October 6, 2022

Ms. Julia Hegarty U.S. Department of Energy Office of Energy Efficiency and Renewable Energy Building Technologies Office, EE-5B 1000 Independence Avenue SW Washington, DC 20585

Dear Ms. Hegarty:

We the undersigned state agencies write in support of the U.S. Department of Energy's (DOE) Proposed Rulemaking on Energy Conservation Standards for Consumer Furnaces. The proposed TSL-8 standard is beneficial to realizing our states' climate goals while delivering affordable, energy-efficient heating for consumers — in the next three decades alone, implementation of these standards is estimated to reduce carbon emissions by 373 million metric tons and methane emissions by 5.1 million tons.¹ It is technologically achievable, benefits the physical and financial health of American consumers, and is an important step for emissions reductions.

By mid-century, the proposed furnace standard could result in emissions reductions equivalent to that of shutting down approximately 30 gas power plants, equal to the annual energy use of 46 million U.S. homes.² Adopting new and updated standards for consumer products will provide a significant and highly cost-effective pathway to reduce greenhouse gas (GHG) emissions. Additionally, energy conservation standards have saved consumers billions of dollars by lowering utility bills and helping utilities avoid the need to build new, expensive energy infrastructure.

States have been leaders in driving emissions savings through state appliance efficiency standards, including through the support of the US Climate Alliance Appliance Efficiency Challenge.³ Gas heating appliances, most of which are furnaces, account for about two-thirds of household gas use and are responsible for emissions of greenhouse gases and NO_x , a pollutant linked to asthma, cardiovascular disease, and premature death, which disproportionately impacts low-income households.⁴ While states contemplate ways to move beyond fossil gas, it is well worth taking this step to ensure gas furnaces, when used, cause the least harm possible.

Alliance states have developed standards for more than 20 products that have the potential to reduce GHG emissions by up to four million tons and save consumers across Alliance states \$3.2 billion by 2025.⁵ However, States cannot adopt improved efficiency standards for products where the federal government has promulgated an existing standard, including consumer furnaces. Impactful climate action is inherently collaborative, and in the spirit of the US Climate Alliance, individual states cannot achieve this alone.

With this rule, DOE has estimated that about 7.3 percent of consumers could switch to a heat pump when replacing an older furnace, and 1.6 percent to an electric furnace, both of which constitute safer and more energy-efficient heating options. DOE's analysis considers real-world decision making and a range of

¹ <u>https://www.energy.gov/articles/biden-administration-proposes-new-cost-saving-energy-efficiency-standards-home-furnaces</u>

² <u>https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator</u>

³ <u>http://www.usclimatealliance.org/efficiency-challenge</u>

⁴ https://appliance-standards.org/high-costs-high-emissions-why-its-time-phase-out-energy-wasting-furnaces

⁵ http://www.usclimatealliance.org/efficiency-challenge

options a consumer could consider for their heating needs while ensuring that available equipment is the least harmful to the health and safety of their household members.

Efficiency standards can also decrease the energy burden for American households. Gas furnaces heat 46.5 million U.S. homes.⁶ A 95 percent annual fuel utilization efficiency standard will help decrease the energy burden for low-income households that spend a larger portion of their income on energy bills. DOE estimates the average energy burden for low-income households is three times higher than for non-low-income households,⁷ and that Black, Hispanic, Native American, and elderly populations have disproportionately high energy burdens.⁸ Energy-efficient appliances are one of the key strategies for combating energy burden inequity.

Moreover, DOE estimates this new standard will save consumers \$30.3 billion over the next thirty years, about \$60 per household- per year (\$500 over the lifetime of the equipment).⁹ DOE's proposed furnace efficiency standard will lower heating costs for households while reducing emissions from the residential heating sector, resulting in cleaner air for everyone and more money in the pockets of those already struggling.

We support the proposed TSL-8 standard, and the methodology used to evaluate it, and encourage DOE to adopt the rule. Thank you for considering this important step toward achieving our climate goals, ensuring energy equity for consumers, and promoting clean air for American households.

Sincerely,

David Althoff, Director, Energy Programs Office, Pennsylvania Department of Environmental Protection

David Bobzien, Director, Governor's Office of Energy, State of Nevada

Bob Brabston, Executive Director, New Jersey Board of Public Utilities

Chris Corcoran, Program Manager, Codes, Products, and Standards, New York State Energy Research and Development Authority

Michael Furze, Assistant Director, Energy Division, Washington State Department of Commerce

Dominique Gomez, Deputy Director, Colorado Energy Office

Louise Martinez, Director, Energy Conservation and Management Division, New Mexico Energy, Minerals and Natural Resources Department

Andrew McAllister, PhD, Commissioner, California Energy Commission

June Tierney, Commissioner, Vermont Department of Public Service

Howard Wiig, Energy Codes and Standards Program Manager, Hawai'i State Energy Office

⁶ https://www.eia.gov/consumption/residential/data/2015/hc/php/hc6.5.php

⁷ <u>https://www.energy.gov/eere/slsc/low-income-community-energy-solutions</u>

⁸ <u>https://www.aceee.org/sites/default/files/pdfs/ACEEE-01%20Energy%20Burden%20-%20National.pdf</u>

⁹ <u>https://www.energy.gov/articles/biden-administration-proposes-new-cost-saving-energy-efficiency-standards-</u> home-furnaces