

PLASMA DISPLAY COALITION

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Consumer Electronics Retailers Coalition



November 7, 2007

Katharine Kaplan
Product Manager, CE and IT
ENERGY STAR Program
U.S. Environmental Protection Agency
1200 Pennsylvania Ave. NW
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Washington, DC 20460

Re: Comments on Energy Star Program Requirements for Televisions, Draft 2, Version 3.0

Dear Katharine:

The Plasma Display Coalition (PDC) appreciated the opportunity to discuss important industry perspectives during the October 18th Energy Star TV Stakeholders Meeting hosted by the EPA in San Diego.

The founding members of the PDC – Hitachi Home Electronics, LG Electronics, Pioneer Electronics and Panasonic Corporation of North America – are among the world's best known, most respected manufacturers and marketers of high-quality televisions. The PDC members are supportive of the Energy Star program objectives and agree that our industry has an important role in supporting and encouraging energy conservation.

As leaders in the U.S. TV industry, PDC members, and retailers represented by the Consumer Electronics Retailers Coalition (CERC), have a substantial interest in the success of the revised Energy Star TV specification the EPA plans to introduce to U.S. consumers in late 2008. The PDC believes it is in the best interest of American consumers that the Energy Star program continues to represent an important informational message with the logo standing for energy efficient products without sacrifice in product performance.

The purpose of this reply is to provide the EPA with a recommendation and solution to the problem American consumers, retailers and the TV industry will face if the proposed On Mode specification as introduced in Draft 2 is implemented.

Through discussions, formal replies and during the most recent October 18, 2007 stakeholders meeting in San Diego, the PDC has consistently supported the following points regarding On Mode specification in Draft 2:

1. Although presumably an unintended result, Draft 2 is technology biased and favors older and less attractive technologies with declining market share. During several discussions, the PDC showed that CRT TV and micro-display product are declining and flat panels are experiencing substantial growth. To underscore, during a conference on October 9, 2007, Display Search, a leading market research firm, has indicated that micro-display device sales will drop by over 90% by 2010 making the category an insignificant factor in the TV industry, while flat panel will grow by more than 220% during the same period. The Draft 2 specification does not fully recognize this industry dynamic and includes declining products in the Energy Star calculations specification document. By not factoring in this industry dynamic into the Draft 2 specification, the EPA will be promoting certain technologies which are declining and less desired by consumers at the expense of more dominant technologies with increasing sales. The final specification should not be derived from a dataset which includes markedly declining categories. Additionally, the PDC and CERC do not believe the EPA has provided sufficient information to support the inclusion of the data from declining categories.
2. Television manufacturers' and retailers' fundamental responsibility is to offer information to consumers about the key differences, advantages and benefits of Plasma, LCD, micro-display and other technologies as well as provide accurate information upon which purchase choices can be made. Manufacturers and retailers invest substantial time and expense to implement clear strategies which educate and inform consumers. The Draft 2 specification does not acknowledge or take into account the fact there are distinct differences, advantages and benefits in the new advanced Plasma and LCD technologies. Instead, all television technologies are lumped together to create an On Mode specification that unfortunately is not truly representative of the performance characteristics of increasingly popular flat panel displays.
3. The EPA has stated that one of the criteria used in relation to Energy Star specifications is that "specifications do not unjustly favor any one technology." However, the current specification favors low end product contradicting an EPA objective "of pursuing energy efficiency without sacrificing high performance." Each technology has different advantages, benefits and target customers and is marketed accordingly; therefore each technology should be treated separately by the specification.
4. A fundamental concept under the Energy Policy and Conservation Act, 42 U.S.C. 6291 (EPCA), which governs the Energy Star Program, is the recognition of categories (i.e. classes) within types of products due to characteristics of different products, including technologies. This concept has been well recognized by the EPA and Department of Energy. Nevertheless, the approach in Draft 2 does not implement categories, fails to recognize precedents and thereby ignores the distinct differences in technology widely acknowledged and accepted by industry, retail, consumer publications and the entire business community. As a result the Draft 2 approach is contrary to EPCA and discriminates against technologies with characteristics that impact energy

consumption. Attached to this reply is a summary of the many product categories which have been recognized pursuant to EPCA based on technology differences and other considerations.

5. During this process of creating an On Mode specification, the EPA has heard the position of the PDC, CERC, and the CEA. These groups represent the largest TV manufacturer stakeholders (PDC), national retailers (CERC) and the consumer electronics industry at large (CEA). Each has indicated to the EPA that the On Mode specification needs to be revised to recognize different display technologies for the greatest benefit to the consumer, retailers, manufacturers and the business community at large. The Draft 2 specification must recognize that different display technologies have different and distinct performance and energy consumption characteristics.

PDC'S PROPOSAL

The members of the PDC and Consumer Electronics Retailers Coalition (CERC), as key partners and stakeholders in the Energy Star TV program, do not support the current Draft 2 On Mode specification as written. We urge the EPA to recognize four distinct TV technologies in the following categories: CRT, micro-display, LCD and Plasma when determining an On Mode TV specification for Tier 1 2008 implementation. Each category should have its own On Mode power limit and ensure Energy Star offers consumers a "best-in-class" rating system while at the same time giving manufacturers a platform to further reduce energy consumption within a class. As this new industry matures it is recommended that the On Mode specification be reevaluated in Tier 2 and be implemented in 2012. This Tier 2 proposal represents a reasonable timeline which acknowledges the EPA strong desire to move to a single formula while allowing the necessary time for manufacturers to develop highly efficient models to meet the very stringent demands in a single qualification formula.

This approach, coupled with the EPA's intention to publish annual energy consumption data, will allow consumers to easily compare the energy efficiency of TVs within each category to make an informed purchase when comparing the most demanded product. Importantly, this approach would encourage manufacturers to pursue demanding, yet achievable, levels of energy efficiency within each product category. A similar rating-by-category approach is working successfully with home appliances, such as refrigerators, as well as in the new Energy Star computer specification. We believe such an approach is both fair and warranted in the highly diverse consumer television segment. Using this best-in-class approach in the new Energy Star TV specification will enable consumers to select energy-efficient designs without sacrificing product performance.

Thank you for your consideration. The Plasma Display Coalition and the Consumer Electronics Retailers Coalition welcome the opportunity to meet with the EPA to discuss this approach and respond to any questions that you may have.

Respectfully submitted,

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Katharine Kaplan
November 7, 2007
Page 4

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