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6 WASTED ENERGY: DOE'S INACTION ON

7 EFFICIENCY STANDARDS AND ITS IMPACT ON

8 CONSUMERS AND THE CLIMATE

9 THURSDAY, MARCH 7, 2019

10 House of Representatives.

11 Subcommittee on Energy,

12 Committee on Energy and Commerce,

13 Washington, D.C.

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17 The subcommittee met, pursuant to call, at 10:02 a.m.,

18 in Room 2123, Rayburn House Office Building, Hon. Bobby L.

19 Rush [chairman of the subcommittee] presiding.

20 Members present: Representatives Rush, Peters, McNerney,

21 Tonko, Loeb sack, Butterfield, Welch, Schrader, Kennedy,

22 Veasey, Kuster, Kelly, Barragan, McEachin, O'Halleran, Blunt

23 Rochester, Pallone (ex officio), Upton, Latta, Rodgers,

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24 McKinley, Kinzinger, Griffith, Johnson, Bucshon, Flores,
25 Hudson, Walberg, Duncan, and Walden (ex officio).

26 Staff present: Adam Fischer, Policy Analyst; Waverly
27 Gordon, Deputy Chief Counsel; Rick Kessler, Senior Advisor
28 and Staff Directory, Energy and Environment; Brendan Larkin,
29 Policy Coordinator; John Marshall, Policy Coordinator;
30 Elizabeth Olson, FERC Detailee; Teresa Williams, Energy
31 Fellow; Tuley Wright, Energy and Environment Policy Advisor;
32 Mike Bloomquist, Minority Staff Director; Jordan Davis,
33 Minority Senior Advisor; Margaret Tucker Fogarty, Minority
34 Staff Assistant; Peter Kielty, Minority General Counsel; Ryan
35 Long, Minority Deputy Staff Director; Mary Martin, Minority
36 Chief Counsel, Energy & Environment & Climate Change; Brandon
37 Mooney, Minority Deputy Chief Counsel, Energy; Brannon Rains,
38 Minority Staff Assistant; Peter Spencer, Minority Senior
39 Professional Staff Member, Environment & Climate Change; and
40 Nate Wilkins, Minority Fellow.

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41 Mr. Rush. [presiding] The Subcommittee on Energy will
42 now come to order.

43 The chair recognizes himself for 5 minutes.

44 I want to thank all of our invited guests for being here
45 today to testify at today's hearing entitled, ``Wasted
46 Energy: DOE's Inaction on Efficiency Standards and Its
47 Impact on Consumers and the Climate".

48 As we are all well aware, federal efficiency standards
49 conserve energy, create jobs, encourage American ingenuity
50 and innovation, all while helping domestic manufacturers stay
51 competitive in a global economy. The efficiency sector
52 currently employs 2.25 million Americans, more jobs than all
53 fossil fuel sectors combined, and there are currently over
54 315,000 manufacturing workers employed in this sector now,
55 which is an increase of nearly 10 percent in 2017.

56 Additionally, studies have shown that energy efficiency jobs
57 are the fastest-growing in the entire energy sector with an
58 additional 133,000 new jobs created in the year 2017 alone.

59 However, under the Trump administration, DOE has not
60 only failed to publish its legally-mandated efficiency
61 standards, but has instead proposed to take the country
62 backwards by recently announcing two proposals that would
63 negatively impact consumers, the public health, employment,

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64 and the environment.

65 Full Committee Chairman Pallone, Oversight Subcommittee
66 Chairwoman DeGette, and I wrote letters to DOE on two
67 occasions, the first being on November 1st of last year and
68 again last month, on February 5th, requesting information on
69 these delayed standards and a timeline for when the agency
70 expects to take action on these standards. Instead of
71 providing us with direct answers to our straightforward
72 requests, the agency has once again shown what I consider to
73 be contempt for the role of Congress by directing us to
74 hyperlinks that could be found on the Google search engine.

75 Let me be crystal clear. DOE's failure to update the 16
76 appliance and equipment standards that were adopted and
77 finalized during the Obama administration violates its
78 statutory obligations under the Energy Policy and
79 Conservation Act.

80 What's more, this failure to publish new standards will
81 disproportionately harm low-income Americans who are more
82 likely to be renters, and therefore, would save money on
83 monthly utility bills when outdated appliances are replaced
84 with more efficient ones.

85 This failure to follow the law, which was enacted on a
86 bipartisan basis under President George W. Bush, could

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87 potentially cost consumers billions of dollars in energy
88 bills, while also creating uncertainty for domestic
89 manufacturers.

90 Yet, instead of working on its legally-mandated
91 responsibilities, just last month DOE announced a new
92 proposal to narrow the scope of energy efficiency standards
93 for lightbulbs, which would set higher efficiency levels for
94 3 billion sockets in American homes.

95 DOE's failure to follow its congressional mandate, along
96 with its shortsighted proposals, will slow down progress and
97 compromise the highly successful standards program that has
98 helped save the average family over \$500 annually off their
99 energy bills.

100 So, I look forward to today's hearing. I look forward
101 to hearing from DOE and I look forward to hearing from the
102 rest of our witnesses.

103 With that, I want to yield now to my good friend, the
104 ranking member from the great State of Michigan, Mr. Upton,
105 for 5 minutes for the purposes of an opening statement.

106 Mr. Upton. Thank you, Mr. Chairman, for holding this
107 important hearing to continue our oversight of DOE's
108 successful appliance and equipment standards program. I look
109 forward to hearing from Assistant Secretary Simmons, who

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110 leads the Office of Energy Efficiency and Renewable Energy,
111 which carries out this important program.

112 In addition to energy efficiency standards, EERE has an
113 important responsibility to manage and invest billions of
114 dollars in cutting-edge research and development, to
115 encourage innovation and the drive the transition to a clean
116 energy economy. While this is not a budget hearing -- that
117 is going to take place in May, as I understand -- there have
118 been leaked reports about EERE's FY20 budget proposal, which
119 I am not going to comment on. But I do want to state for the
120 record that we expect EERE to carry out the law as Congress
121 intended and utilize the resources that Congress provides.

122 Since the mid-80s, DOE has established successive rounds
123 of efficiency standards for a wide variety of household and
124 industrial products, such as air conditioners, refrigerators,
125 washing machines, clothes dryers, furnaces, ovens,
126 dishwashers, water heaters, and lightbulbs. I believe DOE's
127 efficiency standards have served as one of the nation's most
128 effective policies for reducing energy use. Efficiency
129 standards have also contributed greatly toward reducing our
130 carbon emissions and environmental impacts, strengthening our
131 energy security for sure, and providing consumers with
132 significant cost savings.

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133 If we are going to have a serious solution-oriented
134 discussion about how to address climate change risks, as I
135 believe that we should, then we must acknowledge the
136 historical progress that we have made with DOE's efficiency
137 program. We also must recognize the challenges and
138 opportunities that lay ahead and remove regulatory barriers
139 to new technological innovations and efficiency gains.

140 The Energy Policy and Conservation Act of '75, known as
141 EPCA, established the first energy efficiency program,
142 consisting of consumer product testing procedures, labeling,
143 and energy efficiency targets. Over the last number of
144 years, Congress amended EPCA and passed new laws setting
145 prescriptive standards for certain products and directing DOE
146 to establish new standards via rulemaking for other
147 categories of products.

148 For home appliances, Congress requires DOE to conduct a
149 six-year look-back where DOE must publish a new standard or
150 publish a determination that one is not necessary. Congress
151 also requires DOE to maintain a multiyear schedule to
152 regularly review and update all standards and test
153 procedures.

154 It is long past time that Congress reexamine EPCA to
155 see if there are ways to modernize the 40-year-old statute to

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156 improve DOE's appliance standards program. So, while DOE
157 seems to be doing what it can administratively, with the
158 long-awaited update to its Process Rule, for standard
159 settings, it is up to Congress to review the law and make
160 changes when appropriate.

161 With that, I look forward to the hearing today, and I
162 yield back the balance of my time to Mr. Latta.

163 Mr. Latta. I thank the gentleman for yielding.

164 And I also want to thank our witnesses for being with us
165 today.

166 My district in northwest-west central Ohio has over
167 60,000 manufacturing jobs where many of the products covered
168 by the program were made. I hear consistently that
169 manufacturers are not against regulations, but they want and
170 need common-sense regulations that provide certainty to help
171 them plan for their businesses.

172 Last Congress, I worked on draft legislation regarding
173 updating and modernizing EPCA, and I am pleased to see the
174 work the Department of Energy has undertaken with the process
175 improvement rule. And I believe we need to explore these
176 changes and see what needs to be done in statute.

177 I believe that energy efficiency is a bipartisan issue,
178 and we should be able to work together in this committee to

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179 ensure that DOE is able to put its resources toward the
180 products and categories that will lead to the largest energy
181 savings. This is what consumers expect from us. And giving
182 DOE the tools to meet deadlines, provide more certainty to
183 manufacturers, and therefore, increase innovation and
184 competition to benefit consumers should be our goal.

185 I recently toured a new, state-of-the-art innovation
186 center in my district. Additionally, we have seen produce
187 line expansions in other facilities across my district.
188 These companies have seen that investing in Ohio was a win
189 for their companies and the communities. Certainly, for
190 businesses like this one, I want to encourage more investment
191 and innovation, and that is why I want to work with my
192 colleagues on this program.

193 I will look forward to hearing from DOE and our second
194 panel today about what DOE is doing and what Congress needs
195 to do to continue to strengthen energy efficiency programs.

196 And I yield back to the gentleman. Thank you very much.

197 Mr. Rush. The chair now recognizes Mr. Pallone, who is
198 the chairman of the full committee, for 5 minutes for the
199 purposes of an opening statement.

200 The Chairman. Thank you, Mr. Chairman.

201 Today, we are here to find out why the Department of

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202 Energy is dragging its feet in implementing energy efficiency
203 standards that will save consumers money and help combat
204 climate change by reducing greenhouse gas emissions.

205 For years, promoting energy efficiency was a bipartisan
206 issue. During the Obama administration, DOE finalized 50 new
207 product efficiency standards. Many of these new standards
208 stem from energy bills that this committee passes on a
209 bipartisan basis and were then signed into law by President
210 Bush in 2005 and 2007. In fact, our ranking member, Mr.
211 Upton, played a leading role in that 2007 effort, and we are
212 all benefitting as a result of that bipartisan work.

213 Sadly, the progress on this important program came to a
214 grinding halt when President Trump was inaugurated. Since
215 then, DOE has made a conscious choice to ignore the law by
216 refusing to finalize or update efficiency standards for 16
217 products, including refrigerators, washing machines, and room
218 air conditioners. Even more egregious, the Trump
219 administration refuses to publish in The Federal Register
220 four efficiency standards finalized in December 2016. These
221 standards were complete and awaiting official publication,
222 but DOE refused to follow the law and follow through.

223 And then, last month, DOE announced that it was
224 completely discarding a significant update to lightbulb

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225 efficiency standards finalized in January 2017. Those
226 standards expanded existing lightbulb efficiency guidelines
227 to include a broader range of lightbulb sizes such as
228 candelabra and cone-shaped bulbs. Trashing this significant
229 standard will allow inefficient products to remain on the
230 market and increase consumers' electricity bills.

231 DOE also released a revised Process Rule which guides
232 how DOE sets appliance efficiency standards. The new rule
233 makes it harder to update efficiency standards. It does this
234 by cooking the economic analysis for new standards so that
235 costs are taken into greater account while narrowing the
236 scope of benefits that DOE will consider. It also allows
237 manufacturers to use their own test procedures to verify a
238 product's energy usage. That is a terrible idea. We should
239 have learned something from the Volkswagen emission test
240 cheating scandal.

241 Even worse, it is clear from publicly-available
242 documents that political staff at the Office of Management
243 and Budget intervened to make it nearly impossible for DOE to
244 deviate from this new process, even when sticking to the
245 process would conflict with legal mandates. But most
246 egregious is the fact that this administration spent the last
247 two years writing proposals that weaken efficiency standards

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248 while completely disregarding the law's mandate to update or
249 finalize efficiency standards for 16 products.

250 While I may have issues with this new Process Rule, I
251 don't have a problem with trying to make the process more
252 efficient. But when the law says you need to take a specific
253 action, the Department's job is to carry out the law, and not
254 go off and do whatever it wants. And I hope that is
255 something all the members of this committee can agree on.

256 Today, all of us who care about the issue of climate
257 change have a chance to condemn DOE's delays. National
258 energy efficiency standards for appliances are one of the
259 most cost-effective ways to reduce greenhouse gas emissions,
260 and the program has resulted in 3 billion tons of avoided
261 emissions since its inception.

262 Every day the administration delays updating efficiency
263 standards for these common household products, consumers'
264 electricity bills remain higher than necessary and more
265 electricity is unnecessarily generated to power these less
266 efficient appliances. And these delays must come to an end.

267 So, Mr. Chairman, I just want to say I know that a lot
268 of times, when we have these hearings on or we talk about
269 energy efficiency, people say, well, how important is that?
270 I can't think of anything really right now that is more

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271 important and has the potential of getting bipartisan
272 support, or really has had bipartisan support for a long
273 time, that would actually reduce greenhouse gas emissions.

274 So, when we talk about climate change, this is one of
275 the most important things that we can address. And there is
276 no reason really why the Trump administration should be
277 turning the clock on this, even if they don't believe in
278 climate change. What is the downside, if you will, of having
279 more efficiency, saving money, reducing costs, and reducing
280 greenhouse emissions?

281 Thank you. I yield back.

282 Mr. Rush. The chair thanks the gentleman. The Chair
283 now recognizes Mr. Walden, the ranking member of the full
284 committee, for the purposes of an opening statement. Mr.
285 Walden has 5 minutes.

286 Mr. Walden. Good morning, Mr. Chairman, and thanks for
287 holding this hearing to continue our oversight over the
288 Department of Energy's appliance and equipment standards
289 program.

290 I want to extend a warm welcome to Assistant Secretary
291 Dan Simmons, who leads DOE's Office of Energy Efficiency and
292 Renewable Energy. Dan, we are glad to have you here and glad
293 to know you are finally in place. I guess that all took

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294 effect officially in January, sworn in. So, we appreciate
295 your leadership at EERE.

296 Republicans are focused on solutions that save energy,
297 help the environment, and save consumers money. So, we too,
298 welcome the opportunity to explore ways to strengthen and
299 improve this important Department of Energy program.

300 Since the early 1980s, the Department of Energy has
301 issued minimum energy efficiency standards for a wide variety
302 of residential and commercial products, including air
303 conditioners, refrigerators, washers and dryers, ovens,
304 dishwashers, lighting, and other products that Americans use
305 every day.

306 The Department's authority to regulate energy efficiency
307 and commercial equipment in residential appliances is derived
308 from the Energy Policy and Conservation Act of 1975, also
309 known as EPCA. While Congress has passed a few updates to
310 this 44-year-old statute, we learned through our oversight
311 hearings in the last few Congresses that more could be done
312 to modernize the law and to improve the process to formulate
313 national energy efficiency standards.

314 Under the Obama administration and under the Trump
315 administration, the Department of Energy has missed statutory
316 deadlines for efficiency rulemakings. Both administrations

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317 have. These delays create uncertainty and they have led to
318 unnecessary litigation, which makes matters even worse.

319 DOE is doing what it can to fix the process
320 administratively. Under the Trump administration, DOE has
321 completed more than a dozen rulemakings addressing
322 conservation standards and test procedures for products such
323 as external power supplies, lightbulbs, ceiling fans, walk-in
324 coolers and freezers, air conditioners, and pool pumps.

325 Just last month, DOE announced two new proposals. The
326 first would revise the definitions of general service lamps
327 to align with the definitions established by Congress in
328 2007. DOE was forced to take this action in response to a
329 lawsuit and subsequent Department of Justice settlement
330 agreement reached in 2017.

331 While some have described this action as a rollback,
332 that is a mischaracterization. DOE has appropriately
333 committed to undertake a separate rulemaking, as Congress
334 intended, for certain specialty lightbulbs such as those used
335 in heavy machine and marine applications.

336 The second proposal, announced in February, would take
337 long overdue steps to reform the regulatory process that DOE
338 relies upon to develop efficiency standards. The Department
339 of Energy's new proposal, an update to the Process Rule,

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340 would substantially improve the process for setting
341 efficiency standards and test procedures.

342 The proposed rule to the Process Rule would enhance
343 transparency, accountability, and regulatory certainty for
344 manufacturers and for consumers alike. While it is hard to
345 believe this is the first update to the Process Rule in more
346 than 20 years, one of the most important things the Process
347 Rule would do is to define what qualifies as significant
348 energy savings. That seems pretty important to do. This
349 will enable the Department to better prioritize rulemaking,
350 save energy, and put more money back in consumers' pockets.

351 Under EPCA, there is not a lot of flexibility, which too
352 often has led to unnecessary deadlines and rushed-through
353 federal regulations that fall short of providing customers
354 the better--quality products that use less energy. We know
355 that unless we amend EPCA, the regulatory backlog will
356 continue, as it has under multiple presidential
357 administrations. So, it is up to us, the Congress, to fix
358 this mess. We are ready to work with our colleagues on the
359 other side of the aisle to do so.

360 Over the last couple of years, Republican members of
361 this subcommittee have been working across the aisle and
362 engaging in a wide range of stakeholders' meetings to

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363 identify bipartisan solutions to modernize EPCA. We have
364 made some progress, but there is still plenty to do. So, if
365 the Democrats are willing to work with us, we are willing to
366 work with you. And we welcome the opportunity to work with
367 you to continue this effort this Congress.

368 Again, Mr. Chairman, thanks for holding this hearing, ~~it~~
369 ~~it~~ is really important.

370 And I yield back the balance of my time.

371 Mr. Rush. I want to thank the gentleman. The gentleman
372 yields back.

373 The chair would like to remind members that, pursuant to
374 committee rules, all members' written opening statements
375 shall be made part of the record. And I would like now to
376 introduce our witness for the first panel of today's hearing,
377 Mr. Daniel Simmons, Assistant Secretary Simmons, who is the
378 Assistant Secretary for the Office of Energy Efficiency and
379 Renewable Energy in the Department of Energy.

380 Mr. Secretary, welcome to this subcommittee hearing.
381 You have 5 minutes for an opening statement.

382 And before we begin, I would like to explain the
383 lighting system to you. You might be familiar with it, but
384 it is written in here to my script. In front of you is a
385 series of lights. The light will initially be green at the

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386 start of your opening statement. The light will turn yellow
387 when you have 1 minute remaining. Please begin to wrap up
388 your testimony at that point. The light will turn red
389 when your time has expired.

390 We want to thank you again for joining us today, and we
391 all look forward to your testimony. You are now recognized
392 for 5 minutes for your opening statement.

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393 STATEMENT OF DANIEL SIMMONS, ASSISTANT SECRETARY, OFFICE OF
394 ENERGY EFFICIENCY AND RENEWABLE ENERGY, DEPARTMENT OF ENERGY
395

396 Mr. Simmons. Thank you, Chairman Rush, Ranking Member
397 Upton, Ranking Member Walden, as well as Chairman Pallone.
398 Thank you for the opportunity for the Department of Energy to
399 appear before the committee today and to discuss the
400 appliance standards program and ways in which the Department
401 is working to improve the process for developing energy
402 conservation standards.

403 The program within DOE's Office of Energy Efficiency and
404 Renewable Energy implements minimum energy conservation
405 standards for more than 70 categories of labor-saving
406 appliances and equipment and has far-reaching impacts on
407 American consumers and businesses.

408 As EERE Assistant Secretary, I am responsible for
409 overseeing a broad portfolio of energy efficiency and
410 renewable energy programs, and one of my top priorities is
411 energy affordable.

412 Affordable, reliable energy is critical to human well-
413 being. When energy is more affordable, it frees up more of
414 our budget and time, so we can spend these precious resources
415 on the things we care about most. Affordable energy is one

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416 of the things that makes the EERE portfolio so important. We
417 have seen multiple successes through EERE technologies over
418 the past 10 years, including dramatic reductions in the price
419 of photovoltaic solar, onshore wind, electric vehicle battery
420 packs, and LED lights. Technological innovation is the
421 driving force behind these successes.

422 In addition to its significant research and development
423 responsibilities, EERE is also responsible for a large
424 regulatory portfolio which implements state energy
425 conservation standards for appliances and equipment.

426 Since January 2017, DOE has issued seven final rules
427 pertaining to energy conservation standards, two final rules
428 pertaining to test procedures under the appliance standards
429 program. As reported in the fall 2018 Unified Agenda of
430 Regulatory and Deregulatory Actions, EERE plans to take
431 action on 24 test procedures and 17 energy conservation
432 standards in the coming months. There was a proposed test
433 procedure that we announced yesterday. There will be another
434 one, if not tomorrow, early next week. So, we are making
435 progress.

436 Since the passage of the Energy Policy and Conservation
437 Act of 1975, DOE has used a process for considering new and
438 amended energy conservation standards to ensure that they

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439 meet our statutory requirements. That process, which was
440 first formalized in 1996 in DOE's so-called Process Rule,
441 typically takes a minimum of three years to complete and
442 consists of four phases, each with an opportunity for the
443 public to provide input.

444 First, DOE publishes a framework document presenting the
445 analytical, procedural, and legal principles that will guide
446 the rulemaking. In the second phase, DOE conducts and
447 publishes a preliminary assessment of available technical,
448 economic, and market data about the product. During the
449 third phase, DOE publishes a proposed rule in which DOE
450 proposes an efficiency level that it has determined will
451 result in the maximum improvement in energy efficiency that
452 is both technologically feasible and economically justified,
453 and would save a significant amount of energy. The fourth
454 phase is the final rule, in which DOE considers public input
455 in response to the proposed rule, further revises the
456 analysis, if appropriate, and issues the final rule.

457 We have had great success administering the program, and
458 we believe that DOE can further improve the process by which
459 it develops standards to make the program even more
460 effective. This is why we recently proposed to amend the
461 process to enhance early engagement opportunities for

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462 stakeholders and increase certainty throughout our rulemaking
463 process.

464 These improvements will reduce the burden of the process
465 by which standards are developed, preserve product choice for
466 consumers, and prioritize those standards that are expected
467 to save consumers and businesses the greatest amount of
468 energy. In addition, and importantly, these process measures
469 can improve DOE's ability to comply with statutory deadlines
470 that the program has a difficulty meeting throughout its
471 history by focusing 100 percent of our efforts on the rules
472 that have accounted for nearly 100 percent of the historical
473 energy savings.

474 In addition to the Process Rule, DOE has also published
475 a proposed rule to maintain the existing statutory definition
476 for general service lamps and withdraw the definitions
477 established in January 2017. Through this proposal, DOE is
478 showing that it will follow the text of the law. Maintaining
479 the statutory definitions provides manufacturers with
480 regulatory certainty that they will not be prohibited from
481 selling hundreds of millions of lightbulbs. At the same
482 time, DOE will continue to advance cutting-edge research and
483 development of next-generation lighting technology to further
484 drive improvements in efficiency and affordability.

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485 As Ranking Member Upton mentioned, there was an article
486 this morning about EERE's budget. Obviously, I cannot
487 comment on the budget before it has been released. However,
488 I am more than happy to talk about how we are executing the
489 monies that have been appropriated for FY 2019. In the last
490 week, we have announced two funding opportunity
491 announcements, one on hydrogen and the exciting technologies
492 there, and another on efficiency improvements on medium- and
493 heavy-duty trucks. So, there is a lot going on, and you will
494 see more in the coming weeks. But I, obviously, can't
495 comment on a budget that has not been released.

496 DOE is committed to working with Congress as it
497 considers these and other important issues of DOE's appliance
498 standards program. Thank you for the opportunity to appear
499 before the subcommittee today to discuss these important
500 energy efficiency issues. And I look forward to your
501 questions.

502 [The prepared statement of Mr. Simmons follows:]

503

504 ***** INSERT 1*****

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505 Mr. Rush. I want to thank the Assistant Secretary.

506 We have now concluded the opening statement. We will
507 now move to member questions. Each member will have 5
508 minutes to ask questions of our witnesses, and I will start
509 by recognizing myself for 5 minutes.

510 Assistant Secretary Simmons, it is very, very disturbing
511 to me that DOE, under the current administration, has
512 invested so much valuable time in working on two new
513 proposals that are both unnecessary and would actually harm
514 consumers. Yet, at the same time, it has spent little to no
515 time in publishing the legally-mandated efficiency standards
516 that it should have been working on.

