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May 16, 2014

Ms. Abigail Daken  
U.S. Environmental Protection Agency (EPA)  
ENERGY STAR HVAC Program

Re: Rheem Comments on Draft 1 Version 5.0 ENERGY STAR Central Air Conditioner and Air-Source Heat Pump (CAC/ASHP) specification

Dear Ms. Daken,

These comments are submitted by Rheem Manufacturing Company (Rheem) in response to the April 16, 2014 proposed specification and May 5, 2014 webinar 'request for comment' issued by the EPA regarding its Version 5.0 Draft 1 ENERGY STAR® CAC/ASHP specification proposal.

Rheem is headquartered in Atlanta, Georgia and operates multiple facilities for the manufacture or support of one of the most comprehensive lines in the U.S. of residential and commercial air conditioners and heat pumps with nationwide distribution through various channels. A significant segment of Rheem products will be impacted by this proposal.

Rheem has been actively engaged with the ENERGY STAR program since the program began including the subject products in the ENERGY STAR program. Rheem actively engages in the ENERGY STAR Water Heater and Boiler programs as well. Rheem submits the following specific comments on Draft 1 Version 5.0:

1) Regional Specification and Performance Criteria –

Rheem does not support a **regional** ENERGY STAR specification for CAC/ASHP products. Instead, EPA should abandon the idea of creating a regional specification and instead adopt a national approach. We believe that complying with varying levels in the regional ENERGY STAR specification and the federal regional standards would be onerous for Rheem distributors with little energy savings attained. In addition to the inventory issues distributors and contractors would experience, the varying ENERGY STAR and federal regional efficiency levels would lead to consumer confusion as well. Manufacturers typically offer a variety of higher efficiency products that meet the ENERGY STAR and Consortium for Energy Efficiency (CEE) tier levels. On many occasions, such products are specifically designed to meet these key threshold levels.

Increasing the number of efficiency targets in the marketplace could result in unintended consequences. If Rheem provides a product line in response to every target, the cost to consumers will be negatively impacted. Conversely, if Rheem does not provide a product in response to every target, our dealers may be at a disadvantage in their specific market.

Additionally, with increasing federal minimums, a payback to consumers for spending additional money for higher efficiency levels may not be realized. Adding the complexity of a



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'regional' specification' will further impact the payback analysis since economies of scale from building fewer stock-keeping units (skus) will decline. Rheem will be faced with designing new product families to optimize products at these increased segment thresholds, or spreading products over these thresholds, resulting in sub-optimized performance-to-value relationships. Either of these approaches could result in an increased cost of the product to the consumer due to reduced volume or sub-optimum designs to meet these thresholds. EPA's proposed regional approach would result in multiple thresholds across the EPA and CEE specifications, thereby inhibiting manufacturers from participating in all tiers due to inconsistencies and compelling them to drop out of the program.

Although we understand that a regional requirement would make the specification more palatable for the U.S. North region, the drawbacks associated with regional requirements far outweigh the assumed benefits. Rheem worked with AHRI members to develop and propose a national level for Version 5. Please see below.

Table 1: Energy-Efficiency Criteria for Qualified Residential ASHPs and Central Air Conditioners							
Product Type	EPA Proposed Level			AHRI's Proposed National Requirements			Comment
	SEER	EER	HSPF	SEER	EER	HSPF	
CAC Split Systems - South Region	≥ 15.5	≥ 13	N/A	≥ 15.0	≥ 12.5	N/A	Harmonized with current CEE Tier 2
CAC Split Systems - North Region	≥ 14.5	≥ 12	N/A				Harmonized with current CEE Tier 2
ASHP Split Systems - National	≥ 15.5	≥ 12.5	≥ 8.6			≥ 8.5	Harmonized with current CEE Tier 2
CAC Single Package Equipment - National	≥ 15.5	≥ 12.5	N/A	≥ 15.0	≥ 12.0	N/A	
ASHP Single Package Equipment - National	≥ 14.5	≥ 12	≥ 8.3			≥ 8.2	

The above table developed by AHRI members has several advantages, namely:

- Simplifies the efficiency levels to improve avoid confusion at the consumer and distributor/contractor level;
- Encourages OEMs such as Rheem to continue to invest in an ENERGY STAR labeled product.
- Eliminates labeling and enforcement complications that would stem from regional requirements; and
- Reduces complexity across incentive programs.

## 2) Implementation of final specification –

Rheem requests and believes that it would be appropriate for EPA to postpone the implementation date of its final CAC/ASHP specification until 2016.





As was covered in the May 5, 2014 webinar, on April 24, 2014, the D.C. Circuit Court of Appeals issued an Order granting the unanimous motion of the parties to the American Public Gas Association (APGA) vs. DOE litigation regarding regional federal minimum efficiency standards. One of the steps that DOE committed was to will issue an enforcement policy statement providing an 18 month period within which DOE will not seek civil penalties for violations of the regional standards regarding distribution in commerce (including sales by retailers and installation) of 13 SEER central air conditioners in the South or Southwest region if they were manufactured prior to January 1, 2015. EPA should also note that DOE has not yet issued a final rule regarding the enforcement of regional standards.

Given the uncertainties associated with the issuance of a DOE enforcement standard for the January 1, 2015 energy conservation standards, and the DOE allowance of an 18-month sell through period for products manufactured prior to January 1, 2015, and the inventory balancing that will need to occur in the marketplace, Rheem believes that it would be appropriate for EPA to postpone the implementation date of its final CAC/ASHP specification until 2016.

### 3) Quality Installation –

Rheem believes that programs for HVAC products, such as ENERGY STAR that promote energy efficiency, must include a quality installation component. Since the actual energy savings a consumer will realize from a HVAC system can be lost if the equipment is not installed according the Manufacturer's instructions along with quality and correctly sized ductwork, revisions to EPA'S ENERGY STAR program should include a quality installation component.

Rheem appreciates the opportunity to provide these comments. If you have any questions regarding this submission, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Karen B. Meyers".

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