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Mr. Karney,

After attending the stakeholder meeting and hearing the comments of others involved in the industry, I would like to clarify some of my earlier comments and add some new ones.

First of all, in hearing from the Department of Energy about its position regarding the Energy Star program, my impression of the mission of the program is something akin to the following:

To promote energy efficiency in order to reduce the overall energy consumption in the economy.

However, the Energy Star program should not be designed to pursue this mission at any cost, so a constraint needs to be added to the mission as stated above, and that should be:

The products and technologies that the Energy Star program will promote need to be cost effective to the consumer.

I would conclude that most of the objections to the draft criteria as it is currently written are a result of the seemingly arbitrary choice of which technologies are allowed to be a part of the Energy Star program and what levels of efficiency are required in order to qualify. This draft is problematic in that it goes against the mission of the Energy Star program; it promotes certain technologies instead of promoting energy efficiency as a whole.

In addition, the criteria as currently written will result in consumer confusion. It would give a signal that an advanced non-condensing gas storage water heater with and Energy Factor of 0.70 will provide more energy savings than a whole-home tankless water heater would at a 0.79 EF. The rationale for these two different criteria seems to be based on an assumption that a non-condensing water heater would be less expensive than a tankless, and therefore wouldn't require the same energy factor in order to provide payback to the customer in the same amount of time. I don't see how this conclusion can be made, since as the criteria states, there are no products in the market that fit into this category. The hardware required for advanced non-condensing storage water heaters will certainly result in these products being markedly more expensive than a standard storage tank, giving them similar payback economics to tankless and condensing storage water heaters.

The solution to these conflicts is to set a **single level of efficiency as the criterion for inclusion or exclusion from the Energy Star program, irrespective of the technology** that was used to achieve it. The market that we are speaking of is the market for hot water. The technology used to deliver the hot water is irrelevant in the mind of the consumer, so why should it be relevant in this criteria? There is no difference in the way the consumer uses the hot water from a storage tank, a heat pump, or a tankless, so they should all be held to the same standard of efficiency.

Having a single efficiency level as the basis for the Energy Star program, whether it is an EF of 0.65, 0.70 or 0.80, will eliminate the possibility for consumer confusion, will promote energy efficiency instead of energy efficient technologies, it will remove barriers to market introduction for new energy efficient products, and most importantly it will create a level playing field for all stakeholders in the industry. Although the cost for all high efficiency water heating products is high now, this program will promote further development of new and existing products, the result of which will be decreases in price as the technologies spread.

I believe that this may be the only way to achieve consensus between all of the voices in this industry.

Sincerely,

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