

UNITED STATES DEPARTMENT OF ENERGY

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OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY

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PUBLIC MEETING

ON

CONSUMER PRODUCTS AND

COMMERCIAL AND INDUSTRIAL EQUIPMENT

+ + + + +

PRIORITY WORKSHOP

+ + + + +

ROOM 1E-245
 FORRESTAL BUILDING
 1000 INDEPENDENCE AVENUE, S.W.
 WASHINGTON, D.C.

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TUESDAY, SEPTEMBER 11, 2001

+ + + + +

PANEL:

BRYAN BERRINGER

Facilitator

ED POLLOCK, DOE

BEN LIEBERMAN, CEI

DR. WENDY LEE GRAMM, Mercatus Center, G.M. University

DEBORAH MILLER, ARI

STEVE BADEKM ACEEE

TED WILLIAMS, AGA

BOB WISBEY, NEMA

JOSEPH MATTINGLY, GAMA

CHARLES SAMUELS, AHAM

MIKE THOMPSON, Whirlpool Corp.

EARL JONES, GE

DAVUD GOLDSTEIN, NRDC

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CHARLES STEPHENS, Oregon DOE

PANEL: (CONT.)

WILLIAM PRINDLE, ASE

THOMAS FARKAS, EEI

R. MICHAEL MARTIN, California Energy Commission

FRANCINE PINTO, DOE, OGC

WAYNE LAUGHLIN, NSE

MICHAEL RIVEST, Arthur D. Little

STEVE NADEL, ACEEE

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P-R-O-C-E-E-D-I-N-G-S

(9:05 a.m.)

1
2
3 MR. GARMAN: Good morning. My name is
4 Dave Garman, I'm the Assistant Secretary for Energy
5 Efficiency and Renewable Energy. Welcome, and thank
6 you very much for coming this morning. I'm glad to
7 see you here.

8 We will begin actually by explaining why
9 we're here, and then what I'd like to do is go around
10 the table and the room and have people introduce
11 themselves. That will take a moment, but I think it's
12 worth doing.

13 The purpose here this morning is to -- you
14 know, we are thinking about updating the status --
15 well, we are updating the status of our priority
16 rulemakings and discussing with you, many of our
17 stakeholders, the factors that we should use in that
18 prioritization, and we're also aiming to discuss the
19 criteria and process for expanding the scope of the
20 program.

21 As many of you know, the President's
22 National Energy Policy had as an action item and a
23 recommendation that we support the appliance standards
24 program for covered products, setting higher standards
25 where technologically feasible and economically

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1 justified, and expand the scope of the appliance
2 standards program, setting standards for additional
3 appliances where technologically feasible and
4 economically justified.

5 Of course, there's a range of products
6 that one could discuss if one were expanding the
7 scope, and we want to get into some of those issues.
8 I'm not going to lead that discussion, but I'm going
9 to be here and participate in it this morning with
10 you, and there's a variety of criteria, test
11 procedures that have to be understood, an
12 understanding of the potential savings, where the
13 benefit lies, where we should be using our limited
14 resource to set appliance standards. The way that
15 we'll go about analyzing this information and all of
16 this pointed toward an eventual recommendation to the
17 Secretary for implementation.

18 What I'd like to do now is go ahead and go
19 around the room and have each person at the table and
20 in the audience briefly introduce themselves and their
21 affiliation, please. Let's start with Bryan.

22 MR. BERRINGER: Bryan Berringer,
23 Department of Energy, and I'll be facilitating the
24 meeting today.

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1 MR. AMRANE: Karim Amrane, Air-
2 Conditioning & Refrigeration Institute.

3 MR. GARMAN: Speak loudly, please.

4 MS. MILLER: Deborah Miller, ARI.

5 MR. WILLIAMS: Ted Williams, American Gas
6 Association.

7 MR. WISBEY: Bob Woodsby, representing the
8 National Electrical Manufacturers Association.

9 MR. MATTINGLY: Joe Mattingly, with Gas
10 Appliance Manufacturers Association.

11 MR. SAMUELS: Chuck Samuels, Association
12 of Home Appliance Manufacturers.

13 MR. THOMPSON: Mike Thompson, with
14 Whirlpool Corporation.

15 MR. JONES: Earl Jones, with GE.

16 MR. GOLDSTEIN: David Goldstein, NRDC.

17 MR. STEPHENS: Charlie Stephens, Oregon
18 Department of Energy.

19 MR. PRINDLE: Bill Prindle, Alliance to
20 Save Energy.

21 MR. FARKAS: Tom Farkas, Edison Electric
22 Institute.

23 MS. PINTO: Francine Pinto, Department of
24 Energy, General Counsel's Office.

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1 MR. LAUGHLIN: Wayne Laughlin, NSE
2 (phonetic).

3 MR. POLLOCK: Ed Pollock, Department of
4 Energy.

5 MR. RIVEST: Mike Rivest, Arthur D.
6 Little.

7 MR. NADEL: Steve Nadel, ACEEE.

8 MR. GARMAN: Thank you. At this point,
9 what I'd like to do is go ahead and pass off the
10 meeting to Bryan. Again, welcome, thank you all for
11 coming, and I look forward to the good discussion that
12 we're going to have.

