



**Central Boiler's Presentation to the OIRA – Meeting: February 18, 2020**

Thank you for the opportunity to address a critical issue that will be devastating to our industry and the literally hundreds of small business dealers of our products.

When the New Source Performance Standards were initially adopted by the EPA, there was a provision that permitted dealers to continue to sell outdoor furnaces that they had in stock on the date that the 2015 emission standards became effective. In the industry we refer to this as the “sell through” provision of the NSPS.

However, a similar provision was not included in the regulations to permit dealers to “sell through” 2015 compliant furnaces in stock when the 2020 emission standards become effective on May 15, 2020. Perhaps EPA wanted to make sure that dealers didn't hoard or overstock 2015 emission compliant models in anticipation of the May 15, 2020 date. And, if that was EPA's motivation, it is a virtual certainty that such hoarding or overstocking has not occurred.

Based on our records, there are 596 furnaces owned by 210 dealers, or an average of 2.8 furnaces per dealer, who would lose a total of \$6,160,245, with an average of \$28,915 per dealer, if the sell through is not allowed for furnaces that met the very stringent emission limit imposed in 2015, but do not meet the 2020 limits. Just nearby, in the states of Virginia and West Virginia, dealers would have \$322,000 worth of stranded inventory. Northeast states including Pennsylvania would have \$1.3 million of stranded inventory and lost income. In some states, dealers average more than \$40,000 worth of inventory.

Without relief in the form of a permission to sell through these furnaces, many of these 210 dealers may not be able to sustain the economic loss and may lose their business. Many of these dealers have several employees that would also be affected by the loss of their jobs.

Why do these dealers have the inventory? Because they understood it was important to comply with the NSPS rule to sell efficient, low emission EPA certified furnaces and in order to do that, dealers need to maintain an inventory of the NSPS compliant models. Now they would be penalized and some put out of business because they operated with the minimal amount of inventory they needed to continue business day to day—an average of 2.8 furnaces per dealer.

For its part, Central Boiler has been careful not to induce dealers to carry large inventories of furnaces because of concerns of stranded inventory the field if a sell through is not allowed. In conjunction with this Central Boiler has also allowed large discount rebates on older inventory to reduce that inventory. While we have worked diligently to certify models that achieve the 2020 emission limit, to date only two Central Boiler models have been certified for the 2020 limit and are beginning to be shipped now.

Car dealers may continue to sell earlier models when new emission limits or mileage requirements become effective and without that ability, car dealers would simply have to go out of business. Our outdoor furnace dealers should be afforded that same opportunity and not face economic ruin.

**Central Boiler**

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The implementation of the NSPS needs to be modified on an emergency basis to permit sell through of furnaces now in stock at dealers and manufacturers.

The extremely small difference in the total emissions of the few 2015 compliant furnaces left in the field compared to 2020 cannot possibly justify the enormous economic and personal losses that will occur without sell through relief.