



Consumer Federation of America

April 29, 2015

The Honorable Ed Whitfield
Chairman
House Energy & Commerce Subcommittee
on Energy and Power
U.S. House of Representatives
Washington, DC

The Honorable Bobby Rush
Ranking Member
House Energy & Commerce Subcommittee
on Energy And Power
U.S. House of Representatives
Washington, DC

Re: Section 4124 of Title IV—Energy Efficiency and Accountability, Subtitle A—
Energy Efficiency in the 4/28/15 House Discussion Draft relating to Energy Efficiency
Standards for Furnaces

Dear Chairman Whitfield and Ranking Member Rush:

The Consumer Federation of America (CFA) and the National Consumer Law Center (NCLC) (on behalf of our low-income clients) are writing in opposition to Section 4124 of Title IV—Energy Efficiency and Accountability, Subtitle A—Energy Efficiency in the House discussion draft (4/28/15.) This section would, in essence, prohibit the Department of Energy (DOE) from issuing much needed and long overdue improvements in efficiency standards for gas furnaces. Consumers continue to be harmed through energy bills that are higher than they should be because industry has been operating under a minimum standard that essentially was set over 25 years ago. Further delays to improving furnace efficiency standards will extend the economic harm to consumers.

The Department of Energy has demonstrated that there are substantial gains to be made in furnace efficiency that will save consumers money. The current process of setting the standards is unfolding at DOE to determine exactly where the standards should be set, and we believe strongly that the DOE process should be allowed to move forward and that Congressional action is completely unnecessary.

CFA and NCLC have long been advocates of furnace efficiency standards because they benefit consumers, particularly low income consumers. We advocated for stronger furnace efficiency standards, on a regional basis, in both the 2007 and 2011 DOE rulemakings.

It is hard to fathom that today's furnace standards essentially date back 28 years to 1987. Nominal improvement was made in the standards adopted by DOE in 2007. In fact, these standards which will take effect this year are virtually obsolete as nearly all furnaces on the market today already

meet the 2007 standard level. Further delays will sacrifice consumer savings and result in increased energy waste.

We continue to remain supportive of cost-effective efficiency standards for gas furnaces for several reasons. Many homeowners lack the time or information needed to choose to upgrade to a more efficient furnace, especially if they are doing an emergency replacement. Many others are renters - often disproportionately low-income consumers – who do not get to choose the furnace installed in their home, but do get stuck with needlessly high bills. National standards are a proven approach for spreading the benefits of energy-savings technologies.

While we would like to see some improvements to the proposed rule to make it more cost-effective for more consumers, we urge innovative approaches, NOT an end to the rulemaking process. For example, a small portion of consumers may face unusually high installation costs when replacing an 80% AFUE furnace with a condensing product. Efficiency and consumer advocates are working with industry stakeholders to explore approaches that would allow some non-condensing furnaces to be sold in special circumstances. Such an approach would result in a new standard that would benefit millions of households and provide an attractive option for the small number of households with particularly difficult installation problems

Lastly, we know from retrospective studies that DOE has overestimated the impact of efficiency standards on product prices. If installed prices for high-efficiency furnaces end up lower than DOE projections, the net savings for consumers will be higher. In addition, innovative venting technologies which are bringing down the cost of venting condensing furnaces, will add to consumer savings.

In closing, we ask that you allow the DOE process to proceed alongside the collaborative approaches which are taking place among industry and consumer and efficiency advocates. We believe this approach will yield the best results for consumers, including those with the most at stake – low-income consumers.

Thank you for your consideration of our views.



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