



Air Conditioning Contractors of America

*The Essential Partner
For Contractor Excellence*

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November 20, 2008

President-Elect Barack Obama
Presidential Transitional Office
450 5th St, NW
Washington, DC 20001

Dear President-Elect Obama:

The Air Conditioning Contractors of America (ACCA) would like to extend its congratulations to you on your historic election as the 44th President of the United States.

ACCA is an association of 4,000 companies, almost all of them very small, community-based businesses who design, install, and service indoor environmental systems. Every day, ACCA members help homeowners and building managers realize the comfort, convenience and cost benefits of energy efficient heating, ventilation, air conditioning, and refrigeration (HVACR) equipment.

Most ACCA contractor members have fewer than 10 employees, and are concerned about the rising cost of providing health care for their employees and families, getting access to capital in the current credit crunch, federal tax and regulatory burdens, and the cost of fuel and energy.

They also share your goals of achieving energy independence through increased efficiency, while jumpstarting the American economy through the creation of “green” jobs. In fact, ACCA members are in a unique position to help make both of these goals a reality.

Increased efficiency is the “low hanging fruit” in the effort to reduce energy consumption, promote national security, and stimulate the economy.

According to the Department of Energy’s 2006 Buildings Energy Databook, HVACR makes up **56% of total energy consumption in US buildings**. Nearly \$150 billion was spent in 2006 on space heating and cooling for both residential and commercial buildings combined.

Across America, **39% of the residential central air conditioners and 60% of residential heating equipment are more than 10 years old**. Since 1990, only 30% of commercial buildings have had their main heating equipment replaced, and only 37% have had their main cooling equipment replaced.



Despite the fact that HVACR equipment is 30-50% more efficient than it was ten years ago, many users cannot afford to upgrade their systems.

As you and your transition team consider and develop policies for the next four years, please consider the following specific recommendations that will boost the economy and promote energy efficiency.

Promoting Routine Maintenance

Under the Energy Policy Act of 2005, the Department of Energy, the Environmental Protection Agency, and the Small Business Administration were directed to carry out two comprehensive national programs to inform consumers and small businesses about the practical, cost-effective benefits from simply maintaining and repairing heating and cooling ducts and equipment.

However, no money has ever been requested by the Bush Administration or appropriated by Congress for these programs. A federal endorsement of these programs would help elevate public awareness of proper maintenance.

Relaxing Depreciation Rules for Commercial HVACR Equipment

HVACR equipment is treated in the tax code as nonresidential real property with a recovery period of 39 years, **yet a properly maintained system has a life expectancy of less than half that term.** Reducing the recovery period to 15-20 years would allow building owners and small businesses to justify the investment in a new HVACR system that will reduce utility costs and emissions.

Whole Building Energy Audits

To encourage adoption of energy efficient upgrades (i.e., EnergyStar HVAC equipment, appliances, insulation, windows, etc.) in existing building stocks, ACCA recommends that professional, whole-building energy audits be undertaken at the time of sale. This requirement, in advance of a future sale, will serve to influence buying decisions when consumers and building owners periodically replace existing subsystems and equipment.

At the time of actual building sale, the energy audits – much like termite inspections and radon testing – will help building purchasers identify possible problems associated with aging equipment and indicate latent inefficiencies.

Proper Installation

In too many cases, efficiencies are not realized because of improper installations performed by under-trained or poorly-trained HVACR contractors. **Improper installation of an HVACR system can result in efficiency reductions of up to 50%.** While modern systems are much more efficient than they used to be, they can only achieve their maximum efficiency if they are installed properly.

ACCA has developed the industry standards for proper installation of commercial and residential HVACR equipment. HVAC systems don't operate "out of the box." Today's contractor uses sophisticated tools and programs to design a system that matches the building's intended uses. The federal government should promote best practices through the use of such tools as Manual J, Manual D, and Manual S to properly size and select



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HVACR systems prior to installation. Otherwise, a unit manufactured to be highly-efficient will actually be low-efficient.

Full Enforcement of the Clean Air Act Section 608 Program

Every American relies on refrigerant gases such as CFCs and HCFCs for comfort and convenience, but they have a harmful effect on the environment if they are released into the atmosphere. The EPA's Section 608 Program controls the handling of these substances, but unfortunately, due to limited enforcement resources, very few lawbreaking contractors are ever caught.

ACCA has argued that one solution to the potential global warming crisis is to curb emissions through greater enforcement of Section 608. It is the law of the land, but it is not achieving its intended effect without enforcement.

Expand Tax Incentives for Installing Highly Efficient HVACR Systems

A \$500 tax credit created under The Energy Policy Act of 2005 helped offset the costs for homeowners who invested in highly efficient furnaces, air conditioners, heat pumps, hot water heaters, and other appliances in 2006 and 2007. The Emergency Economic Stabilization Act of 2008 extended those tax credits for 2009. Your Administration can help the success of these tax credits by promoting them throughout the year, but also by supporting their extension and expansion to \$1000 per household.

Green Jobs and Workforce Development

The HVACR industry will be called on to supply the brainpower and manpower of the green job revolution. The HVACR industry has been a gateway for hard working and ambitious individuals, looking for a rewarding and lucrative career.

Unfortunately, in our culture, vocational and career education has been looked down upon in favor of four-year colleges. As a result, our industry is facing a severe manpower shortage, and the future outlook is bleak. We seek your help in bringing a renewed focus and energy to the promise and potential of career training in fields like the HVACR industry.

ACCA welcomes the opportunity to work with your Administration on ways to strengthen our economy, embrace sustainability for future generations, and maintain national security through energy independence.

Again, congratulations on your recent victory and we look forward to working with your new Administration in the years to come.

Sincerely,

Paul Stalknecht
President and CEO