



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
AIR AND RADIATION

January 12, 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, Project No. R11994

Dear Mr. Newsome:

Thank you for the opportunity to comment on the effectiveness of the Appliance Labeling Rule and suggestions for improvements to the EnergyGuide label. The Environmental Protection Agency (EPA) appreciates the FTC's interest in understanding the impact of the Labeling Rule on the ENERGY STAR Program. After providing some background, we have comments in two areas.

Background

Over the last fifteen years the ENERGY STAR label has become well established as the national symbol for energy efficiency and an effective identification tool helping consumers choose energy efficient products, as well as other energy efficiency solutions. It is promoted by thousands of manufacturers, states, utilities, and others in the market place working to reduce energy use and obtain the environmental and energy system benefits energy efficiency offers. Some of the key statistics for 2004 include

- More than 60% of consumers nationwide recognize the ENERGY STAR label.
- More than one and a half billion ENERGY STAR qualifying products have been purchased.
- ENERGY STAR helped consumers save \$10 billion on their energy bills by saving enough energy to power 20 million homes.
- ENERGY STAR is a platform used by 350 utility companies and state administrators throughout the country spending millions of dollars each year to promote energy efficiency.
- More than 40 types of products, plus new homes and commercial buildings, now carry the ENERGY STAR label.

Of those products that are subject to FTC's Appliance Labeling Rule, the following products are eligible for the ENERGY STAR: refrigerators, refrigerator-freezers, dishwashers, clothes washers, room air conditioners, furnaces and central air conditioners.

Effectiveness of Labeling Program/ Categorical Label Design

The EPA has significant concerns with the proposal to change the EnergyGuide's current continuous design to a categorical design. We believe such a change could undermine the natural synergies between the EnergyGuide education effort and the ENERGY STAR program and prevent these programs from working effectively together to provide important yet different information to consumers.

In particular, we are concerned that the categorical scale would be viewed as a reasonable replacement for ENERGY STAR specified performance levels (i.e. ENERGY STAR would be equated to some number of stars). This is of concern because the ENERGY STAR program plays a very specific and different role than the EnergyGuide label, taking into consideration cost-effectiveness of more efficient products to the consumer, along with other market conditions. In addition, ENERGY STAR incorporates a range of

performance requirements to ensure that product quality and functionality are not traded off in the interest of saving energy.

The ENERGY STAR program has a long-established, robust procedure for setting and updating product performance specifications. It involves a transparent, multi-stakeholder process that allows for the integration of market factors. EPACT 2005 provided ENERGY STAR additional authorization and calls for yet further enhancements to the specification setting process.

Given our commitment to maintaining the established process for setting ENERGY STAR performance specifications, EPA is further concerned that a categorical scale would prove confusing to consumers. While limited studies suggest that aligned programs (i.e the situation where ENERGY STAR is equated to some number of stars) would not cause consumer confusion, we are concerned that a categorical label matched with the ENERGY STAR program, as it currently operates, would most certainly lead to product-by-product variations in how ENERGY STAR relates to the 5-star system, which would ultimately prove to be very confusing.

EPA believes it is important to provide consumers with information about energy use and would encourage the FTC to explore improvements in the way this information is conveyed. However, careful consideration should be given to avoiding changes that shift away from the original, informational intent behind the EnergyGuide label and priority should be given to having the two programs work in tandem for greater benefit.

Use and Placement of the ENERGY STAR Logo

EPA recommends that the updated ENERGY STAR logo replace the older version of the logo currently used in conjunction with the EnergyGuide label. Given that the words "ENERGY STAR" have been incorporated into the logo, we further recommend that the explanatory text be shortened to: "A symbol for energy efficiency." We agree with the recommendation highlighted in the ACEEE 2002 report to move the ENERGY STAR logo and explanatory sentence to a box in the lower right corner of the EnergyGuide. To ensure clarity in terms of whether or not a product is ENERGY STAR qualified, we suggest that explanatory text such as "Not ENERGY STAR qualified" be placed in the empty box in the bottom right corner for non-qualifying products in product categories eligible for the program.



Feel free to contact me, or Ann Bailey at (202)343-9023, if you have questions or would like further clarification.

Sincerely,

Kathleen Hogan, Director
Climate Protection Partnerships Division