

Resources

Department of Energy Proposed New Efficiency Standards Would Impact Hotels, Healthcare Facilities and Other Commercial Buildings

September 25, 2014

On September 16, 2014, the Department of Energy (DOE) proposed a new rule called Energy Conservation Standards for Packaged Terminal Air Conditioners and Packaged Terminal Heat Pumps, which seeks to increase the efficiency of packaged terminal air conditioners (PTACs) and packaged terminal heat pumps (PTHPs). PTACs and PTHPs are commercial conditioning units installed through walls and are commonly used in hotels, motels, assisted living and healthcare facilities, small offices, and other commercial buildings. The proposed rule would increase the efficiency requirement by four to seven percent.

The proposed rule, should it go into effect, may pose a concern for the developers and owners of the commercial buildings due to capital costs (new equipment, construction and installation expenses, etc.) to meet the heightened standards.

The Energy Policy and Conservation Act of 1974 (EPCA) provides energy conservation standards for PTACs and PTHPs, in addition to other consumer products and certain commercial and industrial equipment. The current standards are available on Table II.1 of the proposed rule. The EPCA requires the DOE to determine whether certain energy conservation practices would be feasible and economical. While capital costs would increase, the DOE argues there would be significant operational benefits. For example, Section IV(B) of the proposal provides that annual PTAC and PTHP consumption could be reduced by allowing hotels to remotely control the temperature of units in the building. According to the DOE, the benefits of the new requirements on PTACs and PTHPs in the form of reduced utility consumption charges would offset the potential increased capital costs.

The DOE has scheduled a public meeting on October 29, 2014 at the DOE's offices in Washington, D.C., together with an online webinar to discuss this proposed rule. To register for the webinar, [click here](#).

For more information, please contact the author of this alert, Jason E. Grinnell, Senior Counsel, at 213-457-1761 or jgrinnell@dykema.com, any of the Dykema Real Estate attorneys listed to the left or your Dykema relationship attorney.

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