517 Mr. Assistant Secretary, is it your interpretation that
518 DOE has the discretion to choose when or if it must follow
519 congressionally-mandated laws and obligations?

520 Mr. Simmons. No, we must follow the text of the law.

521 Mr. Rush. Well, what is the reasoning for these delays
522 in publishing these mandates that are congressionally-
523 directed to the Department?

524 Mr. Simmons. So, the law requires, the law sets out
525 certain deadlines. The law also requires, for setting
526 standards, what we need to determine is the maximum
527 improvement in energy efficiency that is both technologically

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528 feasible and economically justified. And there are seven
529 different factors that go into deciding whether something is
530 economically justified.

531 That process can take a decent amount of time to
532 consider what is a maximum improvement in energy efficiency
533 that is possible, what is technologically feasible. That
534 process can take literally years to consider, especially
535 because we are not allowed to reduce the performance
536 characteristics of products. So, the process can take a long
537 time to go through, and it is important that we do a good job
538 following the process to make sure the substance of the rules
539 --

540 Mr. Rush. Mr. Secretary, was this process that you are
541 currently discussing, wasn't this analyzed during the last
542 administration? And all that remains of you and the
543 Department today is to publish these standards?

544 Mr. Simmons. If you are talking about the four rules
545 that are currently in litigation that were not finalized by
546 the Department by sending them to The Federal Register, those
547 are currently in litigation, and because they are in
548 litigation, I can't discuss those rules.

549 Mr. Rush. Well, what about the other 12 rules that are
550 not in litigation?

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551 Mr. Simmons. Those rules are currently moving forward.
552 As you said, we have a statutory obligation, we have a legal
553 obligation to complete those rules, and we are working on
554 those rules. If those rules were ready to go, we would be
555 sending them to The Federal Register, but there are no rules
556 that --

557 Mr. Rush. Mr. Secretary, we know that a typical
558 household saves about \$500 per year because of the current
559 standards, making energy conservation standards the most
560 efficient tool DOE has for making anything more affordable
561 for the average American. Additionally, the cost of LED
562 lights has decreased significantly over the past 10 years.
563 You have even stated publicly that these bulbs have dropped
564 over 90 percent over the past decade. According to the
565 Appliance Standards Awareness Project, this proposed
566 lightbulb rollback will cost the average American household
567 an extra \$100 a year, and, overall, consumers will be forced
568 to pay an additional \$12 million between now and 2025 on
569 electric bills.

570 So, my question to you is, why are you rolling back the
571 lightbulb standards? What is the reason or justification for
572 this action on your part? And who exactly are you trying to
573 help by this proposed rollback?

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574 Mr. Simmons. To clarify, we are not rolling back a
575 standard. We are defining what is a general service lamp by
576 using the text of the statute. We are following the law
577 about what is a general service lamp. That is a change in
578 definition from what was previously put in place, but it is
579 critical for us to follow the law, including for things that
580 may result in energy savings.

581 One of the things that I will note is that I am very
582 skeptical of large amounts of harm to the American people
583 because they have greater selection of lightbulbs available
584 to them. This definition does not take any lightbulbs off
585 the table, and if you go to Home Depot today, you will see,
586 for example, you will see where the lighting industry is
587 headed and that that future is LED lights.

588 Just the other day, I bought some of the lights that are
589 not required, would not be required to be LEDs. I bought
590 them as LEDs when I was at Home Depot. The future is LED.
591 The future is greater energy conservation in lighting.

592 Mr. Rush. My time is up. The chair will now recognize
593 Mr. Upton for 5 minutes to ask questions.

594 Mr. Upton. Well, thanks, Mr. Chairman, again.

595 I have long been a supporter of DOE's work on appliance
596 standards, but I realize we have to be realistic about the

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597 challenges. And I know that you have got a good number of
598 delayed rulemakings that has built up over a number of
599 different administrations.

600 And I just want to go back to a comment that I made in
601 my opening statement about the Process Rule. This is the
602 look-back. Why is it so important to update that Process
603 Rule, and how will some of the changes, such as defining
604 significant energy savings, help prioritize in that effort?

605 Mr. Simmons. I think the most important thing for DOE
606 to do is to follow the Process Rule. When the Clinton
607 administration in 1996 put the Process Rule in place, it is
608 overall a good rule. And what is critical is that we follow
609 all the steps, as in that we have a test procedure and that
610 test procedure is finalized to know how we are measuring
611 energy before we discuss how much energy an appliance can
612 use, because you can't -- that just can result in
613 disconnects. And that has not always happened.

614 So, what we really wanted to stress, first and foremost,
615 is to follow the process that was outlined in 1996. Second,
616 the best way that we achieve substantive good rules, good
617 rules substantively, is to make sure that there is robust
618 stakeholder engagement, robust public engagement. And the
619 best way we do that is by going through the process. That

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620 can take time, as we have seen.

621 Mr. Upton. And how has the look-back requirement
622 hampered your ability to comply with the statutory deadlines,
623 the six-year look-back?

624 Mr. Simmons. Well, one of the challenges is that there
625 are some circumstances where a rule, a compliance date -- we
626 have a compliance date, and then, we have to start looking at
627 a new rule just after that. One example is with clothes
628 dryers. There was a compliance date of January 2015, but,
629 then, the program started to look, in March of that same
630 year, at regulating the product again. And that sort of
631 thing has also happened with commercial clothes washers,
632 where work started on a new rule even before the previous
633 rule was finalized, even before the compliance date.

634 Mr. Upton. So, would it be better, as we try to address
635 this or think about the future, would it be better to have it
636 maybe six years after the rule is finalized and, actually,
637 the product in use at that point?

638 Mr. Simmons. There is definitely an argument to be made
639 that, after the compliance, it could be after the compliance
640 date. Because the challenge is that we have to look what is
641 out on the market. We have to look at the art of the
642 possible. And that is difficult to do when you have a

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643 compliance date and, then, we start a couple of months later
644 looking at revising the standard.

645 Mr. Upton. The last question I have -- and we are going
646 to talk a little bit about this on the second panel -- DOE
647 has been sued, we know, by efficiency advocates and product
648 manufacturers over missed deadlines. What are you doing to
649 improve the transparency in the rulemaking process, so that
650 consumers can be confident that the new products that they
651 are purchasing meet that expectation for quality,
652 convenience, and, obviously, for energy efficiency?

653 Mr. Simmons. Well, the biggest thing we are doing is
654 following the process and moving stepwise through the
655 process, making sure that we are conducting a process that is
656 overall open and transparent, and that there is stakeholder
657 engagement, and there is plenty of time for public comment.
658 Because the public comment is critical to making sure that we
659 get rules that are, in the end, substantively beneficial.

660 Mr. Upton. Is there fairly universal agreement that,
661 when you go to an appliance store, whether it be Best Buy or
662 someplace else, that, in fact, the labels on those
663 appliances, whether they be air conditioners or freezers, or
664 whatever it is, are sufficient for the consumer in terms of
665 what that energy savings is going to be?

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666 Mr. Simmons. I don't know, I don't know the answer to
667 that question.

668 Mr. Upton. Have you heard any complaints? I mean, it
669 seems like the labeling is pretty apparent.

670 Mr. Simmons. The labeling is very apparent with the
671 EnergyGuide standard that the Federal Trade Commission puts
672 on them, using our data. Is that sufficient? I don't know.
673 That is a really good question.

674 Mr. Upton. Okay. Mr. Chairman, I yield back. Thank
675 you.

676 Mr. Rush. The chair now recognizes Mr. Peters of
677 California for 5 minutes.

678 Mr. Peters. Thank you, Mr. Chairman.

679 And I thank the Assistant Secretary for coming before
680 the committee.

681 Many of the policies under your portfolio are debated
682 here in D.C. I think there is a widespread recognition that
683 energy efficiency is something that can be a bipartisan
684 issue. In California, with the buying power of nearly 40
685 million people, are energy efficiency goals support the
686 notion we could do much more at a federal level.

687 In these meetings, we sometimes get caught up in the law
688 that exists and how to administer it. I just want to take a

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689 minute to ask you if there are ways you think that the
690 Congress could help support more energy efficiency, either by
691 enacting new legislation or by fixing legislation that you
692 are having to deal with. Are there things that you are
693 seeing that we could be doing better to promote energy
694 efficiency?

695 Mr. Simmons. Well, when it would come to legislative
696 changes, that would need to go through the appropriate
697 process, which, unfortunately, wouldn't just be me today.
698 But one of the things that I would like to stress is Congress
699 provides robust funding to the Building Technology Office,
700 which does research and development on looking at new
701 building technologies, such as solid-state heating and
702 cooling for next-generation appliances. We will be
703 announcing the funding opportunity from the Building
704 Technology Office for a number of different topics in the
705 next few weeks.

706 And so, there is the regulatory angle, but, then, there
707 is also the R&D angle. And I think that we consider both.
708 Off the top of my head, I don't have any statutory changes,
709 but I would be happy to go back to the Department and to work
710 on some ideas.

711 Mr. Peters. Well, the reason I am asking you is that

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712 this is the process for finding out if we need to make
713 legislative changes. You are in a position to observe kind
714 of how the administrative rules that have been set up by
715 prior Congresses and rulemaking are working. So, I just want
716 to give you the opportunity, if you see anything that you
717 think needs to be improved or any way in which you are
718 restricted from doing what would best serve energy
719 efficiency, I want to give you that chance. If you don't
720 have that today, that is fine, but I think this is the right
721 place to do it, if you have those suggestions for us.

722 Mr. Simmons. And I will be happy to try to provide some
723 comments in the questions for the record on that.

724 Mr. Peters. Okay. I appreciate it. I mean, it is
725 sort of a left-field question maybe, but any thoughts on that
726 would be helpful to us.

727 Mr. Simmons. Sure thing. Mr. Peters. I also want
728 to reiterate what Mr. Upton said, that the integrity of the
729 labeling and the measurements for appliances is going to be
730 very important. There is some discussion of whether we
731 should have market incentives that would encourage consumers
732 on their own to make purchases with energy savings in mind,
733 if a carbon tax would be an appropriate price signal through
734 the economy. But if they don't have the right information

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735 about those appliances, it is not going to be as efficient
736 as, theoretically, people think it would be. So, again, I
737 appreciate working with you to make sure that those labels
738 are correct and that your information is relied on. It is by
739 the FTC, I guess, is that right?

740 Mr. Simmons. Yes, yes. And I use those labels when I
741 look at new products and I am figuring out what to put in our
742 house. I hope they are accurate. I haven't heard that they
743 are not. But it is definitely an area where there could be
744 research.

745 Another part is with ENERGY STAR labeling program to
746 label the products that are the most energy efficient. We
747 work on that with the EPA.

748 Mr. Peters. Right.

749 Mr. Simmons. And that labeling has very high adoption
750 and is very much appreciated by consumers.

751 Mr. Peters. Since you brought it up, I mean, you don't
752 directly administrate it, but do you have comments on the
753 ENERGY STAR program?

754 Mr. Simmons. Well, we jointly administer it with EPA.
755 I don't have any comments on ENERGY STAR today.

756 Mr. Peters. All right. Well, thank you.

757 Mr. Chairman, I yield back.

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758 Mr. Rush. The gentleman yields back. The chair now
759 recognizes the ranking member of the full committee, Mr.
760 Walden, for 5 minutes.

761 Mr. Walden. Thank you, Mr. Chairman.

762 And again to our witness, thank you, Mr. Simmons, for
763 being here.

764 I want to follow up on what our colleague from southern
765 California was talking about because I think it is important
766 for both sides of the aisle. Congress bears some
767 responsibility here. We write the laws that you get to
768 administer, and sometimes we don't always get it right.

769 Over the last few years, the committee has conducted
770 some pretty rigorous oversight and we have received testimony
771 that highlights the importance of EPCA modernization. So, I
772 would just pose it this way: I understand you can't take
773 positions on legislation initially sitting there right today.
774 But will you commit to working with the committee by
775 providing your comments and technical assistance as we work
776 to modernize this law?

777 Mr. Simmons. Yes, definitely.

778 Mr. Walden. Thank you, ~~B~~because I think that would be
779 really helpful. You have got the technical people, and we
780 are going to write the law, and we both want to get it right

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781 for consumers.

782 I have got a couple of questions. Like you, when I buy
783 new appliances for my home, I look at those ratings. They
784 are helpful. I think the more we can empower consumers to
785 make the right choices to save energy, reduce emissions, and
786 cut costs is a good thing for the country and for the world.
787 I just have a couple of questions, since I have you here,
788 about how all that works.

789 When you are doing this analysis on various appliances,
790 whether it is a water heater or a washer or dryer or an air
791 conditioner, is that based on more than one sort of temperate
792 zone? I mean, is it all based out of savings in Arizona or
793 savings in Michigan? How does that work? I know it is an
794 average. I get that. But our power costs in the Northwest,
795 thankfully, are a little lower than some parts of the
796 country, but our climate is different, too. So, as a
797 consumer, what should I know about that labeling?

798 Mr. Simmons. Well, with the labeling, I think it can be
799 kind of difficult because on like the EnergyGuide label, I
800 believe it is the average electricity rates in the entire
801 country. Since you are from Oregon, Oregon has a lot of
802 hydro and has some of the lowest electricity rates in the
803 country. So, those numbers are kind of high for --

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804 Mr. Walden. And lower emission rates, too, just to
805 stick it into the record.

806 [Laughter.]

807 Mr. Simmons. Correct. And so, that is a challenge with
808 those kind of labels in a place like Oregon.

809 Mr. Walden. Yes.

810 Mr. Simmons. They are going to overrepresent the amount
811 of electricity, for example, that people would save because
812 that is a national average. For various products such as
813 furnaces, we do look at performance in different zones of the
814 country because a furnace that is for the Northeast doesn't
815 necessarily need to be as efficient because -- well, it needs
816 to be more efficient, I should say, than a furnace that is in
817 Atlanta, for example.

818 Mr. Walden. Right, where it wouldn't be used as much.

819 Mr. Simmons. Where you might not have to use it very
820 many hours out of the year.

821 Mr. Walden. Right.

822 Mr. Simmons. And so, the payback is different. So, we
823 do consider different climate zones. I believe some of the
824 analyses that we do have seven different climate zones, if I
825 am not mistaken.

826 Mr. Walden. Okay. And is that reflected on the labels

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827 then?

828 Mr. Simmons. That is not reflected on like the
829 EnergyGuide label, I do not believe.

830 Mr. Walden. So, as a consumer, how would I know, then,
831 the differences that may occur in these seven zones, if it is
832 seven?

833 Mr. Simmons. Some products may not be available in your
834 area, for example, but I am not sure of how a consumer would
835 know which zone they are in, as well as what the energy
836 prices are in that part of the country.

837 Mr. Walden. Yes. You would think, with today's
838 Information Age technology, you could have a code that you
839 could scan and it would link to a database or something and
840 give you more realistic data.

841 I will probably get myself in real trouble here, but
842 when I shop for a car and look at the miles per gallon that
843 EPA says that car is going to get, I have yet to have had
844 that actually work out that way. And so, I think, as a
845 consumer, I want labels I can trust and data that I know I
846 can factor into my equations. And so, that would be
847 something I would love to work with you on.

848 Mr. Simmons. Okay.

849 Mr. Walden. We want it to be practical, too. I get

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850 that. But the cost of energy is really important, and I know
851 the Green New Deal was just evaluated to drive up electricity
852 costs by 22 percent. So, if they are going to march forward
853 with that proposal, it is going to become even more important
854 that we look for ways to save energy everywhere we can, if
855 they are going to drive up energy costs 22 percent for
856 American consumers. That seems like a pretty big hike in
857 energy costs.

858 With that, Mr. Chairman, I appreciate the hearing.

859 And, Mr. Simmons, thanks for being willing to take on
860 this task, and we look forward to working with you in a
861 bipartisan way on technical assistance, as we work to improve
862 this program. It is really important to consumers.

863 Mr. Simmons. Thank you.

864 Mr. Walden. Thank you.

865 Mr. Rush. I want to thank the ranking member. The
866 chair now recognizes the chairman of the full committee, Mr.
867 Pallone, for 5 minutes.

868 The Chairman. Thank you, Chairman Rush.

869 In the last two years, the Department has blown through
870 16 legally-mandated deadlines to finalize changes for
871 appliances. Instead of updating these standards, DOE has
872 spent this time crafting a draft rule to get rid of

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873 efficiency standards for lightbulbs that are projected to
874 save the average household \$100 per year on its electricity
875 bill in 2025.

876 Now I sent a thorough letter to Secretary Perry in
877 November of last year asking for, among other items,
878 documents related to the Department's schedule for action on
879 appliance standards rulemakings that are overdue. And what I
880 received in response -- and I actually have a copy of it
881 here, Mr. Chairman; I'll ask unanimous consent to put it in
882 the record -- this was the response.

883 [The information follows:]

884

885 ***** COMMITTEE INSERT 2*****

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886 The Chairman. It was a three-line letter that said,
887 quote, ``Attached is a list of hyperlinks," and that was
888 followed by five pages of links to different portions of the
889 DOE website. I think, honestly, sir, this ranks up there as
890 one of the most disrespectful and uncooperative letters I
891 have ever received from a federal agency.

892 I, then, resent the letter last month. And while the
893 response this time around was more accommodating, it still
894 left many questions unanswered. One of the items that DOE
895 provided was the December 2018 Report to Congress. That is
896 this document that contains, in my opinion, no useful
897 information about what actions DOE has taken on these 16
898 products. It simply states, and I quote, ``in development"
899 for many of them. Frankly, unless I am shown otherwise, I am
900 going to assume that ``in development" means that the
901 Department hasn't done anything.

902 So, my questions, Mr. Secretary Simmons, will you commit
903 to finishing these standards that the DOE is legally mandated
904 to update? And I am just looking for a yes or no. Will you
905 commit to finishing these standards --

906 Mr. Simmons. Yes.

907 The Chairman. -- that are legally mandated?

908 Mr. Simmons. Yes.

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909 The Chairman. Okay. Will you finish them in six
910 months?

911 Mr. Simmons. Probably not.

912 The Chairman. How about by the end of the year?

913 Mr. Simmons. Some will be, some are possible, but it is
914 important that we meet our legal deadlines, but it is also
915 important that we meet these substantive requirements of
916 EPCA.

917 The Chairman. Well, look, I want to say --

918 Mr. Simmons. And there are many substantive
919 requirements.

920 The Chairman. I know; I understand, but, you know, it
921 just seems to me you are not going to follow the law. The
922 law says that you have deadlines. If you had said six
923 months, I would have said okay. And then, I say the end of
924 the year; you say, ``I don't know, maybe." To me, that is a
925 clear indication that there is not a serious effort here. I
926 think that we really need to see some action now to update
927 and finalize these critical efficiency standards because they
928 save consumers money and reduce greenhouse gas emissions.

929 I have one more question, Mr. Simmons. I am going to
930 shift gears to quote from a letter for the record we received
931 for today's hearing, which I would ask to be included in the

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932 record. I would ask unanimous consent, Mr. Chairman.

933 This is from Alexander Karsner, who was the Assistant
934 Secretary for Renewable Energy under President Bush.

935 Mr. Rush. Hearing no objections, so ordered.

936 The Chairman. Thank you, Mr. Chairman.

937 [The information follows:]

938

939 ***** COMMITTEE INSERT 3*****

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940 The Chairman. Let me just quote from this, and then, I
941 am going to ask you a question, Mr. Simmons. This is a quote
942 from that letter. ``I want to affirm to all the members of
943 this subcommittee today that there is no basis in science,
944 technology, policy, or economics for these new proposals for
945 the administration to roll back progress or to undermine
946 bipartisan lighting standards. The administration's
947 proposals are measurably harmful to consumers, to markets,
948 and to the environment. Further, there is no reason for the
949 Department to continue missing statutory deadlines to
950 promulgate new efficiency standards and remain in compliance
951 with the will of Congress. These hurdles have been overcome
952 already, and the failure to continue progress simply reflects
953 a lack of acumen, denying the benefits of innovation for the
954 many, in favor of the profits of a few."

955 As I said, this is not from a national environmental
956 group or a major consumer nonprofit. It is a letter from
957 Alexander Karsner, who was Assistant Secretary from 2006 to
958 2008 during the George Bush administration. Basically, Mr.
959 Karsner held your job under President Bush, and he finds it
960 hard to understand why DOE has missed so many standards.

961 Do you have any response to that comment by Mr. Karsner,
962 Mr. Simmons?

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963 Mr. Simmons. Sure. I don't know that he has read the
964 law.

965 The Chairman. Okay. Well --

966 Mr. Simmons. As in, we took this action --

967 The Chairman. That is pretty sorry.

968 Mr. Simmons. -- because it most closely conforms with
969 the statute. It most closely conforms with the text of EPCA.
970 That is the reason that we did it. You can make all the
971 other arguments, but we need to do this because it is the
972 most legally supportable.

973 The Chairman. Well, I think it is pretty sad. Quite
974 frankly, the record of the appliance and equipment standards
975 program under the Trump administration is dismal, and I think
976 it is time for the Department to step up to the plate and
977 begin acting on these standards. It doesn't seem like you
978 will, but, hopefully, you will.

979 Thank you, Mr. Chairman.

980 Mr. Rush. The chair wants to thank the full committee
981 chairman. The chair now recognizes Mr. Latta of Ohio for 5
982 minutes.

983 Mr. Latta. Well, thank you, Mr. Chairman.

984 And, Mr. Assistant Secretary, thanks very much for being
985 with us today.

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986 My first question is, why is important to establish a
987 threshold for significant energy savings?

988 Mr. Simmons. Sure. We did an analysis and we looked at
989 the rules that we have done in the past and how much energy
990 savings there has been for those rules. What it turns out is
991 that 60 percent of the rules that we did resulted in 96
992 percent of the overall energy savings. What that means, if
993 you look at it on the flip side, is that we spent 40 percent
994 of our time on rules where we only saved 4 percent of energy
995 savings overall. So, that is an issue.

996 What the difference is, is that on rules where you save
997 over .5 quads over 30 years, that is rules where you save
998 over .5 quads over 30 years, those are the 60 percent of
999 rules that resulted in 96 percent of the savings. So, what
1000 we want to do is to make sure that we are saving over .5
1001 quads in a rule, because those are the rules where there is
1002 the most bang for our buck, the most energy savings for the
1003 time that we spend on it. And so, it is critical to focus
1004 our efforts there because I believe it will help us meet our
1005 regulatory deadlines as well as making sure that we have
1006 rules that are substantively defensible.

1007 Mr. Latta. Thank you.

1008 One of our witnesses in the next panel specifically

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1009 mentioned the example of DOE's proposed standard for
1010 dishwashers and how the standard was such that dishwashers
1011 could no longer get the job done. It is a good example of
1012 something I would like to make sure DOE was taking into
1013 consideration. How will DOE ensure that a proposed standard
1014 does not and will not negatively impact a product's
1015 performance?

1016 Mr. Simmons. So, this is a very important issue because
1017 we are forbidden by statute to impose a standard that would
1018 decrease performance or reduce product features. However,
1019 there are some examples where reasonable people could
1020 disagree. One of the things, for example, where we have
1021 found it is a feature is on an oven, whether or not there is
1022 a window. We have found that that is a feature, but people
1023 can and have disagreed over things such as whether the
1024 venting for a water heater, is that venting a performance
1025 feature or not? So, this is an important area for us to look
1026 at. It is important areas for us to ask questions of the
1027 public, of stakeholders, to make sure that we have rules to
1028 make sure that products are doing a good job of saving
1029 people's time, because people's time is an important --

1030 Mr. Latta. I think it is important because, again, this
1031 is from a dishwasher or a washing machine, or something else,

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1032 or a dryer, that someone finds that you have to keep pressing
1033 the button to get something done. So, actually, in the end
1034 run, you are losing more energy because you have to keep
1035 using that product, the appliance over and over and over.
1036 So, I think it is really important that DOE takes that into
1037 consideration.

1038 Let me move on. In your proposed update to the Process
1039 Rule, one of the new changes, it would make the Process Rule
1040 binding on DOE. My understanding is that this will mean that
1041 DOE will be required to follow the process and requirements
1042 established in the Process Rule when proposing future energy
1043 efficiency standards. Is that correct?

