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The Honorable Greg Walden
Chairman
Committee on Energy & Commerce
U.S. House of Representatives

The Honorable Frank Pallone
Ranking Member
Committee on Energy & Commerce
U.S. House of Representatives

The Honorable John Shimkus
Chairman
Committee on Energy & Commerce –
Subcommittee on the Environment
U.S. House of Representatives

The Honorable Paul Tonko
Ranking Member
Committee on Energy & Commerce –
Subcommittee on the Environment
U.S. House of Representatives

Dear Chairman Walden, Ranking Member Pallone, Chairman Shimkus, and Ranking Member Tonko:

As the trade association representing manufacturers, retailers, distributors, and servicers of wood and pellet stoves and inserts, hydronic heaters, and wood furnaces, in addition to other sectors of the hearth, patio, and barbecue industries, we are writing to express our ardent support for the Relief from New Source Performance Standards Act (H.R. 453) during today's hearing entitled "Big Relief for Small Business: Legislation Reducing Regulatory Burdens on Small Manufacturers and Other Job Creators."

HPBA and its members have been long-time champions of woodburning product innovation through more efficient and cleaner burning technology. Biomass, such as wood, is an important renewable home heating option. HPBA takes every opportunity to ensure the general public has a wide variety of woodburning appliances available.

The New Source Performance Standards (NSPS) rule for new residential wood and pellet stoves, hydronic heaters, and wood furnaces was finalized in 2015 and has two sets of standards. Manufacturers already have met the Step 1 standards. However to meet Step 2 standards, manufacturers must research and develop new technologies, test them for durability, send them to an EPA lab for testing and approval, and then finally have their products certified by the EPA. To have these products in stores by the current Step 2 May 2020 deadline, the typical business cycle necessitates at least three years, meaning manufacturers currently need to complete the full process by summer 2018. Manufacturers need to have products for Step 2 ready to be pitched to retailers for the 2019-2020 heating season. Retailers aren't going to purchase products that can't be sold in the next heating season since it can sometimes take five years to sell a wood heater.

H.R. 453 would extend the effective date of Step 2 of the EPA's NSPS by three years, from May 15, 2020 to May 15, 2023. Without this extension, at least 6,500 manufacturing jobs in mostly rural communities across the country are at risk. The Step 2 standard will make wood heaters more expensive and less affordable for middle class families looking for a reliable and inexpensive heating option. More people will hang onto older, non-EPA-certified products due to the increase in prices, which is not good for air quality.

With only five EPA-approved test labs, the industry faces a log jam getting products tested by EPA-approved labs. As the deadline gets closer, hundreds of appliances will need EPA testing and certification in a very short timeframe. There is not enough capacity to get through the process in time. Once a valid test by an approved lab is complete and a manufacturer receives a certificate of conformity, EPA must review the certification application, which can take more than 60 days if there are questions. The surge in products needing testing will further slow down the process to final EPA certification.

There is no sell-through provisions to allow Step 1 products already at retailers on May 2020 to be sold while EPA approves new Step 2 products. The effects would be devastating to small businesses. Many companies, both large and small, already are laying off workers to divert capital necessary to fund the expensive research and development costs. With research and development costs ranging from \$200,000 to \$500,000 per product (plus an additional \$20,000 fee per official laboratory test), companies are working to raise the capital needed to meet the new regulations with small companies being hit the hardest. For large companies that may have as many as 30 products, this investment could be more than \$10 million.

Rural communities would be particularly hard hit. Many impacted businesses developed in rural communities to meet home heating and business needs. If small businesses close, those communities will lose jobs. In addition, rural communities are primary users of woodburning appliances. They will be left with fewer choices and higher prices. A rule that does not afford manufacturers enough time to meet the Step 2 requirements may actually slow the very air quality improvements it intended to bring about. This is because, as products become more expensive or are not being put into commerce, consumers will hold onto their older, higher-emitting appliances.

An extension not only provides manufacturers with equal opportunity and necessary access to testing labs, but also would ensure stability in the retailer market, an important staple to healthy local economies. Additional time will allow for the continued development of more efficient and reliable woodburning hydronic heaters, wood and pellet stoves, and wood furnaces for American homes.

Thank you for your consideration of H.R. 453 and the testimony of Frank Moore, President and owner of Hardy Manufacturing. We look forward to further discussion and hope to be a resource to you and your staff in the future.

Sincerely,



Rachel Feinstein
Manager – Government Affairs
Hearth, Patio & Barbecue Association