13 MR. BERRINGER: Good morning, everybody,
14 and welcome. I just want to thank you all for coming
15 out today. Again, my name is Bryan Berringer, I'll be
16 facilitating the meeting today. I just want to thank
17 David for being here and opening up the meeting today.
18 By show of hands, how many people is it your first
19 time being at a DOE-sponsored meeting like this. I
20 know a lot of the people I've seen before at the
21 workshops.

22 (Show of hands.)

23 We have a few. Okay. Well, thank you all
24 for being here. One of the first things I want to do
25 is, we typically have some ground rules and norms, and

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1 I just want to go through those so everybody is on the
2 page here.

3 We just ask that everybody speak one at a
4 time, that you speak into the mike, and you state your
5 name for the record. We are recording this. We have
6 a Court Reporter. So, if you are in the audience,
7 please come to the two mikes in the back. Again,
8 anytime you begin speaking, state your name.

9 Listen as an ally. We are here to get
10 input from everybody. We want to hear everybody's
11 views, and pleased be recognized by the Facilitator.
12 I will try to -- I don't know everybody's name, but I
13 will try to point you out. I will allow follow-up
14 comments, if you have follow-up comments, and we'll
15 move in a queuing situation.

16 Respect one another, again. We are all
17 professionals here. We are here, again, to listen.
18 We are looking for your input, and we want to hear as
19 many views as possible in this meeting.

20 Avoid side conversations. If you need to
21 have a discussion with your colleagues, if you could
22 go ahead and step outside in the hallway.

23 We ask you turn off cell phones and
24 pagers, or if you have your cell phone, if you could
25 put it on vibrate so we don't distract the meeting.

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1 If you could be concise, we want to be
2 concise. Keep to the point and try not to be
3 repetitive in your comments.

4 Be positive, most of all, and share the
5 air time. Again, we've got a short period of time
6 today, about three hours, and we want to give
7 everybody a chance to talk and have their views heard,
8 so if we could just share the air time there.

9 Does anybody have any questions about the
10 norms or the ground rules?

11 (No response.)

12 Seeing none, great. Okay. We'll go ahead
13 and go into the brief agenda review. Everybody should
14 have a copy of your agenda in your package. I wrote
15 a rough outline of that here. David has already
16 talked about the purpose of the meeting. Again, we
17 are here to discuss the existing priorities, how the
18 criteria we've used. We want to then go into what
19 criteria we should apply. There's been a lot of talk
20 about potential new products. We want to get your
21 input on the process and criteria to be used for those
22 new products. We've had in the past a priority
23 rulemaking that set some criteria that we have on
24 existing products. We just want to make sure that

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1 that's appropriate for any new products in moving
2 forward.

3 Again, David also did opening remarks and
4 we did introductions. I'm currently doing the agenda
5 review. From there on, Ed Pollock is going to present
6 for the Department, the presentations today. We're
7 going to look at the existing products, how we've used
8 the priority setting for those products, what they
9 are, and talk about what are some possible of
10 potential new products, and discuss and get input from
11 you what criteria we should use, what process we
12 should use for these new products, and how to handle
13 that, how to move forward, and then we'll talk about
14 next steps, if we want to have a follow-up meeting, if
15 that's necessary, and get into how we proceed from
16 there.

17 So, with that, I'll turn it over to Ed
18 Pollock for his presentation.

19 MR. POLLOCK: Good morning. Thank you all
20 for being here. We look forward to a good lively
21 discussion today. One of the things Bryan didn't
22 mention was some of the housekeeping issues. There
23 are restrooms at either end of the hall, and one of
24 the problems that we're still trying to address is the
25 issue of if you brought computers in, you will need a

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1 property pass to get out. Unfortunately, both of the
2 people in our office who can sign those passes are out
3 of the office today. So you may have to leave them
4 here and come back next week to get them, but we'll
5 try to get someone here. And you will need to stop
6 by. We'll let you know who that is and what you will
7 need to stop by and get a property pass so you can get
8 your --

9 VOICE: Is that true for cell phones, too?

10 MR. POLLOCK: Cell phones have not been
11 something that they've been checking, but computers
12 are.

13 (Simultaneous discussion.)

14 MR. POLLOCK: The history of the program,
15 many of you have been connected with us long enough to
16 know the origins of this. Back in 1972, when the
17 first legislated mandated the Department begin and set
18 mandatory standards for a selective group of products,
19 the Department was a little bit slow in getting those
20 standards set, and so Congress came back in 1987 and
21 set the first level of standards for products and set
22 a schedule for us to go back and revise and update
23 those standards usually on a five-year cycle.

24 In 1998, they added fluorescent lamp
25 ballasts, which was really the first commercial

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1 product to be covered, because it only applies to the
2 fluorescent lamp ballasts in commercial applications,
3 not residential product, and then in 1999 with the
4 EPACT Act, other heating, cooling, space conditioning,
5 distribution transformers, other commercial equipment
6 was added. I'm not going to spend a lot more time on
7 that, but that sort of gives you a background.

8 In 1996, there was a question about the
9 methodology that we were using for the development of
10 standard entrust procedures, but mostly on the
11 standards area, and so we developed a process rule
12 which laid out procedure that was a more open
13 dialogue, encouraging consensus and encouraging more
14 direct involvement of stakeholders in the rulemaking
15 process.

