

CALIFORNIA ENERGY COMMISSION

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March 6, 2018

Mr. Daniel Simmons
Appliance and Equipment Standards Program
U.S. Department of Energy
Building Technologies Office
1000 Independence Avenue, SW
Washington, DC 20585
via www.regulations.gov

Request for Information for Energy Conservation Standards Program Design
Docket Number: EERE-2017-BT-STD-0059, RIN 1904-AE11

Dear Mr. Simmons:

The California Energy Commission thanks you for the opportunity to provide comments and suggestions relating to the U.S. Department of Energy's (DOE) Request for Information (RFI) for "Energy Conservation Standards Program Design." The DOE Energy Conservation Program has been instrumental in saving consumers energy and money, stabilizing energy markets, and reducing greenhouse gas emissions. The Energy Commission writes this letter to provide general comments regarding market-based mechanisms applied to the appliance efficiency program.

Market-based mechanisms, such as feebates and credit trading programs similar to the Corporate Average Fuel Economy (CAFE) standards for light duty vehicles, would be a significant departure from current practice both for appliance efficiency program administrators and appliance manufacturers. Where minimum energy efficiency requirements are set in regulation or statute, it would be difficult, if not impossible, to implement these market mechanisms in place of current federal efficiency standards without backsliding in the stringency or savings from those standards. This would harm both consumers who benefit from the efficiency standards and states, whose energy planning relies on the federal efficiency program as part of their demand forecasting. The change in business practice would also be extremely costly for industry by eliminating the certainty of efficiency standards that are applicable to all manufacturers of the covered product and replacing it with costly reporting, record keeping, tracking, and market uncertainty. Manufacturers would also be subject to the significant costs required by retooling product lines and developing new marketing to reintroduce less efficient products.

Mr. Daniel Simmons

March 6, 2018

Page 2

The data needed from manufacturers to verify compliance with such programs has historically not been provided or been made available, and may be resource intensive to collect and regularly evaluate and submit. Extensive new record keeping requirements enforceable via significant penalties would be necessary. Beyond the costs, there would be significant resistance to the release of confidential data not currently available to the public to verify fleet averages.

Any market-based program would not relieve the DOE from its statutory requirements to set new energy efficiency standards for specified appliances and to periodically update existing standards. Moreover, a market-based program would not be sufficient to stand in for state standards that are required to effectively manage their energy infrastructure systems. States will need to retain their right to set energy efficiency standards as a core part of energy planning policy.

While a market-based mechanism is not an appropriate replacement for minimum energy efficiency standards, it may be a reasonable approach for going above minimum efficiency levels, to drive manufacturers to create higher efficiency products, instead of as a replacement for minimum energy efficiency standards. The Energy Commission supports programs like ENERGY STAR[®], which is a public-private partnership aimed at driving efficiency above minimum standards. ENERGY STAR alone, however, is not a replacement for minimum energy efficiency standards, especially in markets where low-cost, inefficient appliances persist.

Products not covered by an energy efficiency standard and not identified for standards development under statute may be appropriate for market-based programs. For example, products that consumers do not typically purchase but rather lease, or products that have long useful lifetimes and are all upgraded infrequently may be appropriate for a market based regulatory approach. Set-top boxes are often leased to consumers by cable, telephone, and satellite television providers and are a good example of a non-regulated appliance that has not seen a lot of efficiency improvements despite ENERGY STAR and related efforts. A credit trading efficiency program could be used to set increased efficiency targets and allow industry to balance new efficient models with existing stock. However, these market-based systems would still be difficult and costly to implement due to data collection and ongoing administrative requirements to verify compliance, and ensure a level playing field among participants.

If you have any questions regarding the Energy Commission's responses to this RFI, please contact Ryan Nelson, Senior Mechanical Engineer, at (916) 654-4174.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert B. Weisenmiller".

ROBERT B. WEISENMILLER
Chair