

From: [Zelmar, Karen](#)
To: [Eilert, Patrick L](#); [Anderson, Mary](#); [Hunt, Marshall](#)
Cc: [O" Brien, Miriam](#)
Subject: Next steps on DOE SNOPR - Furnaces
Date: Thursday, September 08, 2016 9:12:17 AM
Attachments: [DOE Furnace Rulemaking Summary V6.docx](#)

Hi guys-

I just got off the phone with Matt Miller and he is looking for a little more info that can be shared with Nick. Basically, he wants a summary of the situation and a summary of our engagement with the AGA. I dug up the summary that we created for Nick back in July of 2015. Can you verify that this is still accurate. Assuming it is, Matt doesn't want or need to reinvent the wheel, but we want to augment this summary with what we did since the writing of this document to try and work with the AGA or others.

Is it possible to briefly summarize the activities that we undertook before the SNOPR was released? It's not an urgent request – Matt is fine if we take a week to get this pulled together. I would like try and get on the phone for a few minutes today or tomorrow just to make sure I have a sense of the message.

Let me know what you think?

Karen

From: Berman, Janice S
Sent: Wednesday, July 29, 2015 1:59 PM
To: Stavropoulos, Nickolas; Eilert, Patrick L; Hunt, Marshall
Cc: Zelmar, Karen; Anderson, Mary
Subject: RE: Jan, Patrick & Marshall >>> Re: Nick's email below 7/27

Nick,

I've attached a one-page outline to help guide our discussion of this issue in a few minutes.

--Jan

-----Original Appointment-----

From: Stavropoulos, Nickolas
Sent: Monday, July 27, 2015 1:17 PM
To: Stavropoulos, Nickolas; Berman, Janice S; Eilert, Patrick L; Hunt, Marshall
Subject: Jan, Patrick & Marshall >>> Re: Nick's email below 7/27
When: Wednesday, July 29, 2015 2:00 PM-2:30 PM (UTC-08:00) Pacific Time (US & Canada).
Where: Dial-in: 1-866-652-7690 | Code: 218 617 7209#

From: Eilert, Patrick L
Sent: Monday, July 27, 2015 9:55 AM
To: Stavropoulos, Nickolas; Berman, Janice S; Hunt, Marshall
Cc: Lavinson, Melissa A; Miller, Matthew; Johnson, Aaron; Morris, Shari L; Zelmar, Karen
Subject: RE: AGA Executive Committee Meeting Briefing Memo & Materials

Shari:

Please include Marshall too.

Pat

From: Stavropoulos, Nickolas
Sent: Monday, July 27, 2015 9:49 AM
To: Berman, Janice S; Eilert, Patrick L
Cc: Lavinson, Melissa A; Miller, Matthew; Johnson, Aaron; Morris, Shari L
Subject: RE: AGA Executive Committee Meeting Briefing Memo & Materials

Hi Jan and Patrick,

See notes below and the position summary at the end of this email chain prepared by Matt Miller about rules relating to residential furnaces. I'd like a briefing to better understand our position on this issue which is in opposition to that of most of the US gas industry. Please work with Shari to schedule 30 minutes with me sooner than later. I'm seeking to understand our logic.

Best, Nick

Condensing Furnace Standard

Department of Energy Residential Furnace Standards Rulemaking

PG&E supports DOE proposed condensing furnace standard as cost effective for the nation and California. Based upon PG&E independent analysis PG&E believes DOE's analysis is accurate. Other supporters of the standard include:

- NEEP
- ACEEE
- California Energy Commission (CEC)
- NRDC
- EEI
- Earth Justice
- The Consumer Federation of America
- National Consumers Law Center
- Massachusetts Union of Public Housing Tenants
- Texas Ratepayers' Organization to Save Energy

Opponents of the Furnace standard believe DOE should withdraw rulemaking since it is not cost effective because the analysis is flawed. Opponents of the standard include:

- SoCal Gas
- AGA
- APGA
- AHRI
- HARDI
- ACCA
- NAHB

Key Issues

- PG&E supports the ruling because we believe customers in colder climates and buyers of new homes will benefit significantly, costs of condensing furnaces will decrease over time with the passage of the standard as has occurred for many other technologies, and that rental markets will function to prevent costs being passed to renters.
- SoCalGas' opposes the rulemaking because they believe it will result in higher gas bills for the majority of their customers, and may lead to switching to electric heat pumps in their climate zone. Based upon PG&E's research this isn't a substantial issue.
- PG&E believes DOE's research supporting the cost-effectiveness of a condensing furnace standard is rigorous and accurate, and has concerns about opposition research.
 - o PG&E conducted an independent review of DOE cost effectiveness methods and assumptions (by TRC) which verified DOE's analysis.
Feasibility issues related to difficult installations (row houses in Philadelphia) were researched and found to be either exaggerated or properly incorporated into the DOE analysis.
 - o Opposition analysis by Gas Technology Institute (GTI) uses the DOE LCC tool to develop the worst case results based on their choice of inputs.
 - o Negawatt, hired by SoCalGas, skewed their analysis by limiting it to the warm climates of coastal LA and San Diego where the technology may not be cost effective at current prices, omitting colder climates where the technology results in significant savings.
- Energy Efficiency reduces revenues for non-decoupled gas utilities.
- Furnace standards have not been updated for more than 30 years.
- PG&E's support for federal furnace standards aligns with the CPUC and CEC climate goals and efficiency objectives.