



GE Consumer & Industrial

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USA

April 15, 2005

Richard Karney
Energy Star Program Manager
U.S. Department of Energy
Building Technologies Program
1000 Independence Avenue, SW
Washington, DC 20585-0121

Re: Proposed Revisions to ENERGY STAR® Criteria for Clothes Washers

Dear Mr. Karney,

Per your March 28 request, GE submits these comments regarding the Department of Energy's ("DOE" or the "Department") proposed revisions (the "Proposal") to the qualification levels for ENERGY STAR clothes washers. As an ENERGY STAR partner since 1997 and a 2004 and 2005 ENERGY STAR Manufacturer of the Year, GE appreciates the opportunity to comment on the proposal. Moreover, as the principal proponent of value-priced ENERGY STAR-qualified products, especially clothes washers, we feel obligated to point out the negative impact of the Proposal on the majority of consumers, i.e., the 75% who do not want to spend more than \$525 for a washer.

GE and other home appliance manufacturers, acting individually and through the Association of Home Appliance Manufacturers ("AHAM"), supported DOE's position that the appropriate agency to regulate product-water consumption was DOE, not the Environmental Protection Agency, which was in 2004 evaluating a competing water-efficiency program. GE believed that DOE, with its extensive knowledge of our products and the critical relationship between water and heat in the clothes-cleaning process, would be better able to analyze the impact of a water-factor criterion.

Unfortunately, however, the Department's proposed 8-water factor ("WF") is too much, too soon.

As the Proposal acknowledges, "manufacturers generally agreed a *preliminary* water factor level was needed at this time, but they urged a less stringent level in order to monitor any performance issues with top-loading clothes washers with agitators."

(See p. 4.)

The proposed 8-WF is hardly a preliminary level. For most top-load agitator washers, it represents a *40% increase in water efficiency*. The concern about water efficiency has diverted DOE from its statutory mandate to focus on energy use and, as we shall see later, has led to a Proposal that will likely increase national energy consumption.

I. The Proposal is based on erroneous policy considerations

Rather than address the new focus on water by setting a reasonable water-factor level that could be achieved by top-load agitator washers, the Proposal would write this product category out of the ENERGY STAR program.

At no time during the August 31, 2004, stakeholders meeting did DOE indicate that a possible outcome might be elimination of top-load agitator washers. And the Proposal provides no justification except unsubstantiated concern about hygiene problems associated with intermediate-water level rinsing.¹ Yet, the Department proposes to eliminate the consumer-preferred design from the ENERGY STAR program.

The Proposal also takes the position that the ENERGY STAR program is unconcerned that the likely cost of an entry-level washer would be \$200 more than today's models.

This let-them-eat-cake approach would undermine GE's efforts to build the ENERGY STAR brand by introducing value-priced washers in the \$425 to \$525 MSRP price range. And while we appreciate DOE's confidence, there is no factual basis for its conclusion that "manufacturers will develop new, less expensive models to meet the new efficiency levels by 2007."²

If DOE was considering eliminating the ENERGY STAR-qualified top-load agitator washers product category from the market segment occupied by 75% of consumers, it should have stated as much in its invitation to the stakeholders meeting or at least been clear at the meeting. But it did not and should not now pursue such a fundamental change to the program.

¹ Intermediate being defined as WFs between 8 and 9.5. See Proposal, p. 4, and the discussion about "gray water." If DOE is seriously concerned that manufacturers would place the health of their consumers at risk by manufacturing products that adequately do not rinse, it should immediately begin a rulemaking or other fact-finding proceeding. Revision of a voluntary market-pull program standard is the wrong proceeding to raise such a concern.

² See p. 5. The fact that ENERGY STAR is a voluntary program does not relieve the Department of the responsibility, given the negative impact of the Proposal on very substantial manufacturer investments, to make a proper analysis. This is especially true where ENERGY STAR products are created on the same product platform as

Finally, the Proposal lays out the heretofore unstated policy that the revised ENERGY STAR level should be the same 36.5% above the 2007 NAECA standard of 1.26 MEF as is the current 1.42 ENERGY STAR level is above the current 1.04 MEF NAECA standard. This is the extent of the analysis that settled on the proposed 1.72 MEF. No technology analysis was provided (except to note that products at that level exist today). And the impact on consumers was lightly dismissed. The impact on manufacturers was not even considered.

GE understands that ENERGY STAR IS a voluntary program. But every government decision, especially ones that result in lost sales, narrowed consumer product choices and fewer domestic manufacturing jobs³, must be based on good analysis. As we will see, *infra*, the Proposal is not based on well-supported facts or valid assumptions.

II. Substantial parts of the data on which the Proposal is based are inaccurate

The Proposal asserts that 172 clothes washer models meet the proposed 1.72 MEF level. This is true only if you count every color, every door-swing, dispenser cycle-selection option.

A better analysis would have counted the number of basic design platforms. This approach would have revealed the true technology and performance differences that matter to consumers.

