



**Good for the Economy.
Good for the Environment.**

Daniel R. Simmons
Principal Deputy Assistant Secretary
Appliance and Equipment Standards Program
U.S. Department of Energy
Building Technologies Office
Mailstop EE-5B
1000 Independence Avenue, SW
Washington, DC 20585-0121

Dear Mr. Simmons,

RE: Docket EERE-2017-BT-STD-0059, Energy Conservation Standards Program Design

We respectfully offer the following comments in response to the U.S. Department of Energy's (DOE) November 2017 Request for Information to evaluate the potential advantages and disadvantages of additional flexibilities in the Appliance and Equipment Efficiency Conservation Standards program.

E2 (Environmental Entrepreneurs) is a national, nonpartisan group of business leaders who advocate for smart policies that are good for our economy and good for our environment. Our members have founded or funded more than 2,500 companies, created more than 600,000 jobs, and manage more than \$100 billion in venture and private equity capital.

As business leaders, we know that standards are good for business: they help spur innovation in manufacturing and reduce building operating costs and provide long term certainty. Standards for appliances and equipment adopted since 1987 have produced \$2 trillion in cumulative utility bill savings for residents and businesses. Standards help to make technological advances mainstream. Often, while retooling their product lines to meet a new efficiency standard, manufacturers can find other ways to create value through creative engineering solutions, like streamlining the manufacturing process or taking advantage of new materials.

DOE is considering changes to the standards program that could include market-based approaches such as setting average efficiency standards across a fleet of products, or "feebate" programs where manufacturers pay a fee if their products are less efficient than a set level or receive a payment if their products are more efficient. DOE states goals of reducing compliance costs, enhancing consumer choice, and maintaining or increasing energy savings. These are appropriate high-level objectives, but the mechanisms DOE is considering may not help them achieve these goals and could lead to less innovation and progress.

The purpose of the appliance standards program is not only to reduce economy-wide energy consumption, but also to ensure that individual consumers and businesses benefit from more efficient appliances in the form of lower bills and reduced energy use. Approaches that would allow manufacturers to average efficiency across their fleet of appliances or allow for trading efficiency credits among different manufacturers could create inequity and confusion

for consumers. Consumers and businesses may not have access to adequate information about the energy consumption of the equipment they choose. Especially if manufacturers comply with the program by trading efficiency credits with other manufacturers, consumers could be left with fewer choices and higher energy bills.

The data collection and tracking necessary to demonstrate compliance under a market-based mechanism may *increase* compliance costs for manufacturers. Each time the standard for an individual product is updated, it may be necessary for manufacturers to revisit their entire line of products to determine compliance. That effort, combined with more complex requirements for reporting data to DOE, could negate any cost-saving benefits.

It is unclear how the popular and successful ENERGY STAR program or utility efficiency programs would work in conjunction with the new mechanisms DOE is considering. DOE must carefully evaluate this impact prior to proposing any changes to the standards program.

The appliance and equipment efficiency program has saved Americans money and energy for more than 30 years, and there are still more savings to be had. Efficiency standards set a level playing field for manufacturers and provide much-needed certainty. We strongly support the program in its current form and discourage DOE from making any changes that may jeopardize its future success.

Sincerely,

The membership of E2 (Environmental Entrepreneurs)