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Proposed Amendments for Higher Efficiency Requirements for Water Heaters

The Canadian Institute of Plumbing & Heating supports the efforts of the Government of Canada to achieve higher energy efficiency targets and to lower GHG emissions from the water heater market. Our industry is fully prepared to cooperate and work with NRCan to help facilitate an orderly market transformation.

CIPH Comments:

While the Institute supports the intent of the proposed amendments, we do have a number of concerns with the proposed regulations, their supporting data and the serious impacts that they will have on the marketplace. In its current form, the proposals will drive a major fuel shift from natural gas to electricity and create many unintended results including a failure to achieve the primary objective of reducing GHG emissions.

The current proposed amendments are supported by incomplete economic data that seriously understates product conversion costs. The referenced product costs are too low and the conversion to higher efficiency gas products has substantially higher incremental labour and material costs than stated. Actual installed cost for higher-efficiency gas water heaters will end up higher than the referenced data and may not be recoverable through fuel-reduction savings.

As a result, consumers will lead a major switch away from natural gas toward less expensive electric water heaters. This unintended market shift will result in the following:

- No real reduction in global GHG emissions as low-efficiency fossil-fueled electricity demand remains high.
- Increases in product costs due to the high research, development and production costs necessary to meet a Canada-only efficiency standard will result in a loss of Canadian manufacturing jobs;
- Energy demand shifts may cause imbalances to gas and electric distribution grids that will require high infrastructure modification costs;
- Reduction of consumer choice as reduced market demand for higher-priced newer technologies will limit product availability; and
- Additionally, the loss of fuel-oil options will have the greatest negative impact in Aboriginal, northern and Atlantic communities.

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CIPH Proposal Recommendations:

To overcome the concerns stated above, the Institute proposes a revised performance and schedule as summarized in the table below.

WH Type & Size	Industry Proposed Schedule	MEPS	Test Method
Gas-fired Storage <75,000 btu/h	January 1, 2015	EF=0.70 - .0005 V	CSA P.3
	January 1, 2020	EF= 0.75 - .0005 V	CSA P.3
Gas-fired Storage >75,000 btu/h	January 1, 2013	TE=80%	CSA 4.3/ANSI Z21.10.3
	January 1, 2018	TE=92%	

CIPH Recommendation Benefits:

The Institute believes these recommendations will accomplish the shared goals of higher energy-efficiency in a manner that will create higher adoption rates at lower cost while reducing the negative impacts and unintended consequences on the Canadian market.

The many benefits of the CIPH recommendations include the following:

- Creation of a stable regulatory environment will encourage Canadian manufacturers to invest in the development and testing of new technologies and 'green' jobs;
- Alignment of performance target timing with those of the USA Department of Energy for 2015 will encourage provincial/territorial adoption and harmonization;
- Establishment of more aggressive standards in Canada than the USA for 2015 and 2020 will keep Canada at the forefront of environmental stewardship;
- Recognizing the fact that Canadians are already lowering per capita consumption of hot water with more efficient products;
- Recognizing the maximum achievable non-condensing technology performance standard;
- Adoption of a consensus-driven market transformation model will generate support from consumers, industry and regulators alike toward achieving high adoption rates of energy efficient water heating products.

CIPH Water Heater Manufacturers along with staff will be meeting with senior NRCAN staff at the end of September or early October with the goal of also providing a progressive Market Transformation Roadmap that outlines a strategy for continued commitment toward achieving our common and mutual goals.

For a copy of the draft Regulation proposed by NRCAN visit:

<http://oee.nrcan.gc.ca/regulations/bulletin/water-heaters-june-2010.cfm?attr=0>

The Canadian Institute of Plumbing & Heating is a not-for-profit trade association. Founded in 1933, the Institute is a vibrant organization committed to providing members with the tools for success in today's competitive environment. More than 250 companies are members of this influential Canadian industry association. They are the manufacturers, wholesaler distributors, master distributors, manufacturers' agents and allied companies who manufacture and distribute plumbing, hydronic heating, industrial, waterworks and other mechanical products. CIPH wholesalers operate more than 700 warehouses and showrooms across Canada. Total industry sales exceed \$5 billion annually.



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