16 And one of the things that came out of
17 that was, of course, the prioritization of the work
18 that we do. We realized that we did not have either
19 the staff or the resources, the funding resources from
20 Congress, to allow us to do all the rules that were on
21 the docket, and we began a prioritization process.

22 This is a list of the priorities that we
23 set last year for the products and, as you know, we
24 came up with a very intensive cycle of rulemaking last
25 year when we finished up a number of final rules. So,

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1 this year, we're just beginning the rulemakings. As
2 you can see, the ones in the high priority is the ones
3 that we have either started or had planned to start
4 earlier. Because of some carryover housekeeping for
5 the residential central air and some other items,
6 we've only started work on the distribution
7 transformers which was done a little bit earlier, and
8 then furnaces and boilers -- residential furnaces and
9 boilers -- and commercial central air conditioners in
10 the 65-240 k Btu are rules that we are already working
11 on.

12 The plan was for us to complete or go back
13 and revise work that we had started on a determination
14 to decide whether we should consider mandatory
15 standards for small electric motors, those below 1 hp,
16 and we also planned to start work on package terminal
17 air conditioning and heat pumps.

18 Medium priority indicates those that we,
19 as we have resources, those we take off the cycle of
20 high priority that we would probably develop next.

21 And then the low priority indicates ones
22 that we've either recently finished, worked on, or
23 where the energy savings potential was very small.

24 These are the ones that you probably see
25 in the reg agenda that's published in the fall. The

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1 reg agenda is revised and published twice a year. The
2 inputs for this coming up, which is usually published
3 in the October-November time frame, were sent over to
4 OMB for review just recently. It's not clear whether
5 if we were to decide from the discussions here and
6 follow-up discussions to change our priorities,
7 whether we would be able to make a change here, but we
8 can always adjust those and publish them at a later
9 date. The type of thing that we want your input on
10 today is the question of if we extend the program, do
11 we blend this new program with the new products, we
12 finish these first, those are some of the things we
13 are looking for in the discussion.

14 In the process of prioritization, for the
15 existing covered products, this is the criteria that
16 we looked at in setting those priorities. The most
17 important one, because that's what we're all about, is
18 the issue of the energy savings potential. Up until
19 now, it's been pretty clear there were these products
20 that were high, big jump, and then there was sort of
21 a gap, and then there were the products that had
22 lesser energy savings.

23 The other issues were the economics of
24 potential benefits both to the nation and the impacts
25 on consumers and on manufacturers, the issue of the

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1 environmental benefits, energy security, going back to
2 the energy savings potential, the deadlines that were
3 statutory requirements that were placed on us, the
4 resources that were available, and to some extent the
5 resources that were required in order to do a
6 rulemaking. Some of those rules earlier, when we
7 started back in 1996, we had already done an extensive
8 amount of work, so the expense to proceed with those
9 rulemakings. And, also, we had committed to looking
10 at the cumulative burden on manufacturers, and so we
11 were concerned about other regulatory actions, both
12 things that we were doing in DOE as well as EPA
13 actions which is the issue of changes in refrigerant
14 or cooling agent, or insulation materials.

15 And then the other factors at the bottom
16 there I'm not going to go through one-by-one, were
17 also considered of lesser impact.

18 So the discussion today is being
19 responsive to the new National Energy Policy, and we
20 have begun a study to identify products -- and I'm
21 going to show two slides, you have them in your folder
22 there -- which is a list of products that we've
23 identified that we think perhaps should be considered
24 for some sort of action by the Department of Energy.
25 And the question -- the reason for putting these up is

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1 not to indicate that we've already made a decision.
2 What we did, we went through a whole variety of lists
3 from the ACEEE, from the California Energy Commission
4 list, and other actions that groups were doing, and
5 compiled this list. And we've begun to gather data on
6 these different products in terms of the energy
7 savings potential, the total energy used, some of that
8 type of information. We will be putting a report
9 together which eventually will lead to a
10 recommendation to the Secretary of actions that we
11 believe the Department should take.

12 The reason for putting this list up today
13 is to help stimulate your thinking about the types of
14 issues that we should consider both in deciding
15 whether these should or should not be considered, or
16 some sort of action in considering how we would
17 prioritize the work that we're doing. And as we'll
18 talk later, the issue here is not necessarily for
19 mandatory standards, but there are other issues which
20 we might want to consider, other actions that we might
21 want to consider, rather than just going straight to
22 a mandatory standard.

23 This completes the list of products that
24 we're looking at, and you can see it's quite a range,
25 a variety of different things, some very small

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1 products through some of the ones that -- the office
2 equipment and things, which are a fairly extensive
3 market and are large users of energy.

4 To frame the discussion then, and then
5 open the floor up to discussing some of these topics,
6 the question is how do we proceed from here? Most
7 important is what are the criteria that we should be
8 using for deciding which of that big list and others
9 that we might identify later on should be considered
10 for some sort of action? And the other point which we
11 want you to keep in mind as we begin this discussion
12 is the question of what actions should we be thinking
13 about here, besides prioritizing them, what do we do
14 with these products that we've identified? Should
15 there be a mandatory standard? Should we be looking
16 for negotiated agreement of some type, some sort of
17 legislative action, is a voluntary program, Energy
18 Star, tax credits, there's a whole mix of things on
19 the table as far as process that the Government could
20 do in order to encourage energy-efficient use of
21 different products.