1044 Mr. Simmons. That is correct, yes.

1045 Mr. Latta. Okay. And could you please explain why the
1046 Department believes that this is a necessary change in the
1047 Process Rule then?

1048 Mr. Simmons. Sure. So, when the Process Rule was
1049 started in 1996, one of the key features is that you have
1050 test procedures before you have -- you finalize a test
1051 procedure. You know how you are going to measure energy
1052 before you set the standard for the energy or before you have
1053 a proposal for setting the standard for energy consumption.
1054 That wasn't always followed. And as a result, it becomes

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1055 difficult to understand where the standards should be if you
1056 don't know what the test is. Because that had been messed up
1057 in a number of rules or there had been a lack of following
1058 that procedure, we wanted to emphasize that that procedure is
1059 very important, so that we get the substance of the rule
1060 correct.

1061 Mr. Latta. Well, thank you very much, Mr. Chairman. I
1062 yield back the balance of my time.

1063 Mr. Rush. The chair thanks the gentleman. The chair
1064 now recognizes Mr. McNerney for 5 minutes.

1065 Mr. McNerney. Thank you, Mr. Chairman. The gentleman
1066 from California assumes the microphone.

1067 Thank you for your testimony this morning, Mr. Simmons.
1068 And I appreciate your point about focusing on standards that
1069 have the most impact in terms of energy savings. However, by
1070 not regulating appliances with less than half a quad of
1071 energy, you are, in effect, causing consumers to pay
1072 increasing electricity costs, wouldn't that be true?

1073 Mr. Simmons. Well, not necessarily. Let me be clear
1074 about what it is. It is half a quad of savings or, then, 10
1075 percent. So, even if it doesn't meet the half-a-quad
1076 savings, if there is a product that we could still achieve a
1077 10 percent increase, we would also increase, could increase

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1078 the standard for that product as well.

1079 Mr. McNerney. Okay. That may be true, but, still, you
1080 are leaving a lot of products without standards, and that is
1081 going to cause consumers to pay more for their electricity.
1082 And this would, in fact, impact the lowest-income Americans,
1083 given the elasticity of electric spending. So, we are doing
1084 consumers a disservice here.

1085 Also, my understanding of the Energy Policy Conservation
1086 Act of 1975 is that it identifies products that DOE should
1087 set standards for energy efficiency and update them every
1088 seven years. But you are now saying that the DOE will not
1089 update any standards unless they meet your Process Rule.
1090 This violates the Congress' intent of constantly updating
1091 standards. What is your response?

1092 Mr. Simmons. No matter what -- I mean, I think that is
1093 a misinterpretation of what we are saying in the Process
1094 Rule. Because we have to meet the statutory requirements,
1095 regardless of the process rule. Because we understand that
1096 the Process Rule is not allowable us some kind of loophole to
1097 not follow EPCA.

1098 Mr. McNerney. So, does the Process Rule state that it
1099 will not update any standards unless they meet the Process
1100 Rule? I mean, isn't there some sort of a block here?

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1101 Mr. Simmons. No, the Process Rule is saying that we
1102 will review the standards and we need to make sure that it
1103 meets the requirements in EPCA.

1104 Mr. McNerney. So, by reviewing standards, it doesn't
1105 mean updating standards and upgrading standards?

1106 Mr. Simmons. And EPCA does require us to update
1107 standards. For example, at the end of the previous
1108 administration -- and we have the Acting Assistant Secretary
1109 at the time here -- the Obama administration did not update
1110 the standard for dishwashers. And I am sure Mr. Friedman can
1111 talk to you about that.

1112 Mr. McNerney. Okay.

1113 Mr. Simmons. Update? Did not increase the standard for
1114 dishwashers, I should say.

1115 Mr. McNerney. Okay. Should we be expanding the amount
1116 of covered products, moving away from dishwashers and
1117 refrigerators to routers and telecommunications products?

1118 Mr. Simmons. Well, it is not the position of the
1119 administration to expand the scope of covered products.

1120 Mr. McNerney. And these products are often called
1121 vampires because they sit there and they consume power 24
1122 hours a day, whether they are being used or not. So, I think
1123 there is a need to be looking at those kind of products as

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1124 well.

1125 Mr. Simmons. One note on that is that the industry for
1126 dealing with set-top boxes did a voluntary program, so that
1127 your DVR, your set-top boxes for TVs, to voluntarily set a
1128 standard for set-top boxes, so that they improve the energy
1129 efficiency. And they have dramatically increased the energy
1130 efficiency of those products through a voluntary program.

1131 Mr. McNerney. I am a little skeptical of voluntary
1132 programs with these industries.

1133 But I don't have any more questions, Mr. Chairman.

1134 Mr. Rush. The chair thanks the gentleman. The chair
1135 now recognizes the gentlelady from Washington State, Ms.
1136 McMorris Rodgers, for 5 minutes.

1137 Mrs. Rodgers. Thank you, Mr. Chairman.

1138 First of all, congratulations on your appointment --

1139 Mr. Simmons. Thank you.

1140 Mrs. Rodgers. -- and confirmation to serve as
1141 Assistant Secretary for Energy Efficiency and Renewable
1142 Energy.

1143 The Obama administration published new efficiency
1144 regulations at a record pace. The current administration
1145 appears to be taking a more deliberative and focused approach
1146 to achieve the maximum improvement in energy efficiency that

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1147 is also technological feasible and economically justified.

1148 I wanted to ask you to speak to the vision, your vision,
1149 for DOE's appliance standards program in general.

1150 Mr. Simmons. Overall, the most important thing to me is
1151 that we are meeting our legal requirements. That is what
1152 matters. And those legal requirements are the deadlines, but
1153 they are also the substantive requirements in the statute.
1154 The way that I think that we do the best job of meeting those
1155 substantive requirements is to follow the process laid out in
1156 the 1996 Process Rule, and I think it is, hopefully, improved
1157 with our proposed updates to the Process Rule. It is
1158 important to follow the law. I am a member of the Executive
1159 Branch; my job is to execute the law, and that is our No. 1
1160 priority.

1161 Mrs. Rodgers. I certainly appreciate hearing that from
1162 anyone in the Executive Branch.

1163 Another question. The appliance standards program has
1164 been around for decades. Is it true that many home
1165 appliances have already been subjected to three, or even
1166 more, rounds of successively tighter standards?

1167 Mr. Simmons. Yes.

1168 Mrs. Rodgers. Does the law require DOE to continue
1169 tightening these standards with no end in sight, even if you

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1170 are seeing substantially diminishing returns?

1171 Mr. Simmons. So, what the law requires, a maximum
1172 improvement in energy efficiency that is technically feasible
1173 and economically justified. That is what we are required to
1174 look at. That doesn't mean that the standard has to be
1175 increased, particularly where a product has been regulated
1176 multiple times and there just isn't as much energy efficiency
1177 to squeeze out. Now, that said, we are working on research
1178 and development, so that there could be more headroom for
1179 opportunities for the future, as in things such as solid-
1180 state lighting. That is a good example of R&D creating more
1181 efficient products over time.

1182 Mrs. Rodgers. Thank you very much.

1183 Mr. Chairman, I yield back.

1184 Mr. Rush. The chair thanks the gentlelady. Now the
1185 chair recognizes the gentleman from New York, Mr. Tonko, for
1186 5 minutes.

1187 Mr. Tonko. Thank you, Mr. Chairman.

1188 Assistant Secretary, welcome, and thank you for your
1189 testimony.

1190 I want to echo my colleagues' concerns over DOE's
1191 implementation of the standards program since 2017. DOE
1192 investments and policies have resulted in once unfathomable

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1193 cost reductions in LED lighting, somewhat an American
1194 technology success story, with the United States now leading
1195 the world in LED technology. These bulbs are available in
1196 the same shapes as the incandescent and halogen bulbs they
1197 replace and produce the same quality of light much more
1198 efficiently. This is the energy innovation all Members claim
1199 they want.

1200 So, Mr. Secretary, do you have a sense of those cost
1201 reductions over the last decade?

1202 Mr. Simmons. Over the last decade, I believe it is
1203 greater than 90 percent for LED lighting.

1204 Mr. Tonko. Which is a great bit of success. Certainly,
1205 federal R&D investments have played a role, but is it fair to
1206 say that at least some of this cost reduction can attributed
1207 to market conditions created by energy conservation
1208 standards?

1209 Mr. Simmons. It could be.

1210 Mr. Tonko. I would say that it is probably more than
1211 some, and that these kinds of savings are achievable
1212 precisely because we have had a robust energy conservation
1213 standards program. So, Mr. Secretary, is it accurate that
1214 LED replacement bulbs are widely available, use less than
1215 one-quarter of the amount of energy to produce the same

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1216 amount of light, and can last as long as 10 years?

1217 Mr. Simmons. Yes.

1218 Mr. Tonko. So, I would like to unpack two issues from
1219 the February Notice of Proposed Rulemaking. In 2007, in a
1220 law signed by President Bush, Congress included a backstop
1221 lightbulb standard to ensure a minimum level of savings
1222 starting in 2020. Since DOE did not act by the 2017
1223 deadline, can you explain why some officials have suggested
1224 that the statutory backstop hasn't been triggered?

1225 Mr. Simmons. Sure. So, on the backstop there, it
1226 requires us to first make an assessment. We were forbidden
1227 from doing that through an appropriations rider for years.
1228 We were not allowed to expend funds to do the work necessary
1229 to make that finding. And without making the finding, then
1230 the backstop doesn't happen or --

1231 Mr. Tonko. So, what happens, then, in January of 2020?

1232 Mr. Simmons. Well, currently --

1233 Mr. Tonko. What does this mean in that regard.

1234 Mr. Simmons. Currently, the backstop would not kick in
1235 because we haven't done the condition precedent.

1236 Mr. Tonko. Isn't that against the law, the letter and
1237 spirit of the law?

1238 Mr. Simmons. We were forbidden from doing the work

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1239 necessary to make the finding by the law by appropriations
1240 law.

1241 Mr. Tonko. So, I think the concerns for affordability
1242 and energy efficiency enhancement are then lost because of
1243 that.

1244 The second issue is that the proposal would change the
1245 definition of general service lamps to exclude certain shapes
1246 of bulbs that go into almost half of America's light sockets
1247 from the 2020 standard. You have spoken about energy
1248 affordability, and I share that goal, but can you explain how
1249 this proposal promotes energy affordability?

1250 Mr. Simmons. Well, first and foremost, the proposal
1251 complies with the law, and that is the most important thing,
1252 as in it could save all the money in the world, but if it is
1253 illegal and we get sued, we would lose. And so, first and
1254 foremost, our definitions are the statutory definitions of
1255 what is a general service lamp.

1256 Second of all, as I noted earlier, I truly believe that
1257 the future is solid-state lighting, LEDs and other lights in
1258 the future, other types of lighting such as OLEDs. And many
1259 of these lights are available today, and I believe -- well, I
1260 believe -- I know that there is massive uptake of consumers
1261 purchasing even the lights that are not defined as general

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1262 service lamps.

1263 Mr. Tonko. But if the letter and spirit of the law is
1264 to address affordability and energy efficiency growth, why
1265 wouldn't we just embrace that opportunity to have that much
1266 more available for consumers and consumers' savings?

1267 Mr. Simmons. We can only do what we are legally allowed
1268 to do, and this is an area --

1269 Mr. Tonko. Well, but the law also says there cannot be
1270 any rollback in progress.

1271 Mr. Simmons. Which there has not been. What there has
1272 been is a change in definition.

1273 Mr. Tonko. But it is a rollback if you have all of this
1274 opportunity now with this additional amount of sockets.
1275 These are huge savings for the consumer, for households, and
1276 an improvement in energy efficiency.

1277 Mr. Simmons. Well, and I believe that the vast majority
1278 of consumers are going to achieve those savings because many
1279 of those products are currently on the market and people will
1280 purchase LEDs. I mean, that is the trend in the market
1281 today.

1282 Mr. Tonko. Could some people conclude that that was a
1283 backsliding, that you denied those opportunities that were
1284 enhanced in 2017?

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1285 Mr. Simmons. Well, the Department does not think so.

1286 Mr. Tonko. Well, do you think so?

1287 Mr. Simmons. Now NRDC is on the next panel. They might
1288 have a different opinion on that probably.

1289 Mr. Tonko. But do you think so?

1290 Mr. Simmons. No.

1291 Mr. Tonko. Do you think that is a backsliding?

1292 Mr. Simmons. I and the Department do not.

1293 Mr. Tonko. Do you see it as a denial of a great amount
1294 of efficiency improvement?

1295 Mr. Simmons. There could be efficiency improvement,
1296 yes.

1297 Mr. Tonko. Could be?

1298 Mr. Simmons. There would be efficiency improvement.

1299 Mr. Tonko. So, you would deny that?

1300 Mr. Simmons. Well, I am a little bit lost in terms of
1301 what I would be affirming or denying. But I am not sure
1302 about the exact question, sir. I'm sorry.

1303 Mr. Rush. The gentleman's time has expired.

1304 Mr. Tonko. I yield back, Mr. Chair.

1305 Mr. Rush. The chair now recognizes my good friend from
1306 the State of West Virginia, the one and only Mr. McKinley.

1307 Mr. McKinley. Thank you, Mr. Chairman.

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1308 And thank you, Mr. Simmons, for appearing before us.

1309 Yes, I look down the dias and I look at some of the
1310 folks that I have worked with in the last seven or eight
1311 years on energy efficiency, with Peter Welch and Tonko. We
1312 have put several things together, and I think we have been
1313 successful. And I like working on energy efficiency. As one
1314 of just two engineers in Congress, it makes a lot of sense
1315 for an engineer to be involved in this.

1316 But one of the issues that I don't understand, from the
1317 previous administration we couldn't get any traction. I am
1318 curious to see whether or not in the efficiency -- we make
1319 our buildings more and more, particularly homes, they are
1320 probably the most demonstrative way that we can see that they
1321 are improving on energy efficiency. But, in so doing, the
1322 previous administration, they turned their back. The
1323 previous groups have turned their back on the indoor air
1324 quality. Because the more efficient, the more tight we make
1325 our buildings, the less we are having fresh air and air
1326 turnovers.

1327 So, I am curious to see how you are going to reconcile
1328 energy efficiency and a healthy environment on the inside of
1329 our buildings. Because we know that if we do the two to five
1330 air turnovers in any one given room, it is going to increase

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1331 the utility cost to the consumer at that point. And what
1332 they do in schools, they just turn that off; they don't use
1333 that. So, we are putting our children and our homeowners in
1334 unhealthy situations. Yes, we are efficient from a cost
1335 standpoint, but from a health standpoint we are cutting
1336 corners.

1337 Is this administration, are you all going to be
1338 addressing -- I don't know whether this comes up under your
1339 purview, your jurisdiction, or is this someone else within
1340 DOE that we would be talking to?

1341 Mr. Simmons. It is my purview, and it is an issue that
1342 we take seriously, to make sure that we are looking at ways,
1343 both indoor air quality issues such as mold, when you have
1344 much tighter homes than we have had in the past. But we need
1345 to look at the health of the environment to make sure that,
1346 as we are increasing the energy efficiency of our homes, that
1347 we are not leading to unintended negative consequences.

1348 Mr. McKinley. I don't think you are denying that it is
1349 causing some consequences.

1350 Mr. Simmons. Oh, sure, sure, sure.

1351 Mr. McKinley. But we could not get the previous
1352 administration to address this. We know that you spend 90
1353 percent of your time indoors. And without the air turnover,

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1354 you are breathing fumes, you are breathing diseases. They
1355 say, even with measles, the molecules are in the air for
1356 what, three days after a person has left the room. I just
1357 wonder what we are doing, how we are going to reconcile the
1358 combination of the two.

1359 Do you think you are going to come out with something
1360 that might pass on recommendations or thoughts to ASHRAE to
1361 change or modify their standards? Or what are we going to do
1362 for our school systems about getting, as high efficient as
1363 they are, but, yet, they are putting our children in
1364 unhealthy environments? How do you think you are going to
1365 come out through this?

1366 Mr. Simmons. I don't know. However, I know that our
1367 Building Technology Office is thinking about this issue, and
1368 I will be more than happy to have them discuss the issues,
1369 where we currently are, what we are currently doing, with you
1370 as well as any of your staff, or whomever else, to make sure
1371 that we are really considering the health of the environment
1372 indoors.

1373 Mr. McKinley. I would appreciate if you would get back
1374 to me.

1375 Mr. Simmons. Okay.

1376 Mr. McKinley. Putting aside for now, even though that

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1377 is something I want to focus on, indoor air quality, what do
1378 you think is the most underutilized efficiency project that a
1379 homeowner could undertake? What would be the one you think
1380 that would help the most?

1381 Mr. Simmons. The answer is going to be somewhere around
1382 heating and cooling, whether it is the HVAC system. Because
1383 lighting, as efficient as lighting is now, it is now
1384 consuming a smaller and smaller part of people's overall
1385 electricity bill. So, something around probably HVAC
1386 systems, if not water heating.

1387 Mr. McKinley. Okay. I yield back. Thank you.

1388 Mr. Rush. The chair thanks the gentleman. The chair
1389 now recognizes Ms. Kuster of New York for 5.

1390 Ms. Kuster. Thank you very much, Mr. Chairman.

1391 And thank you to Mr. Simmons for appearing before us.
1392 We appreciate it.

1393 Today's topic touches on every single American household
1394 and business. Energy efficiency standards for home
1395 appliances have helped American families save billions of
1396 dollars in energy costs over the past 30 years. And that is
1397 why I am so disappointed that the Department of Energy has
1398 failed to publish new energy efficiency standards, thereby
1399 violating the Department's statutory obligations under the

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1400 Energy Policy and Conservation Act.

1401 According to DOE's own analysis, efficiency standards
1402 have helped American families save \$63 billion on their
1403 utility bills in 2015. The Department's failure to update
1404 efficiency standards is costly and will come at the expense
1405 of American families' pocketbooks, public health, and the
1406 environment.

1407 Mr. Simmons, I want to ask a series of just basic
1408 questions to understand the theory behind the delay. Would
1409 you agree that improved efficiency standards for home
1410 appliances have dramatically reduced carbon pollution in the
1411 United States?

1412 Mr. Simmons. Yes.

1413 Ms. Kuster. And would you agree that improved
1414 efficiency standards for home appliances have dramatically
1415 reduced aggregate home energy costs for families?

1416 Mr. Simmons. They have helped.

1417 Ms. Kuster. And would you agree that reduced carbon
1418 pollution is beneficial to public health and reducing rates
1419 of asthma and cardiovascular disease?

1420 Mr. Simmons. I might disagree on that one, as in carbon
1421 dioxide --

1422 Ms. Kuster. Do you not believe that lowering carbon

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1423 pollution is helpful to the public health?

1424 Mr. Simmons. What I wanted to --

1425 Ms. Kuster. I am an asthma survivor. So, I am just
1426 wondering --

1427 Mr. Simmons. I am saying that carbon dioxide does not
1428 cause asthma.

1429 Ms. Kuster. But don't you believe that pollution in our
1430 air, including carbon, increased carbon -- or lowering carbon
1431 would improve upon the quality of air that we breathe and
1432 lower asthma rates?

1433 Mr. Simmons. Yes, for things such as particulate
1434 matter, I think that that could help reduce asthma. But we
1435 have seen increases in asthma rates as our air quality has
1436 improved over time. So, I am not sure what is generating
1437 this increase of asthma rates over time. That is what I am
1438 trying to say.

1439 Ms. Kuster. Okay. And why would your Department fail
1440 to issue energy efficiency standards that could help us
1441 improve the quality of health, improve the quality of life,
1442 and save our planet?

1443 Mr. Simmons. So, one of the things that is very
1444 important for the President is for there not to be
1445 unnecessary regulatory burdens.

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1446 Ms. Kuster. Well, let me ask you this.

1447 Mr. Simmons. And so, where we are not required --

1448 Ms. Kuster. Do you agree that it would improve the
1449 quality of our life if we save -- you have said -- let me go
1450 back -- you have said that improved energy efficiency
1451 standards dramatically reduced aggregate home energy costs.
1452 On that, we have agreed. And you have said that you agree
1453 that reduced carbon pollution is beneficial to public health.
1454 You had a debate about the asthma. I do understand that.
1455 But would you agree or not -- maybe you don't agree -- do you
1456 agree that better energy efficiency is better for quality of
1457 life for American families?

1458 Mr. Simmons. Yes, on that, I will definitely agree.
1459 The better energy efficiency, it is one of the reasons that
1460 we spend millions of dollars a year doing research and
1461 development in the Building Technology Office to improve
1462 energy efficiency overall.

1463 Ms. Kuster. So, if we can agree on that -- well, let me
1464 start with this. Is it correct that the Department of Energy
1465 has missed 16 legal deadlines for new energy efficiency
1466 standards for products?

1467 Mr. Simmons. I believe do.

1468 Ms. Kuster. And does the Department of Energy believe

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1469 it no longer has to comply with statutory obligations under
1470 the Energy Policy and Conservation Act?

1471 Mr. Simmons. No.

1472 Ms. Kuster. So, if you agree that the Department of
1473 Energy should comply, then why is your Department engaging in
1474 the delay? That is what I am trying to get to.

1475 Mr. Simmons. We are not engaging in the delay. We are
1476 working through the process that is required for each and
1477 every one of the products that we are required to regulate.
1478 That is a process --

1479 Ms. Kuster. But despite missing 16 legal deadlines?

1480 Mr. Simmons. Despite missing deadlines, we are working
1481 through that process. The process is ongoing, but I
1482 definitely --

1483 Ms. Kuster. What is it that we can do to help you and
1484 your Department comply with these legal deadlines? Is it a
1485 question of lack of resources? What is it that you need from
1486 Congress?

1487 Mr. Simmons. It is not a --

1488 Ms. Kuster. Because we want to improve the quality of
1489 life for our constituents. We want them to save money, not
1490 just low-income people, but all people. My husband and I
1491 spend quite a bit of time when we are choosing an appliance

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1492 for our family, to get the most energy-efficient, cost-
1493 effective -- I live in New Hampshire. It is cold. Energy
1494 costs are high. I try to get the best deal for my family.
1495 What can we do to help you, so that we can help all Americans
1496 get that best outcome?

1497 Mr. Simmons. So, I don't have a -- we have sufficient
1498 resources. I have not heard from the program that we need
1499 more resources. What we do need to do is to work through the
1500 process.

1501 Ms. Kuster. Do you think there is a lack of will in
1502 this administration?

1503 Mr. Simmons. There is a --

1504 Ms. Kuster. Because you keep falling back on the
1505 process.

1506 Mr. Simmons. The process takes --

1507 Ms. Kuster. I am wondering if there is a lack of will.

1508 Mr. Simmons. The process takes a lot of time, and it is
1509 not -- like I have not heard from the --

1510 Ms. Kuster. I yield back.

1511 Mr. Rush. I want to thank the gentlelady. And I also
1512 want to extend my apologies to her for misidentifying her
1513 state. She is from New Hampshire.

1514 Ms. Kuster. And I apologize for not keeping a better

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1515 eye on the clock.

1516 Mr. Rush. Yes, ma'am.

1517 All right. The chair now recognizes the gentleman from
1518 the great State of Illinois, Mr. Kinzinger, for 5 minutes.

1519 Mr. Kinzinger. Thank you, Mr. Chairman, and thank you
1520 for yielding.

1521 Sir, thank you for being here. Congratulations.

1522 It kind of feels reminiscent. When we had a prior
1523 administration, we were talking about deadlines a lot. It is
1524 just the process. Sometimes it takes some time, and we
1525 appreciate you and your staff diligently working through
1526 these.

1527 I think it is safe to say that every member of this
1528 committee shares some common energy goals, including cleaner
1529 emissions and cost savings for our constituents. Of course,
1530 like most issues in D.C., the devil is in the details, and it
1531 may seem to those watching or listening back home that the
1532 two parties stand against one another on the issue of energy
1533 efficiency and the environment. So, I would just like to
1534 state for the record that, as we begin debate in earnest on
1535 these important issues, I am willing to work in a bipartisan
1536 fashion to address these issues. Most people, if not
1537 everybody, is. Provided that we can stick to facts, we can

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1538 avoid some of the unnecessary partisanship and engage in
1539 logical conversations.

