



FACT SHEET

USING ENFORCEMENT TO ENSURE AMERICA'S BUSINESSES AND FAMILIES REAP THE BENEFITS OF NATIONAL ENERGY EFFICIENCY STANDARDS

The U.S. Department of Energy (DOE) sets minimum energy efficiency standards for appliances and equipment. These standards save businesses and residential consumers billions on their utility bills—\$63 billion in 2015 alone—with a typical household saving about \$500 per year. The DOE also plays a major role in enforcing those standards, which is critical to protecting both consumers and the manufacturers that make investments in engineering and technology to comply with them.

Products regulated by the agency represent about 90 percent of home energy use, 60 percent of commercial building energy use, and 30 percent of industrial energy use. Everything from refrigerators to dishwashers to commercial heating and cooling equipment must meet a standard that specifies maximum energy consumption. Certification and enforcement are crucial to maintaining the integrity of the program and to ensuring consumer and business savings, which are poised to grow as more standards are adopted.¹

THE THREAT: WHAT HAPPENS IF ENFORCEMENT OF EFFICIENCY STANDARDS IS ELIMINATED?

Like the rest of the programs run by the DOE's Office of Energy Efficiency and Renewable Energy (EERE), the DOE standards enforcement program is at risk for significant budget cuts that will eliminate important safeguards benefiting Americans. Reducing the enforcement budget threatens energy and dollar savings, protections for manufacturers, and consumer trust.

Consumers cannot tell from looking at a product whether it is an energy hog. They count on federal efficiency standards to require a minimum level of efficiency savings that is technologically feasible and cost effective. If there is no likelihood of accountability through enforcement, manufacturers can flout energy efficiency requirements and sell inferior products that increase energy bills for families and businesses and escalate the pollution associated with generating the power to run them.

“For the sake of our environment and our economy, it’s critical that we enforce our energy efficiency regulations. Strong enforcement of the rules will encourage compliance and keep manufacturers who break the law from having a competitive advantage over manufacturers who play by the rules.” – Scott Blake Harris, while serving as DOE general counsel.

In 2016 alone, the DOE collected more than \$1.56 million in fines from 10 manufacturers found to be out of compliance with efficiency standards. Noncompliant equipment ranged from air conditioners to commercial freezers to lighting. Thanks to the DOE's efforts, these noncompliant products are no longer on the market, and consumers will continue to save energy and money.

Unfortunately, there has been an increased interest by some in Congress and the Trump administration to cut the DOE's budget for enforcement or to prevent DOE outright from enforcing certain standards. Such policies leave the door open for overseas manufacturers to introduce inefficient, cheap versions of electronics, appliances, and other equipment. These manufacturers will benefit at the expense of consumers, who will be burdened with having to pay higher utility bills over the life of the product.

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DOE'S ROLE

The DOE is authorized by the Energy Policy and Conservation Act of 1975 to enforce compliance with national energy and water conservation standards established for consumer products and commercial and industrial equipment. The DOE verifies that products meet energy use standards, provides enforcement to ensure that manufacturers comply, and independently conducts spot tests to confirm that products meet the the energy consumption limits.

Certification

All manufacturers must annually submit to the DOE a certification report that includes the energy consumption of their products as measured per a required test procedure. This gives the agency an accurate and timely picture of the energy and water use of all products sold in the United States that are subject to energy efficiency standards.

Testing

Manufacturers submit energy testing results to the DOE, and the agency works with the National Institute of Standards (NIST), third-party laboratories, and manufacturer-owned testing facilities to conduct additional, independent testing. The purpose is to verify the manufacturers' results and help improve the DOE test procedures.

Enforcement

Consumer Benefits

The DOE's enforcement process ensures that consumers are getting what they expect: products that do not waste energy or money. If manufacturers make false claims about the energy consumption of their products, consumers will be duped into purchasing appliances and equipment that are inferior and cost more to operate.

Manufacturer Benefits

Meeting standards for appliance and equipment energy and water conservation is required by a 40-year-old law. While most manufacturers comply with standards, there are some bad actors, and their unscrupulous behavior undercuts the investment made by manufacturers who work hard to comply. Manufacturers that fail to comply with standards are fined by the DOE. Fines vary and are based on the extent of the noncompliance; recent penalties have ranged from as little as \$200 for manufacturing and distributing one noncompliant product, to hundreds of thousands of dollars for larger violations.

CASE STUDY: Bradford White, a leading manufacturer of water heaters based in Ambler, Pennsylvania, builds its products in Michigan and New Hampshire. The company recently acquired the heat pump water heater operations of GE Appliances. This significant investment by Bradford White means that heat pump water heaters will continue to be made in America by a company that has been very active in the standards-setting process. Thanks to DOE enforcement, Bradford White and other companies can make this type of investment with confidence that they will not be competing with unscrupulous manufacturers that don't follow the law and undercut prices with cheap, inferior products.

The longstanding success of the appliance standards program depends on setting strong standards and providing sufficient enforcement to protect manufacturers and consumers. The DOE must have the budget, the staff, and the expertise to maintain the billions of dollars in annual consumer energy savings from products regulated by federal law.

¹ Office of Energy Efficiency and Renewable Energy, "Appliance and Equipment Standards Program," undated, available at <https://energy.gov/eere/buildings/appliance-and-equipment-standards-program>.