

**Rinnai Comments to the DOE Re. Energy Star Label for Residential Water Heaters
July 13, 2007**

Rinnai supports the DOE initiative to develop and implement an Energy Star label for residential water heaters. Americans respect the Energy Star label because it helps them make energy efficient decisions. We believe a fundamental goal of the program is to reduce the absolute energy required to heat water, and that the time is right to show leadership in recognizing advanced efficient technologies that are commonly used to save energy in other parts of the world and a growing part of the US in both new construction and retrofit applications.

Rinnai agrees with the DOE proposal that conventional gas and electric storage water heaters should not be given consideration for an Energy Star rating. When the DOE led dialogue on Energy Star in 2003 and then postponed it, DOE said they would revisit this topic again, and encouraged voluntary efficiency increases. By next year, five years will have passed, so the intended direction as stated in the DOE's draft criteria is not surprising to us.

Rinnai agrees that whole-house gas tankless water heaters should qualify for an Energy Star rating if the Energy Factor is at least .80. A 30% reduction in actual them usage and CO2 reduction can be realized with gas whole-house tankless water heaters, and these reductions result in a substantial opportunity to reduce both consumer and national energy requirements.

Rinnai does not agree with the DOE proposal that places a minimum "gallons per minute" requirement on the tankless water heater of 3.5gpmgpm at a 77 degree rise. Whole-house tankless water heaters should qualify for the Energy Star rating if the minimum gpm was reduced to 2.5gpm (or one showerhead's level of flow). Smaller homes that need smaller water heaters should be able to be "right-sized" and have access to an Energy Star-rated water heater.

Rinnai does not agree with DOE on the issue of maintenance based on hard water. Hard water implications can be addressed either by conventional water softening or some newer technology utilizing electronic water treatment. Additionally, tank-type water heaters also suffer from the effects of hard water. Energy transfer is reduced, which reduces efficiency. Build-up over time compromises the water heater's ability to perform as when newly installed.

Regarding warranty, Rinnai thinks it is most important to recognize that if the application for all the technologies being considered is a residential application then there should be a level/equal warranty term for the residential application, irrespective of the technology, or, exclude warranty criteria altogether, thus also making it equal for all.

In summary, Rinnai believes one of the roles of the Energy Star program is to transform the market and not just sanction existing levels of widely-used technology. We think the core concept of heating water on demand is an energy-responsible thing to do. We support proceeding with the Energy Star program on the current timeline.

Thank you.

Ervin L. Cash

Executive Vice President

Rinnai