

June 15, 2023

The Honorable Michael S. Regan
Administrator
United States Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Re: Removal of Natural Gas Furnaces from the ENERGY STAR Program

Administrator Regan:

The American Gas Association (“AGA”) and its members are deeply troubled by the Environmental Protection Agency’s (“EPA”) May 18, 2023 proposal to eliminate efficient natural gas furnaces and boilers from the ENERGY STAR program.¹ The proposal would harm the EPA’s equipment and utility partners, deprive consumers of accurate information about residential heating equipment, and lead to higher energy use and emissions. The proposal should be withdrawn immediately before it undercuts the entire value and purpose of the ENERGY STAR program.

AGA, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 77 million residential, commercial and industrial natural gas customers in the U.S., of which 96 percent — more than 74 million customers — receive their gas from AGA members. AGA is an advocate for natural gas utility companies and their customers and provides a broad range of programs and services for member natural gas pipelines, marketers, gatherers, international natural gas companies, and industry associates. Today, natural gas meets nearly one-third of the United States’ energy needs.² Currently, 52% of U.S. households use natural gas for space heating in their homes.³

AGA supports energy efficiency and conservation efforts, including the efficient use of natural gas in homes and businesses. AGA strongly supports the ENERGY STAR program’s mission to provide “simple, credible, and unbiased information” on a product’s energy efficiency.⁴ AGA members are doing their part to create a more efficient energy economy. Natural gas utilities administer over 125 natural gas efficiency programs across 42 states, which collectively invest more than \$1.4 Billion annually, in part to assist

¹ See <https://www.energystar.gov/sites/default/files/asset/document/HVAC%20Sunset%20Letter.pdf>.

² For more information, please visit www.aga.org.

³ U.S. Energy Information Administration, available at <https://www.eia.gov/todayinenergy/detail.php?id=55940>.

⁴ ENERGY STAR Overview, available at <https://www.energystar.gov/about>.

customers with the purchase and installation of these efficient gas appliances.⁵ ENERGY STAR-certified gas furnaces have been a central offering within these utility programs. Natural gas utility efficiency programs promote the use of ENERGY STAR home heating equipment and often rely on ENERGY STAR certification when determining eligibility for utility-provided incentives including appliance rebates.⁶

Over the past two decades, millions of additional homes and businesses have connected to the U.S. natural gas delivery system. Even as the number of consumers has grown, natural gas use in the residential, commercial, and industrial sectors has been virtually unchanged. On a per-customer basis, residential natural gas use has declined by more than 50% since 1970. This steady improvement in residential natural gas use per customer directly results from energy efficiency improvements, including tighter building envelopes, more efficient appliances and equipment, behavioral changes in energy consumption, and the effectiveness of natural gas utility efficiency programs, including those that utilize ENERGY STAR. Furthermore, this continual improvement in energy efficiency has helped lead to a decline in overall carbon dioxide emissions as consumers use natural gas more efficiently and substitute away from more carbon-intensive energy sources. AGA believes that the EPA's ENERGY STAR program has been a key element to the aforementioned successes.

On May 18, 2023, EPA published a notice stating that it was proposing to phase out the ENERGY STAR labeling and promotion of residential gas furnaces and that it would limit the certification to a small number of electric heating appliances. To support this decision, EPA falsely claims that eliminating natural gas furnaces from the ENERGY STAR program would reduce energy consumption, improve energy security, and reduce pollution. Moreover, EPA claims, without any supporting analysis, that there would be significant emissions reductions from its proposal even when source emissions from power generation is considered. To the contrary, consumers may instead opt for a standard efficiency natural gas appliance. The presumption that consumers will instead switch to electricity ignores that gas furnaces are more cost effective in many parts of the country and remain the best solution for many consumers. Consumers who opt to select electric appliances may increase energy consumption, emissions, and pollution.

First, the proposed removal of the ENERGY STAR labeling for natural gas furnaces is inconsistent with EPA's ENERGY STAR Products Program Strategic Vision and Guiding Principles, which recognizes that ENERGY STAR specifications were designed "to treat fuel types separately, so that consumers may find the right products for the fuel type in their home, as most make product replacements without switching fuel types."⁷ Elimination of natural gas furnaces from the ENERGY STAR program would render unavailable to customers ENERGY STAR appliances that are right for their homes, and incentivizing switching fuel types is in violation of ENERGY STAR's principles.

⁵ AGA, Efficient Natural Gas, available at <https://www.aga.org/efficient-natural-gas/>.

⁶ *Id.*

⁷ EPA, "ENERGY STAR Products Program Strategic Vision and Guiding Principles," available at https://www.energystar.gov/sites/default/files/asset/document/ENERGY_STAR_Strategic_Vision_and_Guiding_Principles.pdf.

