

2015 Minimum Efficiency Standards



They're Here....Are You Ready?

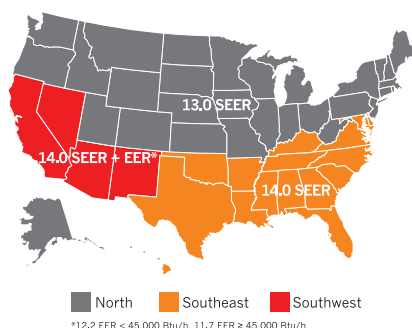
Beginning January 1, 2015 the Department of Energy's (DOE) new minimum efficiency standards for single-phase split system air conditioners (ACs), split system heat pumps (HPs) and packaged products (SPP) went into effect. These new regulations are part of a much larger initiative by the DOE to reduce overall energy consumption in the United States. These changes will present new complexities to all of our businesses, but rest assured that Heil is prepared for these changes and as your trusted original equipment manufacturer (OEM), we are here to support you through this transition.

Unlike previous efficiency changes in our industry, the new minimum efficiency standards for 2015 vary not only by product type but by geographic location as well. Due to the level of complexity that this introduces, the DOE along with a working group comprised of OEMs, industry associations and energy advocates have developed a proposed enforcement policy which places new requirements on our channel. The enforcement policies and mechanisms governing compliance with the new minimum efficiency standards have serious implications and are currently with the DOE for review and comment before they are adopted as a final rule. Heil is committed to leading our industry in compliance and as your trusted OEM we have developed comprehensive resources for you to leverage in educating yourself and your customers regarding these changes.

What are the new Minimum Efficiency Standards for 2015?

Air Conditioners

The new 2015 minimum efficiency standards for split system ACs, packaged ACs and packaged gas/electric are regionalized. These standards divide the country into three regions: North, Southeast and Southwest.



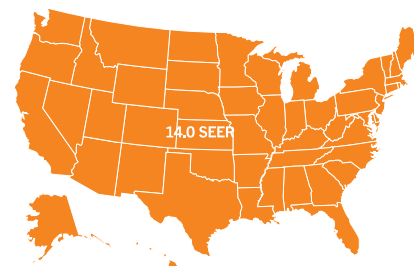
Split System and Packaged Air Conditioners – Regional Standards			
System Type	North Region	Southeast Region	Southwest Region
Split System ACs	13.0 SEER	14.0 SEER	14.0 SEER / 12.2 EER < 45,000 Btuh 14.0 SEER / 11.7 EER ≥ 45,000 Btuh
Packaged ACs	14.0 SEER	14.0 SEER	14.0 SEER / 11.0 EER
Packaged Gas/Electric	14.0 SEER / 81% AFUE	14.0 SEER / 81% AFUE	14.0 SEER / 11.0 EER / 81% AFUE

Remember:

Any 13.0 SEER AC built before January 1, 2015 can still be installed in the SE and SW regions until June 30, 2016.

Heat Pumps

In contrast, the new minimum efficiency standards for split system HPs and packaged HPs fall under a national standard.



Split System and Packaged Heat Pumps	
System Type	National Standard
Split System HPs	14.0 SEER / 8.2 HSPF
Packaged HPs and Dual Fuel	14.0 SEER / 8.0 HSPF / 81% AFUE

Remember:

Any 13.0 SEER HP built before January 1, 2015 can still be installed without any time constraints.

What does this mean for me?

Split System ACs, Packaged ACs and Packaged Gas/Electric (single-phase only)

An 18-month grace period has been written into the new 2015 minimum efficiency standards in order to allow distributors, dealers and contractors in the Southeast and Southwest to clear their inventory of existing 13.0 SEER AC units built in 2014 or prior. This 18-month grace period, which ends on June 30, 2016, is only applicable to 13.0 SEER units built in 2014 or prior. As such, any installation of AC units built in 2015 which do not meet that regions minimum efficiency standard is prohibited.

Split System HPs, Packaged HPs and Dual Fuel (single-phase only)

Again, heat pumps fall under a national standard of 14.0 SEER/8.2 HSPF for split systems and 14.0 SEER/8.0 HSPF for packaged HPs as of January 1, 2015. Because this is a national standard, the grace period does not apply. Distributors, dealers and contractors are free, without any time constraints, to sell their remaining inventory of 13.0 SEER HPs. Starting December 30, 2014, Heil ceased production of all 13.0 SEER HPs and anything manufactured after this date will be 14.0 SEER/8.2 HSPF or higher for split system HPs and 14.0 SEER/8.0 HSPF or higher for packaged HPs.

