

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL TRADE COMMISSION**

**Supplementary Notice of Proposed Rulemaking on Energy Labeling Rule Regulatory Review (16CFR Part 305), Project No. R611004**

**COMMENTS OF THE  
AMERICAN GAS ASSOCIATION**

**Introduction**

Pursuant to the notice issued in the Federal Register on June 18, 2014 the American Gas Association (“AGA”) is pleased to submit comments in response to the Supplementary notice of Proposed Rule issued by the Federal Trade Commission (“Commission” or “FTC”) to establish the labels and disclosures required on certain appliances. The intent of the labels is to help consumers, distributors, contractors and installers determine whether a specific appliance meets applicable efficiency standards set by the U.S. Department of Energy (“DOE”). AGA is also responding to the FTC requests for comments on including “full-fuel cycle and greenhouse gas information on furnace labels and the usefulness of such information in consumer purchasing decisions. AGA believes that it is imperative that “full fuel cycle and emissions information be included on the furnace label as well as other appliance labels where the consumer has a choice between natural gas appliances and appliances using other energy sources as their primary energy source i.e., water heaters, clothes dryers, direct heating equipment, etc. AGA therefore, respectfully requests that the Commission work with DOE to provide consumers with information regarding the full-fuel-cycle energy use and emissions impacts associated with appliance choices. To not do so misleads consumers in believing that certain appliances with higher efficiency ratings use less energy and produce less emissions ( for example, electric resistance type central furnaces) then comparable natural gas furnaces. Unfortunately, under today’s efficiency rating schemes, this is exactly what the FTC labels provide to consumers.

AGA, founded in 1918, represents more than 200 local energy companies committed to the safe delivery of clean natural gas to the more than 65 million customers throughout the United States. There are more than 71 million residential, commercial and industrial natural gas customers in the U.S., of which 94 percent — more than 68 million customers — receive their gas from AGA members. AGA is an advocate for local natural gas utility companies and provides a broad range of programs and services for member natural gas pipelines, marketers, gatherers, international gas companies and industry associates. Today, natural gas meets almost one-fourth of the United States’ energy needs. For more information, please visit [www.aga.org](http://www.aga.org). AGA members are directly affected by the manner in which the Commission establishes label and disclosure requirements applicable to natural gas appliances such as gas furnaces as well as standards applicable to appliances where there is a choice of fuel, such as furnaces and water heaters.

**Comments**

**The Commission Should Include Full-Fuel-Cycle Information.**

The Commission's proposal in this proceeding includes no information on the label or in the required disclosures reflecting the energy use, life-cycle cost, and associated emissions on a full-fuel-cycle basis of the relevant appliances. In August 2011, DOE issued a policy statement requiring full-fuel-cycle energy and emissions analysis of covered product minimum efficiency standards, providing the underpinnings for calculating full-fuel-cycle metrics that are readily available to the Commission to implement within the Energy Guide labeling program. In the supplemental notice, FTC acknowledges that it will "continue to consider full-fuel cycle and greenhouse information for consumers and keep track of DOE's efforts to incorporate full fuel cycle analysis into their decision making" and has invited comments on these issues, including the overall usefulness of such information in consumer purchasing decisions. AGA believes that DOE already has all the information available through the existing residential furnace efficiency test procedure on full fuel cycle and emissions data. We urge the Commission to expedite the interaction with DOE to make available to consumers through the Commission's appliance labeling and disclosure requirements information on full-fuel-cycle energy use and emissions impacts of appliances so that consumers can make adequate comparisons among various appliance choices. Continuing to provide only "site" information is not only inadequate, but can be misleading to consumers who may assume that the appliance they are considering to purchase uses less energy and emits less greenhouse gases because of its higher "site" efficiency rating.

"Site" energy only measures the energy consumed by an appliance at the place of its use. "Source" or "primary" energy includes the energy consumed on site as well as the losses that occur in the transportation and distribution of the fuel or the generation, transmission and distribution of electricity to the appliance. "Full-fuel-cycle" energy includes the source or primary energy as well as the energy consumed in producing or extracting primary energy fuels. AGA believes that full-fuel-cycle metrics would enable a more comprehensive analysis of the total energy usage and environmental impacts of energy conservation standards. For appliances that use natural gas, nearly all of the energy losses and emissions occur at the point of use. The overall natural gas delivery system on a full-fuel-cycle basis is highly efficient – approximately 92 percent of the energy produced reaches the consumer as usable energy. Because energy conservation standards are established on a site energy basis, AGA remains concerned that natural gas appliance labels may mislead consumers into thinking that such appliances are less efficient because the high-efficiency of the production and delivery system upstream of the site is ignored.

