

ONE HUNDRED FOURTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
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MEMORANDUM

June 9, 2015

To: Subcommittee on Energy and Power Democratic Members and Staff

Fr: Committee on Energy and Commerce Democratic Staff

Re: Hearing on “Home Appliance Energy Efficiency Standards Under the Department of Energy-Stakeholder Perspectives”

On **Friday, June 10, 2016, at 9:30 a.m. in room 2123 of the Rayburn House Office Building**, the Subcommittee on Energy and Power will hold a hearing entitled “Home Appliance Energy Efficiency Standards Under the Department of Energy– Stakeholder Perspectives.”

I. BACKGROUND

A. Energy Efficiency

According to the Energy Information Administration, energy used in homes, buildings, and industries represents more than 70 percent of U.S. energy consumption, energy bills, and carbon pollution, and accounts for more than \$600 billion in energy costs each year, with residential and commercial buildings responsible for about two-thirds of those sums, at more than \$400 billion annually.¹

Since the late 1970s, energy efficiency improvements have significantly impacted the U.S. economy. Attesting to these impacts is an American Council for an Energy-Efficient Economy (ACEEE) study that notes all types of energy efficiency savings, including improved vehicle fuel economy, saved U.S. consumers and businesses about \$800 billion in 2014 alone.²

¹ Energy Information Administration, *Annual Energy Outlook 2013* (Apr. 2013).

² American Council for an Energy-Efficient Economy, *Energy Efficiency in the United States: 35 Years and Counting* (Jun. 2015) (online at aceee.org/research-report/e1502).

Through statutes and DOE rulemakings, dozens of national energy efficiency standards for appliances and equipment have been enacted over the past 30 years. The U.S. Department of Energy (DOE), through its appliance and equipment efficiency standards program, has dramatically reduced energy consumption while also saving consumers money on their energy bills. DOE's efficiency standards for appliances and equipment currently cover more than 60 products, which factor into 90 percent of residential energy use, 60 percent of commercial energy use, and 29 percent of industrial energy use.³ Because of these standards, new clothes washers use 70 percent less energy, new dishwashers use more than 40 percent less energy, new air conditioners use roughly 50 percent less energy, and new furnaces use 10 percent less energy.

Implementation of these standards has enabled typical households to save \$320 per year on energy bills, on average.⁴ DOE estimates that just in the year 2015 alone, American consumers saved a cumulative \$63 billion on their utility bills as a result of these standards. Furthermore, DOE projects that the standards it has issued since 2009 will, by 2030, result in \$543 billion in utility consumer bill savings and decrease carbon emissions by 2.3 billion metric tons.

B. Energy Policy and Conservation Act

In 1975, Congress first provided the executive branch the authority to develop, revise, and implement minimum energy conservation standards for appliances and equipment through Title III of the Energy Policy and Conservation Act (EPCA), which was signed into law by President Ford.⁵ Since then, federal regulation in this area has been characterized mainly by both the successes outlined above and bipartisan support for expanding and increasing efficiency standards.

There have been numerous revisions to the law since its enactment and the program has engendered some level of controversy with almost every rulemaking. For instance, Title III was significantly amended under President Carter in 1978 by the National Energy Conservation Policy Act (NECPA) to require energy efficiency standards for 13 types of appliances, provided the standards were economically justified. However, in 1982, DOE determined that such standards were unjustified, leading to lawsuits and, ultimately, enactment of the National Appliance Energy Conservation Act (NAECA) in 1987, by President Reagan. NAECA (which was itself amended in 1988) specified efficiency standards for numerous household and

³ U.S. Department of Energy (DOE), Office of Energy Efficiency and Renewable Energy, *2016-2020 Strategic Plan* at 17 (Dec. 16, 2015) (online at http://energy.gov/sites/prod/files/2015/12/f27/EERE_Strategic_Plan_12.16.15.pdf).

⁴ U.S. DOE, *Appliance and Equipment Standards Fact Sheet* (Feb. 2016) (online at <http://energy.gov/sites/prod/files/2016/02/f29/Appliance%20Standards%20Fact%20Sheet%20-%202017-2016.pdf>).

