

January 26, 2011

Amanda Stevens  
US Environmental Protection Agency  
Ariel Rios Building 6202J  
1200 Pennsylvania Avenue, NW  
Washington, DC 20460

Dear Ms. Stevens:

The Consortium for Energy Efficiency (CEE) respectfully submits the following comments in response to the ENERGY STAR Room Air Conditioners Draft 1 Version 3.0 Specification, released by the Environmental Protection Agency (EPA) on December 21, 2010. The following comments, which were developed by the CEE Residential Appliance Committee (the Committee), are supported by the organizations listed below.

CEE is the binational organization of energy efficiency program administrators and a staunch supporter of the ENERGY STAR Program. CEE members are responsible for ratepayer-funded efficiency programs in 45 U.S. states and 8 Canadian provinces. In 2010, CEE members directed over \$7.5 billion of energy efficiency program budgets in the two countries. In short, CEE represents the groups that are actively working to make ENERGY STAR the relevant platform for energy efficiency across North America.

CEE highly values the role ENERGY STAR plays in differentiating energy efficient products and services that the CEE membership supports locally throughout the US and Canada. We would like to thank EPA for the opportunity to provide comments on this specification revision and share our insight on the state of member room air conditioner programs.

In addition, CEE would like to thank EPA for providing detailed data regarding the energy savings and payback period associated with the proposed efficiency requirements. This is critical information for energy efficiency programs to consider when assessing such a proposal. We also

applaud EPA for monitoring the market and reviewing the specification once market penetration exceeded 35%. The only area where the Committee requests additional data and explanation is with regard to EPA's methodology for predicting future product availability.

## Future Product Availability

CEE has had a high efficiency specification in place for room air conditioners since 1998 that covers models with louvers and no reverse cycle. The current specification, with CEE Tier 1 set at 15% higher than the federal standard, has been in place since 2003. Over that time period, we have observed that efficiency improvements have been made at a slower pace than other white goods product categories. For example, the number of room air conditioners that meet CEE Tier 1 has increased at a rate of 2 models a year from 2007 through 2010. (As a point of comparison, the number of dishwasher models that meet CEE Tier 1 increased at an average rate of 104 models per year during the same time period, excluding specification changes.)

EPA has proposed to set the ENERGY STAR specification equivalent to the CEE Tier 1 level, which we understand currently captures less than 3% of models on the ENERGY STAR qualified product list. EPA has indicated that the market share of ENERGY STAR models in 2009 was 36%. In order to obtain a rough estimate of the percent of all models on the market that would meet the proposed ENERGY STAR level, we multiplied 3% by 36, which results in less than 1% of products. It is our understanding that EPA expects the number of models to increase between now and the proposed effective date in the fall of 2011. EPA has communicated that its basis for this expectation is conversations with individual manufacturers, who have indicated that they would be able to have products on the market for the 2012 cooling season if the level is finalized this spring and made effective this fall.

While energy efficiency program managers do not oppose the proposed level, the Committee is concerned about manufacturers' ability to ramp up production in time to enable a robust ENERGY STAR room air conditioner program. Further, the Committee is concerned that this approach to setting a specification level represents a significant change for the ENERGY STAR Program. Historically ENERGY STAR has set specifications to capture approximately the top 25% of products in the market at the time of implementation. Through the analysis above, we have estimated that this proposal captures less than 1% of currently available products and therefore, reaching the desired market penetration would seem to hinge on an unprecedented response by room air conditioner manufacturers to the new ENERGY STAR performance requirements.

If the market fails to respond, we see considerable risks to the ENERGY STAR brand and energy efficiency programs. ENERGY STAR could essentially lose its presence within the room air conditioner market if manufacturers are unable to produce large quantities of models before the

2012 cooling season. When CEE members and other stakeholders are building demand for ENERGY STAR qualified room air conditioners, a lack of qualified products could hurt the credibility of the ENERGY STAR Program and of the energy efficiency programs that make use of ENERGY STAR as a product differentiator locally.

Given this change in ENERGY STAR's specification setting practice and the risks to the ENERGY STAR brand and energy efficiency programs described above, CEE asks for more detailed information regarding EPA's estimates of product availability when the specification takes effect. We would like to review the technical basis and assumptions behind the projections that EPA has made regarding the increase in models that would meet the proposed levels, as we were unable to draw conclusions about the rate of new product introductions from the information ENERGY STAR has provided to date. Specifically, as investors in the ENERGY STAR Program, the Committee requires assurance that manufacturers have plans to produce a sufficient number of room air conditioners that meet the proposed level in 2012.

Thank you for your consideration of these comments. Please contact CEE Program Manager Eileen Eaton at (617) 337-9263 with any questions.

Sincerely,



Marc Hoffman

Executive Director

## Supporting Organizations

Cape Light Compact

Long Island Power Authority

New York State Energy Research and Development Authority

Northeast Energy Efficiency Partnerships

NSTAR

PNM

United Illuminating