



April 16, 2007

Hampton Newsome
Federal Trade Commission/Office of the Secretary
Room H-135 (Annex J)
600 Pennsylvania Avenue, NW
Washington DC 20580
Re: Appliance Labeling Research: No. P064200

Dear Mr. Newsome:

The Consortium for Energy Efficiency (CEE) would like to thank the Federal Trade Commission (FTC) for the opportunity to submit comments on the FTC's research regarding the federal EnergyGuide label, and on subsequent analyses and proposals. The organizations listed at the end of this letter have chosen to indicate their strong individual support for these comments.

CEE continues to examine this issue primarily through our Residential Appliances Committee, which consists of managers of voluntary appliance energy efficiency programs at CEE member organizations in the U.S. and Canada. We commend the FTC on its efforts to revise the EnergyGuide label to make it as effective as possible in meeting the intent of the Appliance Labeling Rule. We have included some specific comments on various aspects of the proposed label designs below. For our comments relating directly to labeling HVAC equipment, we involved our Residential and Commercial HVAC Committees.

Modified Continuous Label

CEE thanks the FTC for its careful consideration of available research related to continuous and categorical labels. In particular, we appreciate the FTC's efforts to research and analyze the interaction between the ENERGY STAR and EnergyGuide labels, and the FTC's acknowledgment that this interaction is an important factor in the EnergyGuide label design. CEE and its members highly value the success of the ENERGY STAR program and brand.

CEE has concerns regarding the FTC's proposal to use operating cost as a primary metric on the label. While we recognize that this proposal is based on the FTC research demonstrating consumers' preference for operating cost, we believe that it could lead to consumer confusion given the differences in energy rates across the country. In addition, energy prices across the country can fluctuate, sometimes widely and rapidly, further compounding the potential for misrepresentation on the label.

Therefore, we would prefer the FTC maintain annual kWh as the primary EnergyGuide label metric. We support the continued inclusion of annual operating cost estimates as a secondary metric, as we believe this information can assist consumers in their purchasing decisions. In addition, we would also like to voice our support for the inclusion of natural gas use (in addition to electricity use) on the label where appropriate.

Multi-Year Cost Information

CEE has several concerns with the proposal to report energy costs over five years on the EnergyGuide label, and therefore we are recommending that the FTC continue to use the current, single-year approach.

Our first concern with a multi-year label is that it would require another layer of assumptions that might cause consumer confusion or might lead consumers to find the label misrepresentative for their particular situation.

Second, CEE understands that assumptions used to calculate values will be listed on the label. ACEEE research has shown that consumers generally prefer to have the least amount of text possible on labels. The additional assumptions and disclosures that a multi-year label would necessitate might counter, and even outweigh, the benefits it would provide.

Third, should the FTC choose to use operating cost as the primary metric, CEE believes that a multi-year operating cost label would be inconsistent with the second metric on the label: energy use in kWh per year. This inconsistency might increase consumer confusion, and the FTC should consider how to mitigate that.

Lastly, CEE is concerned that a multi-year year label would require the FTC to choose a time period over which to calculate operating cost; the FTC has proposed five years for all appliances. CEE questions the choice of a single number of years across all appliances as it might implicitly convey to a consumer that five years is a given product's lifetime, which might be false.

If the FTC determines that a multi-year label is the best choice, CEE urges the FTC to consider tailoring the multi-year operating cost for each appliance to the average lifetime for that particular appliance type. Appliance lifetime information is available from *Appliance* magazine, the Association of Home Appliance Manufacturers (AHAM), and possibly other sources, as well.

Revision of Range of Comparability

CEE supports the FTC's proposal to revise the range of comparability information on a consistent, timely basis. We agree that this should lower compliances costs and decrease uncertainty.

In the Committee's opinion, five years seems like a reasonable span of time for the range of comparability revisions, provided that the FTC allows exceptions for any dramatic market changes for a given appliance. CEE would like to see a more specific definition of what a "dramatic" market change might be.

Using Other Metrics for Energy Use

In response to the FTC's question regarding the use of metrics other than kWh per year to indicate energy use, CEE recommends that the FTC continue to use kWh per year as the

standard metric across covered appliances. Doing so would allow consumers to continue to compare energy use across different product categories, as well as within a particular category.

With respect to the specific question about listing energy use for clothes washers using Modified Energy Factor (MEF), CEE considers it irrelevant in this context that ENERGY STAR uses MEF in its clothes washer specification. Consumers do not need to be familiar with MEF (or Water Factor, which is also in the ENERGY STAR specification) to understand that a product is ENERGY STAR qualified; they need only see whether or not the ENERGY STAR label is on the product.

