

**Testimony of the
Pennsylvania Retailers' Association**

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Before the

**Pennsylvania House Environmental Resources and Energy
Committee**

Representative William F. Adolph, Jr., Majority Chairman

House Bill 2035, the Energy Efficiency Standards Act

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Chairman Adolph and members of the House Environmental Resources and Energy Committee, thank you for the opportunity to present testimony in opposition to House Bill 2035 (HB 2035), the Energy Efficiency Standards Act.

The Pennsylvania Retailer's Association (PRA) represents retailers throughout the commonwealth that would be negatively impacted by HB 2035. This bill would set prescriptive state minimum efficiency standards for a variety of products and limit consumer choices in Pennsylvania. These products include: ceiling fans; commercial clothes washers; commercial refrigerators and freezers; large packaged air conditioning equipment (above 20 tons); unit heaters; low voltage dry-type distribution transformers; exit signs, torchieres and traffic signal modules; and set-top boxes. Similar legislation was considered and already rejected in 14 other states this year.

It has been implied by some advocates of this legislation that home appliances may have contributed to the blackout this past summer because they are not as efficient as they should be and therefore additional standards are needed. This is incorrect. First, the blackout was not caused by inefficient appliances, but by problems on the high voltage transmission grid and central station generation. The problems were on the supply side, not the end-use side, of the electric system. Furthermore, increasing standards in Pennsylvania would have no impact on transmission lines or generation plant conditions located several hundred miles away in Ohio and Michigan. Second, home appliances have been getting more efficient. In fact, energy efficiency of refrigerators has increased by 171% and energy consumption has decreased by 60% since 1980, and dishwashers have had a 58.3% energy efficiency gain since 1981.

The PRA, along with other trade associations representing the manufacturers of the products listed in this bill, oppose state standards because only uniform federal standards and programs can optimize important energy efficiency benefits and emissions reductions. State standards are ineffective since products with lower efficiencies could be purchased across state lines or over the internet. In addition, these purchases will deprive Pennsylvania retailers of sales, thereby depriving the Commonwealth from important sales tax revenue.

Furthermore, we are concerned that the standards proposed in HB 2035 have not been developed through an open and transparent process to demonstrate their feasibility. This is a very important and required step at the federal level. We understand that the proponents of this bill (PennEnvironment) never contacted the manufacturers of these products or their trade associations for their views on the proposed standard levels. The proponents have not considered whether non-regulatory options, such as voluntary programs or market incentives, would achieve similar energy reductions. HB 2035 was developed without input from key stakeholders—retailers, manufacturers and consumers.

In many cases, the state standards proposed would drastically limit the number of available products for sale in Pennsylvania. Moreover, a patchwork of state standards unfairly penalizes both consumers, retailers and manufacturers, many of which are small businesses that generate a vital revenue stream in Pennsylvania. State standards will add unnecessary confusion to the marketplace as well as additional costs for compliance and distribution, which ultimately must be passed on to consumers. In essence, this legislation would unfairly penalize consumers, retailers and manufacturers in Pennsylvania.

In addition to the PRA's concerns, trade associations that represent the manufacturers of energy efficient residential and commercial appliances and equipment oppose this bill. However, they do support federal standards and programs for their products because uniform federal standards and programs have proven to be effective in saving energy and avoiding emissions. It is estimated by the U.S. Department of Energy ("DOE") that federal minimum energy efficiency standards have saved the country at least four to five quads of primary energy, to date, and will save up to 28 quads of primary energy by 2015, thereby decreasing power plant emissions by 61 million metric tons.

The U.S. DOE and the Environmental Protection Agency ("EPA") also jointly administer the ENERGY STAR Program. Under this program, EPA and DOE set energy efficiency levels for products that represent the most efficient 25% of the market, based on product type. Manufacturers whose products meet the efficiency levels can qualify those products and use the ENERGY STAR label. Consumers may then choose to buy energy efficient products by seeking those that are ENERGY STAR qualified. Since 1992, Americans have purchased over 1 billion ENERGY STAR qualified products. This voluntary, market-driven program has resulted in reduced greenhouse gas emissions equivalent to those of 14 million vehicles, and has avoided using the power that 50 300 Megawatt power plants would have produced, while saving more than \$7 billion.

We strongly urge the Committee not to consider HB 2035. Instead, we respectfully encourage the Committee to consider focusing efforts on educating consumers about the benefits of energy efficient appliances. The Committee may want to consider creating incentive programs

to assist with the purchase of energy efficient appliances thereby helping the retailers in Pennsylvania who offer energy efficient appliances and encouraging the purchasing of these products.

Again, I would like to thank Chairman Adolph, Committee Members and Representative McIlhinney, prime sponsor of HB 2035 for the opportunity to present comments regarding this bill.