1540 This hearing is focused on energy efficiency standards,
1541 for which I have a longstanding record in support. But we
1542 are currently grappling with a set of laws that, through
1543 subsequent regulation and court proceedings, have become
1544 unclear, to the detriment of consumers and industry alike.

1545 When the industries that manufacture energy-efficient
1546 consumer products are uncertain about the application of laws
1547 and regulations, it leads to less confidence. The lack of
1548 confidence can lead to higher production costs. Higher
1549 production costs are passed along to consumers. And, of
1550 course, if the consumer is uncertain about the energy saving
1551 and cost savings benefit of these products, they could either
1552 pay more for less efficiency or, if they are not so sure,
1553 they could altogether choose not to buy these energy-
1554 efficient products. In sum, each of these issues should be
1555 thoughtfully addressed for the betterment of consumers, the
1556 environment, and, yes, even industry.

1557 So, I would like to give you an opportunity to correct
1558 the record on some of the claims that are being made here. I
1559 understand there are about 50 active regulations that DOE
1560 plans to take action on in the coming year. Is DOE committed

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1561 to following the law and carrying out its responsibilities
1562 under the appliance standards program?

1563 Mr. Simmons. Yes.

1564 Mr. Kinzinger. We are going to hear testimony on the
1565 second panel that references a high percentage of consumers
1566 who experience a net cost for newer proposed product
1567 standards. In other words, the life-cycle cost of the
1568 product will be greater than the savings from efficiency. Do
1569 you believe that increasing net cost for consumers fits the
1570 goals of the Energy Policy and Conservation Act?

1571 Mr. Simmons. No.

1572 Mr. Kinzinger. How can DOE do a better job to ensure
1573 efficiency standards actually lead to consumer savings?

1574 Mr. Simmons. One of the most important things I think
1575 that we can do is to have a robust, open, transparent process
1576 of setting the standards, so that we are making sure to take
1577 sufficient comment to understand all of the issues around a
1578 new standard. So that we don't get in situations, or that
1579 they are as minimized to the greatest extent possible, where
1580 we are imposing negative impacts on certain classes of
1581 consumers.

1582 Mr. Kinzinger. I think it is important to remember, you
1583 can impose rules. We are Congress; we can do whatever we

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1584 want imposing rules. What we can't impose is human behavior.
1585 So, human behavior has a reaction to any set of rules. Just
1586 like if something becomes convoluted, people can choose to go
1587 buy something else, maybe less energy-efficient and totally
1588 violent any goals that we have here in the House.

1589 I have got one other question. When considering the net
1590 costs, are there other features or performance attributes
1591 that consumers might lose?

1592 Mr. Simmons. That can happen. And one of the
1593 challenges is what gets defined as a feature. That is not
1594 always clear. One thing that is a perennial issue is venting
1595 for furnaces or venting for water heaters. Is that a
1596 feature? Is that a performance feature? And reasonable
1597 people can disagree.

1598 Mr. Kinzinger. And I do have another question. The
1599 stated mission of EERE is ``to create and sustain American
1600 leadership in the transition to a global clean energy
1601 economy". The vision is a ``strong and prosperous America,
1602 powered by clean, affordable, and secure energy". Are you
1603 committed to following the laws that Congress passes as
1604 Congress intends?

1605 Mr. Simmons. Yes.

1606 Mr. Kinzinger. Has Congress provided EERE with

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1607 sufficient resources to carry out its responsibilities?

1608 Mr. Simmons. Currently, yes.

1609 Mr. Kinzinger. How are you positioning EERE to create
1610 and sustain American leadership in the years ahead?

1611 Mr. Simmons. Three things overall for our office to
1612 focus on generally. The first is energy affordability. We
1613 need to drive down the cost of all types of energy, as well
1614 as the things that use energy.

1615 No. 2, we need to figure out how to do a good job to
1616 bring together all of the energy and all of the users of
1617 energy together into an energy system. We need flexibility
1618 in the electric grid of the future. And I think that that is
1619 very important. It is the one key things that the office is
1620 focused on.

1621 And then, the third overall priority for my office is
1622 energy storage, ways to look to have energy storage,
1623 especially because it can improve that flexibility, so you
1624 can have more things like more wind or more solar on the
1625 electric grid of the future.

1626 Mr. Kinzinger. Thank you. Thank you for your service.

1627 Mr. Chairman, I yield back.

1628 Mr. Rush. I want to thank the gentleman. The chair now
1629 recognizes the gentleman from Virginia, Mr. McEachin, for 5

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1630 minutes.

1631 Mr. McEachin. Thank you, Mr. Chairman, and thank you
1632 for calling this hearing today.

1633 And to the Secretary, thank you for being here today as
1634 well.

1635 Increasing efficiency really means reducing waste, doing
1636 more with the resources we are already using. And reducing
1637 waste is an idea that I would think everyone should be able
1638 to support. Greater energy efficiency offers one of the
1639 paths of least resistance economically, technologically, and
1640 logistically for reducing greenhouse gas emissions. So,
1641 strengthening efficiency standards carries significant
1642 benefits for public health and for our environment.

1643 Mr. Simmons, in your testimony you speak of DOE's,
1644 quote, ``statutory mandate to establish energy conservation
1645 standards that achieve the maximum improvement in energy
1646 efficiency that is technologically feasible and economically
1647 justified, and that saves a significant amount of energy".
1648 What I would like to do with you today is to unpack the
1649 meaning of ``economically justified". Because what looks
1650 reasonable in one light may look unreasonable in another.

1651 I have introduced legislation to ensure that long-term
1652 climate impacts are properly weighted in the regulator's

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1653 dollar-and-cents benefit/analysis, and I want to apply that
1654 same line of thinking here. In determining whether
1655 efficiency standards for many consumer products are
1656 justified, DOE is supposed to look at, among other
1657 considerations, the need for national energy and water
1658 conservation and other factors the Secretary considers
1659 relevant. Energy efficiency, as I have said, offers one of
1660 the paths of least resistance for reducing greenhouse gases.
1661 So, it seems clear to me that the need for national
1662 conservation is urgent and great, and that it reflects our
1663 need to minimize climate change and to mitigate its
1664 potentially devastating effects. And it seems equally clear,
1665 given the urgency of the challenges we face, that the current
1666 and projected state of our climate should be factors the
1667 Secretary deems highly relevant to the setting of energy
1668 conservation standards.

1669 Question: so, to what extent does the reality of
1670 climate change and the climate consequences which we are
1671 already having to live with influence standard-setting
1672 decisions?

1673 Mr. Simmons. So, when we do the economic analysis, one
1674 of the things that is considered is climate. It was in the
1675 standards rule set by the Obama administration. That

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1676 consideration is also in the standards rule set by this
1677 administration.

1678 Mr. McEachin. So, is it fair to say that DOE is
1679 grappling with the fact that, absence significant increases
1680 in energy efficiency, our society could face existential
1681 threats within the lifetime of the folks in this room?

1682 Mr. Simmons. What we are considering is the impact of
1683 greenhouse emissions on the climate from the particular
1684 rules, given that that is what our mandate is.

1685 Mr. McEachin. If I hear you correctly, then, DOE
1686 acknowledges that climate considerations can and should play
1687 a role in shaping regulations. Can you speak to why that
1688 role is not greater? If nothing else, surely the urgency of
1689 our climate needs is a compelling argument for moving forward
1690 on some of the standards the DOE has finalized, but neglected
1691 to publish.

1692 Mr. Simmons. You mentioned the seven factors that go
1693 into considering what is economically relevant. The first
1694 one is economic impact on consumers and manufacturers,
1695 lifetime operating cost compared to increased cost. Talking
1696 about consumers is mentioned numerous times in EPCA. Climate
1697 is not mentioned in EPCA. So, while it gets included in the
1698 overall economic analysis, first and foremost, EPCA is

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1699 designed to focus on consumers currently. Obviously,
1700 Congress can change that.

1701 Mr. McEachin. All right. Thank you. Thank you, Mr.
1702 Simmons.

1703 Mr. Chairman, I yield back.

1704 Mr. Rush. The chair thanks the gentleman. The chair
1705 now recognizes the gentleman from Virginia, Mr. Griffith, for
1706 5 minutes.

1707 Mr. Griffith. Thank you very much. I appreciate it.

1708 I am going to head in the same direction of sorts that
1709 my colleague from Virginia, Mr. McEachin, just touched on,
1710 but in a slightly different vein, and that is the
1711 economically-justified aspect. Mr. Latta of Ohio previously
1712 brought some of this up. That is, are the consumers getting
1713 the same product, even if it is more energy-efficient?

1714 We had some folks testifying a couple of years ago about
1715 hot water heaters and they were going to lower the size of a
1716 hot water heater in an attempt to save energy. And I raised
1717 the point that if somebody has the money to buy a 100-gallon
1718 hot water heater, they probably have the money to buy two 50-
1719 gallon hot water heaters, and are you really making any gain,
1720 if you just lower the size of the hot water heater?

1721 Likewise, I have a constituent who has been very upset,

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1722 although this was an EPA rule, about her washing machine
1723 because they don't work as well now that they have changed
1724 the rules some time ago. And so, accordingly, she either
1725 double does the wash, in other words, she has two loads where
1726 she would have had one, or on occasion, when she has time to
1727 babysit her machine, she adds additional water to her machine
1728 because it doesn't currently -- part of the way they got
1729 their efficiency was they didn't put as much water in it;
1730 therefore, they didn't have as much water to heat. Well, she
1731 adds extra water to it to get around that, so that she can
1732 get her clothes clean. And there were other problems, mold
1733 and other issues, that came up.

1734 Is that part of what you look at for economically
1735 justified as well? Is the consumer going to get what they
1736 want and are they likely to be running their washing machines
1737 or their hot water heaters or their dishwashers twice as much
1738 to accomplish the same thing, which actually adds to our
1739 energy demand, as opposed to reducing it?

1740 Mr. Simmons. That is, it can be included in whether or
1741 not something is economically justified. Also, there is
1742 another statutory provision in EPCA that forbids us from
1743 reducing the performance or the features of a product. So,
1744 it is in EPCA. The question is, sometimes people can

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1745 disagree about what that means.

1746 Mr. Griffith. Well, and I heard you mention earlier
1747 windows in ovens. Tell me what the fight there is.

1748 Mr. Simmons. There hasn't necessarily been a fight, but
1749 that is an example of something that is -- like is this,
1750 deciding if that is a feature. And I think that everyone can
1751 agree that that, nearly everyone can -- like we could have
1752 more efficient ovens if we didn't have a window on them.

1753 However --

1754 Mr. Griffith. Most of your cooks like to look.

1755 Mr. Simmons. What is that?

1756 Mr. Griffith. Most of your cooks like to look.

1757 Mr. Simmons. Exactly, and that is the overall point, is
1758 that it could be more efficient, but we need to have that
1759 feature because it is important to the function of the
1760 product to be able to look and to see if your pie is done.

1761 Mr. Griffith. Well, and along those lines, if you don't
1762 have the window, aren't you going to open that door more?

1763 Mr. Simmons. Yes.

1764 Mr. Griffith. And couldn't that potentially lead to
1765 using more electricity?

1766 Mr. Simmons. It could. Or with dishwashers, if people
1767 are spending more time washing their dishes by hand and

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1768 running water, that may overall lead to more energy
1769 consumption than just putting a slightly dirty dish in the
1770 dishwasher.

1771 Mr. Griffith. Got you.

1772 Well, I appreciate your being here today. I look
1773 forward to working with you on these issues.

1774 And I yield back, Mr. Chairman.

1775 Mr. Simmons. Thank you.

1776 Mr. Rush. The chair thanks the gentleman. The chair
1777 now recognizes the gentlelady from Delaware, Ms. Blunt
1778 Rochester, for 5 minutes.

1779 Ms. Blunt Rochester. Thank you, Mr. Chairman.

1780 And thank you, Assistant Secretary Simmons, for being
1781 here.

1782 Your agency is one that oversees some very important
1783 functions as part of the federal government. And I want to
1784 start by emphasizing the importance of issues to my State of
1785 Delaware, where we are the lowest mean elevation of any state
1786 in the country. And consequently, we are on the front lines
1787 of climate change. And while I know there has been some
1788 skepticism in the administration about the legitimacy of
1789 climate change and the sense of urgency that we must have, I
1790 can tell you that my constituents see it firsthand. From

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1791 constant beach erosion in Sussex County to the changing
1792 growing seasons in Kent County, to chronic flooding in New
1793 Castle County, climate change is a top priority for
1794 Delawareans.

1795 As we have mentioned here, your work, energy efficiency,
1796 focuses on our health. It also focuses on our economy and,
1797 as I mentioned, the environment. One of the things that we
1798 want to do here is to be able to attack climate change as
1799 quickly as possible. And so, energy efficiency plays a big
1800 role.

1801 My colleagues have already shared some of their concerns
1802 about the number of deadlines that have been missed by the
1803 administration, even though they are mandated by law. But I
1804 want to shift and ask some different questions.

1805 Mr. Simmons, in your testimony you submitted to the
1806 committee you say that one of your top priorities is energy
1807 affordability. With that priority in mind, do you support
1808 fully funding and utilizing programs such as LIHEAP, the Low
1809 Income Home Energy Assistance Program?

1810 Mr. Simmons. I don't have anything to do with --

1811 Ms. Blunt Rochester. Correct.

1812 Mr. Simmons. I don't have anything to do with LIHEAP.

1813 Ms. Blunt Rochester. I know it is not under your --

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1814 Mr. Simmons. From the perspective of an administration
1815 witness, I don't know enough to have a comment on that one.
1816 I'm sorry.

1817 Ms. Blunt Rochester. It is an energy efficiency, low-
1818 income program. How about the weather assistance program?
1819 Maybe you could talk a little bit about that?

1820 Mr. Simmons. So, you saw in the previous budget that
1821 the Weatherization Assistance Program was zeroed out in the
1822 President's proposed budget. The new budget is coming out
1823 soon, and we will see what is there.

1824 One of the things that I really wanted to emphasize is
1825 that, even though the Weatherization Assistance Program was
1826 zeroed out, that my office worked diligently as soon as funds
1827 were provided to carry out the mission of that office. And
1828 that is something that I think is critical. We are executing
1829 on the monies provided by Congress.

1830 Ms. Blunt Rochester. Mr. Simmons, in Title X, Chapter
1831 2, Part 430, of the Federal Code, there is a specific
1832 reference made to low-income families and the consideration
1833 the Department must make when determining standard levels.
1834 Like the rest of the country, Delaware has seen an increase
1835 in the number of residents who are now renting, rather than
1836 owning their own homes. And so, obviously, that means that

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1837 those individuals are unable to make decisions to upgrade to
1838 more energy-efficient appliances, but are still often saddled
1839 with the energy costs of more inefficient appliances. Can
1840 you talk about what your Department has done with rental
1841 properties in relation to energy efficiency?

1842 Mr. Simmons. So, overall, the Building Technology
1843 Office, I don't know if there has been any specific focus on
1844 rental property as opposed to all property, as, then, trying
1845 to increase energy efficiency of windows, energy efficiency
1846 of insulation. As one of the Representatives pointed out
1847 previously, Mr. McKinley, talking about increasing insulation
1848 that makes the area, the housing tighter, which can lead to
1849 air quality issues, but we could put those aside for a
1850 minute. We are doing a lot of things on research and
1851 development. I don't know if there has been any specific
1852 focus on rental properties.

1853 Ms. Blunt Rochester. One of the reasons why I ask is
1854 because, when we don't deal with the standards that impact
1855 all of us, some of us don't get the same level of support
1856 they need to be able to be energy-efficient.

1857 But I want to shift, one last question. Are there
1858 strategic investments that can be made in an infrastructure
1859 policy package to accelerate energy efficiency strategies in

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1860 buildings or industrial processes? And if so, what are they?

1861 Mr. Simmons. That is a --

1862 Ms. Blunt Rochester. I have about 28 seconds.

1863 Mr. Simmons. Yes. Ms. Blunt Rochester. So, you could
1864 probably submit that in writing because I am sure you won't
1865 get it all out.

1866 Mr. Simmons. Exactly. Exactly.

1867 Ms. Blunt Rochester. But you can start. You have got
1868 20 seconds.

1869 Mr. Simmons. That is just what I was going to say, is
1870 that that one is one that I would have to get back to you in
1871 writing. Ms. Blunt Rochester. Okay. Thank you. I yield
1872 back.

1873 Mr. Welch. [presiding] The chair recognizes Mr.
1874 Johnson from Ohio.

1875 Mr. Johnson. Thank you, Mr. Chair.

1876 And, Assistant Secretary Simmons, I would like to start
1877 off by saying right upfront that DOE's work on efficiency
1878 standards is important. There is a benefit to these
1879 programs, but it is crucial that the process is fair and
1880 transparent. I think your work on the appliance standards
1881 program and bringing stakeholders into the fold early is
1882 equally important and can result in a more workable and

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1883 achievable set of standards.

1884 Now one important aspect of setting efficiency standards
1885 should be understanding the upfront cost to consumers of a
1886 product associated with any efficiency gains. I represent a
1887 very rural part of Ohio, eastern and southeastern Ohio. Many
1888 of my constituents live paycheck to paycheck. And I worry
1889 that these standards could have a disproportionately adverse
1890 impact on low-income households as the costs of appliances go
1891 up.

1892 So, to what extent does DOE consider the impact of cost
1893 to the consumer in consideration for efficiency standards,
1894 especially as it relates to low-income households?

1895 Mr. Simmons. So, our statutory mandate is to look at
1896 the maximum improvement in energy efficiency that is
1897 technologically feasible and economically justified. And so,
1898 in the consideration of what is economically justified, that
1899 is where we do the analysis to try, to the maximum extent
1900 possible, to make sure that we are not increasing the cost of
1901 products and making things more difficult. Because if you
1902 cannot afford a new product, if you cannot afford a new HVAC
1903 system, for example, then you are not going to receive any
1904 benefits from it, and you may, then, put in window units that
1905 are less efficient. So, the cost considerations are of

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1906 paramount importance.

1907 Mr. Johnson. Can you just briefly indicate any specific
1908 cost factors that you consider in that type of analysis?

1909 Mr. Simmons. Well, there are seven. The economic
1910 impact for consumers and manufacturers, and to do that, we
1911 have to consider various types of consumers, whether it is
1912 higher income or lower income; the lifetime operating cost
1913 compared to increased cost, and that is a big issue. If you
1914 can't afford it upfront, you are not going to get those
1915 lifetime benefits. Projected energy savings, impact on
1916 utility or performance. So, there is a number of factors
1917 that we consider that directly look at making sure that, as
1918 we are increasing a standard, that it does not result in
1919 consumer disutility or consumer harm.

1920 Mr. Johnson. Okay. Along similar lines, we have seen
1921 DOE propose efficiency standards that raise the upfront cost
1922 of an appliance with the promise that we will achieve those
1923 savings over time. In some cases, like dishwashers, the
1924 payback period could exceed 10 years. I can tell you, I got
1925 a dishwasher and I am already having to do major repairs, and
1926 I haven't had it for 10 years. So, I would never achieve
1927 that efficiency payback.

1928 So, does DOE have any criteria for what it considers a

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1929 fair payback period for appliances?

1930 Mr. Simmons. I would have to get back to you. I don't
1931 think so. We don't have an exact level. But it is one of
1932 the considerations that is looked at, is what is the payback
1933 period. Because if it gets very long, if it is 10 years, in
1934 my opinion, that is far too long because of all of the
1935 possible intervening events that can happen in that 10 years,
1936 that paybacks need to be quicker.

1937 Mr. Johnson. Yes, I am certainly not trying to be
1938 funny, but back to that paycheck-to-paycheck analysis, if it
1939 doesn't have a return on investment within the next month,
1940 people in rural America are going to be hard-pressed to
1941 purchase efficiency systems.

1942 Can you provide some examples where the payback period
1943 exceeded the life of the product? Have you run across any of
1944 those examples?

1945 Mr. Simmons. I believe they exist. I don't have any at
1946 my fingertips currently. I would be happy to provide that in
1947 writing.

1948 Mr. Johnson. Okay. If you could get back to me, I
1949 would appreciate it.

1950 Mr. Simmons. Yes. Mr. Johnson. Mr. Chairman, I yield
1951 back a whole 26 seconds.

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1952 Mr. Welch. You are very generous today. Thank you.

1953 The chair recognizes Mr. O'Halleran.

1954 Mr. O'Halleran. Thank you, Mr. Chairman and Ranking
1955 Member, for having this meeting today.

1956 Cutting-edge energy efficiency technologies of tomorrow
1957 are available today. And it is this committee's
1958 responsibility to ensure that the Department of Energy
1959 continues to deploy energy efficiency standards as they are
1960 described in the Energy Policy and Conservation Act to not
1961 only benefit Americans, but also the environment we live in.

1962 The effects of climate change are impacting rural
1963 America the hardest, especially in my State of Arizona, where
1964 droughts are impacting our farmers, crop yields. Wildfires
1965 are devastating our National Forests and Parks. Following
1966 the United States' fourth hottest summer on record, according
1967 to NOAA, these energy efficiency standards that we are
1968 discussing today have never been more important.

1969 The benefits of energy efficiencies technologies are
1970 very clear. But protecting the environment should not be a
1971 partisan issue, but, rather, a call to action in which
1972 Members of both sides of the aisle may find common-sense
1973 solutions.

1974 As a member of this committee, I am new. And so, I

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1975 guess where I come from is you are the head of a fairly large
1976 group of people. When you put these projects together, as
1977 you stated, your most important issue to meet the statute
1978 requirements. And so, what does that work plan that you put
1979 together look like in order to meet those? What are your
1980 timelines? What are your milestones? Do you put that
1981 together for each plan, so that you can make those guidelines
1982 become available to the public?

1983 Mr. Simmons. So, that is, at the highest level, that is
1984 available to the public. That is what is called the Unified
1985 Agenda of Regulatory and Deregulatory Actions. That
1986 describes the 50 active regulatory actions that are currently
1987 occurring in the Department of Energy. And the most recent
1988 update to that was in the fall. In that, there was 24 test
1989 procedures that were on the active agenda. There were 17
1990 energy conservation standards that we are actively working
1991 on. We have just sent updates to that to OMB, to OIRA, for
1992 the spring Unified Agenda that will lay out what regulations
1993 we are going to be actively working on. And I expect that
1994 when we are done with that process, there will be more --
1995 that we will be adding new active regulatory actions to that
1996 agenda.

1997 Mr. O'Halleran. As you miss milestones and other

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1998 deadlines, do you try to identify do you have a lack of
1999 personnel or are there change orders that are coming in,
2000 similar to a construction project, that require, whether it
2001 is political or otherwise, require changes that would move
2002 that end date of accomplishment of meeting statutory
2003 requirements?

2004 Mr. Simmons. There is some internal work that I
2005 definitely can engage in to make sure that we are doing a
2006 better job of meeting our deadlines and interacting with
2007 staff. I have not spent as much time as maybe I would like
2008 talking with the program about looking for how they believe
2009 that we can do a better job of meeting our standards, and I
2010 will do that.

2011 Mr. O'Halleran. Has there been any request for
2012 additional funding in order to be able to meet standards on
2013 a timely basis?

2014 Mr. Simmons. Not internally, no.

2015 Mr. O'Halleran. Okay. I guess when I am late getting
2016 my taxes in, if I am, I either file an extension and let
2017 everybody know in the IRS or I get penalized. If I am late
2018 with a payment to the bank, after a while they say, ``You owe
2019 your money." And when we are late with getting a statutory
2020 requirement into Congress, I would think that our agency

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2021 would say we need to find a way to get it there on time. And
2022 I am trying to figure out why that is not being accomplished.

2023 Mr. Simmons. One reason is that this process takes a
2024 long time, and it takes a long time to do right.

2025 Mr. O'Halleran. But you know that at the beginning
2026 anyway. It has taken a long time, time after time after
2027 time. So, the idea is, the American people are waiting to be
2028 able to save money, to save energy, and to be more efficient
2029 with the use of that energy. And the more that there are
2030 delays in the system, it is apparent, some of the billions of
2031 dollars of savings that are accomplished over time, that we
2032 are costing the American taxpayers money. And it would be
2033 efficient for us to be able to get these statutory
2034 requirements that you identified as the most important
2035 process, to get it finished.