22 I'm going to open it up to discussion now
23 as far as the first point, what are the criteria that
24 we should use? Is the list of criteria that we've
25 had, that we've used in the past for the

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1 prioritization process for new products? Is that a
2 good place to start, or are there things on there that
3 are not -- I saw a hand over here first.

4 MR. FARKAS: Tom Farkas, EEI. A quick
5 question, was there any criteria used to generate the
6 two lists of potential new products?

7 MR. POLLOCK: Not at this point, no. We
8 just -- we started off by saying, okay, we looked at
9 everybody else's list and we compiled those into one
10 single list. We did not attempt to do any
11 prioritization with them.

12 MR. FARKAS: Maybe more just a "wish list"
13 than anything else.

14 MR. POLLOCK: It wasn't even a wish list
15 as much as just saying these are products which you
16 identified of others, maybe some on there that we knew
17 about that had fairly high energy use. That does not
18 conclude that there's a savings potential, they may
19 already be as efficient as you can build them.

20 MR. SAMUELS: Chuck Samuels, AHAM. I
21 think you're asking now about the criteria rather than
22 about specific products, isn't that right?

23 MR. POLLOCK: That's exactly right. We
24 need to talk about, first, the criteria, and then
25 we'll talk later on about how we apply the process.

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1 We just define the criteria, then we can get -- at
2 this meeting, I don't expect to get any further than
3 that. I mean, we'll need to go back and collect
4 information about these criteria to share with
5 everyone, to work with you to make sure that
6 information is correct. Then we'll have to apply that
7 criteria to decide which products --

8 MR. SAMUELS: With respect to the criteria
9 that were developed, I think, fairly carefully over
10 the last five or six years, I think they were good
11 criteria. I think they've been wisely used and, in
12 general, I would think that you would want to maintain
13 all of them, and probably not make radical shifts in
14 them one way or another. I mean, the fact of the
15 matter is that you need to apply limited resources to
16 areas where it makes the most sense to do regulation
17 and where you have statutory authority as well as
18 requirements, and I think, in general, the Department
19 has done that over the last five or six years. So, I
20 don't think that things have to change all that
21 dramatically. That doesn't mean the regulatory
22 program is not going to change somewhat, it is
23 inevitable that it will, but I think that you've got
24 a good balance of criteria, energy, economic,

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1 practical reality, and I think they still make a lot
2 of sense, to all be considered in combination.

3 MR. GOLDSTEIN: David Goldstein, NRDC. I
4 think, in general, I agree with Chuck, the criteria
5 make pretty much sense, with maybe a little bit of
6 elaboration on the first two that you have up there,
7 to look at areas where there's perspective growth --
8 you know, something like electronic equipment where
9 there's a doubling of the market share every couple of
10 years, obviously has a big potential, or where there's
11 some feature that might be developed that could be
12 very energy-intensive if you do it one way, and much
13 less so if you do it another way, and the decisions
14 haven't yet been made. So, rather than asking
15 industry to change something they are already doing,
16 you are kind of guiding them to do it the right way
17 the first time.

18 But there's one kind of new criterion
19 that's sort of related to the bottom one you've got
20 there, which is on status of required changes to test
21 procedures. A lot of areas where there's an
22 opportunity, there aren't test procedures, or there
23 aren't good ones, and we need them. Televisions,
24 computer monitors, PCs -- you don't have a test
25 procedure. You can't even have the market work if you

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1 don't have a test procedure because the consumer
2 doesn't know whether a given product is energy-
3 intensive or not. I mean, look at computers. We've
4 had a lot of misunderstanding over the past year about
5 how much energy computers use because people look at
6 the nameplate and say, "Well, it says 200 watts, so it
7 must be using 200 watts times 1,000 hours, or whatever
8 it is on a year", and they are getting numbers that
9 are five-fold too high. But we don't know what the
10 right numbers are for any piece of equipment.

11 So, if you have the test procedure, that's
12 the first step. And that's a first step to an Energy
13 Star program, it's a first step to tax incentives,
14 it's a first step to mandatory standards. We don't
15 have to decide what it's the first step to, but we do
16 need to take that step because nothing else can work
17 until it's done.

18 MR. SCHLEEDE: Glenn Schleede, citizen
19 consumer and taxpayer. To save your time, I've put a
20 bunch of comments in a letter addressed to Secretary
21 Garman, and he has a copy, and there are about 50
22 copies back here if anybody else has insomnia and
23 needs something to help tonight.

24 What I suggest in here is three or four
25 things that ought to be done before you get too far

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1 down the road looking at new criteria, and that is to
2 go back and look at this whole scheme or evaluation,
3 first. Second, to do something about the terrible
4 quality of the data that's been used by DOE in doing
5 the evaluations. And, third, add some better consumer
6 representation, and here I am encouraged to see that
7 we finally have a couple of consumer people's cards at
8 the table at least in the form of Competitive
9 Enterprise Institute and Mercatus Center, who really
10 do represent consumers.

11 I'd like to add one thing to your
12 criteria, and that is suggest that you look at what's
13 out there now that is misleading consumers. One
14 example I'd use is your dishwasher test procedure.
15 DOE has known for over two years that you've grossly
16 overstated the use of dishwashers. The practical
17 effect for consumers is that those yellow tags hanging
18 on every dishwasher in every retail store across the
19 country overstates potential energy conservation by
20 about double. Yet, DOE has never corrected that, and
21 you are busily misleading consumers. So, why not put
22 that on the list as something to fix? Thank you.