In its policy statement, DOE stated that it will use the Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation ("GREET") model developed by the Argonne National Laboratory to convert on a full-fuel-cycle basis estimates of energy use and emissions impacts of covered products. DOE explained that while it may be possible to compare the energy use and efficiency ratings of comparable products on a site energy basis, such comparisons are difficult and often not feasible for products that use different fuels. DOE, therefore, stated that it would make available to the Commission the full-fuel-cycle energy and emissions factors that it generates in rulemakings to establish energy conservation standards.

DOE's policy statement resulted from a study by the National Academy of Sciences to examine whether the goals of energy conservation standards were best served by measurement of energy consumption on a site or full-fuel-cycle basis. With respect to labeling requirements, the Academy study stated that appliance labels are of critical importance in conveying information to consumers about the energy consumption of an appliance, and that specifically:

"...information on the impacts of energy consumption on greenhouse gas emissions will be useful

to consumers and will positively affect consumers' purchasing behavior and their ability to participate in national energy conservation."

DOE's full-fuel-cycle policy statement expressed the concern that, to date, consumers have not had ready access to information on either the primary energy or full-fuel-cycle energy consumption and emissions impacts of appliances, and that making such information available to consumers in a manner that would enable them to make cross-fuel and cross-class comparisons of comparable products could provide significant new information for consumers. DOE, therefore, agreed to work with the Commission to improve upon the Commission's existing on-line databases, to increase consumer access to energy use and emissions data through web-based information tools, and to collaboratively determine if changes to the Energy Guide labeling requirements would be beneficial to consumers.

The Commission's labeling program is intended to assist consumers in making informed decisions regarding their appliance purchases. Consumers rely on these labels for accurate and complete information. The information on the Commission's proposed labels in this proceeding is incomplete with respect to energy consumption efficiency and emissions impacts and may be misleading to consumers. The Commission should provide information on the full-fuel-cycle energy consumption and greenhouse gas emissions associated with appliance use so that consumers can make informed decisions regarding their appliance choices based on complete information.

As stated above, AGA believes that the Commission should immediately begin the process of coordinating with DOE to effectuate the DOE's full-fuel-cycle policy statement. AGA recommends that the Commission work with DOE to obtain full-fuel-cycle energy use and emissions information on a regional basis corresponding to the regional standards. In addition, as the National Academy of Sciences noted, just as annual operating cost is an important element of an appliance label easily understood by the consumer, the range of operating costs is an equally important indicator that consumers can use in comparing a selection of products from different manufacturers. The Commission should determine how to provide such information to consumers through web-based information tools, disclosure requirements and additional information on the Energy Guide labels. The National Academy of Sciences believes that additional information on the Energy Guide label is the most effective means for conveying the environmental impact of energy consumption to the public. Although significant issues may need to be resolved to ensure that the information provided to consumers is meaningful and accurate, AGA contends that in light of DOE's policy statement, both DOE and this Commission must begin to take the steps necessary to resolve such issues and provide consumers with better information regarding the energy use and environmental impacts of their appliance choices.

### **Energy Star Information on the FTC Required Energy Guide**

AGA is concerned that by permitting furnace manufacturers to include information on furnace Energy Star ratings results in confusion to consumers in that it implies a regional minimum "efficiency" standard for the particular furnace. The Energy Star program is a voluntary program and incorporating the criteria on the same label of the FTC mandatory furnace Energy Guide label can certainly be misinterpreted as a federal minimum efficiency requirement. AGA strongly suggest that FTC not finalize the furnace labeling requirements to permit Energy Star information and retain only the current label format expanded to include full fuel cycle information and greenhouse gas emissions information. This will eliminate the confusion between Energy Star furnaces and current furnace labeling requirements and provide very useful total energy use and greenhouse gas information that consumers need to make an educated decision. We would also question whether or not current legislation permits FTC to

incorporate the Energy Star information on the existing label since it appears to be outside the scope of the current FTC regulations.

## **Conclusion**

For the reasons stated above, the American Gas Association respectfully requests that the Commission work with DOE to provide consumers with information regarding the full-fuel cycle energy use and emissions impacts associated with comparable appliances and to not permit Energy Star information on the same Energy Guide label required the current labeling provisions of the FTC.

Respectfully submitted,

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