2036 Mr. Welch. And the gentleman's time --

2037 Mr. O'Halleran. Thank you, Mr. Chairman. I yield.

2038 Mr. Welch. Thank you.

2039 Mr. Simmons. May I respond to just say that that's a
2040 good and valid point.

2041 Mr. O'Halleran. Thank you.

2042 Mr. Welch. The chair recognizes Mr. Bucshon from
2043 Indiana.

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2044 Mr. Bucshon. Thank you.

2045 And thank you, Assistant Secretary, for being here.

2046 I was a doctor before. I just want to clarify that
2047 carbon dioxide is a byproduct of normal human respiration,
2048 and in and of itself has no effect on cardiovascular disease
2049 or asthma. That has been implied over and over in the
2050 climate discussion. I believe that the climate is changing,
2051 but to imply that that byproduct of respiration has a direct
2052 effect on those diseases is hyperbole and meant to scare the
2053 American people.

2054 Why are four rules under litigation?

2055 Mr. Simmons. Four rules are under litigation because we
2056 did not send them to the -- we did not finalize them by
2057 sending them to The Federal Register.

2058 Mr. Bucshon. Okay. Are these rules from the previous
2059 administration or --

2060 Mr. Simmons. Yes.

2061 Mr. Bucshon. Okay. So, the litigation doesn't have
2062 anything to do with the rule itself; it has to do with the
2063 timing of submitting them to The Register? Or are there
2064 flaws that you can comment on in the rule that was --

2065 Mr. Simmons. The litigation is about whether or not it
2066 was legally permissible for us not to send them to The

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2067 Federal Register.

2068 Mr. Bucshon. Okay. Thanks for clearing that up.

2069 Did the Obama administration that you are aware of meet
2070 all its statutory deadlines? Has this been a chronic
2071 problem?

2072 Mr. Simmons. It has been a problem for multiple
2073 administrations, including --

2074 Mr. Bucshon. Yes, probably for decades, right?

2075 Mr. Simmons. Yes.

2076 Mr. Bucshon. Yes. So, that is on us, on Congress
2077 really, to help you with that, I would say.

2078 So, the proposed energy efficiency standards must be
2079 developed and tested using sound science, transparent data,
2080 and clear metrics for determining the economic justification.
2081 You have talked about this some. Can you describe how your
2082 office plans to adhere to these most basic requirements in
2083 formulating new energy efficiency standards?

2084 Mr. Simmons. Well, many of the issues have been
2085 highlighted today --

2086 Mr. Bucshon. Yes.

2087 Mr. Simmons. -- of the need that we have to make sure
2088 that we are doing a good job, whether it is to making sure
2089 that these products have good performance, that the cost

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2090 increases, the possible cost increases are not unduly
2091 burdensome. And that process can take time to make sure that
2092 we are talking to, that we are hearing from all stakeholders,
2093 from the general public, to make sure that -- you know, these
2094 are things that people interact with every single day.
2095 People interact with their dishwashers, with their
2096 microwaves, with their refrigerators, with their water
2097 heaters, with their HVAC systems. So, it is critical that we
2098 get it right, and that can take time.

2099 Mr. Bucshon. Understood. Well, I think we can all
2100 agree energy efficiency is something every consumer and
2101 manufacturer should strive to adapt. However, I am concerned
2102 that tightening energy efficiency standards to unrealistic
2103 levels could have an unintended impact of costing American
2104 manufacturing jobs.

2105 And I am from Indiana and I think we know the Carrier
2106 case in Indiana. When I met with the parent company, United
2107 Technologies, they said that the 50 standards that were put
2108 in place over at the Obama administration made it essentially
2109 impossible for them to continue to manufacture in my state,
2110 as one of the main factors, because regulations were piled on
2111 them very quickly, probably for the most part for ideological
2112 reasons.

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2113 And this can affect small manufacturers particularly,
2114 that can't absorb this type of hit. So, our state is a big
2115 manufacturing state, home to a lot of small manufacturers in
2116 the Eighth District.

2117 So, to what extent does the DOE take employment impacts
2118 into account when they set efficiency standards?

2119 Mr. Simmons. So, one thing that we are legally required
2120 to do, so it is very important that we do do it, is that when
2121 we are considering the factors that make up whether or not a
2122 rule is economically justified, one of those factors is
2123 impact of lessening of competition. And I think that that
2124 can be read in a number of ways. It doesn't explicitly talk
2125 about employment, but employment I believe should be included
2126 there --

2127 Mr. Bucshon. Sure.

2128 Mr. Simmons. -- to make sure that the United States is
2129 as economically competitive as possible, and that we are not
2130 reducing needlessly --

2131 Mr. Bucshon. So, you would probably agree, then, that
2132 putting standards in place are difficult to meet from an
2133 economic standpoint, that results in jobs being transferred
2134 to other countries than the United States, probably need to
2135 be looked at pretty closely, and that should be a substantial

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2136 factor in applying these efficiency standards to the United
2137 States?

2138 Mr. Simmons. Yes. I mean, it is very much contrary to
2139 the administration's position to be shifting jobs outside the
2140 United States. We want to grow --

2141 Mr. Bucshon. And I would agree with that.

2142 Mr. Simmons. -- to grow U.S. manufacturing.

2143 Mr. Bucshon. Thank you. I yield back.

2144 Mr. Welch. Thank you, Mr. Bucshon. The chair
2145 recognizes himself.

2146 This question on efficiency standards, it's interesting.
2147 I want to say a couple of things. No. 1, there is a lot of
2148 bipartisan support for aggressive energy efficiency. That is
2149 No. 1. In fact, when we passed in the House the Waxman-
2150 Markey bill that had as its goal 80 percent carbon reduction
2151 by 2050, 40 percent of the carbon reduction was through
2152 efficiency.

2153 Secondly, there has been a lot of leadership on the
2154 Republican side of the aisle when they were in the majority,
2155 and now in the minority. So, there is a real potential here
2156 for common ground.

2157 Third, efficiency standards play a major role. And some
2158 of my colleagues have been rightly raising some questions

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2159 about what the impact is which you are trying to assess.
2160 What does it do to small manufacturers? What does it do to
2161 consumer cost? And those are difficult questions. They have
2162 to be addressed. Because if it is unaffordable, you are not
2163 going to buy it and you are not going to get the benefit.

2164 But a lot of manufacturers acknowledge that having
2165 standards that all of them have to compete to meet, and then,
2166 have that out in the marketplace actually helps them, because
2167 it is not a race to the bottom, where competition is on the
2168 basis of the lowest-quality product. So, I have sympathy for
2169 the challenge of these competing interests. Mr. Johnson
2170 raised some questions. Dr. Bucshon just did, and others.
2171 But it does require that you get the standards out, and that
2172 hasn't been happening. And I don't want to go into the
2173 delays in the Obama or this administration. It doesn't
2174 matter. The bottom line, how are we going to get these
2175 standards out?

2176 As I understand it, there is a huge delay. We are very
2177 late in getting the energy efficiency improvements associated
2178 with the latest model of code. So, I am kind of following up
2179 on what Mr. O'Halleran said. What have we got to do to get
2180 these standards out from you? That is No. 1.

2181 Mr. Simmons. Well, it is one of the reasons that we

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2182 have the proposed Process Rule, because we think that that
2183 will streamline the process by having an early-look procedure
2184 where we have an assessment early in the process, and that if
2185 it isn't possible to meet our statutory requirements, then we
2186 can more easily move to the rules where there is the greatest
2187 opportunity for energy efficiency.

2188 So, that is why it is also important to define what is a
2189 significant savings of energy, because the law requires, EPCA
2190 requires us for rules to save a certain amount --

2191 Mr. Welch. Yes. Well, you know, you have got a hard
2192 job because of all of these competing considerations you have
2193 got to take into account, but we really need you to get that
2194 done. And then, we can have an argument about what the
2195 impact is.

2196 Another issue is about the DOE loan program, and I
2197 understand that is a different office than yours, but it
2198 overlaps a bit with your focus area. Currently, as I
2199 understand it, there is \$5 billion in unused loan authority
2200 for renewables that are available. That was a program
2201 authorized under the Bush administration. And can you tell
2202 us what is up and what we need to do to get that thing going?

2203 Mr. Simmons. I know that the loan program is actively
2204 looking for projects. I know that they have talked to the

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2205 Wind Office, for example, about potential. And one area
2206 could be offshore wind projects.

2207 Mr. Welch. So, what have we got to do to --

2208 Mr. Simmons. They are working on it.

2209 Mr. Welch. What have we got to do to get those loans
2210 authorized?

2211 Mr. Simmons. That I don't know. I can say that, as the
2212 head of the Loan Program Office said, that LPO is open for
2213 business and that they have been actively looking for
2214 opportunities.

2215 Mr. Welch. And so, you don't know, basically?

2216 Mr. Simmons. I don't know more than what I just said.

2217 Mr. Welch. Well, yes, I mean, that is frustrating,
2218 probably is frustrating for you as well. I mean, you have
2219 got that loan authority. You have got a lot of entrepreneurs
2220 out there. It is not a red state/blue state deal. A lot of
2221 folks who see an opportunity to make some money would be able
2222 to do it, if they could get access to the loans and move
2223 ahead. So, I just urge you to do all you can to implement
2224 that program or encourage it to be implemented.

2225 And finally, I want to take a step back and briefly ask
2226 about a few other efforts at DOE. What steps is DOE taking
2227 to ensure energy efficiency R&D is being conducted at all

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2228 levels, the early stage, the mid stage, and long-term focus?

2229 Mr. Simmons. So, we know that the key there is that, as
2230 Secretary Perry has said, we are following congressional
2231 direction. And so, where we have congressional direction to
2232 be at early, mid, and late stage, we are trying our best to
2233 meet that congressional direction. And you will see that in
2234 the next few weeks when the Building Technology Office
2235 releases their latest funding opportunity announcement.

2236 Mr. Welch. Thank you. We will look forward to seeing
2237 that.

2238 Mr. Rush. [presiding] Mr. Secretary, it has been a
2239 long morning and I know you have other important work that
2240 you have to get done. I want to thank you so very much for
2241 your participation here during this first panel, and we want
2242 to see you again soon.

2243 [Laughter.]

2244 Mr. Simmons. Likewise. Thank you very much, Mr. Rush.

2245 Mr. Rush. All right. And that concludes panel one.

2246 Now I would like to invite panel two to now take seats
2247 at the desk.

2248 Now that we are in set order or sit order, let me
2249 introduce the panelists, beginning at my left.

2250 Mr. Andrew deLaski is the executive director of the

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2251 Appliance Standards Awareness Project of the American Council
2252 for an Energy Efficient Economy.

2253 Ms. Katherine Kennedy is the senior director of the
2254 climate and clean energy program at the Natural Resources
2255 Defense Council.

2256 Mr. Joseph M. McGuire is the president and CEO of the
2257 Association of Home Appliance Manufacturers, AHAM.

2258 Mr. Charles Harak is the senior attorney for energy and
2259 utility issues of the National Consumer Law Center.

2260 Mr. Stephen Yurek is president and CEO of the Air-
2261 Conditioning, Heating, and Refrigeration Institute, AHRI.

2262 And Mr. David Friedman is the vice president of advocacy
2263 for Consumer Reports.

2264 And at this time, the chair will now recognize each
2265 witness of the second panel for 5 minutes to provide an
2266 opening statement.

2267 Before we begin, I have the task of explaining the
2268 lighting system. In front of you is a series of lights. The
2269 light will initially be green at the start of your opening
2270 statement. The light will turn yellow when you have 1 minute
2271 remaining. And please begin to wrap up your testimony at
2272 that point. And the light will turn red when your time has
2273 expired.

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2274 With that, I will now recognize Mr. deLaski for 5

2275 minutes for an opening statement.

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2276 STATEMENTS OF ANDREW DELASKI, EXECUTIVE DIRECTOR, APPLIANCE
2277 STANDARDS AWARENESS PROJECT, AMERICAN COUNCIL FOR AN ENERGY
2278 EFFICIENT ECONOMY; KATHERINE KENNEDY, SENIOR DIRECTOR,
2279 CLIMATE AND CLEAN ENERGY PROGRAM, NATURAL RESOURCES DEFENSE
2280 COUNCIL; JOSEPH M. MCGUIRE, PRESIDENT AND CEO, ASSOCIATION OF
2281 HOME APPLIANCE MANUFACTURERS; CHARLES HARAK, SENIOR ATTORNEY
2282 FOR ENERGY AND UTILITY ISSUES, NATIONAL CONSUMER LAW CENTER;
2283 STEPHEN R. YUREK, PRESIDENT AND CEO, AIR-CONDITIONING,
2284 HEATING, AND REFRIGERATION INSTITUTE, AND DAVID J. FRIEDMAN,
2285 VICE PRESIDENT OF ADVOCACY, CONSUMER REPORTS

2286

2287 STATEMENT OF ANDREW DeLASKI

2288 Mr. deLaski. Chairman Rush, Ranking Member Upton, and
2289 distinguished members of the committee, I thank you for the
2290 opportunity to testify today.

2291 My name is Andrew deLaski. I am the executive director
2292 of the Appliance Standards Awareness Project. ASAP is a
2293 coalition project that is lead by a steering committee
2294 consisting of efficiency advocacy organizations, state
2295 government representatives, consumer and environmental
2296 organizations, and utility companies.

2297 I would like to do two things in my remarks today.
2298 First, I want to highlight how the existing National

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2299 Standards Program benefits the nation. Second, I will
2300 describe for you how the current administration has badly
2301 mishandled the program.

2302 Appliance, equipment, and lighting efficiency standards
2303 are one of the foundations of U.S. energy policy. According
2304 to the American Council for an Energy Efficient Economy, they
2305 are the No. 2 federal policy for saving energy. The energy
2306 and water savings from appliance standards translate into
2307 pocketbook savings for consumers and businesses, create jobs,
2308 make our energy systems more resilient and reliable, foster
2309 technological innovation, and reduce emissions that harm
2310 public health and the environment.

2311 Some data for your consideration. The typical household
2312 spends about \$500 less per year on their utility bills than
2313 if there had never been any standards. That is equal to a 16
2314 percent utility bill cut. It is hard to think of another
2315 policy out there that has done as much to improve the
2316 affordability of energy bills. All told, consumers' savings
2317 from existing standards for both consumers and for businesses
2318 totals \$2 trillion by 2030. It is a Department of Energy
2319 number.

2320 Jobs. When consumers and businesses spend their bill
2321 savings on other goods and services, research shows that that

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2322 boosts employment. Standards boosted the number of domestic
2323 jobs by about 300,000 jobs in 2016.

2324 Next, saving energy with improved efficiency standards
2325 helps make our energy systems more resilient, reliable, and
2326 affordable.

2327 Climate change. U.S. carbon dioxide emissions in 2020
2328 will be about 345 million metric tons lower, or about 7
2329 percent lower, because of existing energy efficiency
2330 standards.

2331 Unfortunately, over the past two years, the National
2332 Appliance Standards Program has been seriously mishandled by
2333 DOE. I will summarize five ways.

2334 First, DOE has missed 16 statutory deadlines for
2335 determining if current standards should be revised and is on
2336 track to miss 12 more, another dozen, by January 2021.
2337 Updated standards could add hundreds of billions of dollars
2338 in savings for consumers.

2339 Second, the Department has proposed to eliminate
2340 lightbulb standards slated to take effect next year. Members
2341 serving on this committee today from both parties worked hard
2342 on that 2007 law that created lightbulb standards. You did a
2343 good thing. You set initial standards, starting in 2012,
2344 that are now saving enormous amounts of energy and money.

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2345 Despite claims by some, the sky hasn't fallen.

2346 You also required a second stage to take effect in 2020
2347 and created a minimum level for that 2020 standard, 45 lumens
2348 per watt. In providing 13 years of advance notice, you sent
2349 a clear signal to the market. You helped unleash a torrent
2350 of innovation, LED lightbulbs use just smidgen of energy
2351 compared to the lightbulbs they replace and last 10 to 15
2352 years.

2353 But now, DOE has proposed to eliminate the 2020
2354 lightbulb standards by rescinding the 2017 rule that expands
2355 the standards to most everyday lightbulb and asserting -- you
2356 heard it today -- that the backstop standard does not apply.
2357 This action would cost a typical U.S. household about \$115 in
2358 lost energy savings by 2025 on an annual basis. Carbon
2359 dioxide emissions in 2025 will be about 1 percent higher on a
2360 nationwide basis because of this rollback action. Where else
2361 can you get a policy that will save the average household
2362 over \$100 and also trim U.S. CO2 emissions by 1 percent? It
2363 makes zero sense to eliminate lightbulb standards.

2364 Third, DOE has proposed an unnecessary rewrite of its
2365 standards development Process Rule that won't make it just
2366 harder to catch up on missed deadlines; it will put the
2367 National Standards Program into a deep freeze.

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2368 Fourth, DOE has abused its enforcement discretion to
2369 issue broad policies that negate duly-promulgated standards.
2370 DOE reversed course on one of these when the requesting
2371 industry group changed its mind, but the message has been
2372 sent. DOE is open to simply not enforcing the law.

2373 Fifth, DOE now contemplates a petition from the gas
2374 industry that would, if acted on, eliminate consideration of
2375 the single most important technology for saving natural gas,
2376 condensing technology. We are very concerned that DOE will
2377 do as the gas industry has requested.

2378 These harmful policies represent a sharp break from how
2379 this program has been handled across prior administrations,
2380 both Republican and Democratic. Instead of building on the
2381 foundational energy policy of National Appliance Standards,
2382 this administration has taken a wrecking ball to it. The
2383 consequences will be higher utility bills for consumers,
2384 increased strain on our energy systems, more uncertainty for
2385 business, and needlessly higher levels of climate change and
2386 other pollution.

2387 Thank you for the opportunity to testify.

2388 [The prepared statement of Mr. deLaski follows:]

2389

2390 ***** INSERT 4*****

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2391 Mr. Rush. I thank the gentleman.

2392 The staff is trying to get you some refreshments. We
2393 will give them a moment to make sure that they replace the
2394 water for you.

2395 Now the chair recognizes Ms. Kennedy for 5 minutes for
2396 the purposes of an opening statement.

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2397 STATEMENT OF KATHERINE KENNEDY

2398

2399 Ms. Katherine Kennedy. Chairman Rush, Ranking Member
2400 Upton, and distinguished members of the subcommittee, thank
2401 you for the opportunity to testify at this important hearing.

2402 My name is Katherine Kennedy, and I am a senior director
2403 of the climate and clean energy program at NRDC.

2404 Climate change is the existential threat of our time.
2405 2018 was the fourth warmest year on record. The human tool
2406 of climate change is immense, and the economic costs are
2407 reaching hundreds of billions of dollars per year. Indeed,
2408 nearly 20 percent of the federal deficit for fiscal year 2018
2409 was in response to devastating wildfires, hurricanes, floods,
2410 and other natural disasters around the country.

2411 The impacts of climate change are felt most acutely by
2412 low-income communities and communities of color and by the
2413 most vulnerable Americans, especially children and the
2414 elderly. But, together, we can still avoid the worst impacts
2415 of climate change using tools and technologies that are
2416 already available, first and foremost, energy efficiency. We
2417 know how to solve this problem. The biggest risks are
2418 inaction and delay.

2419 As NRDC explained in our recent report ``America's Clean

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2420 Energy Frontier: The Pathway to a Safer Climate Future,"
2421 using energy more efficiently is crucial to America's efforts
2422 to fight climate change. It is our best weapon. Energy
2423 efficiency lowers carbon pollution and consumer energy bills,
2424 strengthens the electricity grid, and avoids the air and
2425 water pollution that threatens our health and that of our
2426 communities. Energy efficiency is the most equitable and
2427 affordable climate solution because, as it lowers carbon
2428 pollution, it also lowers the energy burden on low-income
2429 Americans.

2430 DOE's Appliance Standards Program has a strong
2431 bipartisan track record. It was created in 1987 under a
2432 Republican President, a Republican Senate, and a Democratic
2433 House. For four decades, it has enjoyed support, not only
2434 from groups like NRDC, but from consumer and low-income
2435 advocates, utilities, state officials, and many
2436 manufacturers.

2437 Our National Standards Program has already produced
2438 enormous carbon energy and dollar savings, but the best is
2439 still to come. As we energy wonks like to say, energy
2440 efficiency is the low-hanging fruit that keeps growing back.
2441 Opportunities for further energy efficiency keep growing as
2442 technology and innovation continue to advance.

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2443 Now is the time to dramatically scale up our energy
2444 efficiency program. Appliances and equipment have long
2445 lifetimes. Each inefficient piece of equipment installed
2446 today in our homes, businesses, and factories helps to lock
2447 in a higher level of global warming. The more we delay, the
2448 harder it will be to reverse course.

2449 We should continue the tradition of bipartisan support
2450 for energy efficiency standards, but the current
2451 administration has brought the DOE efficiency standards
2452 program to a grinding halt and is trying to put it in
2453 reverse. The agency has not issued one new or updated energy
2454 efficiency standard, or even proposed any standards, under
2455 this administration other than those issued by the Obama
2456 administration or put in place by Congress.

2457 There is no room for excuses. DOE has clear legal
2458 deadlines to meet, and time and time again, this
2459 administration has failed to meet them. Instead, DOE is
2460 focused on unnecessary changes that will undermine the
2461 program and its impact. DOE is even attempting to gut
2462 lighting standards signed into law by President George W.
2463 Bush.

2464 Congress should be gravely concerned that DOE's illegal
2465 delays will have consequences stretching far beyond this

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2466 administration. Fighting climate change without a robust
2467 energy efficiency standards program is like trying to finish
2468 a puzzle with missing pieces. It is harder, it takes longer,
2469 and in the end, it is impossible. That is not a risk we can
2470 afford to take.

2471 Instead of irresponsible and illegal delays and
2472 rollbacks, DOE should update energy efficiency standards on
2473 time and should act to expand the program's energy and carbon
2474 savings. This will benefit all Americans, our economy, and
2475 our environment, and will protect our children's future.

2476 Thank you, and I will be happy to respond to any
2477 questions.

2478 [The prepared statement of Ms. Kennedy follows:]

2479

2480 ***** INSERT 5*****

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2481 Mr. Rush. Thank you.

2482 The chair now recognizes Mr. McGuire for 5 minutes.

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2483 STATEMENT OF JOSEPH M. McGUIRE

2484

2485 Mr. McGuire. Chairman Rush, Ranking Member Upton, and
2486 members of the subcommittee, thank you for the opportunity to
2487 testify this morning on behalf of the home appliance
2488 industry.

2489 Our industry is a strong supporter of, and participate
2490 in, the appliance standards program since its creation. We
2491 strongly support a system of federal standards and state
2492 preemption, and we do not support a rollback of any
2493 standards.

2494 The energy efficiency gains across major appliance
2495 categories are dramatic and undeniable. Modern refrigerators
2496 use the same amount of electricity as a 50-watt lightbulb. A
2497 new clothes washer uses 73 percent less energy than it did in
2498 1990, but can hold 20 percent more laundry. Today's average
2499 dishwasher uses 50 percent less water than in 2001.

2500 While the appliance program is successful, it is in need
2501 of modernization. Over the years, regardless of the
2502 administration, concerns have arisen when DOE has failed to
2503 move in an efficacious manner, too slowly, too quickly, and
2504 with no real prioritization.

2505 In 2005, DOE was directed by Congress to issue a

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2506 standard for battery chargers by 2008. That did not happen.
2507 In 2007, a new law compelled DOE to act no later than July
2508 1st, 2011. DOE did not issue the final rule until 2016.

2509 And DOE has moved too quickly to publish a standard.
2510 The most alarming example of this was the 2015 proposed
2511 dishwasher rule. Manufacturer tests show that dishwashers
2512 could not clean dishes with such a small amount of water
2513 allowed by the standard. The economic analysis to support
2514 the proposed rule also showed the economic payback to the
2515 consumer was longer than the useful life of the product. To
2516 its credit, DOE did not dispute the test results provided by
2517 our members and pulled the proposed standard back.

2518 The overarching historical problem is that DOE's work
2519 and resources are based on arbitrary timelines set forth
2520 under EPCA. DOE's resources should be used efficiently to
2521 manage energy savings, not maximize rulemakings.

2522 In the last two Congresses, AHAM has advocated
2523 amendments to achieve these modernizations. We would welcome
2524 action on such legislation by this committee and the 116th
2525 Congress in a bipartisan manner.