Enforcement of the new 2015 Minimum Efficiency Standards

We can't emphasize enough the importance of following these new minimum efficiency standards. The DOE has been aggressively enforcing efficiency standards in a number of industries and HVAC will not be exempt. Pursuant to the proposed enforcement policy, everyone in the channel will be held accountable and will face penalties for non-compliance. Contractors or dealers caught installing non-compliant equipment will be forced to replace the equipment at their cost. Repeat violators can be put on a national "Routine Violator" list which will prohibit them from purchasing specified equipment from any distributor or OEM. Effectively, being labeled as a "Routine Violator" means the offending party is out of the HVAC business until the situation is remediated or successfully appealed. Distributors are also subject to the same scrutiny and penalties as contractors if they knowingly and repeatedly supply non-compliant equipment, which is then installed in prohibited regions. Manufacturers knowingly selling non-compliant equipment will face fines. This is a serious issue for all parties involved. We urge you to protect your business by leveraging the resources that we have developed for you. For more information regarding these resources, please visit the 2015 Minimum Efficiency Standards page on the www.GoHeil.com website.

Reporting Violations

As part of the proposed enforcement policy, suspected violations can be directly reported to the DOE by anyone via email or voicemail. In addition, all OEM's are obligated to notify the DOE of any suspected violations identified through product registration or warranty claims. OEMs will have 15 days from the date of discovery to notify the DOE. Once an installation violation has been reported, the DOE will conduct an investigation. An investigation by the DOE can include a discussion with the homeowner or end user, a request for records from the contractor, distributor and OEM or a discussion with the alleged violator. For more information regarding this topic, please complete the 2015 Minimum Efficiency Standards self-paced training available through the ICPEXcellence website. For questions, please contact Mylearning@UTC.com.

Record Retention

The following table outlines the new record retention requirements for our industry. For independent distributors, please note that the proposed start date has been set as November 30, 2015. For contractors and dealers the start date has been set at 30 days after final rule.

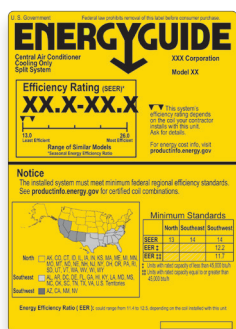
	Manufacturer	Manufacturer Owned Distributor	Independent Distributor	Contractor/Dealer
Record Retention Requirements	60 Months	60 Months	54 Months	48 Months
Record Retention Start Date	30 Days After Final Rule	30 Days After Final Rule	November 30, 2015	30 Days After Final Rule

Record Requirements

The following table outlines the specifics regarding what information needs to be captured as part of the record retention for distributors and contractors.

	Split System	Packaged System	Information
Distributor	Outdoor Condensing Unit: Manufacturer, Model and Serial Number	Manufacturer, Model and Serial Number	<ul style="list-style-type: none"> • Date purchased from OEM • Party from whom unit was purchased • Date sold to dealer/contractor • Party to whom unit was sold (name, address, phone number) • Delivery Address <p>NOTE: Includes cash sales</p>
Contractor/Dealer	Outdoor Condensing Unit: Manufacturer, Model and Serial Number Indoor Coil or Air Handler: Manufacturer and Model Number Do not need to keep track of components (e.g., uncased coil)	Manufacturer, Model and Serial Number	<ul style="list-style-type: none"> • Location of installation • Date of installation • Party from whom unit was purchased (name, address, phone number)

Update to EnergyGuide Labels and Nameplate



The Federal Trade Commission (FTC) has also put new legislation in place for EnergyGuide or "Hang-Tag" labels in 2015. OEMs will be placing an additional EnergyGuide label on the exterior of the shipping carton. The label artwork has also been updated under the revised standards to reflect a range of efficiencies applicable to the unit as well as a map indicating where the product can be installed. Lastly, contractors/dealers are

now required to provide homeowners with access to the EnergyGuide label information before they agree to purchase the product. In an effort to help simplify this step for our customers, we have made our EnergyGuide labels accessible to homeowners on the Heil® consumer website www.certified.heil-hvac.com.

As part of the DOE's Enforcement Policy working group, all OEMs agreed to add prohibitive language to the nameplate for all 13.0 SEER AC products and 14.0 SEER AC products that do not meet the EER requirements in the Southwest. This label will make it easy to identify units that are subject to regional minimum efficiency standards.



AHRI System Combination Ratings

In accordance with the DOE requirements for products manufactured after January 1, 2015, the least efficient rating combination for a specified model of a condensing unit must meet the SE or SW regional requirements in order to be installed in that region. Therefore, Heil will be adjusting some system rating combinations in the AHRI directory by moving non-compliant ratings to discontinued status. For more information, see product bulletin PB14-21.

For More Information:

- www.GoHeil.com – Click on *Regional Standards Training*
- www.hvpmoodle.icpexcellence.com – On the *Available Courses* page, click on the course title with the brand you wish to view.
- energy.gov – U.S. Department of Energy website



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Part No. 401-12-8100-00 Printed 02/2015