
New Regulations Affect Homeowners in 2015

By Keith Loria

Increasing energy efficiency has long been the mission of the U.S. Department of Energy (DOE), and in 2015, two new regulations involving air conditioning equipment and water heaters will take effect to support this goal.

New Regulations to Trigger Air Conditioning Equipment Replacements

The first change involves raising efficiency standards for air conditioning equipment. Beginning January 1, 2015, new Seasonal Energy Efficiency Ratio (SEER) standards will increase from 13 to 14. For those not familiar with the term, SEER is calculated by dividing how much a unit cools by how much energy it uses during a typical cooling season. Therefore, the higher the SEER rating, the more energy efficient a unit is.

“SEER 14 is different from past energy mandates because unlike past mandates, in almost all cases, a full system replacement (both the indoor and outdoor unit) will be necessary to make the system compatible,” says Jeff Powell, president of First American Home Buyers Protection Corporation. “It can get really costly when a new indoor coil unit doesn’t fit in the existing space and structural modifications to the house or building are needed to accommodate the larger unit.”

Some manufacturers estimate the average price increase associated with going from a SEER 13 to a SEER 14 condenser will range from 55 – 66 percent and total energy savings will differ based on geography, how often a unit runs, and what SEER rating the existing condenser has.

“Once the unit is installed, energy cost savings will vary,” Powell says (see sidebar). “As far as what we recommend, these changes are mandatory, so unfortunately, the reality is homeowners don’t really have a choice in the matter.”

The increase in the efficiency standards will significantly affect air conditioning replacements in southwest and southeast states. In the northern states, SEER 13 split system air conditioners are still acceptable, however heat pumps, packaged air conditioning units and gas packs will need to be SEER 14 or higher.

According to the new requirements, SEER 13 air conditioners manufactured before January 1, 2015, may be installed in south and southwest regions during an 18-month grace period ending July 1, 2016—but it’s unknown whether the existing inventory will last through the grace period. The south and southwest states include Alabama, Arizona, Arkansas, California, Delaware, Florida, Georgia, Hawaii, Kentucky, Louisiana, Maryland, Mississippi, Nevada, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas and Virginia.

Barry Miles, First American’s vice president of operations, notes that if a homeowner’s unit has to be replaced, their contractor must replace the unit according to the new standards for your state.

“Contractors have to understand what’s going on, especially for those in the bordering states,” Miles says, “they need to understand where the lines are from that standpoint. For instance, in states north of Arizona, SEER 13 split system air conditioning units will still be acceptable. The same is true in states north of California.”

On the positive side, those that make the change will have a more efficient unit. However, Miles believes that in some cases, the cost of the replacement unit could be double for the homeowner.

“From our perspective, replacements are going to be more costly,” Miles says. “Homeowners will be faced with tough choices pertaining to modifications. Contractors will be looking at cost increases for the transportation, warehousing and installation of the larger equipment footprint.”

Water Heater Replacements

The second big change involves water heater replacements—an amendment to the National Appliance Energy Conservation Act known as the “2015 DOE Final Rule.” When the amendment takes effect on April 16, 2015, the DOE will require higher energy factor ratings on virtually all residential gas, electric, oil and tankless gas water heaters. This will impact how water heaters are designed, manufactured, tested, distributed and installed, affecting manufacturers, wholesalers, installers and homeowners alike.

“The 2015 DOE Final Rule will affect homeowners needing a water heater replacement differently, depending on the fuel source and size of the existing water heater,” Powell says. “These changes may be relatively minor in some cases, and more significant with larger-volume products. Similar to the change to more efficient and larger air conditioning units, there may not be the appropriate space to house a potentially taller, wider and heavier water heater. This may trigger higher costs due to structural modifications to the residence, as well as the higher equipment cost.”

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