



WASHINGTON UPDATE

*Jim Collura, VP & Director of Government Affairs
Southern New England Energy Conference
Friday, September 29, 2023*



TOPICS TO COVER



**GOVERNMENT
SHUTDOWN**



FARM BILL OUTLOOK



**FEDERAL ASSAULT ON
FURNACES & BOILERS**

GOVERNMENT SHUTDOWN

- **If Congress does not pass a funding bill, the federal government will shutdown midnight Saturday.**
- Would be fourth shutdown in ten years.

Senate Update:

- Senate working on a continuing resolution (CR) to fund government through November 17
- Bipartisan group added \$6 billion for border security (major sticking point for House GOP)
- Likely to pass Senate on Saturday... *but will it pass the House?*

House Update:

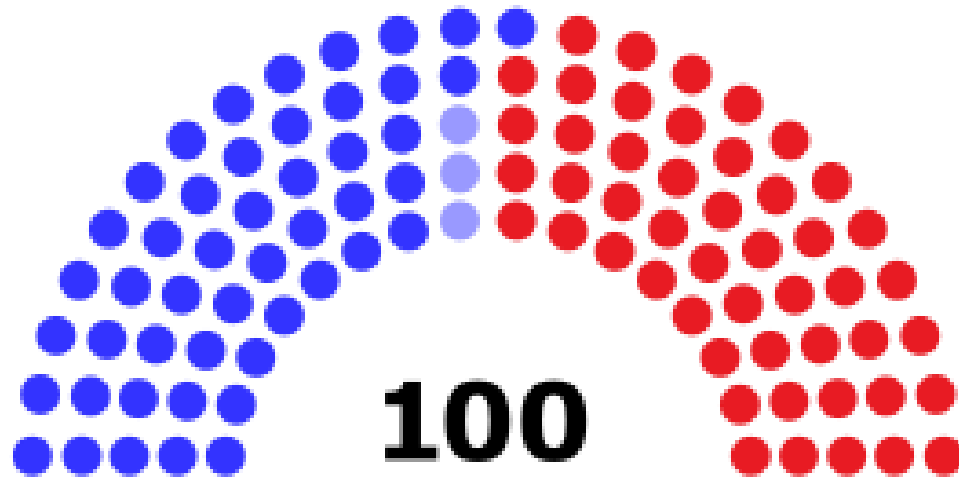
- House Speaker McCarthy will try to pass his own CR today with Republican priorities
- Its likely the vote will fall short, with the “hardliners” demanding deeper cuts, investments in border security, and scaling back of U.S. involvement in Ukraine – if they support any stopgap at all.
- **McCarthy’s speakership is at stake – does he put it on the line to avert (or resolve) a shutdown?**



CURRENT CONGRESS

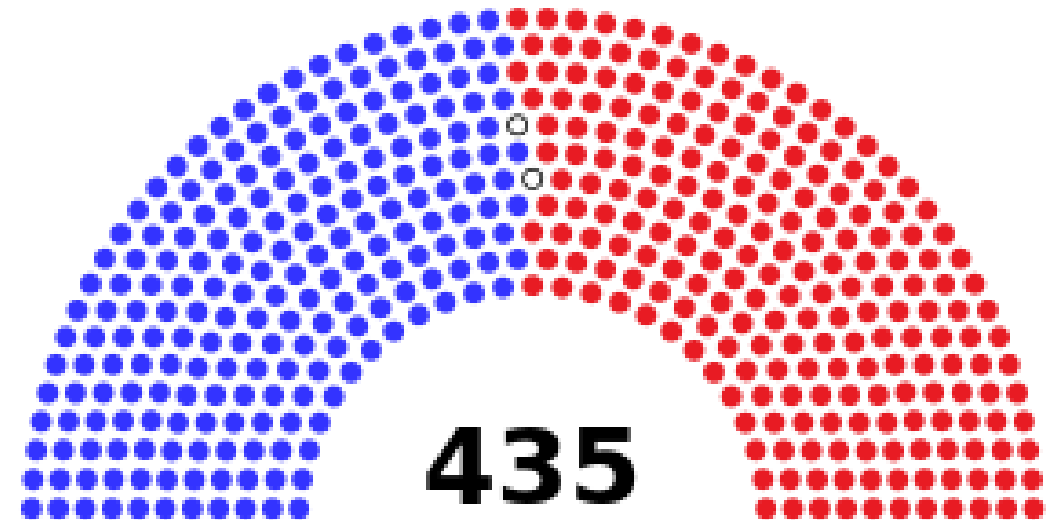
Senate

51 Democrats*
49 Republicans



House of Representatives

221 Republicans
212 Democrats
(2 vacancies)



House GOP currently has four vote margin

IMPLICATIONS FOR FUEL DEALERS

Significantly affected

- LIHEAP funding to states
- Federal enforcement activities
- Biofuel infrastructure (HBIIP) grant program application review
- CFTC commodity futures data

