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NATHAN A. MOUW
SENIOR MANAGER, GOVERNMENT RELATIONS

April 19, 2013

Via Email

Amanda Stevens
U.S. Environmental Protection Agency
ENERGY STAR® Appliance Program
mailto:appliances@energystar.gov

Re: ENERGY STAR Refrigerator/Freezer Final Draft Version 5.0

Dear Ms. Stevens:

As you know, Whirlpool Corporation has been a long-standing partner with EPA in its efforts to reduce Green House Gas emissions. Moreover, as the leading appliance manufacturer, we believe that we can offer fact based consumer-focused comments and are appreciative of the opportunity.

AHAM Comments

Whirlpool Corporation is an active and engaged member of the Association of Home Appliance Manufacturers (AHAM). As such, we participated in and support the comments made on this subject by AHAM. Our comments herein are a supplement to the comments submitted by AHAM.

Reversal of Decision to Sunset Freezers

EPA has proposed to continue the ENERGY STAR program for freezers in the final specification, reversing their proposal to sunset freezers in the prior draft, published in September, 2012. EPA has set a specification level of 10% below the 2014 federal standard levels.

We appreciate the Strategic Vision and Guiding Principles document that ENERGY STAR released in May, 2012. A public set of Guiding Principles can create a predictable environment where industry can efficiently plan for the future marketplace, resulting in innovative and cost-effective solutions for customers. However, when it is apparent that the guiding principles are not being followed, the net effect on manufactures is waste and inefficiencies that ultimately negatively affect the consumer. We believe that continuation of the ENERGY STAR program for the freezer product categories is in conflict with one important EPA Guiding Principles.

Guiding Principle Number 3 states that “Purchasers will recover their investment in increased energy efficiency within a reasonable period of time”, further defining this time period as “between 2 and 5 years.”

We agree that consumers would perceive 2 to 5 years period as a reasonable payback period. Abiding by this guideline is essential to consumer's trust in the ENERGY STAR brand.

EPA stated in the final specification that "multiple manufacturers" provided data that shows that "efficiency beyond that required by the 2014 federal standards could be delivered in a cost effective manner". One manufacturer submitted public comments to this effect. A review of this manufacturer's public comments resulted in observations of potentially misleading and/or outdated conclusions. These comments included references to data in the Preliminary Technical Support Document¹, released in November, 2009. The Final Technical Support Document² (posted in September, 2011), however, was readily available for analysis and inclusion in this manufacturer's comments, submitted in October, 2012. Use of data from the Final Technical Support Document² and a simple and relevant payback analysis results in payback periods that are far in excess of the guidelines in the EPA Guiding Principles, in one case greatly exceeding the expected life of the product. The analysis follows.

Upright Freezers (Class 9): The installed cost premium of an ENERGY STAR Class 9 freezer is approximately \$51, when compared to a Class 9 freezer at the 2014 standard level. The expected annual energy savings for an ENERGY STAR product is approximately \$6.03. **The resulting undiscounted payback period for Class 9 freezers is 8.5 years**, far above the EPA guideline of "between 2 and 5 years".

Chest Freezers (Class 10): The installed cost premium of an ENERGY STAR Class 10 freezer is approximately \$47, when compared to a Class 10 freezer at the 2014 standard level. The expected annual savings for an ENERGY STAR product is approximately \$3.54. **The resulting undiscounted payback period for Class 10 freezers is 13.3 years**, far above the EPA guidelines of "between 2 and 5 years".

Compact Freezers (Class 18): The installed cost premium of an ENERGY STAR Class 18 freezer is approximately \$33.50, when compared to Class 18 freezer at the 2014 standard level. The expected annual savings for an ENERGY STAR product is approximately \$2.80. **The resulting undiscounted payback period for Class 18 freezers is 12.0 years**, far above the EPA guidelines of "between 2 and 5 years", and furthermore, far above the expected life of this product class of 7.5 years².

In their comments, the manufacturer makes a direct comparison to the payback periods presented in the Preliminary Technical Support Document¹. This is only a relevant comparison if the manufacturer is citing their own payback periods of an ENERGY STAR product compared to the same "baseline" product, defined in the document as a product at the 2001 federal standard level. It is apparent that the manufacturer, in fact, is making this comparison, however this comparison is not relevant for EPA decision-making. Payback periods are only relevant and appropriate for this purpose if the inputs to the analysis are differences in installed costs and energy consumption for an ENERGY STAR product compared to a product at the 2014 federal standard level.

¹ Docket Document No, EERE-2008-BT-STD-0012-0022, Preliminary Technical Support Document: Energy Efficiency Program for Consumer Products: Refrigerators, Refrigerator-Freezers, and Freezers (November 2009).

² Docket Document No, EERE-2008-BT-STD-0012-0128, 2011-08-23 Technical Support Document for Energy Conservation Standards for Residential Refrigerators, Refrigerator-Freezers (August 2011)

To further show the effects on consumers and their choice of configuration and cost expectations, Whirlpool has recently ceased production of the 25' Upright Freezer from the marketplace. This leaves the consumer requiring that capacity (typically used by hunters, larger families, or community food banks) to only have the chest freezer version available to them. This decision was primarily due to the heavy investment and larger cost of the existing Energy Star specification. Whirlpool found that consumers were not willing to pay the premium required to make the product a viable option in the marketplace. Given the very stringent standards and levels proposed for freezers Energy Star in 2014, additional capacities and configurations may not be offered to these customers.

The payback analysis and reasoning above establish that it is inappropriate and unfair to consumers to continue the ENERGY STAR program for the freezer product categories. Continuance of the program will result in customers paying a premium for energy savings that, at best may be recovered just short of 10 years, and at worst, will never be recovered during the lifetime of the product. This can have the effect of undermining the value and relevance of the ENERGY STAR brand for consumers. We strongly urge EPA to reconsider their decision to continue the ENERGY STAR program for the freezer product categories.

We appreciate the opportunity to comment on this final draft specification. I would be glad to discuss in further detail. If you have additional questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Nathan Mouw". The signature is fluid and cursive, with a long horizontal stroke at the end.

Nathan Mouw
Senior Manager, Government Relations
Whirlpool Corporation