



## Consumer Federation of America

October 18, 2001

Ms. Brenda Edwards-Jones  
Office of Energy Efficiency and Renewable Energy  
EE-41, Room 1J-018  
U.S. Department of Energy  
1000 Independence Ave. SW  
Washington, D. C. 20585-0121

Re: EE-RM/STD-98-440: Energy Conservation Program for Consumer Products:  
Central Air Conditioners and Heat Pumps Energy Conservation Standards

Dear Ms. Edwards-Jones,

Consumer Federation of America (CFA) is a non-profit association of some 285 pro-consumer groups that was founded in 1968 to advance the consumer interest through advocacy and education. While we are a plaintiff in the case against the Department of Energy and its action to rollback the January 22, 2001 final rule establishing a new efficiency standard for residential central air conditioners and heat pumps, we wish to exercise our rights in all venues relating to this issue. We are therefore providing comments on the Department's July 25, 2001 supplemental proposed rule and its withdrawal of the final rule issued in January.

As we have stated in the past, CFA supports increased energy efficiency standards as a means to help lower consumers' energy bills and to benefit the environment. We were disappointed with DOE's decision to roll back the January 22 rule and re-open the issue. As indicated in prior communications with DOE, we support the higher SEER 13 standard for central air conditioners. Such a standard supports the Administration's goals of reducing energy consumption and increasing energy security.

CFA is sensitive to the issue of the increase in the purchase price or 'first cost' of a central air conditioner, the payback period and the impact on low-moderate income households with new efficiency standards. We understand that DOE has to project conservative cost estimates; however, we are very encouraged by the American Council for an Energy Efficient Economy's projection that the average model under a SEER 13 standard would only increase by \$170. Based on current national average electricity prices, average cooling season savings from the improved standard would be about \$50/year, so the increased cost would be paid back in three and one-half years.

As with past standards, we are optimistic that, economies of scale in production and competitive forces will result in lower costs for the more efficient equipment as compared to pre-implementation estimates. Research has shown that in the case of new efficiency standards for refrigerators in 1990 and 1993, the significant cost increases that were feared did not materialize. It has also been noted that, after 1992 when the SEER 10 standard for central air conditioners went into effect, similar concerns about substantial cost increases were not borne out by actual experience. We believe the market will respond similarly. We are encouraged that one major air conditioning manufacturer has come out strongly in favor of the SEER 13 standard and is confident that “the market will drive prices down and make the more efficient equipment affordable for all consumers.”

DOE has expressed concern about the impact of a SEER 13 standard upon low-income households and believes that the current proposal to roll back to a SEER 12 standard would mitigate the impact. DOE states that “under a 13 SEER standard for split air conditioners, 39 percent and 50 percent of average and low-income consumers, respectively, would be negatively impacted. A 12 SEER standard would result in a lower fraction of consumers who are negatively impacted: 25 percent and 34 percent of average and low income consumers, respectively.” We would appreciate further explanation and/or detail as to how those estimates were arrived at and more specificity as to how they break down in terms of moderate-low income families with residential central air conditioning, i.e. renters vs. owners; and if possible, a breakdown in terms of regions or states. Because to the contrary, CFA believes that low-income households will benefit more from a SEER 13 standard because those that have central air are more likely to live in very warm summer climates where air conditioning is virtually a necessity, and they are probably paying higher electricity prices to run their units.

A greater number of low income families rent their homes as compared to the national average. In the case of rental housing, it is likely that landlords will under-invest when installing a new air conditioner and choose the least expensive and less efficient model. This means higher energy bills for low income renters. Conversely, a more efficient air conditioner means lower energy bills for a segment of the population that pays a disproportionate share of its income on energy costs and for whom the savings make a bigger difference.

As for low-income families who own their home, the payback period for a more efficient air conditioner will be faster since such families are likely to live in an area with a very warm summer climate with higher energy prices in the summer due to increases in peak demand. Again, we are confident that the purchase price of a SEER 13 central air conditioning unit will be lower than expected and therefore the energy savings will be realized even faster by all homeowners who purchase a central air conditioner in 2006 or later.

In the event the Department undertakes new analyses, we believe that it should take into account more recent data relating to higher energy prices and the uncertainty that exists with regard to future energy costs. Also, we encourage the Department to explore all avenues at its disposal to bring this issue to a conclusion that addresses the concerns of major stakeholders in a satisfactory manner. Key participants at the October 2 public

hearing indicated an openness to engage in discussions to see where common ground might be found. We hope this will be pursued. There is a potential for a win-win situation.

In closing, CFA wishes to reiterate its strong support for a SEER 13 standard for central air conditioners. Rising energy prices and threats of energy shortages point to the overwhelming need for strong efficiency standards for air conditioners so that peak demand is reduced. This will lower electric bills for consumers, avert energy shortages during extremely warm weather, and displace the need for new power generation units. With a SEER 13, both consumers and the environment will benefit more over the long run.

Thank you for considering our views.

Respectfully submitted,

Mel Hall-Crawford  
Special Projects Manager