



# AMERICAN PUBLIC GAS ASSOCIATION

December 4, 2017

Donald S. Clark, Secretary  
Office of the Secretary  
Federal Trade Commission  
600 Pennsylvania Ave, NW  
Suite CC-5610 (Annex E)  
Washington, DC 20580  
at <https://ftcpublic.commentworks.com/ftc/>

Re: Energy Label Ranges, Matter R611004

Dear Mr. Clark,

On behalf of our 730 members, the American Public Gas Association (APGA) is pleased to have this opportunity to submit comments in response to the Commission's Notice of Proposed Rulemaking on updating ranges of comparability and energy cost information on EnergyGuide labels. 82 Fed. Reg. 52024 (Nov. 9, 2017). We advocate that the EnergyGuide labels incorporate source energy to properly assist consumers in making purchasing decisions by providing them the appliance's true "energy footprint." We also recommend the Commission revisit how it determines the unit energy cost figures used in calculating estimated annual operating costs displayed on the EnergyGuide label.

APGA is the national association for publicly owned natural gas distribution systems. There are approximately 1,000 public gas systems in 37 states, and more than 730 of these systems are APGA members. Publicly owned gas systems are not-for-profit, retail distribution entities owned by, and accountable to, the citizens they serve. They include municipal gas distribution systems, public utility districts, county districts, and other public agencies that own and operate natural gas distribution facilities in their communities.

The primary focus of public gas systems is to provide safe, reliable, and affordable service to their customers and communities. Our members serve homeowners and small businesses that rely on affordable natural gas to heat their homes, cook their meals, and power their restaurants, schools, hospitals and businesses.

The current EnergyGuide label includes only an energy efficiency factor that represents the energy saved at the home or building, *i.e.*, a site-based analysis. It does not reflect the true reduction in energy consumption that a new piece of equipment will achieve. APGA recommends the inclusion of a more complete energy factor that is based on the widely accepted

source energy matrix that explains where energy comes from and at what costs. Source energy represents the total amount of raw fuel that is required to operate the appliance. It incorporates all transmission, delivery, and production losses, thereby enabling a complete assessment of energy efficiency. A source-based energy efficiency descriptor (e.g., a furnace AFUE rating) would demonstrate to the consumer that, although an electric resistance furnace is 100% efficient at the point of use, it will cost consumers more to operate and emit more pollutants than a natural gas furnace. The U.S. Energy Information Administration (EIA) reports extensively on energy sourcing.<sup>1</sup> We believe energy labels using a source-based energy analysis in addition to the current site-based analysis will improve appliance labels for natural gas furnaces in particular.

Today's consumers also want to know an appliance's environmental footprint. When EnergyGuide labels include the source-based analysis energy factor, the Commission will be giving the consumer another valuable data point to help the consumer better understand and compare different appliances' energy and environmental impacts. Current appliance labels tell only part of the story.

DOE itself has recognized the shortcomings of site-based analysis, as well as the National Academy of Sciences, in a 2009 report. The EPA's ENERGY STAR<sup>®</sup> Portfolio Manager program is already utilizing and promoting the use of source based energy analysis.<sup>2</sup>

As the Commission updates the energy cost figures manufacturers must use to calculate an appliance's estimated energy cost for the EnergyGuide labels, APGA urges the Commission to obtain national average **marginal** cost figures from EIA rather than **average** cost figures. Using **marginal** cost will more accurately estimate for consumers the true annual operating costs for an appliance. In the case of natural gas, the \$10.05 per Mcf average costs for residential consumers for 2016 published by EIA includes fixed monthly costs billed to consumers regardless of the amount consumed. These fixed monthly costs generally range from \$12 per month to \$30 per month, which averages between \$2.27 per Mcf to \$5.67 per Mcf based on the average residential consumer using 63.5 Mcf per year according to EIA's reported figures for 2016.<sup>3</sup> As a result, the **marginal** cost for residential natural gas is between \$4.38 per Mcf and \$7.78 per Mcf. Clearly using **average** cost figures for natural gas appliances overstates their operating costs. Therefore, the Commission should obtain national average **marginal** cost figures from EIA for manufacturers to use in calculating estimated annual operating costs for natural gas appliances.

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<sup>1</sup> E.g., US energy consumption by source, 2016

[https://www.eia.gov/energyexplained/index.cfm?page=about\\_sources\\_of\\_energy](https://www.eia.gov/energyexplained/index.cfm?page=about_sources_of_energy).

<sup>2</sup> The Environmental Protection Agency in 2007 determined that source energy is the most equitable unit of evaluation for buildings. *ENERGY STAR Performance Ratings Methodology for Incorporating Source Energy Use* (December 2007). See PA SourceE, 2011, "ENERGY STAR Performance Ratings: Methodology for Incorporating Source Energy Use,"

<sup>3</sup> EIA's Natural Gas Annual for 2016 published September 29, 2017 shows the volume of natural gas delivered to residential customers totaled 4,345,031 MMcf and the total number of residential customers was 68,415,739, which means average consumption per residential customer equaled 63.5 Mcf.

APGA appreciates the Commission's commitment to improving the EnergyGuide labels. As a way to continue this discussion, APGA recommends the Commission issue a Request For Information to address how the EnergyGuide labeling program can attain greater consistency with other federal programs where consumer energy economic decision making based on energy costs is documented.

APGA thanks the Commission for its consideration of these comments. Please do not hesitate to contact us if you would like to further discuss our comments and recommendations.

Respectfully submitted,

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