

Submitted via HVAC@energystar.gov

May 16, 2024

Ann Bailey, Director
ENERGY STAR Labeling Branch
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue NW
Washington, DC 20460

**RE: ENERGY STAR Program – Version 5.0 Furnace Specification
Comments of the Undersigned Organizations**

Director Bailey:

The undersigned organization appreciate the opportunity to comment in response to the Environmental Protection Agency’s (“EPA”) April 16, 2024, first draft of Version 5.0 ENERGY STAR furnace specifications with a target effective date of 2026 (“April 2024 Proposal”). As outlined below, the undersigned requests that EPA reevaluate the proposed elimination of the separate geographic designations and extend the timeline for any changes to the ENERGY STAR program.

On May 18, 2023, EPA circulated a notice stating that it was proposing to phase out the ENERGY STAR labeling and promotion of residential natural gas furnaces. Subsequently, on April 16, 2024, EPA circulated a second notice related to natural gas furnaces proposing to increase the efficiency level to 97% Annual Fuel Utilization Efficiency (“AFUE”) nationally, beginning in 2026. In the April 2024 Proposal, EPA explained it is “removing the regional split for gas furnaces to align with the DOE standard, simplify the label for consumers, and to simplify program administration for certification bodies and manufacturers.” According to the EPA, it received compelling support for continuing the labeling for natural gas furnaces and it decided to propose an update, rather than sunset the ENERGY STAR furnace specification. The current requirement for natural gas furnaces is 95% AFUE in the northern U.S. and 90% AFUE in the southern U.S. Therefore, EPA is proposing to increase the AFUE level and also eliminate the geographic differentiation that currently exists for furnaces in the ENERGY STAR program.

EPA should maintain the regional distinction and have different gas furnace efficiency requirements and labels that are used for different regions of the country. Regional requirements aim to address geographic differences in heating needs. EPA’s proposal, however, ignores the differing heating needs in the northern and southern tiers of the U.S. In its simplest terms, northern states have more heating degree days, i.e., days when a furnace is needed, as compared to the southern states which are warmer and do not have as many heating degree days. The number of heating degree days influences the amount of energy used to heat a home and the

cost/benefit analysis of installing a high-efficiency unit. A one-size-fits-all national level does not make sense for products with energy use that varies widely depending on climate.

Additionally, EPA should extend the timeline for any changes to the ENERGY STAR program related to furnaces to be consistent with the Inflation Reduction Act. The Inflation Reduction Act of 2022 (“IRA”) included various provisions to incentivize energy efficiency improvements. While the IRA directly links some of the provisions to the ENERGY STAR program, issued implementation guidance has expanded the linkage between the benefits of the IRA to the ENERGY STAR program. Furthermore, it’s possible that the linkages will grow as additional guidance is issued. In summary, the incentives and credits in the IRA are connected to the ENERGY STAR program, and EPA should maximize the availability of the IRA benefits. EPA should not implement changes to the ENERGY STAR program that would reduce the effectiveness or the availability of IRA benefits.

For example, the IRA’s Energy Efficient Home Improvement Credit, i.e., the 25C credit, can be claimed for improvements made through December 31, 2032. Importantly, EPA referenced the 25C credit in its notice of the April 2024 Proposal. Additionally, the New Energy Efficient Home Credit, i.e., the 45L credit is claimable through December 31, 2032, and the Home Energy Performance-Based, Whole-House Rebates are valid to September 30, 2031. To the extent EPA limits the number and type of appliances in the ENERGY STAR program, such actions would limit the applicability of the IRA benefits. To avoid this problem and maximize the impact of the IRA, EPA should revise the proposal to be consistent with the IRA’s timelines.

The undersigned respectfully requests that EPA consider these comments in this proceeding and not implement the first draft of the Version 5.0 ENERGY STAR specification proposed on April 16, 2024. If you have any questions regarding this submission, please do not hesitate to contact the undersigned.

Respectfully submitted,

Alabama Natural Gas Association
Carolina Gas Association
Energy Association of Pennsylvania
Florida Natural Gas Association
GO-WV
MEA Energy Association
The Natural Gas Association of Georgia
Northeast Gas Association
Northwest Gas Association
Tennessee Gas Association
Wisconsin Utilities Association, Inc.
American Gas Association