23 MR. LIEBERMAN: Ben Lieberman, Competitive
24 Enterprise Institute. I just have one general
25 comment. I'd like to step back and see where we are

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1 with the National Appliance Energy Conservation Act.
2 It's now almost a decade and a half old and, as we can
3 see from the attachment of existing standards, it's a
4 fairly aggressive 15 years in terms of regulations.
5 Most of the major household appliances, the major
6 energy using household appliances, by now have been
7 subject to two, or even three, rounds of successively
8 tighter standards. And as you know with the wave of
9 new standards that were promulgated in the final weeks
10 of the Clinton Administration, we'll still see that
11 fairly aggressive regulatory pace for years to come.
12 And at this point, I think it's worth asking do we
13 really need to regulate at this pace for the next 15
14 years?

15 I think, quite arguably, the things that
16 make the most sense to do under the NAECA have already
17 been done, and I would caution against blindly just
18 picking new products, products that quite wisely DOE
19 didn't bother with until fairly recently. We
20 certainly don't need to measure our work product just
21 by the number of standards promulgated, and I think
22 there's a very strong argument at this point for a
23 standard setting pace slower than we've seen up until
24 now.

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1 MR. BRUNDAGE: Don Brundage, Southern
2 Company. You sort of cover this, but not explicitly,
3 in your priorities on potential for energy savings.
4 I'd like you to take care that in choosing which
5 products you go after, that you look at interactions
6 and substitution effects -- for example, ground-
7 coupled heat pumps. Almost every ground-coupled heat
8 pump is more efficient than almost any air source heat
9 pump. So, I think it would probably counterproductive
10 to try to set an efficiency standard because all
11 you're going to do is push people towards less
12 efficient products. I'm sure you're going to include
13 that, but I wanted to make sure you include it.

14 The other comment is -- I think you've
15 also got it covered -- on evidence of efficiency gains
16 absent new standards. Some of these on this list,
17 like traffic signals, will probably go to high
18 efficiency anyway, just for low maintenance and other
19 factors. Thank you.

20 MR. WILLIAMS: Ted Williams, American Gas
21 Association. I want to second what Don just said
22 about substitution effects. I think that's really
23 critical, and the Department, up to this point as the
24 products we're concerned with, hasn't really done a
25 good job on looking at those.

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1 But, more importantly, on the criteria,
2 which we really want to focus on here, I think the
3 criteria are good. I think they are set, in part, by
4 the process rule, but I notice in looking at the
5 priority list, the typical thing the Department
6 doesn't provide information on lots of these criteria.
7 Look, for example, at a product that doesn't really
8 pertain to our industry, but distribution
9 transformers. It says potential economic benefits not
10 available, yet it's a high priority. I don't know how
11 you can have high priority, but not have any
12 information on these criteria.

13 So, it's up to the Department to decide,
14 in part, based on resources and its requirements under
15 the law, what it can or cannot analyze in advance in
16 the setting of priorities. I would push for including
17 these criteria, but certainly having documented
18 numbers that satisfy this criteria.

19 MR. MARTIN: Michael Martin, California
20 Energy Commission. I would like to emphasize what
21 David mentioned, that the test methods are very
22 important, much more important than the emphasis that
23 DOE has put on them in the past because they are used
24 for a great number of purposes other than setting
25 minimum performance standards. There's been a

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1 staggering amount of incentives being for various
2 kinds of high efficiency equipment in my State, and I
3 think a good test method is absolutely vital, and I'm
4 a little worried that we are still waiting for the
5 test method for the Energy Policy Act units that --
6 requirements that we had a rulemaking for a proposed
7 rule.

8 And I think one of the things on your
9 criteria is how close you are to finishing up.
10 There's a number of things that need to be finished
11 up, and that's why this is very important.

12 MR. POLLOCK: I'm going to ask for a
13 little clarification on this because I think it's an
14 important point. Are you proposing that we apply the
15 criteria for test procedures separate from standards,
16 or blended with standards, or how do you see that
17 working?

18 MR. MARTIN: I thought you were going to
19 be discussing test methods, but it seems to be taking
20 a second place to standards.

21 MR. POLLOCK: For clarification, the
22 discussion that we'll have later is once we've talked
23 about the criteria, and maybe we need to clarify this,
24 is that we will need to talk about the actions that we
25 will do. Certainly, one action could be to decide

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1 that mandatory standards are not merited because of
2 the high cost or other implications, but that an
3 education of the consumer, which would mean proper
4 measurement and labeling of the product, would then
5 enable the consumer to buy intelligently, and some
6 other action, whether it's Energy Star or
7 informational sheets or informational TV -- you know,
8 there are a number of things we might do that would
9 make sense, sort of what's happening with the vampires
10 on the standby power right now, where --

11 MR. FOLEY: Could we not use that word?

12 MR. POLLOCK: -- all right -- standby
13 power. Even referring to that is not to imply that
14 that is something that I'm setting at a high level of
15 priority. The point is that there is a public
16 awareness about standby power now that didn't exist a
17 few months ago. So, there are other things that we
18 can do like that where it make sense, but of course it
19 means that the product needs to be labeled properly,
20 and that means test procedures.

