



13 SEER

There is a new United States of America Department of Energy (DOE) rule: after January 23, 2006 all *new* air conditioning/heat equipment must be a minimum of 13 SEER (seasonal energy efficiency rating). The existing air conditioning/heat systems in most homes are rated at 10 SEER or below. This means that: if an existing system cannot be repaired, the replacement system must be upgraded to a 13 SEER. **The 13 SEER equipment by itself will be 40% higher than 10 SEER equipment. Plus, the labor will be much costlier.**

Energy conservation issues began back in the Bill Clinton administration. The government finalized a rule that mandated a 30-percent increase in efficiency for central air conditioners. When George W. Bush came in office, he changed the rule to a 12 SEER standard *and the court battle began*. After 5 years in the courts, the 13 SEER finally won.

At this point, all parties “have had their say in court.” Assistant Secretary for Energy Efficiency and Renewable Energy (ACEEE) David Garman said: “DOE will enforce the 13 SEER standard. In the interest of giving consumers and industry the regulatory certainty they need, it is time for the government and for private parties to stop litigating, and start working towards complying with the 13 SEER standard.” The Energy Department had promulgated a 12 SEER standard in 2002, but earlier, the U.S. Court of Appeals for the Second Circuit ruled that the department had done so improperly. The air conditioner manufacturing industry had challenged the 13 SEER, which DOE had issued in January 2001, but recently withdrew its challenge.

“This important ruling will save consumers money, reduce the risk of blackouts, and cut emissions of air pollutants and greenhouse gases,” said ACEEE Executive Director Steven Nadel. ACEEE analysis shows that American consumers will save 250 billion kilowatt hours and \$21 billion in electricity bills through 2030. Over the same period, utilities will avoid building 20,000 megawatts of peak power capacity, saving billions of dollars in capital costs and reducing future electric rates. The energy saved will prevent the emission of over 50 million metric tons of carbon--the equivalent of taking 34 million cars off the road for one year.

The 13 SEER rule takes on additional importance given events that have unfolded since its 2001 promulgation. In August 2003, the nation’s largest power blackout affected millions of people; it was driven in part by peak air conditioning loads on the power grid. The 13 SEER standard keeps 20,000 megawatts of peak power demand off the grid; thus, it would limit the risk of future blackouts.

The 13 SEER standard can also help address serious problems in the natural gas industry. With supplies tightly constrained, prices have risen to record levels and show no sign of returning to the low prices of the 1990s. ACEEE recently completed a study of the impact that energy efficiency can have on natural gas prices, showing that as little as a 2% reduction in demand can cut wholesale gas prices by 20%. Much of the savings in the study came from reduced peak electricity use, because natural gas is heavily used for power generation, especially at peak times. The SEER 13 standard, by saving peak electricity use, would thus save substantial amounts of natural gas.

The bad news for most consumers (over 2,000,000 homes in the Metroplex) is that the HVAC system in their house is out of **federal code**. So, every house that is being sold, that needs new HVAC equipment before the contract closes, is going to be an expensive fix.

If the furnace and evaporator coil are in the attic, when new larger units have to be installed, the homeowner will have to provide "access," which can require construction modification. Roof mounted systems may need structural and access modifications, too.

These are some of the costly extenuating circumstances, because of the larger size, that can face a homeowner:

- A 40% higher cost to purchase equipment.
- Since a coil has to be compatible with a condenser to obtain higher ratings, a consumer could be replacing one unbroken piece of equipment in order to make the system work properly.
- A TXV metering device may be required if repairing an existing coil.
- The copper line set plumbing may need to be replaced.
- It will take 40% more Freon to charge system.
- The larger evaporative coil will probably require sheet metal and transition changes.
- Additional plumbing and electrical installation expenses would be incurred if a unit has to be re-located because the new one is larger.
- Structural changes to support the heavier and larger unit (or to allow access to the unit), especially for roof and attic mounted units, could become costly.
- New stand or pad for the larger condenser (the outside unit) if equipment is relocated.
- Higher transportation costs.
- Higher labor installation costs.
- The higher efficiency units absolutely require a clean system, and may necessitate additional cleaning costs.
- A more efficient condensing unit will require a new thermostat to be installed.

All home warranty companies are trying to figure out how to deal with this catastrophic and expensive governmental regulation. Our industry's business is to replace equipment with the 10, not 13, SEER. The homeowner will have to pay the difference for the upgrade from 10 SEER to 13 SEER.

As a home warranty company, our promise to the homeowner is that we will fix or replace specific systems and appliances. But, the burden of governmental regulations that mandate any corrections, repairs, replacements, upgrades or additional costs in order to comply with federal, state or local laws **are not covered**. We are preparing an Optional Coverage package, that the homeowner can purchase, that will assist with this huge burden. It will work exclusively for new equipment installation.

Without the home warranty, homeowners would have to face the total burden of replacing 13 SEER equipment. With a NATIONS contract, homeowners can expect that - even though we cannot pay for all the additional costs - we will *help* by paying our cost for 10 SEER equipment and by getting the best pricing through our trusted air conditioning contractors.