

For Immediate Release:

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AGA files brief in ongoing challenge against DOE appliance rules

WASHINGTON – The American Gas Association (AGA) and partner organizations today filed an initial brief with the U.S. Court of Appeals in the ongoing challenge against three United States Department of Energy (DOE) rules that limit customer access to energy-efficient natural gas products. The challenged standards would, in violation of the Energy Policy and Conservation Act (EPCA), eliminate from the market furnaces and commercial water heaters installed in millions of homes and businesses today. AGA strongly supports advancing energy efficiency and reducing greenhouse gas emissions, and the industry has been a leader in driving customer energy conservation. However, these DOE rules do not follow statutory requirements and fail to meet the necessary legal standard of being technologically feasible and economically justified.

“The law is clear – the Department of Energy is explicitly forbidden to set a standard that eliminates an entire class of appliances from the market,” said **AGA President and CEO Karen Harbert**. “The new rules would remove efficient appliance options from consumers, raising costs for those who can least afford it including senior citizens and low-income households. The issues do not stop there. The modeling DOE used to justify the challenged regulations contains critical errors that invalidate the rules. We have attempted to work with the Department of Energy to address both the flawed modeling and the rules’ profound harm to consumers, homeowners, and businesses. Unfortunately, DOE ignored AGA’s comments during the rulemaking phase. Now we are asking the court to vacate the rules.”

DOE’s final rules ban the sale of non-condensing natural gas furnaces and commercial water heaters. The consumer furnace rule affects 55 percent of U.S. households and impacts senior-only households, low-income households and small business consumers disproportionately. However, EPCA explicitly forbids the department from promulgating any standard that is likely to result in the unavailability in the United States of any product type of performance characteristics that is already on the market (i.e. products such as all non-condensing natural gas furnaces with a specific venting design feature).

DOE also failed to demonstrate that the new standards are “economically justified” as required by EPCA. While one subset of the statistical modeling relied on the assumption that customers always disregard their own economic interests when purchasing a gas furnace or water heater, another portion of the modeling assumed that all customers always act in exact accordance with their economic interests when purchasing electric equipment. As a result, DOE exaggerated the claimed energy and cost savings of its rules. The brief notes that “[w]hen the flaws in the Department’s economic justification analysis are fixed, the Consumer Furnace Rule’s purported cost savings disappear entirely.”

Despite the serious flaws in DOE’s new appliance efficiency rulings, energy efficiency remains a top priority for the American Gas Association and the natural gas industry. Natural gas utilities collectively spent almost [\\$1.6 billion on energy efficiency programs in 2020](#); a 391 percent increase in spending compared to 2007. This spending resulted in total savings of at least 325

million therms of energy in 2020 alone. That's 1.7 million metric tons of greenhouse gas emissions, the equivalent of driving 4.6 billion miles. These programs help consumers adopt more efficient equipment, including gas furnaces and water heaters.

Energy efficiency is also one of the many strategies in the pathways explored by AGA's Net-Zero Emissions Opportunities for Gas Utilities report. The natural gas industry continues to lead in driving down emissions and paving the way for a cleaner energy future. According to the [study](#), pathways that utilize natural gas and the vast utility delivery infrastructure offer opportunities to incorporate renewable and low-carbon gases, provide optionality for stakeholders, help minimize customer impacts, maintain high reliability, improve overall energy system resilience, and accelerate emissions reductions.

The initial brief of the petitioners in AGA v. United States Department of Energy can be found [here](#). DOE's response is due June 10, 2024.

Additional Context:

- Non-condensing furnaces have a lower maximum efficiency rate than condensing furnaces. However, a condensing furnace requires access to a water hookup and has different venting requirements that make it effectively impossible for many existing homes, particularly apartments or town houses, to retrofit for them.
- More information on the difference between condensing and non-condensing furnaces is available [here](#).
- The challenges were filed at the U.S. Court of Appeals for DC, in collaboration with the American Public Gas Association (APGA), the National Propane Gas Association (NPGA), Thermo Products, LLC, and several divisions of Spire, Inc.
- AGA's filing can be accessed [here](#).

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About the [American Gas Association](#)

The American Gas Association, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 77 million residential, commercial and industrial natural gas customers in the U.S., of which 96 percent — more than 74 million customers — receive their gas from AGA members. Today, natural gas meets nearly one-third of the United States' energy needs.