

THE FUTURE OF HVAC

The impacts and challenges of the upcoming DOE regulatory changes





Effective January 1, 2023, significant regulations to energy efficiency standards require mandatory compliance

The Department of Energy (DOE) evaluates appliances every six years to determine whether minimum efficiency requirements and testing standards warrant a change.

The DOE identified that the inefficiencies in commercial and residential units were a **prime contributor to our climate crisis**. In response, a multi-phase standards policy was developed to require the production of higher-efficiency cooling units.

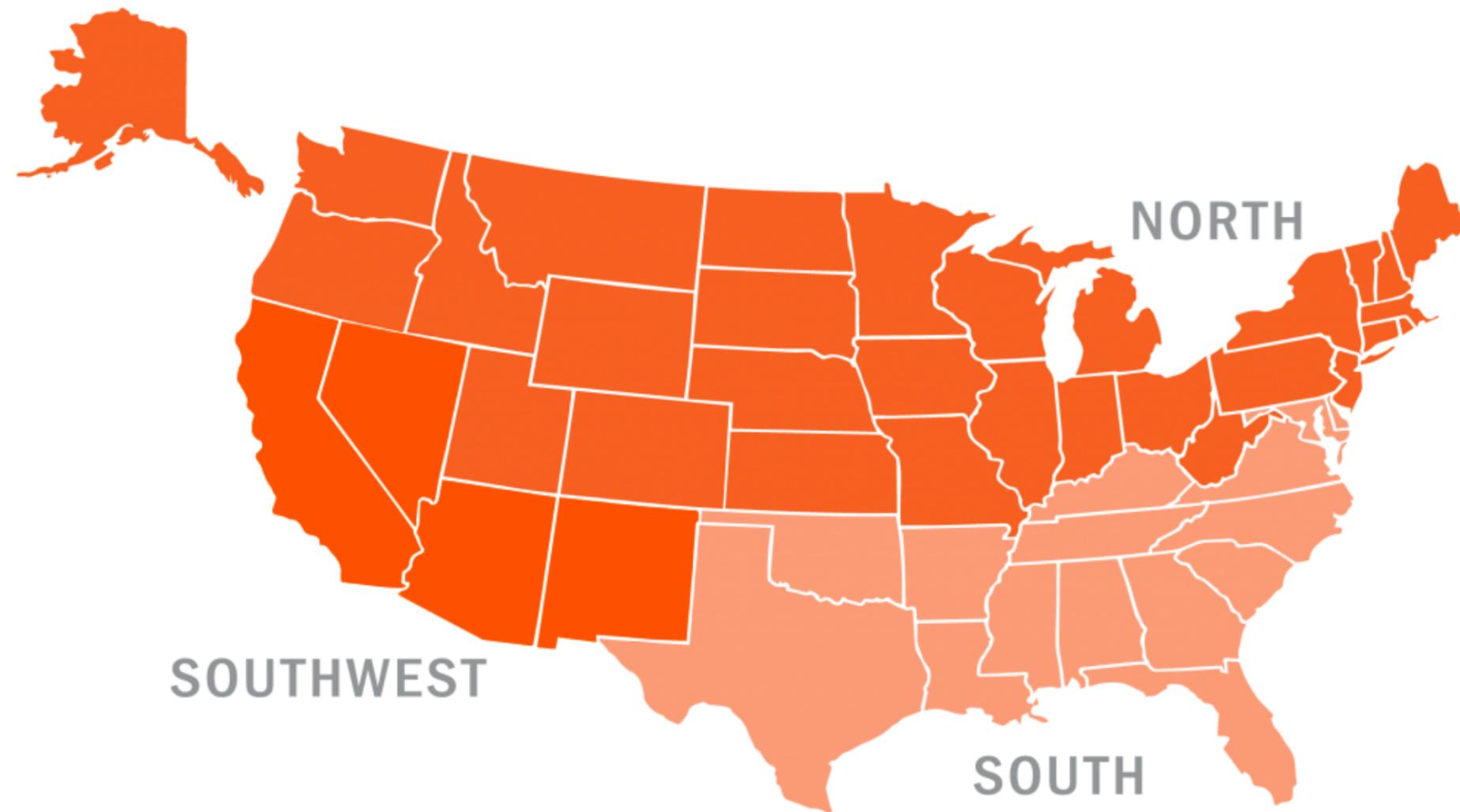


In 2018, the first set of efficiency regulations went into effect– Phase One of the revised standards focused on energy-efficiency increases in all air conditioning units by about 15%.