21 So, my question, going back to you,
22 Michael, was how do you see us prioritizing activities
23 that we might do like that, which gets us to a point
24 of labeling versus mandatory standards, and I think I
25 heard what you're saying.

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1 MR. MARTIN: I wasn't really getting into
2 labeling, I was just getting into test methods, and
3 there are some -- David mentioned one -- a television
4 test method, the entire industry, the Energy Star
5 program didn't use. Water heater test methods, you
6 have a scope which is less than your standard, which
7 for people who will have to be revising State
8 standards, drives them out of their minds because
9 their attorneys say it has to say what it means and
10 nobody knows what it means.

11 Third one that is a concern to me is the
12 Energy Policy Act product that I assumed we would have
13 had a final rule on by now. Maybe we have, and I
14 missed it.

15 And there's another one that's rather
16 similar to it is you had something about wine chillers
17 that had a proposed rule that never came to fruition.
18 And things that are so close to finishing, it seems
19 like finishing should be a high priority.

20 Some of the test methods, as I look across
21 to Bob Wisbey here, NEMA has come up with test methods
22 on these transformers, for instance. It would be nice
23 for you to say this is the official Federal test
24 method, but it wouldn't make a hill of beans of
25 difference in that particular case. In fact,

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1 television and choosing these EPACT products does make
2 a difference.

3 MR. POLLOCK: I didn't put the slide up,
4 but Bryan gave you the sheet, those of you who got our
5 mail-out on the prioritization for this year know that
6 we have been prioritizing test procedures. We have
7 right now the dishwashers which are hanging out there
8 to be finalized, and that was the issue of what we do
9 with the smart machines. We are just in the last
10 stages of finishing up the revisions which is just a
11 bunch of housekeeping and making the test procedure
12 easier to use, which we will be coming back to revisit
13 on the issue of how many cycles as well as how do we
14 deal with smart machines which use a lot less energy.
15 The test procedure right now does not do a good job of
16 measuring that energy use, and we are working with
17 AHAM to revise and address those issues.

18 The other EPACT rules which you referred
19 to, Michael, the transformer test procedure, we gave
20 a draft of our rule and proposed changes to the rule
21 that NEMA has developed, met with them a couple of
22 weeks ago, and we're bringing that to conclusion
23 shortly. We also are finalizing the activities for
24 the commercial heating/cooling and water heating
25 products. We are moving forward on that, and will

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1 fill out this list because we did expect by the end of
2 this fiscal year to have finished them. We'll be
3 close to that.

4 MR. MARTIN: I look forward to seeing
5 that.

6 MS. MILLER: Deborah Miller, from ARI. I
7 want to stress two points, one that was made by Chuck,
8 which is that I do think this is a good, comprehensive
9 list, and I think that it has worked. I will
10 question, though, one of the points which is relevant
11 regulatory actions affecting products, and want to
12 make clear as well that that should include cumulative
13 burden of industries that have several products that
14 are being regulated by the Department of Energy.

15 On a second point, I wanted to also agree
16 with what Ted Williams said about important
17 information that you must have before deciding to go
18 forward with these products because, in our case, we
19 have several niche products as well as some industries
20 that are not niche but have a very complex product
21 offering. It really needs to be evaluated before you
22 move ahead with the standard.

23 MR. PRINDLE: Bill Prindle, Alliance to
24 Save Energy. I agree that the list of criteria is a
25 good list and a lot of the methods have been pretty

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1 well developed. However, I would suggest that there's
2 always room for a little improvement in some of the
3 analytical methods used under these criteria, and I
4 would offer a couple of comments of that nature.

5 In the area of energy savings, we've seen
6 in the last year or two that the time at which energy
7 savings occur can be critical for security of
8 electricity systems and so forth. So, going forward
9 just encourage the Department to make sure that time
10 differentiation is included in the analysis of energy
11 savings. I know that in California, they are actually
12 developing some methodologies in the codes and
13 standards programs to begin to quantify the time-
14 differentiated value of energy savings.

15 That also spills over into the economic
16 benefits. I know the Brookview Lab and others have
17 done heroic efforts to try and determine what the
18 marginal prices of electricity are going to be when
19 the standards become effective, and this is always a
20 difficult task.

21 Going forward again, I think we need to
22 continue to look for more data, more accuracy on what
23 kinds of pricing practices are going to be evolving in
24 the marketplace, and use those as much as possible.

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1 And, thirdly, a comment was mentioned that
2 NAECA has been around for almost 15 years now. One of
3 the benefits of that is that we're beginning to get
4 some data from the market on what the impact of
5 standards are on product prices. Right now, the
6 Department is kind of limited to using best estimates
7 based on reverse engineering or industry data. We do
8 have some data now as to what the market tells us
9 about what some of these products cost as a result of
10 the standards action. So, to the extent that data is
11 available from Census or other sources, we really
12 encourage the Department to take that into account in
13 trying to modify whatever limited estimates it's got
14 from engineering or from industry sources. Thanks.

15 MR. ISAACS: David Isaacs, with Hewlett
16 Packard. Someone had mentioned earlier the need to
17 consider the growth in the market of the products. I
18 think that, in conjunction with that, it's also
19 appropriate to consider the dynamic nature of the
20 products or technology and the potential impact that
21 standards might have on the development of that
22 technology and future product innovation.

