

Important Bulletin:

All central air conditioners installed after January 23, 2006 must be 13 SEER units.

EFFECTIVE JANUARY 23, 2006

In keeping with our ongoing efforts to advise Real Estate Professionals and their clients of events that may affect them, the Home Warranty Association of California (HWAC) reports that effective January 23, 2006, new federal mandates will require all manufacturers of air conditioning equipment to comply with strict energy efficiency standards.

Recognizing that home warranties are overwhelmingly accepted in California, member firms of HWAC have taken the responsibility to be proactive in evaluating the impact of these new requirements. Accordingly, when a system failure occurs with an air conditioning system covered by a member company and that unit cannot be repaired, that company will replace the necessary equipment to comply with the required energy efficiency standards, subject to the specific coverages and limitations of the plan.

The additional costs for this new equipment are substantial. Each member company of HWAC is evaluating the impact of the new mandates to its operations and services. It is likely that all warranty companies will pass through a portion of this additional cost in the form of price/deductible increases. As the cost of heating and air conditioning equipment increases, the value of a home warranty for your clients becomes more evident. Unless otherwise provided in the plan, most modifications or code work necessary as a result of the new standards will continue to be at the planholder's expense, as is standard in the industry.

We believe that the participation of HWAC member companies in reviewing and communicating the effects of this federally mandated change to the consumer is another example of the value of home warranty coverage.

As always, it is our goal to ensure that our customers receive the finest coverage at the best possible price from our member companies. We appreciate your continued support.

—Home Warranty Association of California

What is SEER?

SEER stands for Seasonal Energy Efficiency Ratio. This is a rating system used by the U.S. Government to establish the efficiency level of cooling equipment.

The higher the SEER rating, the less electricity the equipment uses and the more efficient it is.

The current standard for equipment in the United States is that they must function at a minimum of 10 SEER.

Why 13 SEER?

- Using higher efficiency units saves more money on monthly electricity bills.
- The same higher efficiency units reduce harmful pollutants in the environment.
- Conserving energy is important, especially during an energy crisis.
- The 13 SEER units are 8% more efficient than a 12 SEER unit and 30% more efficient than a 10 SEER unit, the current minimum since 1992.
- Studies show that raising the standard to 13 SEER translates to a 30% savings over present standards on consumers' air conditioning bills

What are the savings to the homeowner?

The American Council for an Energy-Efficient Economy (ACEEE) estimates:

- With typical household savings of \$48 per year based on current national average electricity prices, the higher standard pays for itself in about 3.5 years. Central air conditioners last about 18 years.
- If prices for power go up (particularly in the summer), the consumer payback will be even quicker.

What to expect?

While 84% of all models currently sold will be eliminated, this should not be surprising. Most HVAC units sold today just meet the current minimum standard.

Once the new standard goes into effect, the vast majority of units will just meet 13 SEER.

There are hundreds of distinct models on the market today that meet or exceed 13 SEER. Some have SEER values as high as 16, 17 and 18.

Over the next five years, the majority of air conditioner models will probably need to be upgraded to remain competitive, even if the standard did not change at all.

Benefits of annual maintenance

Regular maintenance is one of the best investments a homeowner can make with regards to their cooling equipment to help keep it running efficiently and without interruption. Even the best equipment can eventually experience problems if not maintained properly.

Regular maintenance will:

- Maintain or increase your home's comfort,
- Keep your equipment running efficiently, saving money on utility costs,
- Prevent problems before they occur,
- Avoid premature failure of your heat exchanger, compressor, motor or other parts,
- Lengthen the life of your system,
- Protect the validity of your equipment warranty,
- Maintain the safety of your cooling system, and
- Remember, for best results—Once each year, before the hot weather comes and contractors get busy, the homeowner should have a professional contractor "tune up" the cooling system.



800-TOCOVER (800-862-6837)
Fax: 1-800-308-1460

For more information, visit www.energy.gov.