

BY FAX—3 pages



**Consumer Federation of America**

1620 I Street, N.W., Suite 200 \* Washington, DC 20006

**consumer action**

**Education and advocacy since 1971**

June 19, 2014

Senator Alex Padilla, Chair  
Senate Energy, Utilities and Communications Committee  
State Capitol, Room 5046  
Sacramento, CA 95814

**RE: AB 2581 (BRADFORD) UNDERMINES ENERGY EFFICIENCY STANDARDS AND SHOULD NOT BE ENACTED**

Dear Chairman Padilla and Committee Members:

We are writing to express our opposition to AB 2581 by Assembly Member Bradford.

The Consumer Federation of America (CFA) is a non-profit association of more than 260 consumer groups from across the country, including California, that was established in 1968 to advance the consumer interest through research, education, and advocacy. We have long supported cost-effective energy efficiency measures as they save consumers money through lower energy bills over the long run. We are currently engaged in the California Energy Commission's Title 20 appliance efficiency rulemaking process. Consumer Action, established in 1971, is a non-profit organization based in San Francisco that focuses on consumer education that empowers low- and moderate-income and limited-English-speaking consumers to financially prosper.

The appliance standards sections of AB 2581 would be a significant step backward for California and consumers nationwide. By tying the hands of regulators it would undermine the valuable role that California leadership can play in promoting effective standard setting across the nation. The result would be higher energy bills and more environmental damage from allowing unnecessary energy consumption to continue.

The appliance standard sections of AB 2581 should be stricken. They are unnecessary and counterproductive.

**THE VITAL ROLE AND CONTINUING IMPORTANCE OF CALIFORNIA LEADERSHIP IN APPLIANCE EFFICIENCY STANDARD SETTING MUST NOT BE HAMPERED**

California's leadership role in energy efficiency policy is widely recognized and its pioneering role in the development and implementation of appliance efficiency standards is nothing

short of legendary. Efficiency remains the least cost resource to not only meet the need for electricity, but also the most cost-effective way to reduce pollution in the electricity sector.

CFA research on household digital devices (computers, monitors, set top boxes, etc.) underscores the need for and importance of the swift adoption of standards for these appliances. Digital devices have been the fastest growing component of household electricity consumption over the past decade and they are likely to remain so for the foreseeable future.

Because appliance manufacturers do not focus on electricity consumption and the energy costs of using these devices is buried in monthly electricity bills, appliance manufacturers have failed to incorporate significant, readily available and consumer-friendly energy savings technologies into these devices, resulting in excessive spending on electricity. Well-designed standards, like those implemented by California for other household appliances, can correct this problem. The impact of standards will be to increase the disposable income that consumers have to spend on non-energy goods and services and to drive technological innovation, creating a win-win for the economy and the environment.

The changes to the appliance standard setting process in AB 2581 would impede the ability of the California Energy Commission (CEC) to set standards, making it harder for California to meet its own energy goals and undermining its ability to set the pace for efficiency policy.

## **THE HARMFUL EFFECTS OF PROVISIONS OF AB2581 ON CONSUMERS AND CALIFORNIA**

**Industry self-regulation with voluntary standards:** The California Energy Commission already has the authority to consider voluntary agreements as the basis for standards. At best, this provision is redundant; at worst, it will give an industry that has fallen far short of providing optimal levels of energy efficiency a tool to delay progress. Placing voluntary agreements in statute sets the stage for industries that seek to avoid regulatory oversight to ultimately eliminate the Energy Commission's authority in setting progressive standards.

CFA support this concept of collaborative standard setting and has participated in many regulatory negotiations because they can spur the standard setting process along. However, they can make a positive contribution to the process only if they do not reduce the authority of the regulatory agency charged with setting the standards.

If the legislature wants to increase the prominence of regulatory negotiations, it can give special status to proposals that result from genuine collaborative, multi-stakeholder processes, as long as those processes do not diminish the Commission's authority to adopt standards or become a vehicle for delaying its issuance of standards. Regulatory negotiations between all stakeholders should facilitate, not frustrate, standard setting.

**Data Gathering:** Gathering data on appliance energy utilization and available technologies is a difficult task for a variety of reasons, including the diversity and rapid change of products, but imposing a data requirement on the Commission without giving it the tools to meet that requirement can create a major obstacle to effective rulemaking. One of the most daunting challenges in rulemaking is the fact that the industry has the best data. As written,

AB 2581 would give the industry a powerful tool to undermine the standard setting process as it could first withhold data and then claim the CEC data is out of date.

Newer data is not necessarily better data. Data gathering and analysis take time to ensure it is sound. The CEC should not be bound by an arbitrary timeframe. If the legislature wants to improve the quality of data used in the process of standard setting, it should give the Commission more authority to compel the filing of data and more resources to analyze it.

**Requiring California to accede to Federal Standards:** California's leadership on energy efficiency represents American federalism at its best. The most direct and misguided attack on the ability of California to lead the way on energy efficiency is to suggest that California should stand down when a federal standard is adopted. The CEC has the ability to mirror the federal standard and has exercised that authority in the past. Legislation that diminishes its authority weakens its ability to provide leadership at a vital moment in energy policy making.

The appliance standards sections of AB2581 should be stricken. Thank you for your consideration of our views.

Sincerely,

Mark Cooper  
Director of Research  
Consumer Federation of America

Joe Ridout  
California Legislative Coordinator  
Consumer Action

cc: State Assemblyman Steven Bradford