Phase Two, coming in January of 2023, will push the minimum efficiencies for central air conditioners and heat pumps up to 30% (an additional 15%) and testing procedures will change as well.





In regard to the residential air conditioning and heat pumps, the DOE separated the country into three regions: **North, South, and Southwest**, with new standards in each region.

While it varies by region, all regions will increase by the equivalent of one SEER in 2023, **which will result in a lower amount of electricity used for the same amount of cooling.**

Sell-through (the percentage of a product that is sold by a retailer after being shipped by its supplier) of existing systems will be allowed in the North if the product was manufactured prior to January 1, 2023; **however, this is not the case in the South and Southwest— systems must comply with the 2023 federal minimums to be installed after January 1, 2023.**



What happens if my business is not in compliance?



Daily Fines

As with previous standards, penalties will be implemented for non-compliance with the 2023 efficiency standards. For contractors, this includes **potential loss of licensing, out-of-pocket equipment replacement, and heavy daily fines for those caught selling or installing non-compliant equipment.**



DOE Whistleblower Program

Now your competitors can turn you in for using outdated equipment and not only do they get a financial reward but you will be fined and forced to replace the entire system with a high-efficiency system, at your own expense.

Even more, disgruntled customers can now turn you in... the consumer experience is more important now than ever.



So how do you **prepare?**

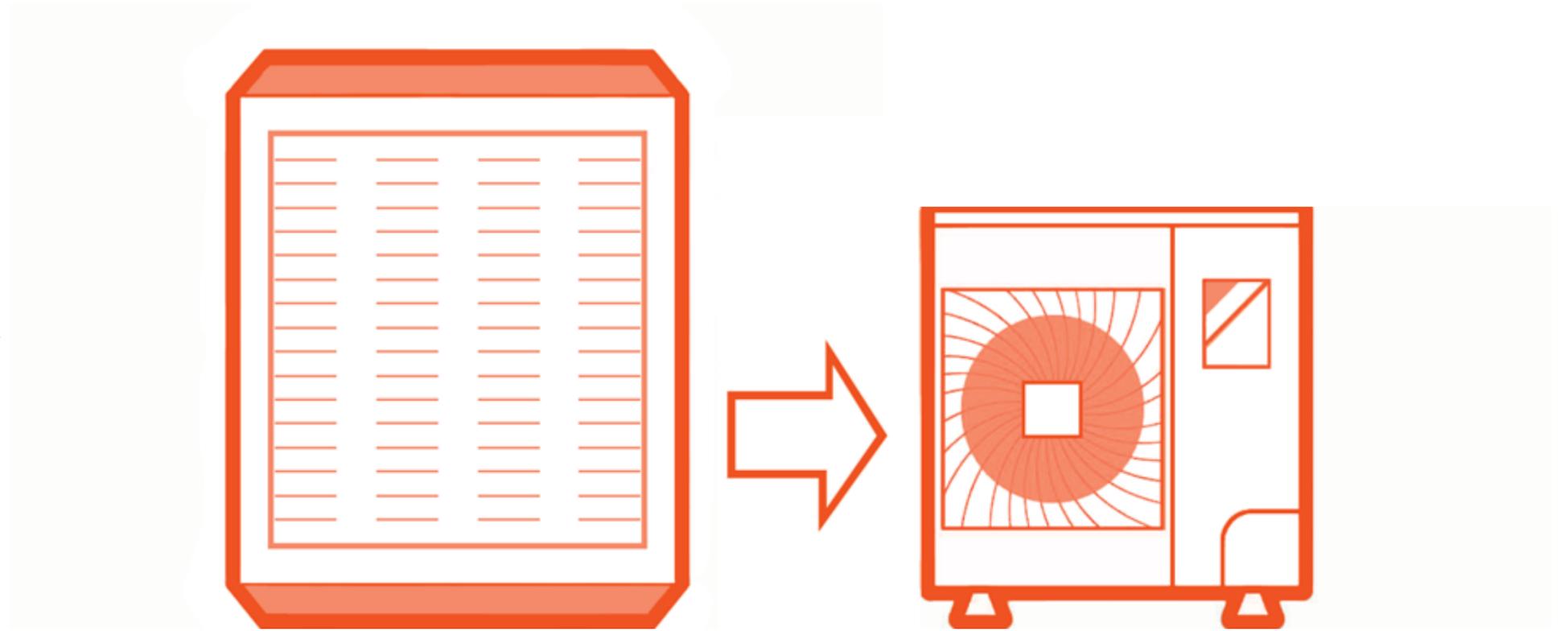
As a contractor, it is important to prepare for these changes by making sure you are **aware** of the different federal minimum efficiency levels and compliance requirements across regions.

