

Opening Statement of the Honorable Ed Whitfield
Subcommittee on Energy and Power
Hearing on “Home Appliance Energy Efficiency Standards Under the Department of Energy–
Stakeholder Perspectives”
June 10, 2016

(As Prepared for Delivery)

This subcommittee has cast a critical eye on several major regulations - such as the ozone rule and the Clean Power Plan - that threaten billions of dollars in costs and thousands of jobs. But today, we focus on regulations that are significant for another reason – they directly impact the daily lives of every American. Done right, appliance standards can help us save on energy bills, but done wrong they can cause appliance prices to skyrocket while also undermining product quality and freedom of choice. And lately, we have seen many appliance standards done wrong.

Air-conditioners, refrigerators, washer/dryers, furnaces, ovens, dishwashers, water heaters, lighting and many others – just about everything that plugs in or fires up around the house has been subjected to these rules since 1987. The first round of standards may have been ok, and maybe even the second, but DOE is now onto the 3rd of 4th or even 5th round of successively tighter requirements for many appliances, and there is no end in sight. It is as if the agency is out to prove the law of diminishing marginal returns.

According to DOE, the higher up-front costs of compliant products are earned back in the form of energy savings, but a number of outside analysts are not so sure. Furthermore, some of these standards compromise product choice, features, performance, or reliability. In my view, an appliance that saves a few dollars per year on energy but doesn't work as well is being penny wise and pound foolish.

And, like so many other energy-related programs, DOE's appliance standards are being made even more consumer-unfriendly by the inclusion of global warming considerations. Although the statutory provisions never specify that global warming should be a factor, DOE now includes the social cost of carbon in its analysis of every rule. In fact, the President's Climate Action Plan calls for appliance regulations to reduce carbon emissions by 3 billion tons, and I might add that this arbitrary target was set without any regard to whether consumers will benefit from these new standards. In order to meet its global warming goals before the end of the administration, DOE is now rushing the pace of these rulemakings and cutting corners on stakeholder input.

According to the administration, DOE has 15 more home appliance standards in the regulatory pipeline, including ones for computers, light bulbs, air conditioners, ovens, furnaces, battery chargers, dishwashers, and ceiling fans. History shows that these so-called “midnight regulations” pushed out the door in the final months of an administration can be especially bad news for consumers. This includes a rule for air-conditioners finalized at the very end of the Clinton administration that added more than \$700 to their cost. Of course, the disproportionate victims of appliance price hikes are low-income households that can least afford them.

As many of you know, the energy bill contained a number of useful reforms to the appliance rulemaking process as well as some specific fixes for certain problematic rules. This includes additional opportunities for stakeholder input, as well as the requirement that the data and analysis relied upon by DOE be available for review. A discussion of these provisions will of course be a part of the upcoming energy conference.

But I hope the reform efforts do not end there, and that we can consider more fundamental reforms that restore common sense and balance to the appliance efficiency standards program.

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