



Consumer Federation of America

IMMEDIATE RELEASE

April 15, 2015

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Top Consumer Expert Weighs in on Groundbreaking Computer & Monitor Energy Efficiency Standards

New Standards Could Save Consumers Hundreds of Millions

SACRAMENTO— Today one of the nation’s top consumer experts weighs in on proposed groundbreaking standards affecting the energy efficiency of computers, monitors and laptops that could save California consumers \$430 million annually on electricity bills. Mark Cooper, director of research for the Consumer Federation of America (www.consumerfed.org), is presenting the following statement and [presentation](#) to the California Energy Commission (CEC) at a workshop regarding its [newly proposed standards](#). Today’s workshop is the first in a series the CEC will hold to gather public comment about the proposed standards.

Energy Efficiency Performance Standards: Driving Consumer and Energy Savings in California

Mark Cooper, Director of Research

California Energy Commission Workshop on Computer Standards

April 15, 2015

A little over a year ago at the CEC’s Energy Academy, I presented a major piece of research entitled “Energy Efficiency Performance Standards: Driving Consumer and Energy Savings in California.” I won’t ask for a show of hands as to who read the paper. I will just assume that you have, so I can focus my ten minutes on why computers are ideal candidates for performance standards and why the staff analysis heads in exactly the right direction.

There is no doubt that energy performance standards for these ubiquitous digital devices will save consumers money and are in the public interest in number of other ways. Standards for computers are long overdue. California is once again to be applauded for exercising leadership that is critically important to consumer pocketbook, national economic and environmental policy.

First, it is important to recognize the consumer interest in the energy efficiency of household digital devices. Our analysis shows that the energy consumption of these devices has increased by 600% in the past decade (Slide 2), driven by both increasing penetration and use (Slide 3). These devices are all a part of energy use known as MEL, ‘miscellaneous electrical load’. This is the energy used to power the huge range of electronics around houses. It’s been estimated that a typical American home has forty products that constantly draw power, and people often don’t even know they’re paying for this hidden

consumption. Addressing the energy that's wasted in this way really is akin to going after the low hanging fruit. In California and the across the nation, these devices have come to represent a significant electricity load and drag on consumer budgets, in the range of 5 to 7 percent of electricity bills (Slide 4).

Second, the potential energy savings for computers alone, from technologies that are currently available is substantial—a reduction of one-third or more in their energy use (Slide 5). Passing up consumer savings of hundreds of millions of dollars in California and billions of dollars nationwide is simply unacceptable.

Third, there is no doubt that the electricity consumption of digital devices is the result of a market failure (Slide 6). The energy consumption of digital devices is what economists call a shrouded attribute. Computers provide specific functionalities to consumers and the energy consumption of those devices is not directly relevant or visible to the consumer. The energy consuming attributes are bundled into the device at the discretion of the manufacturer. Since electricity bills are aggregates of a month of consumption across a large number of electricity consuming durables, consumers do not see how much electricity any specific device consumes. And, because the devices are plugged in, there is little, if any, market pressure to improve the energy efficiency of these devices.

If manufacturers felt this market pressure, they would do a better job. The proof of that proposition comes from the performance of similar devices, where they do feel such pressures. In contrast to computers and laptops, which are frequently plugged in, the energy consumption of tablets and smart phones—mobile devices that are used when not plugged—is extremely important to manufacturers. Battery life is an essential feature of these devices, which means the manufacturers compete vigorously to reduce consumption and increase battery life. Consumers can easily assess the efficiency and performance of these devices. When they are forced to frequently charge them over and over again—they know it's because a device is inefficient. Consumers can send a clear signal to manufacturers by not buying these inefficient devices or by expressing their dissatisfaction in reviews or direct communications. With these mobile devices that are used when they are not plugged in, manufacturers care a great deal about how efficient they are. Providing similar functions, these mobile devices consume one-tenth the electricity of the plugged in devices.

Fourth, with a clear market failure to address inefficiencies, the next question becomes: why a performance standard? We like performance standards because they command, but they do not control (Slide 7). The standards establish a minimum level of efficiency but they do not dictate the technology. Manufacturers can design to meet the standard as they see fit. They will do so by choosing the least cost approach available to them. Different manufacturers will have different skill sets or different product lines and choose different technologies. Performance standards like these are technology neutral and pro-competitive, and they give market certainty to stimulate adoption of cost-effective energy saving technologies.

Fifth, our analysis shows that performance standards work best when they address a clear market imperfection or failure (Slide 8) and these devices exhibit exactly the kind of market failure that is best addressed by standards (Slide 9). Of course, standards don't work if they go too far, impose costs that are too large or require technologies that cannot be developed or delivered in the necessary time frame. That is not a problem with the targets set by these standards. If anything, our initial analysis suggests to us that the commission should go a little farther, but we will review the comments provided at this workshop and additional data before we offer our final judgment in that regard.

Sixth, historically, when it comes to standards, we've seen manufacturers line up in opposition. Last year, CFA tangled with them over a piece of legislation they were pushing to weaken the appliance efficiency standards setting process that Governor Brown had the good sense to veto. We are hoping that they abandon their opposition to responsible and effective standards. History shows that the claims that standards will impose huge and unacceptable costs on consumers invariably prove false (Slide 10). Once the companies go to work to meet the standards in the least cost manner possible, their costs are one-third of the original estimates and the benefits vastly exceed the costs.

The proposed standards pass our test with flying colors. The benefits far exceed the costs and they are product neutral, technology-neutral, pro-competitive, responsive to consumer needs, responsive to industry needs. We have called on several leading California computer manufacturers to make a constructive contribution and join us in the rulemaking process so the Commission can issue a good rule that saves consumers money, gives manufacturers market certainty and helps California meet its energy and environmental goals. I hope that we can work together to cut our energy use and save consumer dollars.

END STATEMENT

View CFA's slide presentation on [here](#).

The Consumer Federation of America is an association of nearly 300 non-profit consumer groups that, since 1968, has sought to advance the consumer interest through research, education, and advocacy.