As 2023 approaches, you can prepare your team for the new efficiency requirements by learning the standards and metrics for your region and new technology specifics. **This is the first step.**

It is important to note that the 2023 requirements only apply to new systems, and existing systems will not need to be replaced if they are already installed and still functioning. However, you will no longer be able to replace just a heating or cooling system, if there is a failure of either appliance, the entire unit will require replacement.

What does

it mean for new installations?



The second, and most important step, is effectively communicating these requirements to your team, teaching how to effectively communicate new energy-efficiency requirements to your consumers, and making sure that each repair and replacement is streamlined and consistent to ensure compliance.

You must ensure that each customer experience is a consistently high-quality interaction that ensures the greatest customer satisfaction.

If you aren't already doing this, what do you do?

The Solution is Actually the Key to Increased Profitability



- Overcome inconsistencies in the field
- Streamline price books for tech compliance
- Real-time inventory management
- Be able to quickly and effectively calculate energy consumption and efficiency needs and explain this to the consumer
- Effectively communicate high-efficiency units to the consumer for increased sales tickets and replacement conversions



Stay Educated

Stay up to date with DEO announcements here: <https://www.energy.gov/gc/legal-resources/office-assistant-general-counsel-enforcement/regional-standards-enforcement>



Be Proactive

Seek out softwares and systems that can help keep your team compliant and help communicate most effectively with consumers.

Top Frequently Asked Questions



WHAT IS A REGIONAL STANDARD, AND TO WHAT DO REGIONAL STANDARDS APPLY TO?

A regional standard is an energy conservation standard that applies to single-split central air conditioners installed in certain “regions” of the U.S. There are two “regions” in the U.S. with respect to energy conservation standards: (1) the “southern region,” which includes Alabama, Arkansas, Delaware, Florida, Georgia, Hawaii, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and the District of Columbia; and (2) the “southwest region,” which includes Arizona, California, Nevada, and New Mexico.

Regional standards apply only to single-split system central air conditioners installed in the specified states. A single-split system central air conditioner installed outside of the above-defined regions must meet a minimum seasonal energy efficiency ratio (“SEER”) standard of 13. However, if the unit is installed in one of these regions, it must meet a SEER minimum of 14. If a complete system is installed, the system must be certified to DOE as a combination compliant with the regional standard(s).*

