



GE Consumer & Industrial

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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 Refrigerator-freezers

Dear Mr. Karney,

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 refrigerator-freezers. As an ENERGY STAR partner since 1997 and an ENERGY STAR Manufacturer of the Year since 2004—most recently a winner of the Sustained Excellence award in 2006 and 2007—GE appreciates the opportunity to comment on the proposal.

GE applauds DOE's continued success in positioning the ENERGY STAR brand as the symbol of energy-efficient, high-quality appliances. GE has been a major contributor to that success but is concerned, as elaborated below, that our participation in the program will be diminished if DOE relies on a flawed market analysis to set an overly aggressive April 2008 effective date for the new 20% qualification criteria. As GE demonstrates, below, the effective date for the new criteria should be deferred at least until October 2008.

GE also supports ENERGY STAR's proposal to adopt new testing requirements to ensure that, ENERGY STAR-qualified refrigerators and refrigerator-freezers have been properly tested and that results reflect the true energy consumption of the products, not results based on algorithms that fake out the test procedure. GE will work with the industry and the Department to craft an updated test procedure for all refrigerators. But in the meantime, the energy performance of ENERGY STAR units,

which are purchased in large part by consumers seeking superior energy efficiency, must be above reproach.

The Proposal is based on a flawed market analysis.

- a. The claim that 20% of today's shipments meet the proposed 20% criterion is not supported by the facts

The Association of Home Appliance Manufacturers ("AHAM") has repeatedly pointed out to the Department that using the number of models manufactured to estimate the market share of units at specified levels of efficiency is fundamentally flawed. Yet DOE continues to use this approach.

Thus, Table Three on page 3 of the Market Impact Analysis¹ ("Analysis") is described as "show[ing] the number of products that meet the proposed criteria by size and configuration." The table, which does not list a source for the information, simply counts the number of models in the various product configurations.

The Analysis states that its energy-savings projections "assume 20% market share based on the 2006 annual shipments of nearly 11.1 million units."² This 20% penetration claim is based solely on the model-count assessment and is not substantiated. (See Analysis, p.4.)

The obvious flaw with this model-counting approach is that it fails to take into account that some part of the counted models are only superficially different, i.e., the differences are for non-energy related features such as color, door swing, internal trim or exterior finish. The Analysis did not obtain data of actual shipments of 20% products to determine market share.

The shallowness of this "analysis" is further revealed in the observation that "...there are no [top-freezer] models below 18 cubic feet currently manufactured, but there are no indications that producing a model of that size and configuration would not be feasible." (See p. 3.) The lack of information regarding the cost to develop such a product and likelihood of recovering that cost in the market are completely ignored.

GE has performed its own analysis of energy shipments. Using market regrowth and sales tracking data and energy performance information obtained from The ENERGY

¹ *Market Impact Analysis of Potential Changes to the ENERGY STAR Criteria for Refrigerators*, April 27, 2007, received by email on the same date.

² The March 2007 edition of Appliance Magazine is cited. But that edition does not contain information about what portion of the shipped units are 20% better than the mandatory standard. <http://www.appliancemagazine.com/editorial.php?article=1692&zone=1&first=1>. The analysis does not provide any substantiation for the 20%-at-20% claim.

STAR website, GE has determined that the actual percentage of 20% units shipped is barely half that amount. (See Exhibit A, attached.)

This more accurate market share analysis makes it clear that the Department's aggressive April 2008 effective date is based on false assumptions about 2008 product availability, the impact on competition and the continued vitality of the ENERGY STAR brand.

- b. The claimed consumer savings and energy savings for increasing the ENERGY STAR qualification level from 15% to 20% are greatly overstated.

Even a cursory review of the Analysis reveals that the benefits claimed to accrue to consumers if the Proposal is adopted are grossly overstated. The product lifetime "savings" of \$150 is in reality only \$50 because the Analysis has improperly calculated consumer savings based on the operating cost difference between a 2001 standards-level product and the proposed 20%-level product. The correct calculation should be based on the difference between today's 15%-level product and the proposed 20%-level product, i.e., \$50.³

The potential energy savings claimed in the Analysis are similarly overstated. Thus the projected annual national energy savings of 230MWh is more realistically about 77 and the annual national aggregate savings for a year's sales is not 11 but about 3.5 trillion BTU. While that is respectable, it does not justify the negative impact on manufacturers that would flow from adoption of the Proposal.

The purpose in bringing this information to the Department's attention is not to oppose the 20%-qualification level but to make certain that it understands that substantial effort—and investment—will be required by manufacturers if they are to continue to produce ENERGY STAR products, thereby preserving competition and consumer choice. It is also clear that the only way that the Department's projected energy savings can be achieved is if sufficient time is allowed for *all* manufacturers to participate in the ENERGY STAR refrigerator program. That can be achieved only by adopting a more realistic implementation schedule.

Conclusion

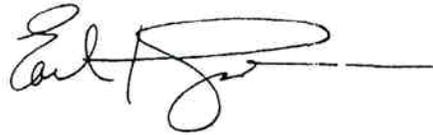
GE urges DOE to reconsider implementing the ENERGY STAR refrigerator efficiency requirement in April 2008. The Department has failed to appreciate, or has forgotten, that the increase being proposed is 33%. One suspects that DOE and its consultants have misperceived a move from today's 15% to the proposed 20% as a 5% increase.

³ The correct calculation is as follows: 30 kW saved (15-20%) X 11C/kWhr X 14 yrs=\$49~\$50

If the increase were 5%, a stakeholders' meeting would not be necessary. But a 33% increase is a very significant program change.

As a result, GE recommends that DOE postpone the effective date to no earlier than October 2008.

Respectfully submitted,

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

Earl F. Jones
Senior Counsel

CC: Michael McCabe