



*Via Electronic Transmission: HVAC@energystar.gov*

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**Ann Bailey, Director,**  
ENERGY STAR Labeling Branch  
**Abigail Daken, Manager,**  
ENERGY STAR® HVAC Program  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue NW  
Washington, DC 20460

**Submitted by:** Sapna Gheewala Dowla, Associate VP Policy & Research, Alliance to Save Energy  
**Contact:** [sgdowla@ase.org](mailto:sgdowla@ase.org)

**RE: Alliance to Save Energy Comments: ENERGY STAR Program – Version 5.0 Furnace Specification**

Director Bailey and Ms. Daken:

The Alliance to Save Energy appreciates the opportunity to comment in response to the Environmental Protection Agency’s (“EPA”) April 16, 2024, first draft of Version 5.0 ENERGY STAR furnace specifications with a target effective date of 2026 (“April 2024 Proposal”). As outlined below, the Alliance requests EPA to re-evaluate the proposed Version 5.0 Furnace Specification, considering the perspectives of all the Alliance members and stakeholders involved in the residential heating market, as well as considering the impacts on low-income, middle-income, and disadvantaged communities. To ensure a balanced and impactful program, we recommend a fuel-neutral approach fostering efficiency innovation across furnace technologies, minimizing stakeholder burdens, and aligning with the IRA's timelines to maximize its benefits.

On May 18, 2023, the EPA circulated a notice stating that it was proposing to phase out the ENERGY STAR labeling and promotion of residential natural gas furnaces. Subsequently, on April 16, 2024, EPA circulated a second notice related to natural gas furnaces proposing to increase the efficiency level to 97% Annual Fuel Utilization Efficiency (“AFUE”) nationally, beginning in 2026. In the April 2024 Proposal, EPA explained it is “removing the regional split for gas furnaces to align with the DOE standard, simplify the label for consumers, and to simplify program administration for certification bodies and manufacturers.” According to the EPA, it received compelling support for continuing the labeling of natural gas furnaces, and it decided to propose an update rather than sunset the ENERGY STAR furnace specification. The Alliance commends EPA for taking into consideration the industry stakeholder comments and considering the market implications of the sunset. The current requirement for natural gas furnaces is 95% AFUE in the northern U.S. and 90% AFUE in the southern U.S. Therefore, EPA is proposing to

increase the AFUE level and eliminate the geographic differentiation that currently exists for furnaces in the ENERGY STAR program.

The Alliance to Save Energy (Alliance) is a bipartisan nonprofit coalition of business, government, environmental, and consumer leaders — and is a leading voice in informing federal and state energy efficiency policies and standards. The Alliance’s membership includes representatives from across the energy sector, including utilities with experience in energy efficiency programs, manufacturers with expertise in various furnace technologies, and environmental organizations focused on energy efficiency priorities. The Alliance is a strong advocate for the ENERGY STAR program, and we actively seek to increase EPA appropriations to ensure the program’s stability and growth. However, we request that ENERGY STAR consider the potential impact of the revised standards on all stakeholders involved in the residential heating market as well as the proposal’s impact on low-income, middle-income, and disadvantaged communities.

This approach empowers consumers to make informed choices based on their specific needs, considering factors like climate, fuel availability, and household budget. Striking a balance between energy efficiency and affordability ensures that high-efficiency furnace options are accessible to a wider range of consumers. The Alliance asks the EPA to consider all industry comments on factors including the feasibility of meeting proposed efficiency levels within the designated timeframe, the potential impact on manufacturing costs, as well as the potential impact of the proposed changes on existing consumer rebate programs offered by utilities and manufacturers.

The EPA is the Federal agency tasked with ensuring that our nation’s environment is safe and clean, and the Agency has been a leader in communities across America by offering ENERGY STAR recommendations for Americans looking to save on their energy costs and reduce their emissions. Moreover, consumers rely on ENERGY STAR labeling when making equipment and appliance purchases. While we at the Alliance understand and appreciate ENERGY STAR’s reasons for this proposed change, we recommend striking a balance between energy efficiency and affordability to ensure that high-efficiency furnace options are accessible to a wider range of consumers.

Americans rely on ENERGY STAR to make informed purchasing decisions. In fact, 90% of American households recognize the ENERGY STAR label; about three-fourths claim the ENERGY STAR label influences their purchasing decisions, and 80% of purchasers would recommend ENERGY STAR products to a friend.<sup>1</sup> With regard to furnaces specifically, an incredible 67% of respondents stated they intend to purchase an energy-efficient furnace next time, which is especially remarkable considering that in 2013, in the same poll, 60% of respondents said they had not deliberately bought an energy-efficient home furnace.<sup>2</sup> From 1992 to 2020, ENERGY STAR has saved Americans over \$500 billion in energy costs, 4 billion metric tons of emissions, and 5 trillion kilowatt-hours of electricity.<sup>3</sup>

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<sup>1</sup> EPA (2019), [ENERGY STAR® By The Numbers](#)

<sup>2</sup> Yale (2013), [Americans Actions to Limit Global Warming](#).

<sup>3</sup> EPA (2022), [Our History | ENERGY STAR](#).

Additionally, Americans from coast-to-coast are struggling with high energy costs. 60% of low-income households experience a high financial burden from energy costs, with those same households spending more per square foot on utilities relative to non-low-income households. This is in part due to the energy *inefficiency* often seen in low-income homes. In fact, bringing low-income housing stock up just to the efficiency level of the median household would eliminate 35% of their excess energy burden, reducing their average energy burden from 7.2% to 5.9%.<sup>4</sup> With millions of low- and middle-income Americans struggling financially, and 24.6% of American households reporting reducing or forgoing food or medicine to pay energy costs,<sup>5</sup> we encourage a collaborative effort by the EPA to develop a revised standard that leverages the expertise of industry stakeholders, addresses the diverse needs of consumers, maintains the program's strong reputation, and appreciates how low-income, middle-income, and disadvantaged communities will be impacted.

The Alliance also recommends that the EPA review the proposed timeline for changes to the ENERGY STAR furnace program to better align with the Inflation Reduction Act (IRA) incentive timelines. The recent Inflation Reduction Act offers a significant opportunity to accelerate energy efficiency improvements across the residential sector. To maximize the impact of these incentives and ensure a smooth transition for consumers, ASE recommends aligning the timeline for any changes to the ENERGY STAR furnace program with the IRA's timelines. Limiting the types of appliances recognized by the ENERGY STAR program could inadvertently restrict the applicability of certain IRA benefits that rely on this designation. This could hinder consumer adoption of energy-efficient options across the board. The Alliance remains a strong supporter of the ENERGY STAR program. We believe it plays a crucial role in promoting energy efficiency and reducing greenhouse gas emissions. We encourage the EPA to develop a standard that upholds the program's strong reputation while considering the diverse needs of the industry and consumers as well as our members' perspectives.

The Alliance thanks the EPA and ENERGY STAR for their continued leadership in energy efficiency policy, climate mitigation, and your focus on at-risk communities and a just energy transition. We look forward to our continued work together. If you have questions or need additional information, please email Sapna Dowla, Associate VP of Policy and Research, at [sgdowla@ase.org](mailto:sgdowla@ase.org).

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<sup>4</sup> ACEEE (2016) [Lifting the High Energy Burden on America's Largest Cities](#).

<sup>5</sup> IEA (2020), [RECS HC11.1](#)