



Tough on Winter, Easy on You

STEELTECH INC

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Standards of Performance for New Residential Wood Heaters, New Residential Hydronic Heaters and Forced-Air Furnaces (Sell-Through Amendment)

Docket ID No. EPA-HQ-OAR-2018-0195

As a manufacturer of hydronic heaters, we fully support the sell through period being proposed by EPA for many reasons and by extension, urge EPA to include all categories in this sell through period as we assume many of these circumstances to be similar across all categories of wood heating products.

We have started to see distributors and dealers reduce heater orders not wanting to be left with unsaleable inventory after the deadline. After informally polling distributors and dealers, we realized that it is common for a heating appliance to spend 1-2 years (and sometimes longer) in distributor and/or dealer inventory before being sold.

We anticipate that, as of fall of this year, this issue will get much bigger and by November of 2019 most dealers and all distributors will be bringing inventory in only when it is sold.

For many of our distributors and dealers, selling hydronic heaters is an important part of or their whole business. It is commonly known in our industry that inventory on hand sells while inventory that needs to be ordered in does not. If our distributors and dealers are hesitant to carry inventory, it has started to and will undoubtedly reduce their sales and ours.

If the sales reduction were to last too long or be too large many dealers may just choose to leave the industry or go out of business leaving their customers stranded without local support.

While we knew and did our best to prepare our company and our dealers for the Step 2 period, we are not close enough to developing a full range of products to meet consumer demands. We estimate that it will take about 18 months to design and test a full range of models and the certification process with EPA to take 9-12 months. This means we are already behind schedule by 12 months.

As such, we are already a year behind and have a lot of work to do to ensure there is full range of products that meet regulations and work very well for consumers. This work will be very costly and time-consuming (conservatively estimated at \$1M to get through development, testing and certification).

As a small business, we rely on current revenues to fund research and development and cannot afford to see a sales reduction while trying to develop a full range of products that meet very stringent Step 2 requirements. Cutting those revenues would lengthen the development time of products and/or reduce the quality and effectiveness of those products.

As there has been much uncertainty regarding the regulations and tests methods (No cord wood test method to test to) around our products, we have not been able to take many necessary steps to be far enough along the development curve to be properly prepared for the deadline looming.

Some of the uncertainty has been specific to our own products. Our G and GS Series heaters have been recognized in the group of best technology available and the end results of our testing in 2013 show that some of the models tested should pass Step 2 having 0.07lb/mmBTU tested with crib wood. However, we have been left unclear whether they do or not because of some technicalities in the 2015 test method that do not have to do with the end results of the test (1st hour filter pull). It would be helpful to have clarification about this matter as soon as possible.

EPA asked for comment on other forms of relief to the small businesses that populate this industry. We feel that current Step 2 emissions levels are too strict for a healthy industry to continue. Failing that, given the uncertainty that has surrounded the regulations and test methods in our industry, 2 more years of development time would be beneficial to all stakeholders in the industry.

If there is no sell through period, much damage will be inflicted to the many small businesses that work in this industry, including ours, our dealers and the customers that rely on our businesses. The defined two year period almost perfectly reflects the sales timeline that we see in our industry and would greatly help all small businesses and in turn consumers in this industry. It may even be necessary for survival. We assume that many or all of the circumstances we see in our industry to be true for other appliance categories and urge EPA to apply a 2 year sell through for those categories as well.

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