



July 28, 2014

Abigail Daken
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U.S. Environmental Protection Agency
Washington, D.C. 20460

Subject: Broan-NuTone Response to ENERGY STAR Program Requirements Product Specification for Residential Ventilating Fans Draft 1 Version 4.0 Proposal

Dear Abigail,

Thank you for the opportunity to comment and offer suggestions to the ENERGY STAR Program Requirements Product Specification for Residential Ventilating Fans Draft 1 Version 4.0 Proposal. By working together, ENERGY STAR and product manufacturers can continually advance the adoption and growth of energy saving ENERGY STAR products in the marketplace.

Broan-NuTone is one of the founding organizations for the ENERGY STAR Residential Ventilating Fans Program and one of its biggest advocates. We support the ENERGY STAR brand and program through digital media, print advertising, product branding, displays and continuous improvement to our product offerings. Broan-NuTone has consistently grown its ENERGY STAR product offerings.

Broan-NuTone is concerned that the proposed changes (V4.0) to the Residential Ventilating Fans requirements will have a detrimental impact on manufacturers' ability to supply ENERGY STAR branded products to consumers. We are further concerned that with a dramatic drop in available ENERGY STAR branded products, the consumer may not have the selection they desire or need. Fewer models in the marketplace could also injure consumers through higher costs and loss of availability.

Market Size

The Guiding Principles for the ENERGY STAR program (May 2012), which allow manufacturers to understand the way in which the program is administered, state that "significant increase in market penetration of ENERGY STAR qualified models" is one ground for revision of standards; however, the framing of a threshold makes it hard for producers to evaluate how EPA calculates market penetration and to predict changes accordingly. The Guiding Principles also outline a firm number of market share reaching 35% as a tipping point for when specifications must be reviewed; in this case, our research has shown that market share is about half that figure at 19%. Predictability, specificity, and continuity in the Guiding Principles and their implementation are critical for consumer product producers to anticipate the changes they might soon face in ENERGY STAR standards.

ENERGY STAR has based its proposed revisions to the Product Specification for Residential Ventilating Fans on estimates of model market penetration of ENERGY STAR rated fans in the US. This data is used to support the conclusion that the market penetration of ENERGY STAR certified ventilating fans is 33%, 2% below the threshold. However, our data suggests a different conclusion. We believe that the portion of ENERGY STAR certified models available for sale is not a good indicator of market penetration. We estimate that market penetration is significantly lower when unit sales volumes are used as the measure.

In the July 10, 2014 Stakeholder Teleconference, a new criteria was presented. On page 11 of the web presentation, a text box stated:

EPA strives to adhere to the Guiding Principles by selecting efficiency levels reflective of the (approximate) top 25% of models available on the market when a specification goes into effect.

This criteria is difficult to understand when one examines the Ventilating Fan marketplace. Ventilating Fans are available to consumers through retail outlets, such as Home Depot, Lowes and Menards, through contractors who utilize distributors, and on the internet through online retailers like Amazon.com.

When one examines the Retail Marketplace, it becomes quickly evident that retailers rarely have multiple vendors for a particular fan performance level. These performance levels are established as consumers want to have the optimal ventilation rate for their situation. To force consumers to select/buy up or down in CFM rate could cause under or over ventilation of their environment which may be in violation of building codes that require certain levels of ventilation.

Distributors may have more than two identical performance products; however, most consumers do not have direct access to these distributors.

Broan-NuTone research has shown that while the internet offers a wide selection of particular product performance levels, less than 7% of consumers actually purchase online. Since consumers are not generally familiar with fans, they investigate the models online and then buy from an established local retailer or contractor.

We understand ENERGY STAR's desire to have only top performing products bear its label. We must, however, recognize the consumers and sellers desire and need for product at all performance levels and at all purchase price points.

Market Disruption

ENERGY STAR cannot discount the significant Market Disruption associated with the efficacy and installed performance changes proposed in V4.0. The Energy Policy and Conservation Act specifically requires that the agency take into account the "timing requirements or the manufacturing, product marketing, and distribution process for the specific product addressed."

In reviewing and analyzing the products listed in the HVI Certified Directory, one can see that all manufacturers listed would have some products that do not meet V4.0 proposed specifications. Furthermore, a large percentage of manufacturers would lose the ability to offer a significant percentage of their current ENERGY STAR branded products.