Refrigerators

CEE asks the FTC to reconsider its proposal to maintain the refrigerator reporting categories currently in use. While the inclusion of some text on the refrigerator label to explain the different operating cost and energy use ranges for the different types of refrigerators might help consumers' understanding of the label, it still does not allow consumers to compare efficiency across different types of refrigerators. Because of this, the current EnergyGuide label for refrigerators does not meet the intent of the Appliance Labeling Rule: to allow consumers to compare the total cost of competing models and to aid consumers who are seeking to buy high-efficiency products. The elimination of subcategories within the refrigerator label would be one way to accomplish this intent.

CEE recognizes that the current federal test procedure for refrigerators contains the same categorical distinctions between refrigerator types as the EnergyGuide label. While CEE realizes that the FTC is required to use this DOE test procedure, we ask that you consider combining the test procedure categories for purposes of reporting on the EnergyGuide.

Televisions

As the FTC acknowledges in the January 30 Notice, televisions are becoming increasingly larger users of energy in the home. CEE agrees with this assessment. We also understand the FTC's need to have a revised DOE test procedure in place before the EnergyGuide label can be applied to televisions.

Our understanding is that the international television test procedure should be finalized in the near future. We recognize, however, that by the time DOE is able to review and potentially adopt this revised international procedure, the FTC's August 2007 deadline for this rulemaking will likely have passed. CEE asks that the FTC commit to a future revision of the EnergyGuide label to include televisions once a DOE test procedure is available. We also urge the FTC to communicate its interest in seeing a revised federal test procedure for televisions to DOE as soon as possible in order to help DOE prioritize this test procedure revision.

HVAC Equipment

In order to fulfill the intent of the Appliance Labeling Rule, consumers need to have access to energy efficiency information as they make purchasing decisions. We believe that permanently affixing this information to HVAC equipment, where consumers may

never see it or may see it only after a purchase has been made, is not an effective approach. Instead, CEE urges the FTC to institute the following two complementary approaches.

CEE's first suggestion is related to the way HVAC systems are labeled. The energy efficiency of HVAC equipment is determined by how well the various parts of the system (a condenser, a coil, and sometimes a furnace) function together. When all parts of the system work well together and deliver the anticipated efficiency, the system is said to be "matched." Consumers often replace only one part of a system, which results in efficiency losses. When this occurs, the consumer has no way of knowing that their "unmatched" system won't achieve the SEER value reported on the EnergyGuide.

As a result, CEE recommends that the FTC require equipment manufacturers to disclose the range of SEER ratings that a given condenser could have based on what other coils (and furnaces, if applicable) it is matched with. This information should be communicated in the manufacturers' product literature. A statement should also be included about the importance of matched systems to achieving energy efficiency. This information would indicate the potentially wide range of efficiencies for a given condenser.

Second, to communicate the precise efficiency of the specific system under consideration by a consumer, we urge the FTC to work with ARI and GAMA to ensure that its efficiency information (i.e., a SEER rating) is available online. The ARI and GAMA directories may prove an appropriate clearinghouse for this effort.

Furthermore, recognizing that not all consumers have access to the internet directories mentioned above, the FTC should require the energy efficiency information for each specific system under consideration to be presented by the contractor at the time of sale. This information, which would enable consumers to make an informed purchasing decision, should include comparative data describing the range of SEER values available on the market.

Effective Date

Once the FTC finishes its rulemaking process in August 2007, CEE recommends that the new EnergyGuide label rules be implemented as soon as possible, given the various constraints faced by the FTC and manufacturers. We further recommend that the time window for the transition from current to new label design be selected so as to minimize the amount of time in which the new and old EnergyGuide labels are present in the market.

Consumer Education

In addition to our recommendations for the EnergyGuide label format and contents, CEE also urges the FTC to consider a complementary educational campaign, which could be unrolled at the same time that the label changes are implemented. Such a consumer education campaign could help consumers to understand better product energy use and efficiency. It could include information on energy prices including time-of-use pricing,

which many CEE members are investigating and/or currently using. An explanation of energy prices would be particularly useful should the FTC choose to use annual operating cost as a primary label metric.

We recommend that the FTC partner with DOE in this effort, since that agency has experience on this front. CEE also offers to help to share the expertise and experience of our members, who have extensive knowledge about energy efficiency and communicating it to their consumers.

Thank you again for the opportunity to comment. Please contact CEE Program Associate Erica Schroeder at 617-589-3949 ext. 231 or eschroeder@cee1.org with any questions about these comments.

Sincerely,

Marc Hoffman,
Executive Director

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