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WaterHeaters@energystar.gov

November 11, 2021

Attn: Ms. Abigail Daken
U.S. Environmental Protection Agency
ENERGY STAR Program
Office of Air and Radiation
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Re: AGA Comments on EPA Draft 1, Version 5.0 ENERGY STAR Residential Water Heater Product Specification

Dear Ms. Daken:

The American Gas Association (AGA) appreciates the opportunity to comment on the Environmental Protection Agency's (EPA) Draft 1, [Version 5.0 ENERGY STAR Residential Water Heater](#) Product Specification that was released on October 05, 2021 for stakeholder comment under cover of your memorandum.

The American Gas Association, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 76 million residential, commercial, and industrial natural gas customers in the U.S., of which 95 percent — more than 72 million customers — receive their gas from AGA members. Today, natural gas meets more than 30 percent of the United States' energy needs.

AGA supports EPA in its efforts to provide incentives to manufacturers, retailers, and consumers for energy efficiency improvement, as long as EPA maintains non-biased efficient product options for the consumer. [Version 5.0 ENERGY STAR Residential Water Heater](#) specifications will put further restrictions on incentivizing efficient energy options in the current market and are likely to result in limited or reduced energy savings as compared to increased costs to consumers and manufacturers. AGA member natural gas utilities and their customers are directly affected by the proposal because it will negatively impact our members' ability to continue to offer fuel-neutral ENERGY STAR options for Residential Water Heaters, which promotes energy diversity, reliability, resilience, and energy affordability.

The proposal also would impact our members' efforts to help customers improve their energy efficiency. Natural gas utilities administer 132 ratepayer-funded natural gas efficiency programs, across 42 states and seven provinces in Canada that invest approximately \$4 million per day in energy efficiency programs to help their customers purchase and install increasingly more efficient natural gas appliances. With these significant investments, natural gas utilities helped their customers offset over 13.5 million metric tons of carbon dioxide emissions from 2012 to 2018, equivalent to removing 2.9 million cars off the road for a year.¹ Many AGA member

¹ <https://www.aga.org/globalassets/aga-ngefficiency-report-py2018-5-2021.pdf>

companies and Energy Efficiency Organizations² continue to manage cost-effective programs and claim savings for gas storage water heaters and gas tankless water heaters. These categories remain central offerings within many gas and dual fuel utility members' residential portfolios. Fuel diversity and equipment options are essential for a stable, low-cost energy future. Additionally, efficiency should remain a priority, regardless of fuel type.

The ENERGY STAR Products Program Strategy and Guiding Principles states the “product labeling program overlays the consumer perspective as part of an ongoing process to identify and promote products that reduce greenhouse gas emissions by meeting the highest energy conservation standards. These standards (aka performance specifications) are established to recognize products that: (1) are cost-effective from the purchaser’s standpoint; (2) offer at least equivalent functionality and features as standard products; **and (3) are proven and broadly available.**”³ AGA is concerned with the proposal of “ENERGY STAR Program Requirements Product Specification for Residential Water Heaters, Eligibility Criteria Draft 1, Version 5.0,” and the aggressive timeline presented as cost-effective technologies will become available in the near future that could justify the reinvigoration of the specification in a few years, but the specification is based on technologies that do not currently exist. This specification will only be taking current ENERGY STAR appliance designations away from available high-efficiency gas products and limiting energy savings.

AGA respectfully requests that EPA suspend development of Version 5.0 changes to residential storage water heater efficiencies from the Version 5.0 criteria and initiate a reevaluation of the proposed Version using a more comprehensive review that follows the EPA Guiding Principles. Additionally, any such review should be conducted in a transparent manner, as required by the Administrative Procedures Act, in developing such product specifications. We are confident that EPA will not rush that timeline and will fully consider the comments it receives from all stakeholders.

Please consider the following comments on the ENERGY STAR Residential Water Heater Specification Version 5.0:

- 1. AGA encourages EPA to perform reevaluation of proposed Version 5.0 using a more comprehensive review.**
 - a. On EPA’s October 13, 2021, webinar, content related to “Version 5.0 Revision Drivers” referenced EPA being “unable to find a cost-effective level that provides meaningful differentiation” in the gas-fired storage category. Multiple stakeholders at the Northwest Power and Conservation Council’s Regional Technical forum were able to identify various cost-effective gas water heater *products, including one specific to gas-fired storage water heaters.*⁴ EPA needs to review these findings carefully when considering elimination of cost-effective tiers before more efficient products are commercially available. EPA should also transparently share any information EPA has regarding both product availability and cost effectiveness of models that would qualify with the proposed ENERGY STAR specification.

- 2. AGA urges EPA to continue to provide non-biased efficient product options for the consumer for ENERGY STAR Residential Water Heaters.**
 - a. It is important to utilities, their consumers, the market, and the ENERGY STAR® brand to have ENERGY STAR® electric and gas water heaters available on an ongoing basis in each category. This

² Consortium of Energy Efficiency and Northwest Energy Efficiency Alliance

³ https://www.energystar.gov/sites/default/files/asset/document/ENERGY_STAR_Strategic_Vision_and_Guiding_Principles.pdf

⁴ <https://rtf.nwcouncil.org/measure/residential-gas-water-heaters-0>

distinction aligns with EPA's goal of " to provide simple, credible, and unbiased information that consumers and businesses rely on to make well-informed decisions about energy efficiency."

3. AGA requests that EPA not rush the timeline on this specification and fully consider the comments it receives from all stakeholders.

- a. AGA also wanted to reiterate that EPA did not set a "Most Efficient" level for gas products in 2022 and introducing a UEF >1 within the next 14 months for Energy Star certified deliver gas-fired storage water heater products, though a very important push for the market, may take away from the current offerings for Gas ENERGY STAR Residential Water Heaters and decrease the energy and carbon savings overall.

4. AGA supports driving the development and adoption of next-generation energy-efficient gas water heaters that will achieve UEF ratings of greater than 1.0 as long as non-biased efficient product options can be maintained so that consumers may find the right products for the fuel type in their home.

- a. Based on the Northwest Energy Efficiency Alliance's and the North American Gas Heat Pump Collaborative's work with industry, utility partners, and energy efficiency organizations, gas heat pump-driven products meeting this requirement are expected to be available on the market in the near future. Technologies are under development with compelling cost-effectiveness propositions⁵. Thus, as cost-effective technologies become available it would justify the reinvigoration of the specification when they are available. In the meantime, the EPA should not take current ENERGY STAR appliance designations away from available high-efficiency gas products so that there is not a drop in consumer awareness of high-efficiency gas products.

Thank you again for the opportunity to submit comments on this draft specification. If you have any questions, please do not hesitate to contact us at RMurphy@aga.org or Sgheewala@aga.org.

Respectfully Submitted,

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⁵ https://www.gti.energy/wp-content/uploads/2020/09/Gas-Heat-Pump-Roadmap-Industry-White-Paper_Nov2019.pdf