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December 20, 2012

Ms. Abigail Daken
ENERGY STAR® Water Heater Program Manager
U.S. Environmental Protection Agency (EPA)
1200 Pennsylvania Avenue NW
MC 6202J
Washington, DC 20460

Subject: Commercial Water Heater ENERGY STAR Version 1.0 Final Draft
Commentary

Dear Ms. Daken,

These comments submitted by Rheem Manufacturing Company (Rheem) are in response to your December 6, 2012 industry stakeholder invitation to comment, issued by the EPA regarding its Final Draft Version 1.0 ENERGY STAR Commercial Water Heater specification proposal.

Rheem Manufacturing Company is headquartered in Atlanta, Georgia and operates multiple facilities in the United States for the manufacture or support of residential and commercial air conditioners, furnaces, water heaters, boilers, and heat pump pool heaters, consequently we're very interested in the Department's proposal. Rheem supports the U.S. EPA efforts in the development of an ENERGY STAR Water Heater Product Specification for Commercial Water Heaters and as a major stakeholder offer commentary to the following topics from your Final Draft specification.

Definitions

We support AHRI's anticipated commentary to the EPA with respect to definition clarification of Commercial gas instantaneous water heaters noting that the key criteria for these units is to deliver water to a controlled temperature of 180F or higher.

Accordingly we propose the following edit to your current Final Draft definition: "1Ab. A gas instantaneous type unit¹, with an input rating not less than 4,000 BTU/hr per gallon of stored water, ~~and that is industrial equipment (input greater than 200,000 Btuh),~~ including products meeting this description that are designed to heat water to temperatures of 180°F or higher."

There are many Commercial applications (strip malls, schools, small hotel/motel, clinics, restaurants, etc.) where multiple gas instantaneous units ($\leq 199\text{kBTU/H}$) are “banked” and linked together to achieve the necessary temperature requirements based on the hot water demand requirements of the application, very efficiently. The EPA’s Final Draft specification would eliminate these current market, highly energy efficient product choices from ENERGY STAR qualification. Please take into consideration the recommended definition edit above.

Qualification Criteria

Rheem supports AHRI’s anticipated restatement from its Draft 1 commentary with respect to the topic of gas storage water heater criteria for the launch version of the ENERGY STAR[®] Commercial water heater specification. It should be one that recognizes the benefits of condensing technology rather than one that attempts to optimize the potential savings as currently proposed in your V1.0, Final Draft specification of an Et of 94%. Rheem supports AHRI’s recommendation that the criteria be lowered to a minimum Et of 92% (still employs condensing technology) which allows a majority of Manufacturer stakeholders to qualify for your program which should in turn bring increased participation in your program.

Additionally, Rheem asks the EPA to review its industry standby loss graph which the EPA presented during its Webinar September 10, 2102. This graph includes a horizontal line which was meant to indicate a maximum standby loss threshold for product qualification of gas storage water heaters in the Commercial ENERGY STAR program V1.0. As we’ve communicated prior, first we believe not all industry models were represented on this graph and subsequently judgments were made regarding the level setting of standby loss requirements. Second, to our knowledge we haven’t seen any quantification or sensitivity analysis showing the ROI value of your proposed ENERGY STAR standby loss requirement vs. what’s already required to meet Federal minimums. Subsequently, Rheem questions why this criteria is included in the specification? Consequently should a standby loss criteria be established, Rheem proposes the maximum standby loss requirement be set to the Federal standard.

Finally, for program consistency and clarity between Residential and Commercial products and due to many industry stakeholders buying water heating equipment from both market segments (Residential and Commercial), Rheem recommends the establishment of separate product categories with respect to Product Performance Requirements for Gas Water Heaters. For the Commercial V1.0 ENERGY STAR product specification, we ask the EPA to consider the establishment of separate product categories for Qualified Gas Storage Water Heaters and Qualified Gas instantaneous Water Heaters similar to what’s in place in your Residential V2.0 ENERGY STAR product specification.

Effective Date

As stated before in our Draft 1 commentary, Rheem supports AHRI’s position on this topic in recommending that the effective date for this program be established as 9 (nine) months AFTER the finalization of the specification.

This will allow manufacturers to fully assess the actions that they will need to complete to qualify models and to prepare and provide market and communications support to the industry launch of the program providing ALL manufacturers with same opportunity to participate in this program.

Further, Rheem encourages the EPA to research legislation on this matter in that ENERGY STAR® is required to provide for a 270 day minimum lead time before a new specification takes affect (42 USC 6294a). It's our understanding that the 2007 amendments to EPACK established this in law taking into account the timing requirements of the manufacturing, product marketing, and distribution processes for the specific products impacted.

Thank you for the opportunity to comment. Rheem Manufacturing Company holds a significant presence in the U.S. water heating industry and maintains a progressive path towards the advancement of water heating technology and we remain committed to serving as an active participant in the ENERGY STAR program.

Sincerely,

RHEEM MANUFACTURING COMPANY

A handwritten signature in blue ink that reads "Allen R. Wicher". The signature is written in a cursive style.

Allen R. Wicher
Corporate Manager, Industry Relations
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cc: Karen B. Meyers – Rheem Manufacturing Company