Somewhat affected

- IRA Implementation (especially rollout of home energy rebates)
- Promulgation of federal regulations
- Federal government contracts and related payments

Not affected

- Emergency/essential services (e.g., port security, TSA background checks, etc.)
- Internal Revenue Service (IRS) to remain “fully operational” due to \$80 billion provided in the IRA



FARM BILL OUTLOOK

2023 Farm Bill Outlook

- **Current Farm Bill expires midnight Saturday 9/30**
- Traditionally a very bipartisan bill, but last few reauthorizations had partisan “sticking points”
- So far, neither chamber has produced a working draft
- An extension is expected through the end of the year

Industry priorities in the Farm Bill include:

- ✓ Authorization of Biofuel infrastructure grant program
- ✓ Update the lifecycle GHG analysis for biodiesel
- ✓ NORA reauthorization



FEDERAL ASSAULT ON CONSUMER CHOICE



Biden Administration's Main Lines of Attack on Appliances



Unworkable DOE Appliance Efficiency Standards



Elimination of furnaces & boilers from ENERGY STAR®



“Envelope First, Heat Pump Ready” Approach to IRA efficiency Rebates

1. DOE Appliance Efficiency Standards

- Administration using Energy Policy & Conservation Act of 1975 (EPCA) to impose stringent new standards on home appliances that utilize liquid fuels, propane, or natural gas.
- The U.S. Department of Energy (DOE) has authority to establish minimum efficiencies for certain household appliances under EPCA.
- The law sets a timeline for when DOE must review existing standards and requires technical and economic analyses and Administrative Procedures Act (APA) compliance to make changes.
- Executive Order 13990 mandates that the social cost of carbon and other GHGs must be considered when agencies conduct cost-benefit analyses for proposed regulations.

NEFI Response

- ✓ Endorsed the **DOE Appliance & Equipment Standards Reform and Consumer Protection Act**.
- ✓ **September 12, 2023**: NEFI President & CEO Sean Cota and other industry stakeholders attended a public meeting at the DOE Washington office on the boiler proposal.



PROPOSED NEW STANDARDS FOR CONSUMER BOILERS

(COMMENTS DUE OCTOBER 13, 2023)

Product class	AFUE (%) *	P W,SB(W) *	P W,OFF(W) *	Design requirements *
Gas-fired Hot Water	95	9	9	Constant-burning pilot not permitted. Automatic means for adjusting water temperature required (except for boilers equipped with tankless domestic water heating coils).
Gas-Fired Steam	82	8	8	Constant-burning pilot not permitted.
Oil-fired Hot Water	88	11	11	Automatic means for adjusting temperature required (except for boilers equipped with tankless domestic water heating coils).
Oil-fired Steam	86	11	11	None.
Electric Hot Water	None	8	8	Automatic means for adjusting temperature required (except for boilers equipped with tankless domestic water heating coils).
Electric Steam	None	8	8	None.

2. Elimination of Furnaces & Boilers from ENERGY STAR®

- **May 18, 2023:** The EPA quietly sent memo to OEMs announcing a plan to phase-out furnaces & central air conditioners from ENERGY STAR beginning January 1, 2024.
- **June 5, 2023:** The EPA announces plan to sunset the boiler specification and replace it with a new specification for hydronic (air-to-water) heat pumps.

NEFI Response

- ✓ **Summer 2023:** NEFI Joined broad coalition that includes natural gas, propane, and HVAC associations. The coalition and individual organizations submitted comments on both notices.
- ✓ **August 2023:** Republican “Dear Colleague” Letter was sent to the EPA in opposition to the proposal.
- ✓ **In the works:** Democrat “Dear Colleague” Letter that will focus on poor stakeholder engagement and the negative implications for low-income families.
- ✓ The coalition is also exploring possible legislative options.



**OPPOSE
ENERGY STAR
CHANGES**



3. “Envelope First, Heat Pump Ready” Oilheat & Propane Homes

From U.S. Department of Energy guidance on how states should deploy IRA Home Energy Rebates:

“DOE strongly recommends states avoid incentivizing projects that rely on like-for-like oil and propane furnace upgrades.”

- The administration wants only “envelope” improvements made to homes with oilheat and propane (e.g., installation of efficient doors, windows, and insulation). Recall the IRA offers state rebates of up to \$4,000 for proven energy savings of 35% or more (doubled for low-income homes).
- After the home is “sealed up,” the DOE says these homes are now “heat pump ready,” and states should push the homeowner to install qualified heat pumps for up to \$8,000 rebate under the IRA.

NEFI Response

- ✓ Alerted state heating fuel associations and coalition partners to this guidance.
- ✓ We believe Congress intends these programs to be fuel- and technology-neutral.
- ✓ NEFI is exploring possible legislative solutions.



**THANK
YOU FOR
LISTENING**

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