

**Rep. Pallone:**

American consumers have come to value and trust the ENERGY STAR brand. Having EPA as one of the entities responsible for managing the program is valuable in ensuring the program has credibility for protecting the environment and the public's health.

Question: *Do you think shifting all of the programmatic responsibilities to DOE would undermine this credibility?*

Answer: EPA has successfully managed ENERGY STAR since its establishment in 1992. My testimony recounted the significant benefits—including \$430 billion in utility bill savings alone—realized by American consumers as a result of the work of EPA, DOE, and the network of ENERGY STAR partners. As I discussed in my written statement and testimony, a shift of programmatic responsibilities from EPA and DOE would be tremendously disruptive to the program, and could undermine its credibility and reputation in the eyes of consumers.

Industry partners have voluntarily complied with the requirements for the ENERGY STAR program, and provided EPA with product information, because they acknowledge the benefits of participating.

Question: *Is there a concern regarding the unwillingness of industry partners to share product information with DOE, who is also tasked with setting efficiency standards?*

Answer: No, none that I can cite specifically. The Alliance is committed to working with our industry partners to ensure a close working relationship between EPA and DOE so as not to overburden manufacturers with duplicative or competing paperwork, information requests, or other requirements.

Question: *Are industry partners more willing to share ENERGY STAR-related product information with EPA because of the current division of responsibility between DOE and EPA?*

Answer: For many manufacturers and trade associations, the current division of responsibility for ENERGY STAR between DOE and EPA is optimal in part because it is familiar and comfortable. EPA manages ENERGY STAR, the voluntary program. And DOE sets mandatory minimum efficiency standards for residential and commercial appliances and equipment and lighting products. That split seems reasonable, and it tracks with two approaches—one voluntary, another mandatory—to advance efficiency. There could, however, be areas of improvement in how the two agencies share information for products covered or regulated by the two programs to reduce reporting burdens on manufacturers. The issue of information sharing could be addressed by an update of the memorandum of understanding between EPA and DOE.

Question: *Do you believe the program will continue to thrive if the entity responsible for regulating industry partners, DOE, has full control of the program?*

Answer: No, not in the current political environment when the program is targeted by the administration for elimination and by Congress for severe funding cuts. The potential for disruption is simply too great to justify a shift of program responsibilities from EPA to DOE. The administrative challenges—including reporting and data collection—would likely be too much for the program to overcome without adequate resources, which are scarce. As I testified, “if it ain’t broke, don’t fix it” applies in the case of ENERGY STAR.

**Rep. Welch:**

During the hearing, there was a debate as to whether it would be beneficial to have the Department of Energy, rather than EPA, run ENERGY STAR. Some members also suggested that it might make sense to privatize ENERGY STAR.

Question: *Do you believe EPA is the right “home” for ENERGY STAR? Why is running this program an appropriate role for the federal government?*

Answer: The long list of achievements realized by ENERGY STAR over the past 25 years should be proof enough that EPA, in its current arrangement with DOE, and with the support of its 16,000 partners, is a good “home” for the program. Consumers have come to expect a lot from ENERGY STAR, and according to recent surveys 90% of consumers recognize the brand and most consider it when making purchases. This suggests a high level of confidence in the program. It is appropriate for an agency to manage ENERGY STAR, and for a relatively small outlay of public funds most consumers and businesses realize direct and indirect benefits. EPA takes its responsibilities to ensure the integrity of ENERGY STAR very seriously and I think consumers appreciate the independence and impartiality that governmental program management offers.

When a consumer or business chooses to purchase an ENERGY STAR-certified product, there might be an upfront incremental cost.

Question: *In your opinion, what factors influence these purchase decisions? What role does the expectation of cost-effectiveness play? For different purchases, what does it mean for something to be cost-effective?*

Answer: As a consumer, I consider the cost of products I purchase along with many other factors, including energy efficiency and an expectation of lower utility bills. I also know that energy efficient appliances, equipment, and lighting provide other benefits, too, whether indirect such as greater overall reliability of the electric grid, or whether non-energy such as materials sourcing or recyclability. ENERGY STAR is a useful reference point for consumers and helps them differentiate top performers in energy efficiency from standard models. With respect to energy efficiency, when a product is considered “cost-effective” it can be expected to deliver savings over its useful life that are greater than an incremental upfront cost.

During the hearing, many members and witnesses used the terms “codes”, “standards”, “specifications”, and “certifications” many times, and often interchangeably.

*Question: What do these terms mean? When we talk about ENERGY STAR, which of these terms apply? What are the relationships between these terms? When taken together, do “codes”, “standards”, “specifications”, and “certifications” generate a cumulative energy efficiency benefit to homeowners, consumers, and businesses?*

Answer: “Codes” is most often is shorthand for “building energy codes” and refers to the energy efficiency requirements for residential and commercial building construction and renovation that are adopted by states and local governments. “Standards” refers most frequently to the minimum energy efficiency requirements established by DOE, based on statutory authority provided by Congress, for a wide range of residential and commercial appliances, equipment, and lighting products. “Standards” may also refer to a series of commercial building sector performance criteria developed and published by ASHRAE, but this was probably not intended during the November 7 hearing. “Specifications” refers to the voluntary energy efficiency requirements for products to earn the ENERGY STAR label. “Certifications” refers to the demonstration of compliance with an ENERGY STAR specification or other program requirement (e.g., performance criteria for ENERGY STAR buildings and plants). Many times codes reference standards, and vice-versa, in order to achieve building-level or building systems efficiency. ENERGY STAR specifications for a given product are often set at a certain level above the minimum energy efficiency standard in effect at the time. These terms, and the underlying policies and programs, combine to form a more holistic approach to energy efficiency and deliver compounded savings that far exceed what can be achieved on an individual basis.

*Question: What is the extent of utility company and state and local government involvement in ENERGY STAR? How do utilities, states, and local governments leverage this program? If ENERGY STAR were eliminated, what would the likely effect be on utility companies, states, local governments, homeowners, consumers, and businesses?*

Answer: ENERGY STAR is widely referenced and leveraged by utility companies, states, and local governments. As a national program, ENERGY STAR specifications and requirements transcend state boundaries and provide a uniform, nation-wide approach to energy efficiency that is valued by consumers and businesses. This is particularly important to utility companies as they often have vast and diverse service territories within and among many different states. About 700 utility companies—serving about 85% of U.S. households—use ENERGY STAR to some degree to implement energy efficiency programs. For example, ENERGY STAR might be the basis for a rebate, incentive, or financing program aimed at encouraging investments in energy efficiency. Residential programs frequently leverage Home Performance with ENERGY STAR when carrying out whole-house retrofits and ENERGY STAR certifications for new construction. And two states and 23 local governments rely on Portfolio Management for commercial benchmarking programs that have become increasingly prevalent as information technology has advanced. In total, about 500,000

properties—about half of U.S. commercial building floor space—have used Portfolio Manager to manage energy and water consumption and assess new opportunities for investments in even greater energy efficiency. If ENERGY STAR were eliminated, or severely disrupted, it would be a huge loss to utility companies, states, and local governments that would be forced to do without—to the detriment of their customers and constituents—or spend resources “reinventing the wheel” again and again. And homeowners, consumers, and businesses would lose an important source of trusted information when making purchases, considering retrofits and renovations, and buying homes and leasing office space.