**Cited from the DOE website*



Top Frequently Asked Questions

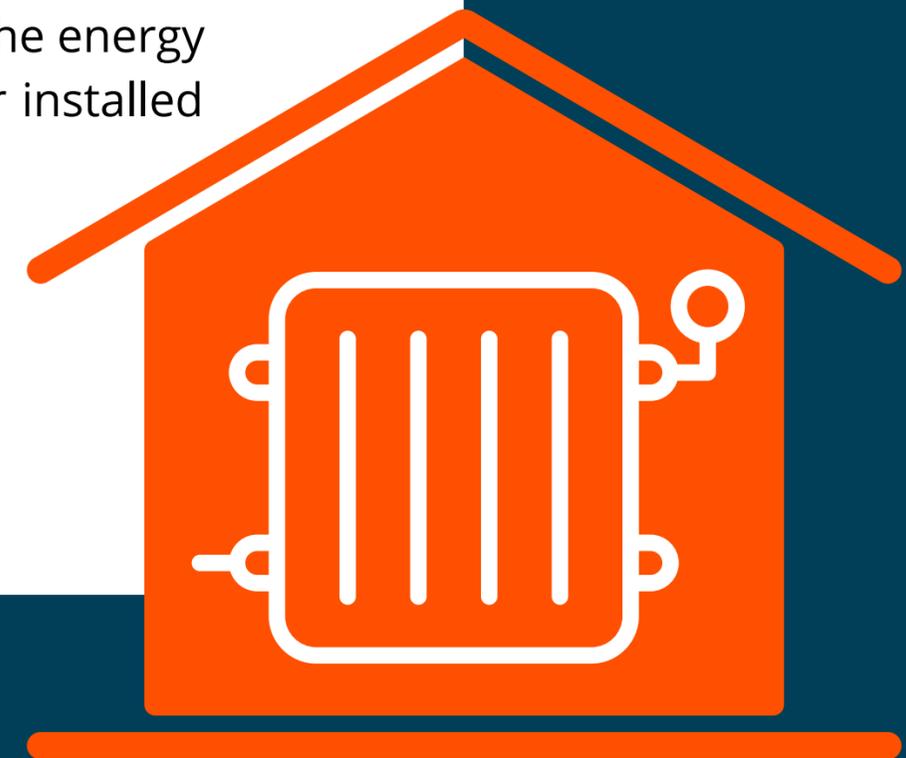
2

DO REGIONAL STANDARDS APPLY TO HEAT PUMPS?

No. Regional standards do not apply to single-split air conditioning heat pumps. Heat pumps manufactured on or after January 1, 2015, must meet the 14 SEER standard regardless of where within the U.S. the unit is installed.

Heat pump manufacturers (including importers) are responsible for ensuring that each model of heat pump distributed in the U.S. complies with all applicable Federal energy conservation standards. Energy conservation standards applicable to heat pumps are determined by the date of manufacture (including import), not the date or location of installation. For example, a unit of a heat pump manufactured (including imported) prior to January 1, 2015, is subject to the energy conservation standards in effect for heat pumps prior to that date, even if sold and/or installed after that date, and regardless of where the unit is eventually installed.*

**Cited from the DOE website*



Top Frequently Asked Questions

3

AS A RESIDENTIAL HVAC CONTRACTOR IN A STATE SUBJECT TO DOE REGIONAL ENERGY CONSERVATION STANDARDS FOR SPLIT-SYSTEM CENTRAL AIR CONDITIONERS, CAN I REPLACE ONLY THE OUTDOOR UNIT, WITHOUT REPLACING THE ENTIRE SYSTEM?

Yes.

A contractor may replace only the outdoor unit if:

1. The outdoor unit model is certified to DOE in one or more combinations that comply with the energy conservation standard(s) applicable at the location in which the unit is installed; and
2. The outdoor unit model is not certified to DOE or otherwise represented by the manufacturer in any combination that does not meet an energy conservation standard applicable in the location at which the unit is installed.

That means that the outdoor unit has to be certified to DOE as meeting the regional standard in some combination but not necessarily when paired with the indoor unit that currently exists in the home.

*

**Cited from the DOE website*



→ Please join us for our ongoing DOE regulatory changes webinar series.



THANK YOU FOR ATTENDING

If you would like to learn more about fyxify and our platform of software solutions, please scan to schedule a demo!