



Regulation Review

Proposed Furnace Fan Efficiency Standards

OCTOBER 31, 2013

After a significant, shutdown-fueled lull in rulemakings, many agencies are playing catch-up on their regulatory agendas. Department of Energy (DOE) efficiency standards for various consumer goods are some of the most significant rules from the past few years. Last week, DOE officially publishe

d a proposed [rulemaking on standards](#) for “residential furnace fans.”

The proposed rule will cost \$5.8 billion, which would make it the fourth most expensive regulation published in 2013. To put it in perspective, it’s also the fourth most expensive set of efficiency standards since 2009. In terms of annualized burdens, it could potentially cost \$346 million per year. DOE’s Unfunded Mandates Reform Act analysis notes the proposal, “may require annual expenditures of \$100 million or more by the private sector.”

In its Regulatory Flexibility Act analysis, DOE examines the specific industry affected by the standards. In this case, the primary industry affected by the proposal is “Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment Manufacturing.” Using Census data, the following states would be most affected:

State	Percentage of Industry's Workforce	Regulatory Costs
Texas	10.6%	\$614 million
Missouri	8.6%	\$499 million
Tennessee	6.8%	\$394 million
Ohio	5.7%	\$331 million
Oklahoma	5.7%	\$331 million

The Department cannot conclusively determine whether the proposal would have a significant impact on a substantial number of small entities. However, they do note that, due to economies of scale, the smaller firms face burdens disproportionate to those facing larger firms. DOE concluded, “Approximately 14 manufacturers meet the SBA’s definition of a ‘small business’ and manufacture products covered by this rulemaking.” A typical small manufacturer would incur product conversion costs of \$14,000, compared to \$431,000 for a large company.

DOE is soliciting further comment on the rulemaking, and interested parties have until December 24 [to submit their input](#).