⁵ 42 U.S.C. 6291, et. seq.

commercial appliances as well as policies for the periodic update of those standards.⁶ In 1992, President George H.W. Bush signed the Energy Policy Act of 1992 which, among other things, added standards for certain lamps, plumbing products, electric motors, commercial water heaters, and heating, ventilation, and air conditioning systems.⁷ The Energy Policy Act of 2005 – enacted by a Republican House and Senate and signed into law by President George W. Bush – set new standards for 16 products and mandated DOE rulemakings to set standards for five additional products. Two years later, President Bush also signed into law the Energy Investment and Security Act of 2007, which is the most recent, significant expansion and revision to EPCA Title III, requiring new or updated standards for 13 products and directing DOE to regularly review and update all standards and test procedures.

As previously noted, practically every effort by DOE to establish or revise energy efficiency standards has been met with opposition from one or more quarters. For instance, efficiency standards for air conditioners promulgated by the Clinton Administration were delayed and then altered by President Bush, and did not take effect until 2006, after courts had ruled the Bush actions illegal.⁸ Standards are also contested through appeals to DOE, either directly through the rulemaking process or, at times, indirectly by encouraging Members of Congress to weigh in with the Department. More recently, standards have been delayed by legal action or appropriations riders or, in the case of DOE's Residential Furnaces rule, both.

C. The Standard Setting Process

DOE's Buildings and Technologies Office – which is under the purview of the Assistant Secretary for Energy Efficiency and Renewable Energy – implements the efficiency standards provisions of EPCA Title III. As detailed above, many of the appliance standards to be promulgated are specifically required by statute and, in some cases, the statute contains very specific direction to DOE on how to proceed with the standard setting and testing process.

However, in an effort to improve the process it used to develop appliance efficiency standards, DOE conducted a formal effort to revise it between 1995 and 1996. The revisions encompassed several objectives, such as increasing work with stakeholders, improving transparency and predictability in the process, and reducing the time and cost of developing standards. The stakeholders involved in this process included manufacturers, energy-efficiency advocates, trade associations, state agencies, utilities, and other interested parties.⁹ The Process

⁶ Julia Richardson and Robert Nordhaus, *The National Energy Act of 1978*, Natural Resources and Environment, Vol. 10, No. 1 at 87(Summer 1995) (online at http://www.jstor.org/stable/40923435?seq=8#page_scan_tab_contents)

⁷ U.S. DOE, *Appliance and Equipment Standards Program: History and Impacts* (accessed Jun. 9, 2016) (online at <http://energy.gov/eere/buildings/history-and-impacts>).

⁸ *Court Overturns Bush Air-Conditioner Efficiency Standard*, Billings Gazette (Jan. 12, 2004) (online at http://billingsgazette.com/news/national/court-overturns-bush-air-conditioner-efficiency-standard/article_ab5cfee8-4d2e-50be-920a-8952aa1c3211.html)

⁹ 10 C.F.R. § 430 Appendix A to Subpart C (1996).

Rule was further refined in 2010 when DOE announced additional changes, such as establishing a standing negotiated rulemaking committee.¹⁰

II. Witnesses

The following witnesses have been invited to testify:

Mr. Stephen Yurek

President and CEO

Air Conditioning Heating and Refrigeration Institute

Mr. Kevin J. Cosgriff

President and CEO

National Electrical Manufacturers Association

Ms. Sofie E. Miller

Senior Policy Analyst

The George Washington University, Regulatory Studies Center

Mr. Joseph M. McGuire

President and CEO

Association of Home Appliance Manufacturers

Ms. Elizabeth Noll

Legislative Director, Energy and Transportation

Natural Resources Defense Council

Mr. Tom Eckman

Director, Power Division

Northwest Power and Conservation Council

¹⁰ U.S. DOE, *DOE Announces Changes to the Energy Conservation Standards Process* (Nov. 16, 2010) (online at energy.gov/gc/articles/doe-announces-changes-energy-conservation-standards-process).