

Testimony of Stephen Yurek

Senate Committee on Energy and Natural Resources

March 10, 2011

Mr. Chairman, Mrs. Murkowski, and Members of the Committee:

I am pleased to be with you today to discuss our support for S. 398. My name is Stephen Yurek, and I am president and CEO of the Air-Conditioning, Heating, and Refrigeration Institute – the trade association that represents manufacturers of heating, cooling, water heating, and commercial refrigeration equipment.

We are proud that our industry is one of the very few U.S. industries that enjoys an over \$2 billion positive balance of trade. We build equipment here in North America and export it to nations around the world. The manufacturing side of our industry alone is responsible for some 250,000 American jobs, and when you add in distribution, installation, and maintenance, that figure soars to nearly one million jobs across all 50 states and all U.S. territories.

To begin, I want to commend you, Mr. Chairman, and Ranking Member Murkowski for re-introducing this bill. As you know, we came within one vote of passing it by unanimous consent during the lame-duck

session. We hope that we can re-capture that momentum and work with you and your staff to get it passed this year, ideally before the Department of Energy issues its final rule on new federal efficiency standards for central air conditioners and furnaces in May.

I appreciate the opportunity to briefly comment on the key provisions of this bill that pertain to our industry, but first,

it is important to note that the consensus agreements contained in this bill are just that: Consensus agreements. That means that industry and energy efficiency advocates spent a great deal of time in a process of give and take over the better part of a year to come to agreement on these provisions.

And when you consider that just a few years ago, we would have been much more likely to duke it out in a courtroom, it is even more apparent that this is a better way.

It is important for us to try and work together with our friends in the environmental community, because what we've found through this process and several others is that we have essentially the same goals, but perhaps different ways of achieving them. By working together, we have not only managed to craft these agreements that will save

significant amounts of energy and money, but we've also established and strengthened a trust among our organizations that never existed before.

This legislation requires the Department of Energy to conduct a rulemaking to consider the revision of its residential water heater test procedure. Updating the test procedure will ensure efficiency ratings that better fit the range of water heaters in the market today and will enable consumers to more easily estimate energy savings.

We are very pleased that you included in S. 398 the consensus agreement establishing for the first time an efficiency standard for heat pump pool heaters. This standard will provide stability in the marketplace by leveling the playing field to enable all manufacturers to compete fairly.

The addition of the agreement we reached with advocacy groups to establish a federal efficiency standard for a specific type of commercial refrigeration product known as service-over-the-counter – the type of product from which you might, for example, grab a sandwich or soda before you board an airplane – is also appreciated. This standard is necessary because the legislation enacted by Congress in 2005 establishing federal energy efficiency standards for commercial

refrigeration products inadvertently negatively impacted this product category. So, without this change, these products will literally no longer be able to be manufactured and sold, seriously impacting jobs in many different states.

The inclusion of standards for through-the-wall central air conditioners, through-the-wall heat pumps, and small duct, high velocity systems is also appreciated, and will enable manufacturers of those products to have predictability regarding efficiency levels for years to come.

Currently, efficiency levels for this equipment are established by waivers from DOE. Therefore, legislation is necessary to create these product categories and establish some predictability for manufacturers.

Finally, I want to express AHRI's support for provisions in S. 398 that implement our consensus agreement on residential heating and cooling equipment – this agreement is another great example of industry and advocacy groups collaborating to save energy and improve the environment.

The consensus agreement, which will begin to take effect in 2013 -- assuming final passage of this legislation -- represents a major step forward in the nation's drive to increase energy efficiency.

It establishes a new, national efficiency standard for residential heat pumps, and new standards for central air conditioners in three regions. In hotter areas, like the southeast and southwest, the new standard for air conditioners is appropriate for that climate, while the current federal minimum standard remains in place for cooler areas. In this way, the consensus agreement lays the groundwork for significant energy savings and helps make heating or cooling homes more cost-effective, regardless of climate.

The agreement also contains an important provision that cannot be realized without congressional action – a provision that would allow the next generation of homes to be more energy efficient by providing states the option of adopting building codes for new construction with more stringent energy efficiency levels than they can under existing law.

I would also like to affirm the statement you made when introducing this bill, Mr. Chairman. You said, and I quote: “*Greater energy efficiency saves consumers money, strengthens our economy, enhances our national security, creates jobs, and reduces environmental impacts.*”

All of that is true, and according to our joint analysis of just the provision on central air conditioners and heat pumps, the nation will save about 3.7 quadrillion Btu (quads) of energy between 2013 and

2030. That's enough to provide for the energy needs of 18 million households for a year. These energy savings will result in annual greenhouse gas emission reductions of 23 million metric tons of CO₂ in 2030, an amount equal to that produced by approximately 4 million cars every year.

Finally, this agreement will ultimately save consumers about \$13 billion in today's dollars, even after considering the increased cost of more efficient equipment.

As I conclude, please allow me to make one final point: In an atmosphere where every federal dollar is scrutinized, I would note that by taking the initiative, we have potentially saved the Department of Energy – and thus America's taxpayers – millions of dollars, and have saved DOE staff countless hours of work – hours that can be spent on other activities.

Again, I want to thank the Committee and your staff for the hard work in putting this bill together, and I thank you for the opportunity to testify, Mr. Chairman.