Loss of product availability and selection options will have a detrimental impact on our customers and consumers.

If a manufacturer, whose product would not meet the V4.0 requirements, wishes to improve their products performance, they may be limited by motor supplier capability and/or the significant expense of structural redesign and tooling.

We feel that the severity of the increase in efficacy outlined in V4.0 will have a significant market disruption impact that ENERGY STAR must take into account.

Long Term Program Growth Plan

While not yet addressed in the V4.0 discussion, we would like to propose that EPA/ENERGY STAR, HVI and the Ventilating Fan industry members establish regular long term strategic planning meetings relating to the category specifications and program requirements. By working together and mapping out the long term growth in specifications, ENERGY STAR and industry members can plan and execute continuous improvements in an orderly fashion, instead of the V4.0 scenario which may cause significant market disruption and potential loss of manufacturing jobs.

Discussion of Specific Proposals

Working Speed Definition – We support the revision to match the HVI 916 definition.

Excluded Lamp holders – We support the revision.

Airflow Bins – We cannot support the revision as it gives the impression that multiple speed fans used to meet building code requirements would not be ENERGY STAR certified less than 50 CFM. These types of fans are typically the highest efficacy as they utilize BLDC motors. We recommend that a footnote be added noting that the airflow bin is for the maximum airflow and that all lower speeds can also qualify under the efficacy of their bin location. We could then support this revision.

Minimum Efficacy Levels – Broan-NuTone cannot support the efficacy levels proposed in V4.0. As previously noted in this letter, the efficacy changes are too dramatic and will cause massive market disruption and consumer harm. If we agree on the concept of the Long Term Program Growth initiative, the V4.0 requirements could be tabled until V5.0 is established under the program. While the program is being developed, an interim improvement should be considered. Our recommendation is to improve the 50 to 89 CFM bin from 1.4 CFM/Watt to 2.0 CFM/Watt, a 43% increase. Likewise, we recommend the improvement of the 90 to 200 CFM bin from 2.8 to 3.0 CFM/Watt. We do not have an opinion on the 201 to 500 CFM bin or the In-Line fan products.

Installed Fan Performance – We can support the Installed Fan Performance revision if the efficacy levels are modified to the above proposal.

Range Hoods Airflow Change – We cannot support the “up to 200 CFM” working speed modifier. Working speed is dependent on the range hood design and blower system. If the working speed meets the 2 sone limit, is the 200 CFM limit relevant?

The 600 CFM maximum speed increase is somewhat unimportant. As ENERGY STAR Range Hoods hold such a small percentage of the market, open it up to any maximum flow. The argument presented addresses Make-Up Air. Make-Up air is installed system dependent. If the system allows more than 600 CFM exhausting air, allow consumers the option of having high capacity ENERGY STAR Range Hoods.

0.25 in w.g. noise ratings – While not a direct proposal, this inclusion can only be seen as a desire in the future. This topic could be addressed as part of a long term plan.

Lighting Performance – We support the revision. We must all now work with lighting manufacturers to meet the increase requirements of use over heat and humidity in applications such as range hoods.

Effective Date – If manufacturers are forced to modify products to meet current V4.0 requirements, we feel strongly that consumers will be harmed as manufacturers would not be able to respond in the 270-day window proposed. If relief on efficacy is established, the Effective Date may be more attainable.

Summary

Broan-NuTone disagrees with ENERGY STAR’s assumptions on market size and market penetration.

We feel strongly that the current V4.0 requirements will have significant market disruption that ENERGY STAR must address.

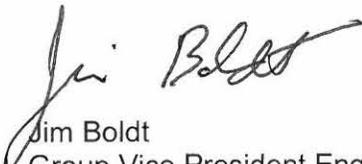
We highly recommend a Long Term Program Growth team be established.

The Efficacy improvements should be modified to 2.0 and 3.0 CFM/Watt to prevent market disruption and consumer injury.

We look for a structured implementation of an effective date to allow manufacturers to be able to meet the new requirements and not lose product sales and corresponding manufacturing jobs.

Thank you for your consideration,

BROAN-NUTONE LLC



Jim Boldt
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