



COALITION FOR ENERGY EFFICIENT ELECTRIC TANKLESS WATER HEATERS

April 16, 2012

Ms. Abigail Daken
ENERGY STAR Water Heater Program Manager
U.S. Environmental Protection Agency
Ariel Rios Building
1200 Pennsylvania Avenue, NW
Washington, DC 20460

RE: Comments on the Energy Star Water Heaters V2.0: Draft 3

Dear Abigail:

Thank you for providing us the opportunity to comment on Draft 3 of Version 2.0 of the Energy Star product specification for residential water heaters. As we have stated to you in our discussions and previously submitted comments, the Coalition for Energy Efficient Electric Tankless Water Heaters (CEEETWH) believes electric tankless water heaters are highly energy efficient and provide a significant savings for consumers in both energy and water; specifically for those U.S. consumers with no access to natural gas.

We have appreciated the U.S. Environmental Protection Agency's (EPA) willingness to work with our industry to fashion an appropriate product specification for point-of-use (POU) electric water heaters as part of the revision process. We also appreciate EPA's proposal in Draft 3 to include POU electric water heaters in Energy Star consumer education efforts and its desire to consider the inclusion of such units in upcoming revisions to product specifications for commercial water heaters. However, despite these positive steps, we are deeply disappointed by and completely disagree with EPA's ultimate conclusion that POU units should not be included in the residential water heater specification.

In your cover memo and Draft 3, you point to three main arguments that underlie the ultimate decision to exclude POU electric units from the specification. We address each of these points below:

1. *“[D]epending on the application, the purchase of a POU may or may not be as energy-saving as other options designated with the Energy Star label.”*

We believe the first two drafts of the revised product specification for residential water heaters rightly understood that POU electric units offer energy and water savings for millions of consumers who may not have access to gas lines or who are rightly making a decision to locate their water heater at a point near the fixture being used in their home to reduce or eliminate standby energy loss and save water. Upon request from EPA, we provided detailed energy

savings calculations based on realistic scenarios and assumptions. EPA's opening statement on page 4 of Draft 3 concedes the point that "meaningful energy savings" can be gained by consumer use of POU water heaters.

The argument that POU units "may or may not" be *as* energy saving as other Energy Star options could apply to a number of products in Energy Star categories that nevertheless have been accepted into the Energy Star program. The most pointed example of this is the current inclusion of gas tankless water heaters in the residential water heater specification. Using your words, these products "may or may not be as energy saving" as heat pump water heaters. Despite this, the product has been a part of this specification and its presence is being confirmed in this revision. It thus appears that this requirement is being inconsistently applied within the Energy Star program and unfairly applied in this specific category to one fuel source and not the other. We believe consumers benefit most from a variety of highly energy efficiency water heating options from which they can then evaluate the option most appropriate for their circumstances.

2. *"Determining whether a POU is the better choice typically requires the evaluation of complex trade-offs, with a number of factors affecting savings."*

The complexity and factors affecting the consumer choice to purchase a POU unit is a subject we have discussed extensively with EPA. We would simply reiterate that, based on our industry's interactions with consumers every day, most consumers make their decisions based on the number of fixtures in their home and the available power. Additionally, many POU purchase decisions are made by professional plumbers who are already familiar with the energy and water savings potential of POU units.

It goes without saying that consumer water use, "the distance between fixtures and the central hot water heater," and the "characteristics" of POU units will impact energy savings. However, once again, these factors impact other products being included in this specification as well. Even the most efficient products, if used improperly or inefficiently, or installed in an inappropriate location within a home, would not achieve the energy savings claimed by the Energy Star program and would therefore not withstand the argument being made here. Additionally, assuring that Energy Star POU units have appropriate "characteristics" is precisely the reason that specific product criteria for POU units were included in the previous two drafts of this specification. In our view, based on years of accumulated consumer interactions, consumers, assisted by professional plumbers, can evaluate the various water heating options that would fit their particular circumstances. Denying many such consumers the choice of another energy-saving option is simply not a good use of the Energy Star program.

3. *"POU units are not a good fit for a binary label[.]"*

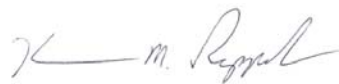
EPA is well aware that the Energy Star label now drives significant consumer behavior within certain product categories. Many household appliances, including products currently included in the Energy Star program, require careful consumer consideration to choose the best fit for a particular situation or geographic area. And yet, it is a fact within the market that the Energy Star label now stands to assure consumers that a particular technology is highly energy efficient. For millions of consumers who live in areas with no access to natural gas, the exclusion of POU electric units from Energy Star will ultimately drive the continued purchase of less efficient water heaters. For numerous other consumers considering new construction or add-ons to

existing homes, the exclusion of POU units from the Energy Star program will deny them another energy- and water-saving option. We simply cannot agree that this is the result that is most in line with the core goals and intent of the Energy Star program.

CEEETWH reiterates its appreciation for EPA's hard work in gathering the data and information required to revise this standard. We believe the definition and product specification for POU units in Drafts 1 and 2 offered consumers an important option for energy and water savings. We urge EPA to return to those drafts and reinstate the inclusion of POU electric units in the final residential water heater specification.

Thank you for your consideration of these comments and please feel free to contact us if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kevin Ruppelt".

Kevin Ruppelt
Chairman – Coalition for Energy Efficient Electric Tankless Water Heaters