2526 Short of achieving such legislative reforms, we have
2527 urged DOE to adopt some of these reforms administratively.
2528 We are pleased that DOE has proposed important, but modest

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2529 reforms in the past few weeks, and we look forward to
2530 studying them further and hope that the Department will
2531 implement them.

2532 To be clear, much of the current Process Rule stays
2533 intact under the latest reforms proposed by DOE. We support
2534 a few common-sense principles in the proposal. The first is
2535 that the agency should be required to follow the process it
2536 establishes to govern the regulatory program. Second,
2537 requirements in how to test a product should be final before
2538 a standard is proposed. Third, provide DOE the ability to
2539 better prioritize its regulatory work and to focus its
2540 resources on those products that offer the greatest
2541 opportunity for energy savings.

2542 And let me add a word about test procedures for home
2543 appliances. Virtually all federal appliance efficiency test
2544 procedures were initially built on industry-developed test
2545 standards. The new Process Rule requires DOE to rely on
2546 these voluntary accredited standards consistent with OMB
2547 directives, where appropriate. DOE always had, and will
2548 continue to have, the ultimate say on federal test procedure
2549 construction.

2550 Our objective is to improve the regulatory environment
2551 in measurable ways that foster a fair, more predictable, more

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2552 open, and more efficient regulatory landscape. We will
2553 continue to live up to our responsibility to provide
2554 consumers with life-enhancing products that deliver superior
2555 performance and energy and environmental benefits.

2556 Mr. Chairman, and members of the subcommittee, in
2557 summary, we call on Congress to modernize EPCA, so that DOE
2558 can better prioritize its work based on potential energy
2559 savings, improved transparency, and stakeholder engagement,
2560 and a logical sequence to proposing test procedures and
2561 standards.

2562 Thank you for the opportunity to testify, and I would be
2563 happy to answer any questions.

2564 [The prepared statement of Mr. McGuire follows:]

2565

2566 ***** INSERT 6*****

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2567 Mr. Rush. Thank you.

2568 The chair now recognizes Mr. Harak for 5 minutes.

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2569 STATEMENT OF CHARLES HARAK

2570

2571 Mr. Harak. Thank you, Chairman Rush, Ranking Member
2572 Upton, and members of the committee. I thank you for the
2573 opportunity for allowing the National Consumer Law Center to
2574 offer testimony. It is truly a privilege to have the
2575 opportunity to provide NCLC's perspective on why regularly
2576 updated appliance standards are so important for low-income
2577 consumers.

2578 Appliance standards make home energy more affordable.
2579 For low-income consumers, this means fewer terminations of
2580 utility service and homes that are more comfortable and
2581 healthy to live in. Even from a narrow federal budget
2582 perspective, appliance standards help stretch federal fuel
2583 assistance dollars, the program referenced by the
2584 Congresswoman from Delaware, by lowering the household's
2585 heating and cooling bills.

2586 To provide some context for my comments, I will share
2587 some calls I had with a low-income consumer recently. The
2588 woman -- I will call her Susan -- had been living without
2589 heat for three weeks because her landlady had done nothing to
2590 fix her heating system after it had stopped working. Susan
2591 is a working single mom with a school-age child. While her

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2592 heat was out, Boston had temperatures below 10 degrees, at
2593 the same time that the Midwest was experiencing record cold
2594 temperatures. Her apartment was so cold that her son had a
2595 hard time getting up and going to school, as he was anxious
2596 and lethargic. While the local board of health eventually
2597 cited the owner for serious sanitary code infractions, Susan
2598 had to tell the owner she would be going to court in order to
2599 get the heating system working again.

2600 For those of us who work with low-income households,
2601 experience teaches that, when owners replace failed equipment
2602 like the heating systems in Susan's home, they often go out
2603 and buy the lowest-cost and least-efficient unit that will
2604 replace the failed appliance. This leaves the tenants with
2605 higher energy bills.

2606 This is why imposing minimum appliance efficiency
2607 standards is so important for low-income people, in
2608 particular. They are disproportionately renters. While the
2609 homeownership rate for the country as a whole is around 64
2610 percent, homeownership rates among low-income households are
2611 around 30 percent.

2612 The major appliances which contribute most to energy
2613 bills, heating systems, air conditioners, water heaters, are
2614 almost always purchased by the owner. In the absence of good

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2615 standards, low-income renters will become saddled with
2616 inefficient equipment and needlessly high bills for years.

2617 While some critics voice concerns about the cost of
2618 adopting efficiency standards, the Department of Energy
2619 operates under statutory mandates that require it to ensure
2620 that standards adopted provide net benefits to consumers.
2621 The statutory language which the Assistant Secretary
2622 referenced, I will quote it. ``Any new or amended energy
2623 conservation standard shall be designed to achieve the
2624 maximum improvement in efficiency which the Secretary
2625 determines is technologically feasible and economically
2626 justified."

2627 Historically, the Department has taken quite seriously
2628 those last five words, ``technological feasible and
2629 economically justified". My office, the National Consumer
2630 Law Center, has been in several Department standards dockets.
2631 They do take years to complete, involve extensive analysis of
2632 the economic impacts on consumers, on manufacturers, and on
2633 the economy, and allow for all stakeholders to be heard.

2634 The Department's own web page says, ``DOE regulations
2635 governing covered appliances...are established through a
2636 rulemaking process that provides opportunities for public
2637 review and comment. Manufacturers, distributors, energy

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2638 suppliers, efficiency and environmental advocates, and other
2639 members of the public are encouraged to participate in
2640 rulemakings." And, in fact, they do.

2641 If NCLC would make any criticism of the Department's
2642 process, we would note that it has consistently erred on the
2643 side of overestimating the cost of manufacturers complying
2644 with the standards. Products sold after the standards go
2645 into effect often cost less than estimated, and consumer
2646 benefits have, therefore, been even greater than predicted.

2647 The net benefits to consumers of appliance standards are
2648 impressive. The Department estimates -- again, I am quoting
2649 their website -- "`standards saved American consumers \$63
2650 billion on their utility bills in 2015". Energy efficiency
2651 groups agree that standards have saved consumers billions of
2652 dollars in the near term and much more in the long term.

2653 Consumers, thus, face significant harm when the
2654 Department unreasonably misses deadlines for updating
2655 appliance standards. The failure to promptly revise
2656 standards leaves consumers worse off, as the sale of less
2657 efficient products leads to higher energy for the life of the
2658 product purchased. For major residential products, heating
2659 systems, air conditioners, water heaters, the aggregate loss
2660 to consumers can easily reach hundreds of millions of

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2661 dollars, depending on how the late the Department is in
2662 finally revising that standard. Moreover, because the more
2663 efficient products will result in lower energy bills, failure
2664 to revise standards can affect consumer health as well, since
2665 higher energy bills lead directly to terminations.

2666 In conclusion, we applaud the committee for holding this
2667 important hearing and hope the committee will succeed in
2668 getting the Department to meet all deadlines.

2669 Thank you.

2670 [The prepared statement of Mr. Harak follows:]

2671

2672 ***** INSERT 7*****

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2673 Mr. Rush. I want to thank the witness.

2674 And now, the chair recognizes Mr. Yurek for 5 minutes.

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2675 STATEMENT OF STEPHEN R. YUREK

2676

2677 Mr. Yurek. Mr. Chairman, Ranking Member Upton, and
2678 members of the subcommittee, I thank you for inviting me to
2679 testify this morning on the topic, or this afternoon.

2680 Mr. Upton. I think you need to hit that button there.

2681 Mr. Yurek. I did.

2682 Mr. Upton. Okay. Well, speak a little closer. Maybe
2683 move it a little closer.

2684 Mr. Yurek. Oh, there it goes. Now it is back. Now it
2685 is on.

2686 Thank you, Chairman Rush, Ranking Member Upton.

2687 AHRI has 320 member companies that manufacture air
2688 conditioning, space heating, water heating, and commercial
2689 refrigeration equipment that supports over 100,000 U.S.
2690 manufacturing jobs and more than 1.3 million American jobs
2691 throughout its supply and distribution chain. And I want to
2692 make it very clear that our industry has a long and proven
2693 record of leadership when it comes to innovation and energy
2694 efficiency.

2695 I am here today to discuss three main points.

2696 Mr. Rush. Mr. Yurek, will you pull your microphone
2697 closer to you?

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2698 Mr. Yurek. Sure. It is going on and off.

2699 Mr. Rush. Would the staff assist him?

2700 Mr. Yurek. There we go.

2701 First, we agree that the Department of Energy should do
2702 all it can to promulgate regulations in a timely manner while
2703 adhering to the requirements that energy standards be
2704 technically feasible and economically justified. Our
2705 industry is unequivocally opposed to delays in rulemakings,
2706 as we always have been. In fact, in 2005, we joined a
2707 lawsuit against DOE to require them to issue rules in a
2708 timely manner.

2709 However, the amendments enacted in EPACT 2007 actually
2710 increases the burden on DOE by mandating a six-year review of
2711 all efficiency standards and a seven-year review of all test
2712 procedures. AHRI and its members' companies are best served
2713 when the proper amount of time is devoted to each rulemaking,
2714 rather than cut short because of the need to catch up to meet
2715 a standard.

2716 The history of feast-or-famine rulemaking by DOE
2717 negatively impacts consumers and manufacturers. For
2718 consumers, it increases the cost of products they rely on for
2719 their comfort, health, and safety. For manufacturers, it
2720 increases uncertainty and hampers planning for future

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2721 research, development, testing, and production of the next
2722 generation of equipment. Therefore, we join the subcommittee
2723 in its call for DOE to do everything it can to complete
2724 rulemakings in a timely manner.

2725 Second, we applaud DOE for recently issuing a proposed
2726 rule updating the Process Rule. While we will submit
2727 comments with suggestions on ways that the proposed rule
2728 might be improved, we are pleased that DOE intends for the
2729 rule to be binding on the Department, rather than mere
2730 guidance, as claimed by DOE in the past. When all parties
2731 are aware of the process, rulemakings are more transparent,
2732 economical, and predictable.

2733 Finally, we believe that the above two points make the
2734 case for a bipartisan congressional action to reauthorize and
2735 reform the nearly 45-year-old EPCA to bring it into the 21st
2736 century. While EPCA was a bipartisan response to the energy
2737 crisis of the mid-1970s, and it has been extremely
2738 successful, the fact remains, it is nearly 45 years old, and
2739 a tremendous amount has changed since then.

2740 EPCA reform should stress flexibility, enhance technical
2741 and economic justification. Give short shrift to such
2742 analysis in order to meet arbitrary statutory deadlines
2743 results in poorly-constructed rules that place undue burdens

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2744 on small businesses with wide-ranging ramifications for our
2745 industry and the 1.3 million employees who depend on it.

2746 Under current law, before a standard is even in effect,
2747 DOE must announce the commencement of its work on the next
2748 version of that standard, all to comply with the six-year
2749 mandated rulemaking cycle. We are not suggesting no
2750 additional rulemakings, nor would we ever suggest rolling
2751 back efficiency standards for any product category.

2752 Manufacturers in the market are simply not given enough time
2753 to adjust to new regulatory requirements. Our equipment is
2754 designed to remain in service for more than a decade. So,
2755 the market for new products must be viewed in the long term,
2756 not in six-year increments.

2757 A reformed EPCA would require the new rulemakings to
2758 include a look-back to determine the effectiveness of the
2759 previous rule as it pertains to actual energy savings and
2760 associated costs. Every time DOE issues a new rule, it
2761 issues a press release that extols its estimates of the
2762 rule's benefits and cost savings for consumers and energy
2763 savings for the nation. But DOE has never looked back to see
2764 what the energy savings were or if consumers ever recovered
2765 the additional money it costs them upfront for the more
2766 efficient equipment. This needs to change.

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2767 Mr. Chairman, and members of the subcommittee, many
2768 people believe that a divided government such as we have
2769 today makes it less likely for progress to be achieved on
2770 important issues. We do not see it that way. Rather, we see
2771 this as an opportunity for people of good will to meet in a
2772 spirit of cooperation and compromise to bring about necessary
2773 change. Therefore, the opportune time for updating EPCA is
2774 now.

2775 AHRI and our members are committed to openness and
2776 cooperation with Congress, allied trade associations,
2777 efficiency advocates, and the DOE on ways we can all work
2778 together to improve this nearly 45-year-old law. We invite
2779 all stakeholders to join us and work together to craft an
2780 updated regulatory scheme that meets the needs of the current
2781 and future market while achieving the nation's energy goals.

2782 Thank you very much.

2783 [The prepared statement of Mr. Yurek follows:]

2784

2785 ***** INSERT 8*****

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2786 Mr. Rush. That concludes the opening statements.

2787 Oh, I'm sorry. Mr. Friedman, please accept my apology.

2788 You are recognized for 5 minutes.

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2789 STATEMENT OF DAVID J. FRIEDMAN

2790

2791 Mr. Friedman. I apologize. Dealing with technical
2792 difficulties.

2793 Mr. Upton. You just feel like the President; you get
2794 three mikes, right?

2795 [Laughter.]

2796 Mr. Friedman. There you go. There you go. I just want
2797 to be closer to the middle, I guess.

2798 Well, Chairman Rush, Ranking Member Upton, and members
2799 of the committee, thank you for the opportunity to testify on
2800 behalf of Consumer Reports, our more than 6 million members,
2801 and Americans, who together spend nearly \$325 billion a year
2802 on their household energy bills.

2803 Now, as a nation, we have known for more than 240 years
2804 that some truths are self-evident. So, with tongue partly in
2805 cheek, I would point to the self-evident truth that the
2806 cheapest energy is the energy you never use, and it is energy
2807 efficiency standards that deliver just that. Or, to use the
2808 Assistant Secretary's frame, the most affordable energy is
2809 the energy you never use.

2810 Now I saw that self-evident truth firsthand when I sat
2811 in the same chair as the Assistant Secretary a few years ago.

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2812 When the Department of Energy is active on energy efficiency
2813 standards, the benefits truly add up. In fact, they have
2814 delivered a 5-to-1 return on investment for every American
2815 that should be the envy of Wall Street.

2816 And here, investment is truly a keyword. These
2817 standards are an investment in American ingenuity. Our top
2818 companies look to these standards both for market certainty
2819 and to continue driving innovations into the market. They
2820 create a series of good, better, and best models of a product
2821 and count on DOE staff to survey that progress as they set
2822 the next standard. These companies see their R&D dollars pay
2823 off and create new jobs as the market changes while consumers
2824 save a lot of money from this virtuous cycle.

2825 The only other option, frankly, is a race to the bottom,
2826 which is what will happen if we buy into those here who seem
2827 to think that American ingenuity is nearly tapped out.

2828 Plenty of companies overseas are happy to keep the bar low,
2829 dumping their barely compliant products on our markets while
2830 other countries get the latest technology.

2831 Now, in contrast, as I think you have already heard
2832 today, lighting shows what happens when you invest in
2833 innovation. You can walk through any hardware store now and
2834 you can choose LEDs that have daylight, soft white, dimmable

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2835 bulbs, programmable bulbs, floodlights, candelabra lights,
2836 bulb lights, Christmas lights. I even saw some menorah
2837 lights. You can get anything you need, and all those amazing
2838 choices are thanks to a mix of efficiency standards set by
2839 Congress in this case and other investments in innovation.

2840 Now, building on this success story, near the end of my
2841 time at DOE, staff put forward a well-reasoned plan to expand
2842 the definition of general service lamps, so more choices and
2843 savings could be available for more Americans. This
2844 administration's rollback will reduce consumer choice and
2845 make utility bills less affordable.

2846 Now, from reading the proposal, the decision was clearly
2847 not about consumers or affordable energy. Instead, they
2848 appeared to rely on legal gymnastics to argue that what was
2849 perfectly legal in 2016 was no longer allowed just a few
2850 years later. Of course, the law didn't change.

2851 Adding insult to injury, the Department's Process Rule
2852 update is filled with red tape. And frankly, I find it
2853 shocking that, when Congress puts down deadlines or creates
2854 process, it is called arbitrary; it is called optional. And
2855 yet, when we have new administration process, it is called
2856 necessary and must be binding. I don't think that is the way
2857 the Constitution works.

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2858 DOE should be focused on helping Americans, not adding
2859 new red tape that further slows down the process and appears
2860 designed to help companies tie up these standards in courts.
2861 Making matters worse, the proposal sets an arbitrary
2862 threshold for whether or not some household products can ever
2863 get a new or stronger standard.

2864 This retrospective-based threshold is completely out of
2865 step with modern life, where we rely on consumer electronics
2866 and other gadgets that don't use a ton of energy
2867 individually, but together account for nearly 40 percent of
2868 home electricity use. That shouldn't be off limits.

2869 Now, sadly, administration decisions that leave American
2870 consumers footing the bill are all too common these days.
2871 From rollbacks on fuel economy standards that will cost
2872 consumers more than \$400 billion to rollbacks on predatory
2873 loan protections and net neutrality, the scales are being
2874 tipped further and further away from everyday Americans. The
2875 solution is for all of us, consumers, government, and leading
2876 businesses, to ensure that innovation and technological
2877 progress serve the interests of the American people again.
2878 And that means being guided by self-evident truths.

2879 In closing, developing standards that allow the talented
2880 federal staff to get back to work on timely, transparent,

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2881 data-driven standards that will save consumers money and help
2882 put the marketplace back in balance. And I hope that is what
2883 we can deliver together.

2884 Thank you.

2885 [The prepared statement of Mr. Friedman follows:]

2886

2887 ***** INSERT 9*****

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2888 Mr. Rush. I want to thank the witnesses, all the
2889 witnesses.

2890 We have now concluded the opening statements, and we
2891 will toward member questions. Each member will have 5
2892 minutes to ask questions of our witnesses. And I will begin
2893 by recognizing myself for 5 minutes.

2894 Mr. Harak, when did the National Consumer Law Center
2895 first become involved with DOE appliance standard dockets and
2896 why? And initially, how does the delay of rulemaking of
2897 efficiency standards impact low-income consumers?

2898 Mr. Harak. I jointed the National Consumer Law Center
2899 in 2000. And it may be no surprise, this is not our primary
2900 work, appliance standards. We are mostly trying to make sure
2901 people don't freeze in the winter of cold and die of the heat
2902 in summer, have the lights on and the appliances they need.

2903 But some of my colleagues here brought to my attention
2904 that there were standards proceedings. And at the time, the
2905 furnace standards proceedings were moving. And it became
2906 apparent that that is a really important issue for low-income
2907 consumers.

2908 I live in Massachusetts. Mr. Chairman, you are in
2909 Illinois. These are cold states where people's heating bills
2910 are just about the largest bill they face. And if they lose

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2911 their heating, that is one of the gravest threats they can
2912 face.

2913 So, we became involved in this from the perspective that
2914 it is very important for there to be standards that keep
2915 bills down on those major appliances for low-income people,
2916 and as I mentioned in my testimony, particularly because they
2917 are so disproportionately tenants. No tenant buys a heating
2918 system. Tenants don't buy a lot of the major appliances, and
2919 they really can be saddled with bills.

2920 And so, when you ask about what is the impact of delay,
2921 you heard a little bit from the Assistant Secretary there is
2922 a pretty complicated scheme of what DOE looks at. And one of
2923 the things they look at is the percentage of consumers who
2924 are better off if the standard passes and the percentage who
2925 are not. There is always some shakedown between that. But
2926 when DOE issues the rules, because the vast majority of
2927 people would benefit by that standard getting out the door,
2928 well, the logical converse of that is, if you don't get it
2929 out of the door, the majority of consumers are going to be
2930 harmed because those less efficient appliances are in the
2931 market.

2932 And it is perhaps why I started with the story about
2933 that client with their heating system down. That is the

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2934 reality of appliance standards. It is important when a Susan
2935 of the world has her heating system down, that the landlord
2936 cannot buy something that is extremely inefficient.

2937 Mr. Rush. Mr. Friedman, as a former Principal Deputy
2938 Assistant Secretary and Acting Assistant Secretary of
2939 Energy's Office of Efficiency and Renewable Energy, EERE, can
2940 you briefly discuss the important role that negotiated
2941 rulemakings have played in building consensus? From your
2942 understanding, how would this new Process Rule impact
2943 negotiated rulemaking?

2944 Mr. Friedman. Thank you, Mr. Chairman, for the
2945 question.

2946 The vast majority of the times DOE staff is able to dive
2947 in, look at the data, and produce standards that work for all
2948 Americans and work for industry. At times, some of the
2949 standards are more controversial. And so, staff rely on a
2950 negotiated rulemaking process, which it is pretty
2951 straightforward. You get everyone around the table and you
2952 talk about what works, and you try to find a consensus that
2953 helps everyone. It has been incredibly successful at
2954 breaking through logjams.

2955 One of the things I fear that is going to happen with
2956 this new Process Rule is, if it is binding, it is going to

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2957 allow companies to tie up every single step in the courts, so
2958 you will never even get to negotiated rulemaking. And you
2959 would strangle the opportunity for industry and consumers to
2960 work together with government to make things better for all.

2961 Mr. Rush. Mr. deLaski, do you have any input that you
2962 would like to offer on the same question?

2963 Mr. deLaski. Yes. I served as the chair of the federal
2964 advisory committee that worked on negotiating rulemakings
2965 from 2012 until 2018.

2966 I am concerned that the Process Rule as proposed would
2967 make successful negotiation far less likely, for the reasons
2968 that Mr. Friedman has described. That is probably first and
2969 foremost, is that it is going to freeze up the process
2970 altogether. So, why negotiation if there is no risk that the
2971 Department is going to act at all, right? So, the incentive
2972 to come to the table to negotiate has been massively reduced.

2973 The second thing I thought -- I think all of us actually
2974 would agree on this -- is that it takes away the ability to
2975 do creative things in negotiation that enable success, like
2976 looking at flexible compliance dates, such as looking at
2977 different standards for different equipment types. So, some
2978 of that flexibility that they have taken away by the Process
2979 Rule will really reduce the ability for -- when you take away

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2980 options off the table, that makes agreement harder to
2981 achieve. And that is what the Process Rule as proposed would
2982 do.

2983 Mr. Rush. That concludes the chairman's time. The
2984 chair now recognizes the ranking member for 5 minutes for
2985 purposes of questioning the witnesses.

2986 Mr. Upton. Thank you, Mr. Chairman.

2987 Again, I appreciate all of your testimony. I think that
2988 it is pretty apparent that all of us want appliance
2989 standards, energy efficiency standards for appliances.

2990 Mr. Friedman, you made a very good point that the
2991 industry does want these, particularly the domestic industry
2992 here, because we can beat anyone else in the rest of the
2993 world. We also know that there is a direct payback to all
2994 the Americans that are able to use that.

2995 I know, Mr. McGuire, you share that. As AHAM, you know
2996 that your member companies share those same views.

2997 I have a couple of comments. Mr. McGuire, you indicated
2998 in your testimony -- you didn't read it all, which is good
2999 because you summarized it -- but you said, on page 9, ``Home
3000 appliances are now in an endless cycle of regulation, where
3001 as soon as one compliance effort ends or is near completion,
3002 another round of regulation to change the standard again

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3003 begins....no time for manufacturers to catch their breath.

3004 Just as importantly, there is no time for DOE, manufacturers,
3005 or efficiency advocates to assess the success of standards or
3006 review their impacts on consumers and manufacturers."

3007 What should the timing be? Should it come at a certain
3008 period after the regulations are finalized? What should that
3009 look-back period be? What would you suggest?

3010 Mr. McGuire. First of all, the six-year look-back, that
3011 clock starts running as soon as the rulemaking is completed
3012 for the standard. So, before the companies have the ability
3013 to sell through product to the existing standard, DOE is
3014 already in the process of a rulemaking to change it. So, the
3015 manufacturers have to be involved in that.

3016 The other fundamental problem is that there is a six-
3017 year look-back for standards; there is a seven-year look-back
3018 for test procedures. They are out of sequence. You have to
3019 have a completed test procedure before you can test a product
3020 to see how much energy it uses and if it can meet the
3021 standard. So, we think that sequence needs to be changed,
3022 needs to be looked at.

3023 And secondly, DOE is really hamstrung between the
3024 statutory look-back requirement and the statutory balancing
3025 test of maximum technological feasibility, significant energy

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3026 savings, and economic justification. They are hamstrung.
3027 They are never going to have the resources. They never have
3028 had the resources to do a good job on all these rulemakings
3029 at the same time. We have seen the perils of when they try
3030 to do that.