23 MR. THOMPSON: Mike Thompson, with
24 Whirlpool Corporation. I can't emphasize enough what
25 Deb just mentioned a few minutes ago about cumulative

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1 burden. I would very much like to see that as
2 explicitly written as far as priorities for existing
3 programs.

4 This industry has just gone through -- and
5 particularly Whirlpool -- has just gone through a
6 complete revision of every single room air conditioner
7 that we make, at our Laverne Division, as of October
8 1st, 2000, some at substantial cost to increase our
9 efficiency by about 20 percent.

10 Effective July 1 of this year, you are all
11 very much aware that the entire industry, including
12 all three divisions of Whirlpool's refrigeration
13 manufacturing, had to improve the efficiency of every
14 refrigerator we make by 22 to 30 percent, at no
15 insignificant cost.

16 We are looking at clothes washer standards
17 effective 2004 and 2007, at no insignificant cost.
18 When I look at microwave ovens, I have a hard time
19 understanding why they are on the list. They use one-
20 quarter the power of a range and, as you all know, the
21 DOE determined that no standards were necessary for
22 those products and they are not listed here. So, I'm
23 having trouble seeing why that's on the list.

24 Looking at dehumidifiers and coffeemakers,
25 I will not disagree that they use energy, I will

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1 disagree that they use significant amounts of energy,
2 particularly when you put in the context of the fact
3 that you have about 105 percent penetration rate on
4 refrigerators, very high penetration rates on clothes
5 washers, and the other product categories recently
6 regulated. I would love to see those eliminated from
7 the list. And I encourage you to add explicitly
8 cumulative burden to your list of criteria.

9 MR. POLLOCK: You made reference to some
10 points that I will touch on, that is, is there some
11 way that we could come up with a threshold of total
12 energy use of those products and still take
13 prioritization process. We're going to look at what
14 the national energy use is for those particular
15 products and draw a line there (inaudible), or does it
16 make sense to try to -- now, obviously, we can't deal
17 with all these products. This list is a compilation
18 and we --

19 MR. THOMPSON: I couldn't agree more.

20 MR. BERRINGER: One moment, please. We're
21 not picking you up, Ed. You might use the hand-held
22 one.

23 MR. THOMPSON: I couldn't agree more, Ed,
24 particularly when you're looking at the total
25 penetration of some of these other products.

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1 Certainly, microwaves have a high degree of
2 penetration, but not everybody's got a coffeemaker,
3 necessarily. Not everybody's got a dehumidifier.
4 There are parts of the country that don't even know
5 what a dehumidifier is because they don't need them.
6 And certainly you have to look at total national
7 energy consumption as one of the criteria, without --
8 absolutely, you have to see that as part of your
9 criteria.

10 But I would also add that you have to look
11 at it in the context of what would happen to these
12 products if you did regulate it. What kind of
13 innovation would you stifle? What kind of future
14 consumer features would be eliminated from the
15 marketplace. And that's all part of the makeup, but
16 it needs to be high on your priority list.

17 MR. NADEL: In terms of the current
18 priorities, I agree it's generally a pretty good list,
19 I think it's a pretty complete list. The one thing I
20 think I might add to it for some products is peak
21 demand savings, or some products that are used
22 disproportionately at peak, and for those products
23 standards might be more important than just the energy
24 savings alone. It only applies to a limited number of
25 products, but it can be an important criteria given

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1 some of the problems we've had over the past year that
2 illustrates it. However, in general, this is a fairly
3 long list, and I think it's very difficult to start
4 balancing -- you know, trying to analyze every single
5 one of these criteria for every single one of the
6 products, and do a careful balancing, you're talking
7 a very long analysis procedure. You are going to have
8 to -- this is just for an initial screening -- do the
9 best you can, but don't expect perfection.

10 Also, I think you are going to need to
11 have sort of some guidelines or a way to boil it down
12 in terms of, you know, sort of an initial
13 prioritization, and then you can bring the other
14 factors in rather than analyzing everything in
15 excruciating detail.

16 What we tend to do -- and it might be
17 something you'd want to consider doing -- is we look
18 at products for likely energy saving from technically
19 feasible and cost-effective standards. That captures
20 the economics, it captures what is likely to be done
21 -- not the range of anywhere from zero to some trophy
22 model that is extremely expensive to produce --
23 concentrate on what the likely standard should be,
24 factor in what is likely to happen in the market
25 anyway, and you can get an approximate energy saving,

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1 plus or minus 30 percent, I agree. We then tend to do
2 a ranking of those. And then we go to the top of the
3 list and say is there some factor that would then
4 cause this first one to go up or down in criteria --
5 that's where the other criteria come in -- and it
6 would be a way to hone in on the key questions without
7 having to do an exhaustive analysis. I mean, as it
8 is, DOE often errs, I think, into the range of
9 paralysis by analysis, and we want to be careful and
10 do the analysis where it's helpful in and of itself,
11 and add a year to any type of priority-setting
12 process.

