



Together We Can Change
National Markets

August 23, 2005

Rachel Schmeltz
ENERGY STAR Product Manager
Environmental Protection Agency
Ariel Rios Building, SW, MS 6202J
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Ms. Schmeltz:

The CEE Residential HVAC Committee (Committee) appreciates the opportunity to provide input on the proposal to revise the ENERGY STAR Central Air Conditioner and Air Source Heat Pump Specification (Specification). The comments and recommendations below represent the consensus position of the CEE Residential HVAC Committee. Organizations listed at the end of this letter have indicated their individual support of the comments.

Comments and Recommendations

Product Availability in 2006

The Basis for Lowering the EER Performance Requirement Appears to be Speculation. The Committee understands EPA has lowered the EER requirement based on industry suggestions that model availability of 14 SEER, 12 EER equipment will decrease in 2006. This argument potentially has merit; however, in order to justify offering financial incentives for ENERGY STAR products at these lower efficiency levels, the Committee requires evidence to support this claim. EPA's decision to lower the performance requirements of the ENERGY STAR program without hard evidence jeopardizes the ability of the brand to stand for a meaningful difference in energy efficiency and brings into question the criteria used by EPA to revise the ENERGY STAR specification.

Without Evidence to the Contrary, the Committee Believes Rebate Program Experience and Current Equipment Model Availability Are the Best Indicators of What Performance Levels Can Be Successfully Promoted in the Future. The Committee has demonstrated in previous comments that 14 SEER, 12 EER is readily available and has been successfully promoted by efficiency programs across the country. EPA has stated the upcoming 13 SEER federal standard will result in a decrease of 14 SEER, 12 EER equipment. It is unclear if this is a decrease in the absolute number of systems, or in the relative percentage of systems. Only a significant change in the latter should influence EPA's decision.

Further, the Committee does not believe a short-term decrease in product availability should result in lower ENERGY STAR requirements for a three-year duration. Rather, ENERGY STAR should continue to serve as an indicator in the market for the most efficient products that are technologically-feasible and cost-effective for consumers, not as a means to screen out the lowest-performing equipment. Given current market conditions (and expected market conditions in the near future), the Committee believes this describes 14 SEER, 12 EER equipment.

Issues Regarding 3rd-Party Coils

Inaccurate Efficiency Ratings of 3rd-Party Coil Systems Should be Addressed Through Improvements to the Test Procedure or Additional Requirements for 3rd-Party Systems. EPA notes that DOE is exploring improvement to the test procedure for 3rd-party coil systems and that an industry verification program is underway to improve data quality. The Committee supports improvements to the test procedure if appropriate, and applauds industry efforts to improve data quality. Further, efficiency program administrators are committed to promoting products that will perform as advertised and are eager to work with EPA and HVAC manufacturers to ensure performance data reflects equipment performance.

However, EPA has not revealed the extent to which the 3rd-party test procedure and/or resulting data are flawed. In the absence of such evidence, efficiency program administrators are compelled to continue promoting the highest-efficiency products, as certified by ARI. Again, this leads the Committee to the conclusion that the 14 SEER, 12 EER level is the appropriate level for the ENERGY STAR specification.

If evidence *does* exist that demonstrates third-party coil systems have an unfair advantage in the market based on a test procedure shortcoming, it is EPA's responsibility to take corrective action, such as establishing additional testing requirements for 3rd-party coil systems to verify performance claims. The Committee believes lowering program performance requirements for all split systems is a poor remedy for a flawed test procedure.

Potential Market Confusion

EPA's Proposal to Lower the Performance Requirements Risks Market Confusion.

By reducing the EER requirement to 11.5, EPA is reducing a key basis for justifying program investments. EER is widely recognized as the most relevant metric in assessing peak demand implications, and thus is relatively more valuable to many programs than the SEER component. Due to a strong regulatory push in many states to ensure system reliability by reducing peak demand, and the almost universal recognition of EER as the key energy efficiency metric in hot/dry climates, the amount of marketing and incentive dollars for ENERGY STAR-labeled equipment may diminish if ENERGY STAR adopts an EER requirement of 11.5 rather than 12.0 for split systems. Many efficiency programs may only be able to offer rebates for a subset of ENERGY STAR products, which could result in market confusion regarding which products are "high efficiency." To avoid this confusion, the Committee recommends EPA finalize a 12 EER performance requirement for split systems. The Committee recognizes a 12 EER requirement may increase the price of ENERGY STAR equipment. However, efficiency program incentives are designed to help offset the price premium for high-efficiency equipment.



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Supporting Organizations

ACEEE

Cape Light Compact

Efficiency Vermont

LIPA

National Grid USA (Massachusetts Electric, Nantucket Electric, Narragansett Electric)

New Jersey Clean Energy Program

NSTAR

NYSERDA

PacifiCorp

PG&E

SDG&E

SMUD

TXU Electric Delivery

Unitil

Wisconsin Division of Energy

Xcel Energy