furnaces and other gas appliances.
- Technology innovations and products that are forthcoming this year could benefit from ENERGY STAR® certification.

The ENERGY STAR® label has been effective at increasing adoption of efficient gas appliances and lowering emissions across the country. The label is an indication to customers and contractors of verified product performance within and across product classes. From 2015 to 2021, the market for ENERGY STAR® gas appliances, including furnaces, water heaters, and dryers, increased significantly. Shipments of ENERGY STAR® furnaces grew by 123% during this period, with a market share rise from 26% in 2015 to 41% in 2021.

Also, ENERGY STAR® tankless gas water heaters, which have the highest efficiency for gas, out-shipped electric heat pump water heaters at a pace of six to one.¹

High-efficiency natural gas appliances provide reliable, practical, low cost, and low emission optionality for consumers. The energy savings potential and greenhouse gas reduction effects of GHP technology is paramount to the Collaborative’s member utilities. Like electric heat pump technology, gas heat pumps have efficiencies greater than 100%. Unlike electric heat pumps, gas systems use refrigerants with low or no global warming potential (GWP), thereby rendering gas heat pumps even more climate-friendly than alternative technologies. In some areas, natural gas heated homes consume less energy than homes with high-efficiency electric air source heat pumps. While electric applications can have a higher “site” rated energy efficiency, the full-fuel cycle energy requirements—the energy used or lost in energy extraction, processing, transportation, conversion, and distribution, including the generation and transmission of electricity—are often lower for natural gas than electric applications, including air-source heat pumps.² Finally, fuel diversity is important for a stable, low-cost energy future. Promoting only electric equipment for residential heating and cooling puts immense pressure on grid capacity, leading to issues with reliability and resiliency of the electrical grid.

Sunsetting the certification pathway will negatively affect consumers due to high costs of alternatives and the potential lack of ENERGY STAR® rated products on the market. In the absence of ENERGY STAR® labeled products, consumers may be more likely to opt for standard efficiency equipment. Gas furnaces are more cost effective than electric heat pumps in some parts of the country. In these cases, the ENERGY STAR® label is an important market signal that supports consumers choosing highest efficiency equipment. Absent that signal, changing consumer habits could negatively impact contractors, especially small to medium size HVAC contractors who have built a business promoting high efficiency equipment to their customers. In addition, the Collaborative is concerned that removing gas furnaces from ENERGY STAR® labelling at a time when manufacturers and utilities are introducing higher efficiency gas technology, like gas heat pumps will create a void in the market for gas products, leading to lower adoption rates at a critical time. In the initial gas heat pump launch, many of these residential products will replace forced air systems and lead to greater overall efficiencies. We expect a residential gas heat pump product to enter the market in the fourth quarter of 2023.

There are negative consequences, particularly to low and moderate -income consumers, to removing the ENERGY STAR® label from gas furnaces and other gas appliances. Removing the ENERGY STAR® label could lead to a decrease in adopting higher-efficiency gas equipment in this customer base, as consumers may opt for lower-efficiency options due to first-cost burdens. These customers would then also pay higher monthly costs as their equipment would be of lower efficiency. Households that use natural gas for heating, cooking and clothes drying save an average of \$1,068 per year compared to homes using electricity for those applications.³ The American Gas Association also estimates that residential prices of natural gas will remain less than electricity until at least 2050.

The Collaborative is confident that gas heat pump technology will be a reliable and low emission solution for customers as the market develops and matures in the upcoming years.

¹ American Gas Association, AGA Empowering Consumer Choices, (June 2023), <https://www.aga.org/research-policy/resource-library/empowering-consumer-choices-analyzing-the-impact-of-the-energy-star-program-on-the-adoption-of-high-efficiency-gas-appliances/>

² National Research Council. 2009. Review of Site (Point-of-Use) and Full-Fuel-Cycle Measurement Approaches to DOE/EERE Building Appliance Energy-Efficiency Standards: Letter Report. Washington, DC: The National Academies Press.

³ American Gas Association, AGA Fact Sheet, (June 2023), <https://playbook.aga.org/affordable/>

Thank you again for the opportunity to submit comments on this draft specification. Please contact Jaclyn Kahn (jkahn@resource-innovations.com) with questions about our comments.

Sincerely,



Alan García, Senior Director at NW Natural, Customer Lifecycle Management Chair, North American Gas Heat Pump Collaborative

Members of the Collaborative

- ATCO
- CenterPoint Energy
- Enbridge Gas
- FortisBC
- Intermountain Gas Company
- APGA Research Foundation
- National Fuel
- New Jersey Natural Gas
- Northwest Energy Efficiency Alliance
 - Avista Gas
 - Cascade Natural Gas
 - Puget Sound Energy
 - Energy Trust of Oregon
- Northwest Natural Gas
- ONE Gas
- Peoples Gas & North Shore Gas
- SEMCO ENERGY Gas Company
- Southern California Gas Company
- Southern Company Gas
 - Atlanta Gas Light
 - Chattanooga Gas
 - Nicor Gas
 - Virginia Natural Gas
- South Jersey Industries
 - Elizabethtown Gas
 - South Jersey Gas
- Spire Energy