3031 So, a new process, an amendment to EPCA could be that,
3032 for some products that have been through three and four
3033 different standards, the diminishing returns of the energy
3034 savings are there. Those products ought to be in a separate
3035 class where they don't have to go through a serial look-back
3036 every time, unless, as Assistant Secretary Simmons said,
3037 through R&D that DOE does or that companies do, a
3038 technological breakthrough is determined, and then, a quick
3039 look can happen.

3040 So, there needs to be prioritization. Vast energy
3041 savings have been achieved for many products and we are at a
3042 diminishing return for others. So, DOE should not be
3043 spending a lot of the time on the products that only
3044 delivered 4 percent of all the energy savings. And the
3045 Congress and I think just about every group at this table
3046 could work together on trying to find a solution to this law,
3047 which has had success.

3048 Mr. Upton. I want Mr. Friedman to respond to that.

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3049 But, also, the actual testing of the appliances, it is not
3050 like here in D.C. at DOE, right? At Consumer Reports, you
3051 have your own labs where you test them? Or do you take the
3052 data from the companies themselves?

3053 You have got to use the three mikes again.

3054 Mr. Friedman. At Consumer Reports, yes, we have our own
3055 testing labs up in Yonkers, New York, as well as an auto test
3056 track out in Connecticut. So, we rely on our own data. We
3057 take no advertising dollars. We take no samples. We ensure
3058 that all of our results are independent. And similarly, the
3059 federal government --

3060 Mr. Upton. And do they usually match up with what the
3061 ENERGY STAR labels indicate?

3062 Mr. Friedman. We don't do compliance testing. We do
3063 comparative testing. So, it would be unfair to necessarily
3064 compare their data to our data. We try to make sure that
3065 consumers can make the best choices when they walk into the
3066 marketplace; whereas, the Department of Energy's role is to
3067 ensure that a rising tide lifts all boats. Whereas, we help
3068 people find the very best of the best that are out there.

3069 I would also just add, I personally think the staff did
3070 an amazing job during the Obama administration of producing a
3071 lot of rules, and they were in a tough spot, right? They

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3072 were trying to catch up after years of neglect of the
3073 program. They worked quite well under existing processes and
3074 helped many, many, many Americans save quite a lot of
3075 resources.

3076 I would also just add that it is surprising to me, the
3077 lack of faith that folks have in American innovation and the
3078 ability to keep pushing the boundaries of technology. If
3079 anything, the pace of innovation is changing so fast that,
3080 six years from now, you know, this is probably going to be
3081 obsolete. So, the ability of the Department to not just keep
3082 up with, but try to stay ahead of technology and move quickly
3083 is incredibly important. I would hate to see anything slow
3084 down, given the pace of innovation in this country, which I
3085 know you share a faith in.

3086 Mr. Upton. Just to conclude, because I know my time has
3087 expired, we are going to see amazing energy savings in a
3088 whole host of products. And I am going to be talking to the
3089 chairman later on about actually having a hearing on where we
3090 are going in the future.

3091 So, with that, I yield back.

3092 Mr. Rush. I want to thank the gentleman. The chair now
3093 recognizes the gentleman from California, Mr. Peters, for 5
3094 minutes.

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3095 Mr. Peters. Thank you, Mr. Chairman.

3096 And I want to continue with Mr. Friedman, but your name
3097 tags are all messed up, just for the purposes of the TV.

3098 So, Mr. McGuire had an interesting idea about triaging
3099 the right kind of technology to focus on. Do you have an
3100 objection to that? Does that make sense to you, the notion
3101 that if something has gone through standards and there has
3102 been no basic research that has informed the technology, that
3103 we would focus on other things? Is that objectionable?

3104 Mr. Friedman. I am an engineer. I am very practicable
3105 about things. So, I see no objection to that, but I also see
3106 no reason to add new red tape to get there. The DOE staff is
3107 perfectly capable of looking at the data, seeing whether or
3108 not there is a significant opportunity, and moving forward
3109 with other opportunities. Adding more red tape doesn't
3110 actually speed that up. It slows it down. So, again, I
3111 would go back to there are really talented folks there. Let
3112 them do their work.

3113 Mr. Peters. Right I guess the question, the point he
3114 was raising is that there may be more return on applying
3115 their work in particular areas rather than others. And that
3116 is something that should be left to them, you think?

3117 Mr. Peters. Well, absolutely. I mean, obviously,

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3118 technology allows much more return to keep happening than we
3119 might expect today. And it is DOE's staff's job to keep up-
3120 to-date on that, and they can already, under the current
3121 process, make decisions like that to focus on areas that can
3122 deliver the most savings. With others, if they can't, they
3123 just say they are not ready to be updated.

3124 Mr. Peters. Let me ask Mr. McGuire, what is it that
3125 keeps them from making that decision on their own?

3126 Mr. McGuire. I think the statute and resources prevent
3127 them from doing a realistic --

3128 Mr. Peters. What about the statute prevents that,
3129 though?

3130 Mr. McGuire. Because of the look-back requirements out
3131 of synch between standards and test procedures balanced
3132 against this test of savings of energy and economic
3133 justification. So, no real prioritization has really
3134 occurred. Every look-back, except for I think one, has
3135 resulted in a full-blown rulemaking to go forward. The only
3136 time in our products that didn't happen was, after the new
3137 standard was proposed, we demonstrated that it would harm
3138 performance of the product. And then, DOE pulled it back.
3139 So, the process worked.

3140 Mr. Peters. So, I think it is a reasonable point to

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3141 raise as we do some reform here.

3142 Ms. Kennedy, I wanted to ask you, do you perceive the
3143 issues that you have with the regime as mostly in the nature
3144 of oversight of how things are administered or do you think
3145 that there are statutory changes that are needed in the field
3146 to make sure that we are supporting climate change to the
3147 greatest extent or supporting climate action to the greatest
3148 extent possible?

3149 Ms. Katherine Kennedy. Well, certainly, there is a need
3150 for comprehensive U.S. climate legislation to address both
3151 clean energy and the climate crisis. Within the four corners
3152 of EPCA, this statute, I think that this subcommittee should
3153 look closely at opportunities to expand the program, as
3154 should the Department of Energy. The Department of Energy
3155 has the ability to expand the scope of the program in various
3156 ways. Of course, Congress, over the years, has added new
3157 products to the statute, such as lighting, and has, thus,
3158 brought to the fore really incredible energy efficiency
3159 change.

3160 Mr. Peters. And I think lighting has been a tremendous
3161 success. I want to know if you are aware of other things out
3162 there that we should be considering as a legislative body
3163 today.

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3164 Ms. Katherine Kennedy. I think looking at the issue of
3165 consumer electronics is very important. And I would also
3166 counsel you that the products already covered by the statute
3167 can still produce significant energy efficiency improvements.
3168 So, this idea in the Process Rule that we should set an
3169 arbitrary standard for energy efficiency savings of .5 quads
3170 is really misguided. We need all the energy efficiency
3171 savings we can get. The statute makes sure that every
3172 standard is economically justified, whether the savings are
3173 immense or slightly less so.

3174 Mr. Peters. Just really what I am trying to do is make
3175 sure that I understand what legislative action is required
3176 because I can't tell the administration how to administer
3177 this. So, if we give them authority to do great things, and
3178 they decide they don't want to do that, that is their call.
3179 But what I need to know, and I ask for all of you going
3180 forward, is, if you would like to see reforms -- and, Mr.
3181 Yurek, I think you are Mr. Yurek?

3182 [Laughter.]

3183 Mr. Yurek, you had some ideas specifically. I would
3184 like to know specifically what would you like to see in terms
3185 of reform, so we can get about doing the job that we need to
3186 do.

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3187 I also take up Mr. Upton's suggestion that we talk about
3188 consumer electronics because that is probably something that
3189 the legislature hasn't looked at.

3190 But, again, not to be parochial, but I need to know what
3191 we want to put into legislation. And so, to the extent you
3192 can help us with that, we will look forward to working with
3193 you all.

3194 And, Mr. Chairman, I yield back.

3195 Ms. Katherine Kennedy. Just looking at the example of
3196 California, if I may, should provide lots of ideas for
3197 Congress to --

3198 Mr. Peters. Of course you are right.

3199 [Laughter.]

3200 My time has expired.

3201 Mr. Rush. The gentleman's time has expired. The chair
3202 now recognizes Mr. Latta for 5 minutes.

3203 Mr. Latta. Well, thank you again, Mr. Chairman, for
3204 holding today's hearing.

3205 And to our panel of witnesses, thanks very much for
3206 being with us today.

3207 Mr. McGuire or Mr. Yurek, as you are probably aware, in
3208 the last Congress I worked on, and will continue to work on
3209 in this Congress, bipartisan EPCA reform. In your views,

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3210 what should Congress prioritize as we consider modernizing
3211 EPCA. And, Mr. McGuire, I will start with you.

3212 Mr. McGuire. Thank you, Mr. Latta.

3213 Well, I think, first of all, with regard to the
3214 rulemaking process, addressing the look-back timeframe for
3215 standards and test procedures, and to consider a provision
3216 where they at least could be coordinated better. But,
3217 secondly, for those products that have been through several
3218 standards, generations of standards, such as home appliances,
3219 they would essentially go to the bottom of the list in terms
3220 of DOE prioritizing work looking for significant energy
3221 savings.

3222 And I think this quick assessment that DOE proposed is a
3223 good concept to think about, so that there is a bright-line
3224 threshold for significant energy savings. If that can't be
3225 found, and it is overwhelming that it can't be found, why
3226 spend three years on a rulemaking trying to determine if it
3227 is economically justified?

3228 Mr. Latta. Mr. Yurek?

3229 Mr. Yurek. I would agree with the position taken by Mr.
3230 McGuire, but I think it is really looking at this and saying,
3231 what was done before 2007 was DOE prioritized the rules that
3232 need to be done and concentrated on those where they saw the

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3233 greatest energy savings. The amendment of EPACT 2007, then,
3234 all of a sudden, put these mandatory six-year reviews for
3235 standards, seven years for test procedures into the act for
3236 all products. And for all products, it doesn't make sense.

3237 So, I think it is looking at how can you give DOE the
3238 authority to look at this, prioritize what needs to be done,
3239 focus on the products where we are going to have the energy
3240 savings and can get those right away versus wasting all this
3241 time doing all these evaluations. Yes, the clothes washer
3242 procedure worked that time, but that took how many years?
3243 Three-four years of DOE staff time analysis and other things,
3244 the industry's time, for something where there was no energy
3245 savings. Instead, look at it, figure out how we can
3246 prioritize it, and focus on where the biggest energy savings
3247 are.

3248 Mr. Latta. Thank you.

3249 Mr. McGuire, you mentioned in your written testimony the
3250 example of DOE's proposed standard for dishwasher and how the
3251 standard was such that some dishwashers could no longer get
3252 the job done. And this is a good example of something that I
3253 want to make sure that DOE is taking into consideration. How
3254 does DOE ensure that a proposed standard won't negatively
3255 impact product performance? Because we have heard from other

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3256 members up here about you don't want to end up having to do
3257 the thing, whatever you are doing with that appliance, twice
3258 or three times because you are wasting more energy.

3259 Mr. McGuire. Right. Well, I think Mr. Simmons
3260 described the dilemma the Department has in making sure that
3261 the performance of the product isn't jeopardized. And that,
3262 in part, has led to difficulty meeting the statutory
3263 deadlines.

3264 In the case of dishwashers, DOE had proposed the most
3265 stringent of three options in terms of reducing energy and
3266 water use. And our industry during the proceedings said we
3267 think that most stringent level is not going to work for the
3268 product, and the process didn't allow enough time for our
3269 industry to test products for performance. And DOE proposed
3270 this most stringent level. We, then, did the testing, and it
3271 was clear that products from multiple manufacturers could not
3272 clean the dishes.

3273 So, there is something wrong with a process that goes --
3274 they missed that on the performance. You could say, well, we
3275 caught it in our comments, but that could have been done
3276 before DOE reached --

3277 Mr. Latta. If I can interrupt, okay, so when that
3278 occurred, what did DOE tell you? You are saying that we are

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3279 having problems, but they say just keeping going anyway?

3280 Mr. McGuire. Well, they said their consultant said it
3281 is fine, that it won't be a performance problem. That is why
3282 we undertook the testing in the laboratories that are used
3283 for compliance for DOE, ENERGY STAR, and standards, and
3284 proved without a doubt that multiple loads of dishes could
3285 not be cleaned with about one gallon of water in a cycle.
3286 That is what they had reduced it to, 1.1 gallons. We showed
3287 them that, and they said, ``You're right." And then, they
3288 pulled it back and said no standard is justified.

3289 And by the way, the standard that they had proposed had
3290 a payback to the consumer of 20 years. The life cycle of a
3291 product, of a dishwasher, is 13 years. How does that make
3292 sense?

3293 Mr. Latta. Well, thank you very much.

3294 And, Mr. Chairman, my time has expired, and I yield
3295 back.

3296 Mr. Rush. I want to thank the gentleman. The chair now
3297 recognizes Mr. Pallone, full committee chairman, for 5
3298 minutes.

3299 The Chairman. Thank you, Mr. Chairman.

3300 Assistant Secretary Simmons stated on the first panel
3301 that the proposed Process Rule is to, quote, ``reduce the

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3302 burden of the process to create tests and implement new
3303 energy efficiency standards". But, after reviewing the
3304 proposed Process Rule, it appears to me that steps are added
3305 to the process, with the appearance of lengthening the
3306 process. While the proposed Process Rule is thin on some
3307 details, I count about 17 steps to make and implement a new
3308 standard. And I find it hard to believe it will be more
3309 efficient.

3310 So, I wanted to ask Mr. deLaski, can you walk the
3311 committee through the standard-making process under the
3312 proposed Process Rule? And compared to the current
3313 rulemaking process, how much longer do you estimate that each
3314 rulemaking will take under this proposed process?

3315 Mr. deLaski. I am not sure I could walk you through it.
3316 I have a colleague who has mapped it out for us.

3317 The Chairman. Okay, that is good enough.

3318 Mr. deLaski. It is complicated.

3319 The Chairman. Explain it, though, because I won't
3320 follow that.

3321 Mr. deLaski. There is a lot of steps on this. The
3322 current process, under ideal circumstances, the current
3323 process takes about three years. This has added multiple
3324 additional steps. And as has been referenced earlier, some

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3325 of these earlier steps now become a final step that would be
3326 a possibility for litigation.

3327 So, if the current process takes three years -- at best,
3328 I would submit to you that, typically, it takes longer, as we
3329 have heard sometimes today -- based on my experience working
3330 with the program over the past 20 years, I would expect that
3331 this is likely a recipe to at least double the duration of
3332 the process, if not just shut it down altogether, because of
3333 the litigation that you are creating possibilities for.

3334 The Chairman. That sounds like great streamlining.

3335 Mr. Chairman, do we have that sheet that Mr. deLaski --
3336 can we enter that into the record?

3337 Mr. deLaski. I would be glad to submit it for the
3338 record. This is our first draft, and we will be working to
3339 finalize it.

3340 The Chairman. You will send us something?

3341 Mr. deLaski. Yes.

3342 The Chairman. Okay. Well, in my opinion, these 17
3343 steps in the rulemaking process, including the six public
3344 comment periods, are going to add years of delay, you said
3345 twice, and in some cases may block a standard from being
3346 implemented at all, which is what you said. Again, I am all
3347 for transparency, but this seems to me like delay

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3348 masquerading as transparency, in all honesty.

3349 Now, in Assistant Secretary Simmons' testimony, he
3350 stated that DOE has issued seven final rules since President
3351 Trump took office. I was going to ask Ms. Kennedy, can you
3352 comment on this number? Does this represent work completed
3353 during the Trump administration or was some of this work
3354 completed by the Obama Department of Energy?

3355 Ms. Katherine Kennedy. It does not represent work
3356 undertaken by this administration. I will check on this and
3357 get back to you, but I believe that five of those standards
3358 which the Assistant Secretary referred to were issued under
3359 the Obama administration and two were congressional standards
3360 which really needed to be posted. But I will check on that
3361 and get back to you.

3362 Mr. Simmons acknowledged that there are 16 overdue
3363 standards that this administration hasn't issued and, also,
3364 referred to the four Obama era efficiency standards which
3365 made it all the way through under that administration, but
3366 have not been published in The Federal Register since 2016.

3367 The Chairman. All right. Thank you.

3368 Mr. deLaski, I would like you, if you have anything to
3369 add to Ms. Kennedy's comments on that. But, then, I also
3370 wanted to ask you, I understand that appliance standards are

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3371 saving people a lot of money and helping cut climate change
3372 emissions, but you also mentioned in your statement that they
3373 can help with resiliency, reliability, and affordability.
3374 So, if you want to add to what Ms. Kennedy said, and then, if
3375 you could explain a bit more about what you said on
3376 resiliency, reliability and affordability?

3377 Mr. deLaski. Yes, I would be glad to do so. And just
3378 to follow up on Ms. Kennedy's comments, none of those seven
3379 standards represent substantive work by the current
3380 Department of Energy administration. They have not issued a
3381 single proposal for a new standard or a single proposal for a
3382 final standard that is the result of work under this
3383 administration.

3384 The Chairman. All right. Thanks.

3385 Mr. deLaski. With respect to your second question,
3386 resiliency, it is often an overlooked benefit that we get
3387 from improving efficiency of all of our products. On the
3388 sweltering summer day when the electricity grid is struggling
3389 to keep up with the demand of people's air conditioners, it
3390 matters enormously how energy efficient those air
3391 conditioners are. By keeping down the demand levels -- the
3392 electric grid has to match up. Demand and supply have to
3393 match up. And as the demand goes through the roof, if supply

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3394 doesn't keep up, it leads to outages.

3395 The same thing on the heating side. When the polar
3396 vortex hits, the furnaces, the efficiency of furnaces in our
3397 homes affects the ability of the natural gas supply system to
3398 keep up. If the system can't keep up, if the pressure can't
3399 be kept up, then people suffer. So, by keeping efficiency in
3400 place, we are building resiliency into the electric supply
3401 and the gas supply system that, ultimately, helps consumers
3402 to stay warm or to stay cool and to be safe.

3403 The Chairman. All right. Thanks a lot.

3404 And thank you, Mr. Chairman.

3405 Mr. Rush. I want to thank the chairman. The chair now
3406 recognizes Mr. Griffith for 5 minutes.

3407 Mr. Griffith. So, here is the dilemma we have. I think
3408 we all want things to be more energy efficient, but we want
3409 products, when we go to buy them, to actually do what they
3410 are supposed to do and what they are purported to do, and not
3411 have to spend three times or double the cost to get our
3412 dishwasher working, to get our clothes washer working, to
3413 have our refrigerators working. I mean, that is the dilemma,
3414 and it is good that we are having this hearing, Mr. Chairman,
3415 so that we can try to sort these things out.

3416 But I did find it of interest, I had this thing that my

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3417 constituent sent me, and it is a little old, about the
3418 washing machines that I mentioned in the previous hearing and
3419 have mentioned a couple of times over the years, because I
3420 had a constituent that was all fired-up about it. And I
3421 noticed in there that -- and it is a little old, so I
3422 understand that; things may have gotten better. But, in
3423 2007, according to this piece out of The Wall Street Journal,
3424 after the more stringent rules kicked in, Consumer Reports
3425 noted that some top-loaders -- washing machines we are
3426 talking about -- were leaving its test swatches nearly as
3427 dirty as they were before washing. For the first time in
3428 years, Consumer Reports said, ``We can't call any washer a
3429 best buy."

3430 ``In 2007" -- again, I am acknowledging it is a little
3431 old, so I am not saying it is something we should take to
3432 heart today, but it shows the point that consumers are having
3433 the problem with -- ``in 2007, only one conventional top-
3434 loader was rated `very good.' Front-loaders did better, as
3435 did a new type of high-efficiency top-loader that lacks a
3436 central agitator. But, even though these newer types of
3437 washers cost about twice as much as conventional top-loaders,
3438 overall, they didn't clean as well as the 1996 models."

3439 My dishwasher is newer now than it was three years ago.

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3440 Got a new dishwasher. I find, as you, Mr. McGuire, pointed
3441 out, and even though that reg didn't come in, I am doing a
3442 whole lot more washing of the dishes before I stick them in
3443 the dishwasher. And I actually mentioned to my wife, maybe
3444 we should just not have one if they are not going to clean
3445 the dishes. And she said, yes, but the temperature gets
3446 hotter in the dishwasher and that helps to sanitize them.
3447 But when I am at home, I am washing those dishes and I am
3448 cleaning everything off of them because I don't trust the
3449 dishwasher. I am not going to pull that dish out of the
3450 dishwasher and serve it to somebody with specks of stuff on
3451 it.

3452 Mr. McGuire, isn't that the problem that you have been
3453 trying to highlight? Even though my dishwasher may not be
3454 the cause of the latest regs, but isn't that what consumers
3455 are finding out there?

3456 Mr. McGuire. It is a very important feature of the
3457 balancing test that Congress enacted into EPCA and DOE has to
3458 deal with. Significant energy savings, economic payback, and
3459 don't wreck the product. It has got to deliver performance.

3460 And our industry is in everyone's home every day. Our
3461 products have to be trusted. And so, in the case of the
3462 dishwasher I had mentioned, fortunately, that was pulled back

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3463 by DOE. But, in some of these home appliances, like clothes
3464 washers or cooking products, there are diminishing returns
3465 that make the payback questionable.

3466 We are not here arguing about whether there should be
3467 efficiency standards. We all agree on that. We are talking
3468 about how you do it and how you prioritize with limited
3469 resources.

3470 So, we believe that today's dishwashers that meet
3471 today's standards perform very well. And I am sorry to hear
3472 about your neighbor's clothes washer.

3473 Mr. Griffith. Yes, and I don't think my dishwasher that
3474 I have now works as well as the one that was 15 or 20 years
3475 old before. But that is just anecdotal.

3476 Mr. McGuire. It should. It just uses less water, but
3477 it should operate just as well.

3478 Mr. Griffith. Yes. And then, you wanted to talk about
3479 --

3480 Mr. Friedman. As the representative of the Consumer
3481 Reports, could I just respond to that really quickly?

3482 Mr. Griffith. Well, sure. Do you have an update for
3483 me? Can you send me that data? Just send it to me because
3484 my time is running out.

3485 Mr. Friedman. I am happy to send it to you.

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3486 We put out a letter to the editor of The Wall Street
3487 Journal because they misrepresented our data.

3488 Mr. Griffith. Okay.

3489 Mr. Friedman. So, that is an inaccurate reference.

3490 Mr. Griffith. All right. Well, that is fair. And I
3491 appreciate you letting me know that because I want accurate
3492 data.

3493 Mr. Friedman. I am happy to help.

3494 Mr. Griffith. The problem is the consumer is feeling
3495 like they are getting less. They are spending more money on
3496 the product that they bought before, a lot more money, and
3497 they are not getting the product that they thought they were
3498 getting. And they feel like they are not getting as much. I
3499 think we have to make sure we have that balance out there.

3500 Refrigerators, you wanted to talk about that a little
3501 bit, Mr. McGuire? You had talked about the efficiency on
3502 refrigerators for not a whole lot of money or for a whole lot
3503 of money more, \$5 or \$6 savings?

3504 Mr. McGuire. Well, yes, today's refrigerator standard
3505 that is in effect, and the ENERGY STAR level above it, which
3506 is voluntary, but that ENERGY STAR level is a more efficient
3507 product. And it is only saving the consumer about \$5 a year
3508 in electricity payment. So, it just shows you that some of

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3509 these incremental changes for products that have been
3510 regulated three and four times are going to be harder to
3511 justify.

3512 Mr. Griffith. Right. I appreciate that.

3513 My time is up, and I yield back.

3514 Mr. Rush. The chair now recognizes Mr. McEachin for 5
3515 minutes.

3516 Mr. McEachin. Thank you, Mr. Chairman.

3517 And to all of our witnesses, I would also say thank you
3518 for being here today.

3519 I want to just echo what I said earlier. Achieving
3520 greater energy efficiencies is incredibly important to the
3521 health of our planet and our communities. And pursuing these
3522 efficiencies will also put money back in the pockets of our
3523 constituents, including struggling families for whom every
3524 dollar, every extra dollar makes a difference. So, I think
3525 our topic today is incredibly important, and I am very glad
3526 that we are having this hearing.

