

December 19, 2008

Energy Efficiency Branch
BC Ministry of Energy,
Mines and Petroleum Resources
Fourth Floor, 1810 Blanshard St.
Victoria, BC V8W 9N1

ATTENTION: Ms. Katherine Muncaster

Dear Ms. Muncaster:

RE: Proposed Regulations for Residential Water Heaters under the BC Energy Efficiency Act

The Terasen Utilities support energy efficiency initiatives, but also take the view that customers must have viable options. Should the minimum efficiency levels for gas fired water heaters change December 1, 2009, to 0.62 efficiency, and change again in 2011 to 0.67, as noted in the draft *Proposed Regulations for Residential Water Heaters*, the Terasen Utilities are of the view that potential and unnecessary negative consequences will result. These are:

- storage residential hot water tanks with an efficiency rating of 0.62, are typically one foot taller than models currently available and will require modifications to water and vent connections in retrofit applications;
- storage residential hot water tanks with an efficiency rating of 0.62, are taller than existing storage residential hot water tank, and will limit size and fuel choices when an existing hot water tank is installed in a crawl space or beneath a staircase;
- storage residential hot water tanks with an efficiency rating of 0.67 are power vented, and require an electrical circuit, new vent material and routes to the outside wall; again, potentially requiring major modifications in retrofit applications. These additional requirements will increase costs in new construction as well.

Further ramifications are British Columbians may have to pay to replace a standard gas-fired hot water tank to adapt to different technology twice – once in December 2009/10 and on the next tank after January 1, 2011. Because of the above-mentioned issues with the height, water and vent connections, power vents, electrical circuits, increased cost, new vent material and routes to the outside wall, the proposed regulation will result in electric hot water tanks replacing gas fired hot water tanks.

The Terasen Utilities recommend going directly to a 0.67 efficiency level for gas fired water heaters on January 1, 2011. Although the 0.67 efficiency regulations will still have technical

implications, there will be less of an impact to the homeowner. Foregoing the December 1, 2009, minimum efficiency regulation would allow:

- manufacturers time to develop, test and certify new equipment,
- wholesalers and retailers time to reduce stock of inefficient models,
- time for designers, sales representatives, and installers to familiarize themselves with the different technologies and time to develop or attend training strategies, and
- time for a full analysis of fuel switching and other ramifications of regulated change.

The proposed regulations, in fact, lead market change instead of following and supporting the change to higher efficiency product. Because the Ministry's proposal differs from the standard market evolution model, caution and due diligence is essential. Education, pricing, and incentives will enable people to make energy conservation choices. As well, the Terasen Utilities believe that the water heater manufacturing sector, given the time to do so, will bring energy efficient models to the market and will provide more choices for contractors, developers, and homeowners.

The Terasen Utilities urges that provisions be established to ensure fuel choices for retrofit applications where technology changes would pose financial hardship on homeowners.

Thank you for allowing the Terasen Utilities to be involved in this process.

Sincerely,

A handwritten signature in black ink, appearing to read "John Turner". The signature is fluid and cursive, with a large initial "J" and "T".

John Turner
Director, Customer Management and Sales
Terasen Gas Inc.