



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

JAN 31 2008

OFFICE OF
AIR AND RADIATION

The Honorable John Kerry
Chairman
Committee on Small Business and Entrepreneurship
United States Senate
Washington, D.C. 20510-6350

Dear Mr. Chairman:

Thank you for your letter of January 2, 2008, co-signed by 6 of your colleagues, concerning the work of the ENERGY STAR program in supporting small businesses. The Administrator has asked me to respond to your letter.

The Environmental Protection Agency (EPA) agrees that, in order to successfully address the challenge of climate change, involvement from the small business community is essential, and I am pleased to provide you with additional information on how the ENERGY STAR program continues to engage and benefit small businesses.

The primary goal of the ENERGY STAR program is to assist organizations of all sizes in overcoming the barriers that exist to the efficient use of energy throughout our economy. These include barriers such as lack of available energy efficient technology, lack of information to assist decision makers in selecting energy efficient technologies and practices, and lack of tools to measure the benefits of energy efficient technologies and practices. To accomplish this goal, EPA, through all aspects of the ENERGY STAR program, supports the development, deployment, and use of energy efficient products and services by organizations both small and large.

Development: There is an ever-growing need for the development and clear identification of energy efficient products, and many of the manufacturers of these products are small businesses who benefit greatly from the ability to distinguish their products with the ENERGY STAR. In a recent study, 68 percent of Americans said that they recognized the ENERGY STAR brand, and nearly 80 percent of those indicated that the brand had some influence on their purchasing decisions. In today's global economy, where it is becoming increasingly difficult for manufacturers to differentiate their products in a crowded marketplace, the ENERGY STAR is a valuable tool for small manufacturers that allows them to compete with their larger rivals. As a result, small businesses that manufacture energy efficient products benefit greatly from EPA's efforts to build and market the ENERGY STAR brand.

Deployment: While many small businesses develop energy efficient technologies that earn the ENERGY STAR, an even larger number are critical to deploying these technologies. Partnering with ENERGY STAR provides small businesses with significant opportunities and a distinct advantage in the marketplace.

For example, the ENERGY STAR Commercial and Industrial Buildings program supports an effort to Partner with nearly 1,500 energy efficiency Service and Product Providers (SPPs). The vast majority of these companies are small businesses such as energy service contractors, energy auditors, and equipment vendors. These small businesses are able to differentiate themselves from their competitors by using the ENERGY STAR logo and being listed in EPA's on-line searchable database of SPPs. The ENERGY STAR Homes program provides significant market opportunities for small businesses that function as Home Energy Raters and Quality HVAC Installers, as builders are required to use their services in order to qualify their homes as ENERGY STAR. Furthermore, approximately 75 percent of the 5,000 ENERGY STAR New Homes Partners are small builders who construct fewer than 50 homes each year. The information and recognition provided by ENERGY STAR is critical to the success of these businesses.

Use: Tens of thousands of small businesses ultimately reap the benefits of lower energy bills and contribute directly to the reduction of greenhouse gas emissions through their use of the energy efficient technologies and services developed and deployed by other small businesses with the assistance of ENERGY STAR. Small businesses purchasing ENERGY STAR qualified products experience direct savings on their energy bills. Those purchasing or leasing space in ENERGY STAR labeled commercial buildings benefit from lower utility bills. And perhaps most important, according to the Small Business Administration over 50 percent of small businesses are home-based. Therefore, the operators of these businesses are beneficiaries of the extensive consumer and homeowner outreach and assistance efforts implemented by EPA through ENERGY STAR.

Each year, EPA spends millions of dollars through the ENERGY STAR program on a variety of activities that directly benefit small businesses in developing, deploying, and using energy efficient products and services. These efforts are undertaken across the three focal areas of the ENERGY STAR Program – energy efficient products, homes, and commercial/industrial buildings – and include:

- Building and maintaining the ENERGY STAR brand.
- Maintaining an up-to-date website on energy efficient products and other energy saving information, including searchable databases where thousands of small business service providers are identified as ENERGY STAR Partners.
- Implementing outreach campaigns on proper maintenance of heating and cooling equipment and other energy saving practices.
- Technical tool development.

- Promotion of energy efficiency to commercial real estate operators, who are the landlords for many small businesses.
- Promotion of ENERGY STAR Commercial Food Service equipment to tens of thousands of small businesses through the National Restaurant Association and other organizations.

While small businesses inherently benefit from all aspects of the ENERGY STAR Program, EPA recognizes that reaching them with the message of energy efficiency can be a challenge. As a result, a substantial amount of ENERGY STAR resources are dedicated for outreach and assistance through small business associations, the ENERGY STAR website, and other avenues.

EPA has supplemented our traditional outreach and support mechanisms with web sites dedicated to small business found at <http://www.energystar.gov/smallbiz> and <http://www.energystar.gov/congregations>. These sites receive more than 100,000 visits each year, in addition to the more than 4,000,000 visits to the general ENERGY STAR site. Furthermore, the ENERGY STAR Small Business and Congregations Network had approximately 10,000 members participate in recent years, and grew by 2,000 members in 2007 alone.

In order to reach a significant number of small businesses, EPA partners with a wide variety of membership and other organizations. Following is a list of key partner organizations that promote ENERGY STAR to their members, including an indication of the numbers of small businesses benefiting from this outreach:

- **National Small Business Association (NSBA)** – Approximately 150,000 small businesses.
- **National Automobile Dealers Association (NADA)** – Approximately 20,000 members operating over 43,000 auto dealerships.
- **National Association of Manufacturers (NAM)** – Approximately 10,000 of NAM's 14,000 members are small businesses.
- **Independent Community Bankers of America (ICBA)** – Approximately 5,000 members with over 18,000 locations.
- **National Association of Evangelicals (NAE)** – Approximately 52,000 congregations.
- **State Interfaith Power and Light (IPL) Organizations** – Approximately 5,000 members of 20 IPL organizations.

The growing support provided through these organizations is aimed at informing small businesses and congregations of the financial and environmental benefits of pursuing energy efficiency, as well as the resources available from EPA and other organizations to assist them in their efforts.

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The resources EPA commits to the ENERGY STAR Program which directly benefit small businesses more than exceeds \$2 million. In 2008, EPA plans to provide small businesses with even greater benefits. These include efforts with the Independent Community Bankers of America (ICBA) to promote the development of energy efficiency loan packages for small businesses, and a partnership with the U.S. Department of Agriculture Rural Development office to promote their small business loan programs.

Again, thank you for your letter. If you have further questions, please contact me, or your staff may call Josh Lewis in EPA's Office of Congressional and Intergovernmental Relations at 202-564-2095.

Sincerely,



Robert J. Meyers
Principal Deputy Assistant Administrator