Second, by no longer allowing natural gas appliances from participating in the ENERGY STAR program, EPA, in a single action, may negatively affect state-approved utility energy efficiency programs that aid customers in obtaining efficient appliances.⁸ Customers would no longer be able to participate and receive benefits from programs that require ENERGY STAR-certified appliances despite the fact that states have approved such programs and the programs reduce a customer's energy consumption.

Third, EPA's support for the electrification of the heating sector will *increase energy use and emissions in many parts of the country*. One of the goals of the ENERGY STAR program is to incentivize the use of efficient appliances to reduce energy consumption. The Department of Energy has illustrated in an efficiency proceeding related to furnaces, that encouraging fuel switching away from natural gas space heating will increase energy use, and customers that switch will have higher overall energy consumption.⁹ Since more electricity would be needed if customers switch fuel sources, more dispatchable generation will be required to meet additional electric load. Today's natural gas and coal-fired power plants have a typical 30-50% fuel conversion efficiency, which is a significant loss of efficiency and manifestly unsound economic and environmental policy.¹⁰ Especially when a large portion of the electric generation fleet is powered by fossil fuels and the percentage only increases during colder periods.¹¹ It is critical for EPA to understand that the natural gas delivery system is 92% efficient from production to the customer. Hence, direct use of natural gas is more efficient and has emissions benefits.

Fourth, the stealth manner in which EPA announced this substantial change to the ENERGY STAR program and the lack of any accompanying support raises due process concerns. For such a profound change to the program, EPA provided stakeholders with a paltry 30-day comment period. Additionally, stakeholders were not provided the benefit of a federal register notice publicizing the proposal. Moreover, the information released in the notice does not provide any analysis or support for the proposal for stakeholders to comment meaningfully, nor does the proposal contain sufficient information to permit EPA to issue a reasoned decision on this matter.¹²

⁸ Examples of energy efficiency programs that incorporate ENERGY STAR include, but are not limited to: New Mexico Gas Company - Space Heating Rebates (<https://nmgcgetrebates.com/space-heating-rebates>); UGI - Gas Furnace Rebates (<https://www.ugi.com/rebates-for-home/natural-gas/furnace>); Southern California Gas - 2023 Home Energy-Efficiency Rebate Program (https://www.socalgas.com/sites/default/files/2022-01/2022_EE_SF_RebateApp.pdf); Washington Gas - Home Heating Rebates (<https://wgsmarketsavings.com/programs-rebates/md/home-heating>); and PECO - Natural Gas Rebates and Credits (<https://www.peco.com/WaysToSave/ForYourHome/Pages/NaturalGasRebatesCredits.aspx>).

⁹ *Energy Conservation Program: Energy Conservation Standards for Consumer Furnaces*, EERE-2014-BT-STD-0031, RIN 1904-AD20, 87 Fed. Reg. 40590 (July 7, 2022).

¹⁰ U.S. Energy Information Administration, "More than 60% of energy used for electricity generation is lost in conversion," July 21, 2020, available at <https://www.eia.gov/todayinenergy/detail.php?id=44436>.

¹¹ See ISO New England, "December 24, 2022 OP-4 Event and Capacity Scarcity Condition," (Jan. 5, 2023) available at <https://www.iso-ne.com/static-assets/documents/2023/01/december-2022-op4-coo-report.pdf> (Approximately 29% of the region's energy demand was met by oil-fired generation on December 24, 2022 during a cold weather event, which exceeded all other generation fuels.).

¹² See Administrative Procedure Act, Pub. L. No. 79-404, 60 Stat. 237 (1946) (codified as amended at 5 U.S.C. §§ 551, *et seq.*); *Rural Cellular Ass'n v. Fed. Comm'n's Comm'n*, 588 F.3d 1095, 1101 (D.C. Cir. 2009); *Gerber v. Norton*, 294 F.3d 173, 179 (D.C. Cir. 2002).

Due to the various substantive and procedural defects with the proposal to eliminate natural gas furnaces from the ENERGY STAR program, if EPA were to take such an action, it would undercut all the goodwill the program has obtained over the years, violate the program's mission, and harm consumers. Moreover, based on EPA's clear misunderstanding of the basic facts relied on to support the proposed changes to the ENERGY STAR program, the proposal should be withdrawn.¹³ AGA appreciates your leadership on this issue and requests a meeting with you and your staff to discuss the ENERGY STAR program.

Respectfully,

A handwritten signature in black ink, appearing to read "K. Harbert". The signature is fluid and cursive, with a large initial "K" and a stylized "A" at the end.

Karen A. Harbert
President and CEO
American Gas Association

¹³ In the event that EPA does not withdraw its proposal, AGA anticipates filing detailed comments on EPA's proposed actions.