

**U.S. House Energy and Commerce Committee  
Subcommittee on Energy  
Hearing on “Energy Star Reform Act of 2017”**

**Statement of Greg Merritt  
Vice President, Marketing and Public Affairs  
Cree, Inc.**

**November 7, 2017**

I’d like to thank the committee, Chairman Upton and Ranking Member Rush for the opportunity to speak with you today.

Cree is a U.S.-based developer and producer of advanced technology LEDs, LED lighting solutions and power and wireless semiconductor components. We are headquartered in North Carolina with facilities in Wisconsin, Arkansas and California and over 6,000 employees worldwide.

Our technology, products and solutions are focused on advancing energy efficient improvements in our lighting, communications, electric transportation, renewable energy and energy storage industries – driving productivity improvements.

We helped launch the LED lighting revolution over 10 years ago, and have witnessed firsthand the important role ENERGY STAR has played in helping guide consumers to higher quality, high-efficiency products, driving adoption by facilitating rebates and incentive programs and providing a trusted brand among the confusion of new technologies and many unknown manufacturers – which included Cree in those early days.

ENERGY STAR continues to be a trusted brand to consumers and a valued partner to suppliers like Cree. The program’s remarkable success is undeniable. As a marketing executive, I will tell you there are many companies around the world that would love to have the 90 percent brand recognition that ENERGY

STAR enjoys. That brand is an incredibly valuable asset that should be fiercely protected, particularly given the economic and environmental benefits that result from improved energy efficiency.

As a participating ENERGY STAR company with many ENERGY STAR-rated products, Cree is supportive of changes that will improve the program and help to secure its future, and we are wary of those that may do otherwise.

Our foremost interest is to ensure that ENERGY STAR is funded fully, retains experienced and capable staff and management and continues to deliver multiple valued programs for product certification, commercial buildings and homes. Furthermore, we would advocate specific authorization of funding to the EPA to ensure that appropriated levels going forward are adequate to keep the program strong and viable. As others have proposed, we believe a funding authorization of \$75 million is appropriate. As you know, ENERGY STAR is facing significant potential funding cuts, including here in the House, and we believe those cuts would not just harm ENERGY STAR but also the broader economy given the enormous savings that ENERGY STAR helps to create for consumers and businesses.

Among the proposals included in the discussion draft we're addressing today, we are particularly concerned by the proposed transfer of the program to DOE and the proposal to apply the Administrative Procedures Act to the development of ENERGY STAR specifications.

We believe a wholesale transfer of the program to DOE threatens to severely disrupt funding, staffing and operations. And while there are always improvements that can be made, we believe ENERGY STAR is running smoothly and is well-managed at EPA. EPA has a talented team of professionals and 25 years of institutional knowledge and experience not to mention established and strong working relationships with 16,000 ENERGY STAR partners. Again, the results speak for themselves in terms of ENERGY STAR's market penetration and impact. We are therefore opposed to moving ENERGY STAR to another agency

that does not have budget authority, appropriations or staff who are trained and experienced in the critical marketing, brand management and partnership aspects of the program.

As for the proposal to apply the APA to ENERGY STAR specifications and program structure, we are adamantly opposed. This proposal would add unnecessary, time-consuming and burdensome regulation to a voluntary program that by its very nature must be nimble, flexible and responsive to rapidly changing products, technologies and markets. Imposing APA will eliminate the ability of program staff to make quick adjustments to the specifications in response to technology evolution, and the program will forever be chasing technology and market evolutions, making it ineffective or even irrelevant because it would be so far behind the market. I would also note that recent experiences with ENERGY STAR have reflected improved engagement of product manufacturers in the specification process, in response to earlier requests to EPA.

We also are opposed to providing exemptions for specific manufacturers or products from third-party certification. Third-party certification was added to the program for good reason after bad actors were found to be misusing the program with products that didn't meet ENERGY STAR standards, and we believe allowing exemptions would create the opportunity for this to happen again. While external testing creates a longer process and adds costs, we believe it's a necessary and worthwhile tradeoff. The trustworthiness of the ENERGY STAR certification and label is the most valuable attribute of the program, and it should not be risked for convenience.

Finally, while we don't have a firm position on the warranty provision, we oppose it if it is paired with exemptions from third-party certification. Allowing self-certification and removing liability would only increase the risk of bad actors abusing the program and harming ENERGY STAR's credibility and reputation.

Again, thank you for your time today and for your interest in Cree's perspective on this important issue. I am happy to answer questions you might have.

## **Summary of Key Points – Greg Merritt, Cree, Inc.**

Cree is a U.S. based company, headquartered in North Carolina, with locations in Wisconsin, Arkansas and California. We are a developer and producer of LEDs, LED lighting solutions and advanced power and wireless communications semiconductors.

We have a long, successful history of working with the ENERGY STAR program, and fully support any changes that will improve the program.

Our foremost interest is to ensure that ENERGY STAR is funded fully, retains experienced and capable staff and management and continues to deliver multiple valued programs for product certification, commercial buildings and homes

Among the proposals included in the discussion draft we're addressing today, we are particularly concerned by the proposed transfer of the program to DOE and the proposal to apply the Administrative Procedures Act to the development of ENERGY STAR specifications.

We are opposed to moving ENERGY STAR to another agency that does not have budget authority, appropriations or staff who are trained and experienced in the critical marketing, brand management and partnership aspects of the program.

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