

Tankless water heaters: The pros and cons ?

by Robin L. Flanigan

When he built an addition to his Portland, Ore., home, Peter Ravagni decided to replace his old electric storage water heater with a tankless gas one after some cost-comparison research. "It's been a huge savings," Ravagni says. "Several hundred dollars a year, easy."

Hot water accounts for up to 30 percent of an average home's energy budget. Tankless water heaters provide an endless supply of hot water as needed by running through a heat exchange coil, eliminating the standby energy losses of a conventional tank, which uses fuel to maintain water temperature even when not needed.

The U.S. Department of Energy estimates gas-fired tankless heaters save an average of \$108 in energy costs per year over their traditional counterparts, while electric tankless heaters save \$44 per year.

"And we all know that energy prices aren't going to stay stable," says Joe Kruger, vice president of Isaac Heating & Air Conditioning in Rochester, N.Y.

Tankless heaters also save space with a compact design, last longer and are better for the environment because a rusty tank doesn't end up in the landfill. "A lot of people buy them because of the green movement," says Connie Steele, co-owner of Gulf Coast Tankless Water Heaters in Clearwater, Fla.

However, tankless water heaters cost up to three times more than storage heaters - from less than \$1,000 for an electric, whole-house model to \$3,000 for a gas-powered one, including installation. Switching to a tankless heater can pay off, particularly if you buy a gas model, which is about 23 percent more efficient than a traditional storage version, according to the DOE. Most gas-powered tankless water heaters also qualify for a \$300 federal tax rebate. Many states offer similar incentives.

Whole-house models do waste a minimal amount of water. When a faucet's first turned on, cold water flows out before the hot water can replace what's already sitting in the pipes. Environmentally conscious users often use this excess water to cook or water plants. Point-of-use tankless heaters are installed next to an appliance or sink, eliminating wasted water. They cost between \$150 and \$350.

Steele started her business after watching her own electricity bills decline thanks to a tankless water heater. "I've been in business almost five years," she says. "No one has said, 'I'm not saving any money.'"

