

February 24, 2005

ICF Consulting
1725 Eye Street NW
Suite 1000
Washington DC 20006

ATTN: Gwen Duff
RE: Energy Star Programmable Thermostat Industry Meeting – Additional Feedback

Dear Gwen,

Further to the conference call meeting of January 11, 2006, and your correspondence dated January 26, 2006, I wish to firstly thank you for including UPM in the participation group for this important topic. Unfortunately, we were unable to conference in to the discussions in early January due to technical challenges, however have assured you that UPM is interested in participating with our industry colleagues through the remaining portions of the process. We too, at UPM, are committed to developing and marketing consumer electronic goods that are simple to use, and are of the most energy efficient in the marketplace.

In reviewing the “Programmable Thermostat Program Proposal” from David Shiller, Energy Star Marketing Manager, US EPA, and the “Stakeholder Feedback and Discussion summary”, we provide the following commentary for your consideration:

Transition to Consumer Education Campaign: Messaging

- UPM believes that the best process moving forward will be a process that continues to involve meeting and exceeding performance specifications within the programmable thermostat industry, supplemented by a consumer education program that focuses on the benefits of Energy Star appliances/products, their ease of use, and supplemented by consumer data that further supports the use of Energy Star products.
- Energy efficiency sponsors are a key component in reaching the target consumers. In Canada, for instance, the largest provincial utility (Hydro Quebec) has been instrumental in that province in driving their Energy Rebate Program, based on the purchase and utilization of approved energy efficient line voltage electronic thermostats. If you are interested, we may be able to arrange for additional information, relative to this program, to be forwarded to your attention. The Province of Ontario is also undertaking a similar energy rebate program scheduled to commence in late 2006.
- UPM would be interested in seeing detailed industry data relative to the EPA’s core target market in the US, particularly surrounding current and new homeowners, and builder’s and contractors.

Transition to Consumer Education Campaign: Graphic

- UPM concurs with many of the other manufacturers in the electronic thermostat marketplace that the Energy Star graphic not be placed directly on the product itself. We currently recommend that the packaging and user manuals remain the best area for graphic display. Inclusion within marketing and POS materials may also be beneficial.

Inclusion of Mechanical Thermostats

- UPM recommends that mechanical thermostats of any variety be excluded from this program. We believe that this program should be primarily focused around programmable electronic thermostats (millivolt and line voltage).

Field Studies and Industry Data

- Without benefit of the comprehensive data and methodology behind the 5 field studies identified in the proposal, UPM finds it very difficult to concur that there are no links or evidence that programmable thermostats actually show consumer savings, over the use of non-programmable units. Our research and statistics suggest that more accurate, effective and easy to use programmable thermostats can result in consumer savings on energy costs approaching 30%. This research suggests that a combination of more accurate and precise units, coupled with easy to use consumer manuals and ease of product set up can result in increased energy savings.

Sunsetting of the Programmable Thermostat Specification

- UPM will continue to support an initiative that continues to support improved product performance and effectiveness, while focusing on energy efficiency. When it comes to the performance specifications of a program like Energy Star, we do not believe that all thermostats are created equal.
- The current team at UPM has not yet been privy to performance requirements outlined in the Energy Star v2.0 Draft 1 (mid 2003). Additional information in this regards would be greatly appreciated.

Industry Standards

- The current energy efficiency programs in Canada adhere to the parameters established under the Canadian Standards Association (CSA), specific only to line voltage thermostats. CA/CSA-C828-99 Performance Requirements for Thermostats Used with Individual Room Electric Space Heating Devices provides requirements for thermostat models intended to be used for line voltage (120-240V) switching of a controlled resistive heating load that may include a fan, if so specified or provided for by the thermostats manufacturer. This standard provides performance requirements regarding thermal regulation and power line quality. To participate in the 2006 energy rebate programs in Quebec and Ontario, manufacturers must have each of their line voltage units approved (through independent third party testing) under the performance requirements of CSA-C828-99.

Timeline

- Provided that the performance specifications under the existing parameters of the Energy Star program do not change then the timelines for continuation appear reasonable.
- UPM concurs that retailers must continue to have a voice in this process, particularly in light of the impacts of utility involvement and energy rebate programs (mail in or POS). Our history in Canada has shown that all stakeholders must be actively involved in the process from inception to help gain full support, and ensure that all stakeholder needs are identified and filled – prior to the program commencing.

UPM remains committed to working with the US EPA and all industry stakeholders to determine the best way to ensure that energy savings are realized and maximized. We look forward to hearing back from you in these regards.

Sincerely yours,

J.S. (Jim) Bladon
Chief Financial Officer
UPM Marketing Inc.