3527 Ms. Kennedy, I would like to echo the same question I
3528 asked Mr. Simmons earlier. Your testimony describes climate
3529 change as an existential threat and you identify energy
3530 efficiency standards as a crucial tool in the struggle to
3531 minimize that change. So, if energy efficiency standards are

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3532 one tool in the climate toolkit, are we using that tool as
3533 effectively as current law permits? Does DOE decisionmaking
3534 on these standards fully reflect the true long-term climate
3535 costs of greater energy use? And if not, what would you like
3536 to see improved?

3537 Ms. Katherine Kennedy. Thank you for that great
3538 question.

3539 The consequences of the Department of Energy's delays on
3540 energy efficiency standards are really moving us backward on
3541 climate change. So, just to put some specifics there, DOE's
3542 failure to issue the 16 overdue energy efficiency standards
3543 that we have discussed puts at risk 70 million metric tons of
3544 carbon savings each year. That is more than the annual
3545 carbon emissions from energy use in all homes in New York
3546 City, Los Angeles, Houston, Chicago, and Philadelphia
3547 combined. So, we are talking about some major backward
3548 progress on climate through DOE's inaction.

3549 We see the same thing through the lighting efficiency
3550 standards. The lighting provisions which were added in 2007
3551 by Congress, and signed into law by President Bush, will have
3552 huge carbon savings. And by gutting the definition of
3553 lightbulbs, as DOE is proposing to do, in effect, DOE is
3554 taking almost all of the energy efficiency savings out of

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3555 that standard, a change that will cost consumers up to \$12
3556 billion on their utility bills and cause the use of up to 25
3557 more power plants' worth of electricity each year.

3558 So, this program, when it is in place and being robustly
3559 implemented, is a big climate pollution saver and a big
3560 pollution saver overall. But, right now, Americans aren't
3561 seeing those benefits from the efficiency standards program.
3562 We would like to see DOE get back on track with its legal
3563 responsibilities to issue these standards. We would like to
3564 see DOE abandon its efforts to really gut the lighting
3565 efficiency standards, which Congress put into place.

3566 And while we are happy to talk about improvements to the
3567 process on issuing efficiency standards, the Process Rule we
3568 are concerned is going to set us back, lose valuable time, as
3569 Mr. deLaski has outlined, and again, is really putting us in
3570 reverse, when we need to be all in on energy efficiency as a
3571 way of fighting climate and reducing American energy bills.

3572 Mr. McEachin. Thank you, ma'am.

3573 Mr. Harak, can you speak to how delays at DOE or laxity
3574 in terms of where standards are set adversely affect low-
3575 income families? Can we put a dollar figure on the savings
3576 that these families have missed out on as a result of the
3577 current administration's regulatory choices?

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3578 Mr. Harak. I don't think I can put precise dollar
3579 figures on it, although I can give you an estimate. So,
3580 furnaces, in particular, as I mentioned, are one of the
3581 biggest bills for people in states that have some level of
3582 serious heating load. And an efficient furnace could cut
3583 your bill, particularly if you are replacing an old,
3584 inefficient furnace -- that is, when you bought it, it had a
3585 certain rating; well, it has degraded since then -- it could
3586 cut the bill 25 percent. I know with the low-income network
3587 that I work with and that actually installs these furnaces in
3588 low-income homes, you could easily be cutting that person's
3589 heating bill by 25 percent. And for a low-income person
3590 living in an inefficient house with an inefficient furnace,
3591 that is hundreds of dollars a year that are being lost out.

3592 So, as I mentioned in my initial testimony and in
3593 response to the chairman's questions, we are at the National
3594 Consumer Law Center particularly interested in stronger
3595 furnace standards because it is incredibly important for low-
3596 income people. And any delay in that -- the last time the
3597 rule was significantly revised is more than 25 years ago now.
3598 There was some modest change in the 1990s. So, delay really
3599 hurts low-income people and a very impact on their energy
3600 bills and their health and comfort, when you are talking

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3601 about furnaces.

3602 Mr. McEachin. Thank you.

3603 And thank you, Mr. Chairman. I yield back.

3604 Mr. Rush. I want to thank the gentleman. The chair now
3605 recognizes Mr. Veasey for 5 minutes for the purposing of
3606 questioning the witnesses.

3607 Mr. Veasey. Thank you, Mr. Chairman.

3608 Mr. Harak, I wanted you to talk a little bit more about
3609 renters. As you know, we have had a tremendous shift in our
3610 society. I will tell you, like personally, the neighborhood
3611 that my mother grew up in, the Lake Como community, because
3612 of segregation during that time period, there were people of
3613 all economic backgrounds that lived in that community,
3614 doctors, lawyers, but also people that worked in people's
3615 homes and drove buses, and did a lot of different jobs. Most
3616 of those families had two household incomes. They had two
3617 incomes inside of that house and they were homeowners.

3618 As you know, now many low-income people in this country
3619 can no longer afford to buy a home. They are no longer
3620 homeowners. And many of them no longer have the luxury of
3621 two incomes in a household, and they find themselves more and
3622 more having to rent.

3623 I wanted to ask you, what would be the stress put on

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3624 low-income households if landlords don't -- if we don't
3625 update this policy, making landlords updating their
3626 appliances, and things like that? And what impact can that
3627 have on the bottom line of low-income household families?

3628 Mr. Harak. Do you mind if I just ask where your
3629 district is? I have lived in Texas. So, I am curious.

3630 Mr. Veasey. In Fort Worth, Texas. Mom grew up in a
3631 little community in Fort Worth, Texas, called the Lake Como
3632 community.

3633 Mr. Harak. I have lived in Fort Worth. So, I was
3634 curious.

3635 So, let me say that, when the Department was considering
3636 central air conditioning standards, I made sure to speak to
3637 people at Texas ROSE, Ratepayers' Organization to Save
3638 Energy, in Texas, to get a sense of how do low-income people
3639 come into homes where there are these appliances. Well, one,
3640 they are renters. And as I mentioned in my testimony,
3641 renters will lose out if we don't have good standards because
3642 the owner is going to buy that appliance, and the owner is
3643 often going to go get the lower-cost appliance. It makes
3644 perfect economic sense.

3645 But, then, I also spoke to folks. Well, how do people
3646 wind up in homes even as homeowners, let's say, with central

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3647 air conditioning? Well, they are usually buying an older
3648 home. And so, someone else probably installed that
3649 appliance. So that a low-income person buying a modest home
3650 in Fort Worth is probably not going to install new central
3651 air conditioning. And so, we need the standards because the
3652 homes that are now on the kind of secondary market, that
3653 appliance was installed by someone else. We want to have
3654 good standards because low-income are buying that home after
3655 the central systems have already been in the home. So, I
3656 think both low-income renters, but even low-income homeowners
3657 benefit from strong standards around these appliances that
3658 are the major portion of their bills.

3659 I hope I answered your question.

3660 Mr. Veasey. Absolutely. No, that was actually very
3661 helpful.

3662 I wanted to ask you, Mr. Friedman, would you agree that
3663 the DOE has a clear set of tools in its toolbox to help low-
3664 income renters?

3665 Mr. Friedman. I do think DOE has many tools to help
3666 low-income residents. But, let's be honest, with more
3667 resources, I think DOE could do more. The weatherization
3668 program has an amazing history of helping folks and, during
3669 ARRA, was able to really ramp-up and help even more. But, at

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3670 this point, the funding is much lower than it was during the
3671 Recovery Act. So, that is certainly one place where I think,
3672 with more resources, DOE could do more.

3673 I would also just add that ensuring that every dollar
3674 spent at DOE that is supposed to be focused on efficiency and
3675 getting appliance standards out is going to help everyone,
3676 and especially low-income homeowners who spend, as a share of
3677 their income, three times as much on heating, electricity,
3678 water, et cetera, than your average American. So, low-income
3679 Americans tend to stand to gain even more than most Americans
3680 from these standards.

3681 Mr. Veasey. Thank you very much.

3682 Mr. Harak, do you have any --

3683 Mr. Harak. I do think Mr. Friedman raises an incredibly
3684 important point. I am meeting with my Congresswoman
3685 Katherine Clark I hope in about 30 minutes to talk to her
3686 about the need for increased funding for the Weatherization
3687 Assistance Program.

3688 If you want to talk about a program that makes a
3689 gigantic difference in the lives of low-income people, it is
3690 the Weatherization Assistance Program. As I mentioned in
3691 response to your first question, when the network I work with
3692 in Massachusetts goes to a low-income home, the low site

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3693 savings are 20 percent in their energy bills. And if that
3694 house was really poorly insulated and had an old heating
3695 system, sometimes we are saving 40 percent in the household
3696 we are touching. So, it is very important we get to more of
3697 those households, and that means we need a lot more money in
3698 the Weatherization Assistance Programs, which is, of course,
3699 part of DOE.

3700 I appreciate the question.

3701 Mr. Veasey. Absolutely. Thank you.

3702 Mr. Chairman, I yield back.

3703 Mr. Rush. I want to thank the gentleman. The chair now
3704 recognizes Mr. O'Halleran from Arizona for 5 minutes for the
3705 purposes of questioning the witnesses.

3706 Mr. O'Halleran. Thank you, Mr. Chairman.

3707 I would like to commend each of the witnesses in our
3708 second panel today for contributing thoughtful insight into
3709 this important conversation about energy efficiency
3710 standards. I believe we can all agree that meaningful
3711 efficiency standards are important not only for the
3712 marketplace, but for consumers and the environment as well.

3713 Mr. deLaski, in your testimony you cite a recent
3714 economic study which estimates that savings from energy
3715 efficiency standards resulted in 300,000 more jobs in the

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3716 United States economy in 2016 than would have been the case,
3717 absent any standards. In your view, how might a delay in
3718 issuing efficiency standards impact the availability of these
3719 related jobs, especially in rural communities?

3720 Mr. deLaski. So, the delay in the standards and
3721 updating standards is reducing the savings that consumers
3722 will get in the future. What was described in that economic
3723 study is the secondary effect, that if people save money on
3724 their bills, they are spending less money on gas and
3725 electricity and water and sewer bills, and that puts money
3726 back in their pocket that they spend on other goods and
3727 services. So, the delays mean that there are \$60-some
3728 billion in savings that are going to be delayed, which means
3729 people have less money in their pocket to put on other goods
3730 and services that helps to create jobs in local communities.
3731 So, that is the cost.

3732 Mr. O'Halleran. Mr. Friedman, in your testimony you
3733 highlight your concerns with the Department's proposed
3734 changes of their Process Rule. In your view, do you see any
3735 harms caused to the marketplace by the Department setting a
3736 new definition for efficiency?

3737 Mr. Friedman. Well, certainly, the thresholds that they
3738 have created, I see significant harm in terms of devices that

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3739 people refer to as vampire loads, all those electronics that
3740 now we literally rely on throughout our daily lives. If the
3741 Process Rule and that threshold blocks the ability of the
3742 agency to set those standards, it is going to set us all
3743 back. And right now, that equipment is about 40 percent of
3744 energy use. That is only going to grow, both as other
3745 appliances get more efficient and as we get more and more
3746 cool stuff.

3747 Mr. O'Halleran. Thank you.

3748 Ms. Kennedy, I used to be a project manager and working
3749 on fairly complex projects on technology and buildings and
3750 development of designs of buildings in order to incorporate
3751 technology into them. I am at a loss, and maybe you can help
3752 me because you seem to be very concerned with the timeliness
3753 of things getting done here. I am at a loss to understand
3754 how it takes so long within this Department -- and quite
3755 frankly, I have worked with the FCC and the CFTC, and some
3756 others -- to get things done in an efficient way, in a timely
3757 way, to make sure that we take advantage of changes in
3758 technology and other areas, and make sure that we, as a
3759 government, are efficient, also, in moving projects forward
3760 and getting things done on time. Can you help me at all?

3761 Ms. Katherine Kennedy. I was struck by the fact that

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3762 Assistant Secretary Simmons didn't point to any reason for
3763 the delays in the 16 overdue efficiency standards. He said
3764 that the Department had sufficient resources. He didn't
3765 point to any particular problem. And so, that tells me that
3766 there is a problem, that there is a problem of will, and that
3767 we need to get that program back on track. There is nothing
3768 in regulation or statute that is causing those delays. It is
3769 something within the Department of Energy under this
3770 administration.

3771 And we have seen this program work well over various
3772 different administrations over the years of both political
3773 parties. So, there is some issue around political will,
3774 possibly around ideology, which is holding things back. And
3775 that is really concerning for consumers, for the environment,
3776 for jobs, and our ability to fight back on climate change.

3777 Mr. O'Halleran. I do know the developers that I have
3778 worked for in the past would be very upset on cost overruns
3779 and not getting jobs in and done on time.

3780 So, thank you, Mr. Chair. I yield.

3781 Mr. Rush. I want to thank the gentleman. The chair now
3782 recognizes the gentleman from New York, Mr. Tonko, for 5
3783 minutes.

3784 Mr. Tonko. Thank you, Chairman Rush.

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3785 I believe efficiency must be our first fuel of choice.
3786 According to the International Energy Agency's Energy
3787 Efficiency 2018 Report, energy efficiency alone can account
3788 for more than 40 percent of the emissions reductions needed
3789 to meet global targets set forth in the Paris agreement.

3790 So, Ms. Kennedy, what have you and NRDC found? How
3791 important is efficiency for achieving climate targets?

3792 Ms. Katherine Kennedy. Energy efficiency is absolutely
3793 crucial and fundamental to achieving our U.S. climate
3794 targets, or what should be our U.S. climate targets. Without
3795 energy efficiency, we can't get the job done. We need to
3796 also invest in renewables, electrify transportation and
3797 buildings, but energy efficiency is absolutely fundamental to
3798 fighting climate change and to doing it in an affordable way.

3799 NRDC issued a report last year called ``America's Clean
3800 Energy Frontier: The Pathway to a Safer Climate Future".
3801 And energy efficiency is going to deliver the largest amount
3802 of carbon savings that the U.S. can muster. So, it is really
3803 important.

3804 Mr. Tonko. Thank you.

3805 And would you say DOE's standards program plays a big
3806 role in our overall efficiency agenda?

3807 Ms. Katherine Kennedy. It plays a very crucial role,

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3808 yes.

3809 Mr. Tonko. And can you give us a sense of how important
3810 improvements in lighting, including the performance gains and
3811 cost reductions in LED technologies, have been to improve
3812 building efficiency?

3813 Ms. Katherine Kennedy. The innovation that we have seen
3814 in lighting, the improvement that we have seen in lighting
3815 efficiencies, spurred by Congress' actions and by DOE's
3816 actions under the last administration, have been hugely
3817 important.

3818 Mr. Tonko. And, Ms. Kennedy, again, and, Mr. deLaski
3819 and Mr. Friedman, I am sure all of you are familiar with the
3820 Energy Independence and Security Act of 2007. Can you
3821 explain the statutory backstop on tier 2 of lighting
3822 standards? And as you do that, can you also respond to the
3823 response made to me about the backstop of the Assistant
3824 Secretary and his rationale? Because I am trying to figure
3825 out what triggering the backstop is all about.

3826 Ms. Katherine Kennedy. Yes. The Department of Energy's
3827 current interpretation, which Assistant Secretary Simmons
3828 discussed this morning, is incorrect, in my view, and I have
3829 been addressing these issues for decades, both through
3830 litigation and through rulemaking, and other activities.

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3831 EISA directed the Department of Energy to do a
3832 rulemaking by 2017 to examine the scope of lightbulbs that
3833 would be included under the new set of standards and, also,
3834 to examine whether the standards in the backstop should be
3835 stronger. The Obama administration came up with a rule,
3836 through a long process that involved all sorts of stakeholder
3837 engagement, and acting within the authority which EISA
3838 provided it, determined that the scope of general service
3839 lamps should be expanded in various ways to include a number
3840 of additional bulbs.

3841 The Department of Energy is now trying to undo that, and
3842 it faces a very high burden as it does that, because, as you
3843 know, once a federal agency has gone through a long
3844 rulemaking, made a determination, there is no finding --
3845 there is no challenge striking down that determination, it is
3846 very, very hard to undo it and reach a different result.

3847 The backstop absolutely has been triggered. Congress in
3848 EISA included this backstop provision, so that if the
3849 Department of Energy didn't do its job, that backstop would
3850 be in place, as of January 1st, 2020. So, that backstop is
3851 there. I believe it is enforceable. And what the Department
3852 of Energy is doing is creating all sorts of uncertainty for
3853 manufacturers and for consumers.

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3854 And I will also just mention, those standards, the
3855 backstop standards, have been in place in California since
3856 2018, and it has been a smooth transition, no problems, tons
3857 of bulbs on the market that meet those standards.

3858 Mr. Tonko. Thank you.

3859 Mr. deLaski and Mr. Friedman, I have just a little bit
3860 of time left, but if each of you could just speak to the
3861 comments made by the Assistant Secretary about the backstop?

3862 Mr. deLaski. I just will echo what Ms. Kennedy said,
3863 which is that the Assistant Secretary is wrong. The backstop
3864 has been triggered, and the lightbulb standards needed to get
3865 back next year. That is what the law requires. And failure
3866 to do so is an abdication of the Department's legal
3867 obligations.

3868 Mr. Tonko. Mr. Friedman?

3869 Mr. Friedman. I could be wrong, but I am pretty sure my
3870 signature is on that rule that came out under the Obama
3871 administration. Our general counsel was very clear on the
3872 law. The Secretary supported the general counsel, and we
3873 issued a change in the definition. So, I think the law is
3874 pretty clear, and I think, sadly, this may end up being the
3875 courts that have to reinforce what Congress said. Again,
3876 statute is not arbitrary. Statute is not optional. It needs

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3877 to be followed.

3878 Mr. Tonko. And resolving it in the courts will only
3879 provide for more uncertainty.

3880 So, I thank you all for your responses.

3881 And with that, Mr. Chair, I yield back.

3882 Mr. Rush. The gentleman yields back. The chair now
3883 recognizes the gentleman from Vermont, Mr. Welch, for 5
3884 minutes.

3885 Mr. Welch. Thank you very much.

3886 I thank the panel.

3887 Mr. deLaski, Vermont enacted a couple of state-level
3888 standards, appliance standards, in the past two years, one
3889 for lightbulbs and another that covers 18 products. Can you
3890 explain the relative role of states and the federal
3891 government in appliance standards?

3892 Mr. deLaski. Yes, I would be happy to. One of the
3893 fundamental elements of the federal law that we haven't
3894 talked a lot about today is the federal standards are
3895 generally preemptive. Once the federal standards are in
3896 place, states are preempted from acting.

3897 But one of the fundamental elements of the federal
3898 legislation is that, in preempting the states, the Congress
3899 put on DOE the obligation to keep standards up-to-date, to do

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3900 the reviews we have been talking about. That is the deal.

3901 Mr. Welch. Right.

3902 Mr. deLaski. So, when that is not happening, you are
3903 seeing more states, leaders like Vermont, and there is
3904 another 13 states that are considering similar legislation
3905 currently, following in Vermont's leadership, leading
3906 footsteps. You are seeing more states step in. Now they
3907 can't address things that are preempted, but they are looking
3908 at other products.

3909 Mr. Welch. Right.

3910 Mr. deLaski. And they are also adopting the lightbulb
3911 standards because they are concerned.

3912 Mr. Welch. Yes, let me go on on that. So, one of the
3913 laws that we did pass in Vermont was designed to protect
3914 against the federal rollback of the lightbulb standards, and
3915 it, essentially, copied the federal lightbulb standard in a
3916 state law. And now, the DOE has announced that they intend
3917 to rescind the broadened scope of the lightbulb standards.
3918 What does that mean to states like Vermont and others that
3919 have essentially copied the federal standard?

3920 Mr. deLaski. So, Vermont, like California, will now be
3921 in a position to enforce standards, instead of the federal
3922 government. So, what we are going to see is a state-by-state

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3923 approach, in addition to insisting that the federal standard
3924 also is in place. So, the uncertainty that was referenced
3925 earlier, it is being multiplied over and over again.

3926 Mr. Welch. All right. Thank you.

3927 Mr. deLaski. Instead of having a situation where we
3928 knew what was going to happen -- Congress set the bar 13
3929 years ago -- now we have uncertainty that is creating lots of
3930 problems.

3931 Mr. Welch. Right. Thank you. Thank you.

3932 Mr. Yurek, how does the uncertainty that was just
3933 mentioned, introduced by the DOE failure to meet their
3934 deadlines, affect your member companies? And you mentioned
3935 in your testimony that the feast-or-famine is not a helpful
3936 way for DOE to run the program. Can you explain what you
3937 mean by that?

3938 By the way, my whole understanding is that a lot of the
3939 manufacturers in the private sector, they can live with
3940 standards. They just want to know what they are, and then,
3941 the competition is about who can do the best product
3942 compliant with those standards.

3943 Mr. Yurek. That is very correct, Congressman. My
3944 members don't manufacture lightbulbs. So, I am not going to
3945 go down that path. But we do cherish and want certainty and

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3946 predictability, and we need that to plan and make the
3947 investments in our products, in our production lines, in the
3948 distribution of those products. And so, when there is a
3949 schedule, we want that schedule to be met, so that we can
3950 meet those. But we also want good rules that make sense.

3951 And it also goes to the different consumers that were
3952 talked about earlier and their ability to afford. And we
3953 want to make sure that they are economically justified, so
3954 all consumers, be they low-income as well as those that can
3955 afford the higher costs, can afford to get the equipment to
3956 get the comfort that they need. So, it is balancing that and
3957 using the full timeframe for developing the rule versus
3958 shortcircuiting it, and then, coming up with rules that might
3959 not be the best.

3960 Mr. Welch. Okay. Ms. Kennedy, actually, following up
3961 on that question, one of the debates we have here -- it was
3962 on the earlier panel where my friend from Virginia raised
3963 questions about the affordability of standards. That, by the
3964 way, is a concern I have. And we are always wrestling with
3965 whether the standard overdoes it by making a product more
3966 expensive than you can afford, and then, you lose the savings
3967 because the product isn't going to be deployed.

3968 So, one of the challenges I have is there will always be

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3969 a difference of opinion about where is the right place to
3970 land, but we probably agree, Morgan, that using less energy
3971 is better than using more. Is there some mechanism by which
3972 there can be some flexibility and quick response to negative
3973 reaction in the marketplace because the standard just
3974 overreaches a bit?

3975 Ms. Katherine Kennedy. Well, there is some flexibility
3976 in the procedures and the statute. Manufacturers have the
3977 ability to petition DOE for an exemption or waiver from a
3978 particular standard when --

3979 Mr. Welch. Could we get a turnaround on that a little
3980 quicker? Because I am actually sympathetic to that. I have
3981 a door and window manufacturer and they were totally
3982 committed to standards, totally committed to efficiency, but
3983 they actually were having a problem with the compliance
3984 challenges for a standard that was set to the point where
3985 people weren't going to be able to afford to buy that
3986 product. And if we can get an answer on that, then we take
3987 some of the fight out. Because the overreaction we have from
3988 some folks who are legitimately concerned about their lower-
3989 income consumers is to say, look we don't want any standards
3990 because it is going to price them out.

3991 And, Mr. Griffith, I don't want that. I really want

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3992 standards.

3993 But do you have some suggestions on how we could get a
3994 quicker turnaround, so there would be some confidence?

3995 Thank you, Mr. Chairman.

3996 Mr. Rush. The chair wants to thank all the witnesses
3997 for your participation. I know it has been time-consuming,
3998 and we certainly value your time. We certainly appreciate
3999 all your efforts and all your testimony here this morning.
4000 We want to thank you very much.

4001 And the witnesses are dismissed. Right now, thank you
4002 once again.

4003 And the chair requests unanimous consent to enter into
4004 the record documents that have been previously agreed to by
4005 the ranking member of the subcommittee. And without
4006 objection, so ordered.

4007 [The information follows:]

4008

4009 ***** COMMITTEE INSERT 10*****

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4010 Mr. Rush. I remind members that, pursuant to committee
4011 rules, they have 10 business days to submit additional
4012 questions for the record to be addressed by the witnesses who
4013 have appeared. I ask each witness to respond promptly to any
4014 such question that you may receive. At this time, the
4015 subcommittee stands adjourned.

4016 [Whereupon, at 1:46 p.m., the subcommittee was
4017 adjourned.]