13 One or two other comments. I think at
14 least one person talked about, gee, we've been doing
15 this for 15 years, maybe we should slow down. I would
16 agree we should slow down if the opportunities for
17 significant energy savings from technically feasible
18 and cost-effective standards was low, but, in fact, if
19 you look at things, we keep discovering new
20 opportunities, things -- we didn't realize how much
21 energy we use, or we didn't analyze them in a
22 particular way. From our analysis, we're seeing just
23 as many opportunities as we did before, off and on
24 interest in different products. We are often talking
25 similar orders of magnitude of savings of some of the

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1 original products. So, it's a question of looking
2 what the opportunities are and I think in this case
3 there are some very significant opportunities. Maybe
4 15 years from now, there won't be, time will tell, but
5 we've been actually surprised at how big the
6 opportunities are.

7 Oh, one other thing. You asked about
8 should there be some type of criteria for things that
9 you don't screen. NAECA does provide one criteria for
10 consumer products, it talks about 100 kwh per
11 household per year. That's one thing that's actually
12 in the law.

13 MR. FREDRICHS: Mark Fredrichs. Steve
14 actually made my point. I was mainly concerned about
15 the different levels of decisionmaking that I think we
16 all have to anticipate. There are 44 products on this
17 list right now. I suspect that before the day is out,
18 some products may be added to that list, and we're
19 going to have to figure out a way of narrowing down
20 that list to even identify products that we can do
21 this kind of analysis for. I'm not sure what that
22 number is, maybe ten or 15, and then once we've
23 identified the high priority products, we're going
24 through even more detailed analysis before we decide

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1 exactly what the most appropriate action, whether
2 regulatory or not regulatory, is.

3 So, I think everyone needs to keep in mind
4 that we're whittling down a very long list.

5 MR. POLLOCK: Okay. Let's go to the back
6 of the room.

7 MR. JOHNSON: Doug Johnson, Consumer
8 Electronics Association. I'd like to add two things
9 to that list, one, the impact on small business, which
10 is often a consideration in other government
11 rulemakings. And then, also, broadband, I guess, more
12 generally, the impact on other national priorities,
13 such as broadband deployment. We're talking about
14 equipment, and they connect at the end of telecom, and
15 I think that should be a consideration as well.

16 MR. POLLOCK: Thank you. We've started to
17 move a little bit into process discussion. Are there
18 more people who want to talk about and make
19 suggestions on the criteria? Charlie?

20 MR. STEPHENS: Charlie Stephens, Oregon
21 Energy Office. I'm not sure what criteria you're
22 applying to get things on the list, but one item that
23 was added to the list by legislation years ago, and
24 appears on none of these lists is televisions. Is
25 there some reason why it doesn't appear anywhere?

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1 MR. POLLOCK: Televisions were one of
2 those that was in the original NAECA standards. It
3 had a rather strange category, but there is no reason
4 why it should not be considered with the mix of things
5 that are being done.

6 MR. MATHAI: Bill Mathai, Alliance Laundry
7 Systems. What about the number of rulemakings we've
8 had, cases of clothes washers, residential consumer
9 style. We're on the third standard. Is there a
10 maximum number? I mean, are we overharvesting?

11 MR. POLLOCK: Others who want to talk
12 about criteria?

13 MR. WISBEY: Bob Wisbey, with NEMA. The
14 one criteria that we don't see here that we believe
15 should be included when considering new standards is
16 readily commercial availability of the more efficient
17 products. We believe the standards, if they are to be
18 used in this program, should be used to expedite the
19 market transformation to commercially available
20 products where that market transformation isn't
21 occurring fast enough on a natural basis, and should
22 not be used to force the innovation of more efficient
23 products that aren't already available.

24 MR. POLLOCK: Thank you. You reminded me
25 of one thing I started off with saying. This process

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1 in response to the National Energy Policy, we are
2 looking for is to decide what actions the Department
3 should or could take to encourage more efficient use,
4 including mandatory standards, but where there is a
5 good product on the market and the market is moving
6 that way, are there other activities that we could do
7 to encourage consumers to move in that direction.

8 MR. JOHNSON: Doug Johnson, CEA. I think
9 with the added focus and emphasis on saving energy, we
10 ought to channel those energies into the Energy Star
11 program itself. I think there's certainly room for
12 improvement within that program, but the program sets
13 a great example for us to follow.

14 MR. POLLOCK: Thank you. Earl, did I see
15 your hand?

16 MR. JONES: Oh, about 20 people ago, Ed.

17 MR. POLLOCK: Sorry. Did it get covered,
18 or do you have something to add?

19 MR. JONES: It did get covered.

20 MR. GOLDSTEIN: David Goldstein, NRDC.
21 For the purpose of Assistant Secretary Garman's review
22 of this record -- he hasn't heard me saying this in
23 all the previous prioritization proceedings -- I need
24 to reiterate that while all this is commendable, we're
25 talking about DOE's prioritizing how it's going to

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1 fail to comply with the law. NAECA and EPACT have
2 mandatory nondiscretionary requirements for
3 rulemakings by certain times, and at the policy level
4 we really ought to be discussing how DOE can meet all
5 of its mandatory rulemaking requirements, and then
6 prioritizing the discretionary ones.

7 MR. POLLOCK: Thank you, David. Why
8 didn't you wait until he came back? You want to
9 repeat it, he's back in the room now.

10 (Whereupon, at 10:00 a.m., the meeting was
11 suspended, to be resumed at a date and time to be
12 determined.)

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