The Proposal could not have come to the 1.72 MEF/8-WF recommendation had the more accurate count of 8 or 10 platforms been used. Surely the Department would not contend that having a dispenser or not would make consumers more accepting of a decision to eliminate from the ENERGY STAR program the product that 75% of them prefer.⁴

The Proposal states that 20 manufacturers make washers with an MEF of 1.72. The more relevant number is the 8⁵ who make washers that are larger than the 2.5-ft.³ models that comprise more than 90% of the U.S. market.

The Proposal also incorrectly assumes that non-premium-priced top-load models will continue to be available. That conclusion is possible only if the value-priced top-load agitator models are not eliminated from the program, or prices come down

³ GE estimates that 10% of the production jobs at its washer assembly plant in Louisville will be lost if top-load agitator washers are eliminated as a product category from the ENERGY STAR program.

⁴ A thorough analysis would also have pointed out that about half of the basic designs consist of units that have a capacity of 2.5 cu. ft. or less, with market shares of less than ½ a percent. These are hardly the machines that American consumers believe should drive a government decision. Moreover, many American consumers would need to wash 2 loads in these machines, a fact not taken into account by the analysis.

⁵ BSH, Fisher & Paykel, Frigidaire, GE, LGE, Maytag, Samsung and Whirlpool.

dramatically from the current range of \$900-\$1,300 MSRP for top-load non-agitator models.

III. The market analysis on which the Proposal is based is inadequate

The Proposal fails to analyze properly the clothes washer market. Today, 75% of consumers purchase units priced at \$525 and less. Driving the prices of ENERGY STAR-qualified washers to \$625-\$725 would drive value-seeking consumers away from the brand. The Proposal's insensitivity to the impact of higher prices can only be attributed to its failure to recognize that much of the national energy savings attributed to ENERGY STAR is opportunistic and not based on choices made by committed energy-conscious consumers.

Where manufacturers have been able to offer energy efficiency as a feature, consumers who are not committed energy-conscious will purchase the product. But, if these consumers must pay extra, they will forgo the energy-efficiency "feature" and shop based on their primary cue, price.

It is the opportunistic energy savings that are most at risk if the Proposal is adopted. If today's ENERGY STAR-qualified washer platforms cannot achieve the aggressive 1.72 MEF/8-WF that has been proposed, and thus lose their ENERGY STAR-qualified status, would a reasonable manufacturer retain the more-expensive components that helped attain that level, or would the components be removed and the energy performance of the unit returned to its basic NAECA-standard level?⁶ The Proposal seems not to have considered this possibility in its analysis.

IV. The Proposal fails adequately to consider the wishes of consumers and concerns regarding product performance

The acknowledged result of the Proposal's 1.72 MEF/8-WF qualification level would be to drive energy-conscious consumers to front-load horizontal-axis and top-load non-agitator washers. The Proposal's solution to the hygiene concerns⁷ of low-water clothes washing would be to ban washers with water factors between 8 and 9.5.

Every manufacturer cautioned DOE that washing performance needed to be evaluated fully before a revised qualification level was set.⁸ While concerns about residual soil and detergent led to a ban of intermediate water-factor washers, those concerns inexplicably disappeared when less water was to be used. This conclusion

⁶ If that occurred, the fleet energy that might be lost could be estimated by taking the difference between 1.42 and 1.26 MEF and multiplying the result by the number of 1.42 MEF units sold annually to obtain potential lost kWh/yr.

⁷ Not a single manufacturer raised the "gray water" issue as a reason to ban washers with intermediate water-factors. Indeed the only manufacturer that discussed hygiene and low water rinsing did so with regard to detergent. (See 11/5/04 Maytag comments, p.2.) One can only conclude that the gray-water issue was used as a makeweight to drive to the desired result.

⁸ See comments filed by Fisher & Paykel, Maytag and Whirlpool.

was reached despite information that the industry, acknowledging the dearth of information about rinsability, has recently begun a review with the objective of creating a consensus standard.

Appropriate caution should lead the Department to temper its quest for water efficiency until more is known.

And while the proposed MEF and WF levels can clearly be achieved by front-load horizontal-axis washers, consumers have already voted by their purchasing decisions to express their concerns about utility preferences.

Something over 20% of consumers have purchased front-load horizontal-axis washers. DOE seems to have concluded that price is the only impediment to ever-increasing sales of these products. But what had been a gradual increase in market share has recently begun to flatten and the Proposal failed to produce evidence that continued growth was likely. Thus, the potential lost energy savings might well be increased if even the energy-conscious consumers balk at a forced transition.

V. Conclusion

GE urges DOE to reconsider the Proposal to establish 1.72 MEF/8-WF as the 2007 ENERGY STAR-qualification level for clothes washers. The risks that would be imposed by such a standard—risks to consumer choice, manufacturer investments, U.S. employment, product performance and a reduction in national energy savings—do not outweigh the marginal benefits.

We believe that a further review would lead the Department to conclude that this first introduction of a water-factor qualification level should not exceed 9.5 and that the energy-efficiency level should not exceed 1.65. These levels would embrace a truly substantial number of products, continue the progress made to increase energy savings by creatively using the market and achieve significant water savings by adding a reasonable water-efficiency level.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Earl F. Jones", with a long horizontal line extending to the right.

Earl F. Jones
Senior Counsel

CC: Michael McCabe