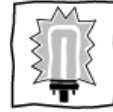


Northeast Energy Efficiency Partnerships, Inc.



For immediate release

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U.S. Department of Energy proposes weak furnace efficiency standard

Northeast states stand to lose \$1.6 billion in energy savings

LEXINGTON, Mass., Oct. 6, 2006 – The U.S. Department of Energy (DOE) today issued a Notice of Proposed Rulemaking to set an energy efficiency standard for residential furnaces and boilers that does little to help residents of cold weather states like those in the Northeast.

The proposed single, weak national standard fails to capture the full energy and dollar savings potential the Northeast could gain through a stronger, cost-effective standard, and falls far below the more stringent furnace standards recently adopted in Massachusetts, Rhode Island and Vermont. The DOE proposal would set a national standard of 80 percent Annual Fuel Utilization Efficiency (AFUE) for gas furnaces – a level met by approximately 99 percent of all furnaces sold today. In the alternative, a standard set at 90 percent AFUE or better, as had been advocated by Northeast Energy Efficiency Partnerships (NEEP) and a coalition of consumer and energy groups, would save a typical consumer about 11 percent off of their home heating bills relative to the current minimum efficiency furnaces available.

The DOE proposal also does not address electricity use of furnaces, even though a typical furnace air handler (the fan system which blows warmed air through a home) may use about 1,000 kilowatt hours electricity per year. By substituting an efficient air handler, savings of around 50 percent are possible. In 2005 Congress clarified DOE's authority to set standards covering furnace fans, but, in today's proposal DOE elected to "consider furnace electricity consumption separately to enable it to complete the furnace and boiler ... rulemaking as expeditiously as possible." However, in January of this year, DOE stated that a rulemaking for furnace electricity consumption would start no earlier than 2011, which will cost consumers billions of dollars in the meantime.

Because federal law prohibits states from implementing standards stricter than national minimums, the Northeast will be forced to adhere to a weak efficiency level, unless states succeed in obtaining a waiver to enforce their own more efficient standards. As a result, the average individual household in the Northeast will lose \$250 a year in energy cost savings (electricity and natural gas). The weak standard will also cause the Northeast region as a whole to lose more than \$1.6 billion in annual energy savings over the next 15 years. The lost energy savings during the same time period are equivalent to the annual natural gas needs of 170,500 households.

“Home heating costs are a huge burden on many working-class families,” said Charles Harak of the National Consumer Law Center (NCLC), based in Boston. “The millions of households in New England eligible for fuel assistance now spend fully 20 percent of their entire annual income just to pay their energy bills. A large percentage of these families are renters who don't buy or replace their heating systems. Therefore, only strict federal standards that require owners to install higher-efficiency systems will keep their heat – and dollars – from going up the chimney and being wasted.”

Regional advocates, including NEEP and the NCLC, urged the DOE to address this matter in two ways. If there was to be only one national standard, the DOE should have set a standard strong enough to meet the needs of cold weather states, where most furnaces are located. In contrast to one national standard, advocates also urged the DOE to adopt a tiered system that provides a strong cost effective furnace efficiency standard for cold-weather states, and a less efficient, cost effective level for warm weather states. Absent that, NEEP is urging states in the Northeast to set their own cost-effective furnace standards and seek waivers from the federal standard.

“Despite current fluctuations in natural gas prices, consumers in the Northeast will continue to see record high home heating bills this winter, said Sue Coakley, Executive Director of NEEP. “With the cold weather months just around the corner, the weak energy efficiency standard for furnaces proposed by the U.S. Department of Energy (DOE) is a blow to this region that must be corrected. If the DOE does not provide a stronger standard for cold weather regions, then Northeast states should adopt their own standard to protect their constituents and economies. The energy and cost savings associated with a stringent furnace efficiency standard for our region are too valuable to ignore.”

The proposed rule from DOE does offer states some guidance on seeking a waiver from the federal furnace standard, which would allow them individually or, acting together as a region, to enact stronger efficiency provisions. The DOE also suggests several states that are good candidates to seek these waivers, and suggests that states may act together to seek multi-state waivers if they decide to set stronger standards that are more cost-effective than the national one set by DOE. By pooling resources and leveraging common efforts to seek pre-emption waivers, Northeast states can adopt stronger furnace efficiency standards to better control home heating energy-demand and a provide a critical means for reducing consumer energy bills.

About NEEP

Northeast Energy Efficiency Partnerships (NEEP) is a regional nonprofit organization founded in 1996 whose mission is to promote energy efficiency in homes, buildings and industry in the Northeast U.S. through regionally coordinated programs and policies that increase the use of energy efficient products, services and practices, and that help achieve a cleaner environment and a more reliable and affordable energy system. For more information, visit www.neep.org.

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