



New National and Regional Minimum Efficiencies

On April 24, 2014 the U.S. Court of Appeals accepted a joint settlement agreement (“Agreement”) of parties that had filed lawsuits associated with the direct final rule the Department of Energy (“DoE”) issued on June 27, 2011 that related to energy conservation standards for residential furnaces and residential central air conditioners and heat pumps.

The Agreement effects different product categories in these ways:

Gas Furnaces have National Minimum Efficiency Standards

The current national minimum energy conservation standard for residential weatherized gas furnaces (single package gas electric) will change from 78% AFUE to 81% AFUE for those residential weatherized gas furnaces manufactured on or after January 1, 2015. This will be a national, not regional, standard. The effective date for the new minimum efficiencies for these products is January 1, 2015, and is based on date of manufacture.

The current national minimum energy conservation standard for residential non-weatherized gas furnaces, including mobile home gas furnaces, will change from 78% to 80% AFUE for those residential non-weatherized gas furnaces, including mobile home gas furnaces, manufactured on or after November 19, 2015. This will not affect our non-weatherized gas furnaces or mobile home gas furnaces because all of our products in these categories currently comply with the future 80% AFUE minimum. This will be a national, not regional, standard.

DoE will initiate a full “notice-and-comment” process to determine what new national (and possibly regional) minimum energy conservation standard(s) will apply to non-weatherized gas furnaces, including mobile home gas furnaces. This process is expected to take approximately two years having an implementation date of no earlier than 2021.

Heat Pumps have a National Minimum Efficiency Standard

Heat pump products will have the new minimum efficiencies specified in the June 2011 DoE Direct Final Rule. New national minimum efficiency levels (with no regional minimum efficiencies) are listed in Table 1 below. The effective date for the new minimum efficiencies for these products is January 1, 2015, and is based on date of manufacture. Therefore any inventory of these products manufactured on or before December 31, 2014, can be sold at any time and in any location.



Product Type	Minimum Efficiency
Split-system heat pump	14 SEER, 8.2 HSPF
Single-package heat pumps	14 SEER, 8.0 HSPF

Table 1. New Base National Standards

Cooling Products have Regional Minimum Efficiencies

Cooling products will now have regional minimum efficiencies, and the applicable minimum efficiencies will depend upon the state in which the product is installed. Products having a regional efficiency are listed in Table 2. The effective date for these regional minimum efficiencies is also January 1, 2015, with two caveats:

- First, these minimums are based upon the date of installation as opposed to the date of manufacture, and
- Second, as part of the aforementioned Agreement, there is an 18-month sell-through period in which DoE will allow installation of 13 SEER product manufactured before January 1, 2015:
 - Split-System air conditioners in the Southeastern and Southwestern Regions, and
 - Single-package air conditioners nationally.

The DoE will not seek civil penalties for violations of regional standards applicable to cooling products prior to July 1, 2016, for products manufactured before January 1, 2015.

Product Type	Minimum Efficiency		
	Northern Region ¹ (National Standard)	Southeastern Region ²	Southwestern Region ³
Split-system air conditioner	13 SEER	14 SEER	14 SEER 12.2 EER (< 45,000 Btu/h) 11.7 EER (≥ 45,000 Btu/h)
Single-package air conditioner*	14 SEER	14 SEER	14 SEER 11.0 EER

Table 2. Products with Regional Standard

*Including Package Gas / Electric products

1 Northern region consists of AK, CO, CT, ID, IL, IN, IA, KS, ME, MA, MI, MN, MO, MT, NE, NH, NJ, NY, ND, OH, OR, PA, RI, SD, UT, VT, WA, WV, WI, and WY.

2 Southeastern region consists of AL, AR, DC, DE, FL, GA, HI, KY, LA, MD, MS, NC, OK, SC, TN, TX, and VA.

3 Southwestern region consists of AZ, CA, NV, and NM.

Enforcement

DoE has not completed the enforcement rulemaking initiated in December 2011 regarding how it will enforce regional standards. As part of the Agreement, the DoE will initiate a negotiated rulemaking within 90 days of the Court of Appeals entering the Agreement, or by July 23, 2014, to finalize enforcement processes for regional standards. DoE will also not assert civil penalty authority for



violation of the regional standard for central air conditioners over parties that are distributors [as defined by 42 U.S.C §6291(14)].

Energy Guide Labels

Based on a separate rulemaking by the Federal Trade Commission, the design of most yellow Energy Guide labels for cooling products and heat pump products will change. The Energy Guide label for split system products (both air conditioner and heat pump) will have a range of SEER and HSPF values displayed to indicate the range of efficiency values achieved by the product depending upon the matching indoor product. Further, the Energy Guide label for air conditioners (both split-system and single-package) will include a map of the United States with an indication of the minimum efficiency for each region.

These new Energy Guide labels must be on products manufactured on or after January 1, 2015. To ensure we are in compliance, Goodman may begin using these new labels sometime during the fourth quarter of 2014.

Samples of these new labels may be viewed using the hyperlink below.

- Split system air conditioners example is Sample Label 7A.
- Split system heat pumps example is Sample Label 8A.
- Single package air conditioners example is Sample Label 7B.
- Single package heat pump will not change.

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