May 17, 2006

Hampton Newsome
Federal Trade Commission/Office of the Secretary
Room H-135 (Annex O)
600 Pennsylvania Avenue, NW
Washington DC 20580
Re: Energy Labeling Workshop, Project No. P064201

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 Appliance Labeling Rule and the EnergyGuide label.

CEE has examined this question through our Appliance Committee (Committee). The Committee consists of managers of voluntary appliance energy efficiency programs at CEE member organizations in the US and Canada. As a result, these comments incorporate the perspective of those who seek to increase the efficiency of residential appliances by impacting consumer purchasing decisions through education, rebates, or other means.

Key Recommendations

Support for Research

Consistent with our January 13th comment letter, CEE supports the FTC's decision to undertake research to inform its decisions regarding the EnergyGuide label. We are not aware of any comprehensive research that describes the impact of a categorical label, tied to an endorsement label such as ENERGY STAR, on voluntary market transformation programs and we applaud FTC's willingness to research this important issue before making any changes to the EnergyGuide label.

Intent of EnergyGuide Label

Prior to undertaking the research task, CEE recommends that the FTC carefully consider the intent of the EnergyGuide label. This question is essential for the FTC to consider because it informs both deliberations about changes to the label and any research that is conducted. What is the FTC's understanding of the EnergyGuide label's purpose? Is this understanding consistent with the enabling language for the Appliance Labeling Rule and with the Energy Policy Act of 2005? Once the objective of the EnergyGuide is clear, the FTC can develop a research plan that will deliver actionable findings.

Essential Research Questions

As stated in our previous comments, CEE is concerned about the impact of any change to the EnergyGuide label on the voluntary ENERGY STAR Program that we support. In order to fully inform FTC considerations, we strongly recommend that the FTC include the following questions in its research:

- Within a categorical labeling construct, how would consumers' understanding of what ENERGY STAR represents be impacted if ENERGY STAR were identified as the same level across product categories (e.g., ENERGY STAR = category 4)? How would their understanding of the other ratings be impacted? How would their potential for choosing efficient products be impacted?
- How do these impacts change if the category defined as ENERGY STAR changes across product categories (e.g., ENERGY STAR = category 3 for clothes washers and category 4 for dishwashers)?
- How do these impacts change if there isn't universal coverage by ENERGY STAR for all product products that are labeled (e.g., there is currently no ENERGY STAR label for water heaters)?
- How would a revised EnergyGuide label interact with voluntary efficiency programs, such as those administered by CEE members?

Additional Recommendations

Research Plan and Timeline

In order to fully utilize stakeholder expertise around energy efficiency and consumer research, CEE recommends that the FTC vet its research plan with stakeholders. CEE maintains a committee of professionals who evaluate the success of energy efficiency programs, which we would be happy to convene to develop comments on the research plan.

As stated above, we are not aware of comprehensive research on the relationship between voluntary efficiency programs, endorsement symbols, and other types of energy labels. While some research has been conducted, we believe more study is needed, particularly on the issue of these complex inter-relationships. CEE recommends that FTC task the research firm it engages with conducting a review of existing domestic and international research before crafting its own research plan to confirm these findings and/or focus on outstanding issues.

CEE also requests that the FTC develop and publish a timeline that defines the necessary steps in this rulemaking. In order to increase its utility, the timeline should span from the May 3rd Workshop through August 2007 when, according to the Energy Policy Act of 2005, this rulemaking must be complete. Such a timeline will help stakeholders to understand how the research task meshes with the other required tasks, such as OMB review, as well as when future comment opportunities will take place.

Additional Research Questions

Generally, CEE recommends that the FTC carefully weigh the pros and cons of any changes to the EnergyGuide label. The following questions are intended to assist the FTC to fully understand the implications of potential changes:

- Within a categorical labeling construct, how would consumers' understanding of efficiency be impacted if the highest category were reserved for products that are either not currently available or have very limited availability?
- In either a categorical or continuous labeling construct, how would consumers' understanding of energy costs be impacted if the annual operating cost were replaced with a lifecycle cost? How would their potential to choose efficient products be impacted?

- In either a categorical or continuous labeling construct, what elements of the EnergyGuide label do consumers find most informative? Which do they find confusing? Which do they find redundant? (We are aware of existing research on this question and encourage the FTC to review this before deciding what further investigation is necessary.)

Refrigerators

CEE supports the FTC's active investigation of potential changes to the refrigerator labeling process, specifically related to the question of whether configuration is an appropriate differentiator. We recommend that the FTC address the following questions before making changes to the current scheme:

- How do consumers approach refrigerator purchases? What are their priorities: capacity, configuration, amenities, color, brand, etc.? (We encourage FTC to evaluate the difference between what consumers *predict* they will consider at retail and what they *actually* consider at retail. Previous research by ACEEE and AHAM, which we recommend FTC consider, has found that this may be an important distinction.)
- What are the experiences of other countries, especially Australia, in labeling refrigerators? Are these relevant to the U.S.?
- How should the EnergyGuide label balance communicating the energy needed to provide refrigeration with the energy needed to provide other amenities (e.g., through-the-door water, ice-maker, etc.)?
- If the label were revised to consider models of similar capacities only, without considering configuration, how would consumers' understanding of the comparative energy use of various models be impacted? How would their potential to choose efficient products be impacted?

Televisions

As noted in our previous comments, CEE believes that the EnergyGuide label will be most effective if its scope is expanded to cover those products that are the largest energy users within a home, whose energy use has increased significantly in recent years, or for which there has been a significant technical advancement.

Based on CEE's review of a recent NRDC report, we believe that televisions fall into two of the three categories above; they are large energy users and their energy use has increased over recent years. CEE recommends that the FTC consider expanding the EnergyGuide label to include televisions. We further recommend that the EnergyGuide label allow consumers to compare televisions across model types and technologies (e.g., plasma, LCD, CRT, etc.).

Discussion at the May 3rd Workshop indicated that while the current federal test procedure for televisions is not adequate, efforts are underway to develop a relevant test procedure. The test procedure development should be finalized in advance of this rulemaking, a timeline that enables the FTC's active consideration of this issue.

Again, thank you for the opportunity to comment; we look forward to participating in the review process as it proceeds. Please contact CEE Senior Program Manager Rebecca Foster at 617-589-3949 ext. 207 with any questions about these comments.

Sincerely,

Marc Hoffman,
Executive Director

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