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**Testimony
of
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**Before the
Energy and Natural Resources Committee
U.S. Senate**

**Hearing on
Implementation of National Consensus Appliance Agreements Act
of 2011 (S. 398)**

March 10, 2010

Chairman Bingaman, Ranking Member Murkowski and members of the Committee, thank you for providing me the opportunity to testify on behalf of the Association of Home Appliance Manufacturers (AHAM) regarding the Implementation of National Consensus Appliance Agreements Act of 2011 (S. 398) to amend the Energy Policy and Conservation Act to improve energy efficiency of appliances. We appreciate the Committee's willingness to consider and support consensus agreements for standards and incentives by industry, efficiency advocates, environmental and consumer groups and State energy offices.

AHAM represents manufacturers of major, portable and floor care home appliances, and suppliers to the industry. AHAM's membership includes over 150 companies throughout the world. In the U.S., AHAM members employ tens of thousands of people and produce more than 95% of the household appliances shipped for sale. The factory shipment value of these products is more than \$30 billion annually. The home appliance industry, through its products and innovation, is essential to U.S. consumer lifestyle, health, safety and convenience. Through its technology, employees and productivity, the industry contributes significantly to U.S. jobs and economic security. Home appliances also are a success story in terms of energy efficiency and environmental protection. New appliances often represent the most effective choice a consumer can make to reduce home energy use and costs.

AHAM is also a standards development organization, accredited by the American National Standards Institute (ANSI). The Association authors numerous appliance performance testing standards used by manufacturers, consumer organizations and governmental bodies to rate and compare appliances. AHAM's consumer safety education program has educated millions of consumers on ways to properly and safely use appliances such as portable heaters, clothes dryers, and cooking products.

AHAM and its members are committed to providing energy efficient home appliances that have a direct positive impact on the lives of consumers. Refrigerators are being produced at larger capacities, and yet are 50 percent more efficient than they were 20 years ago. Products with an added ENERGY STAR designation are at least 20 percent more efficient than the federal standard. On average, a modern refrigerator uses only the same amount of electricity as a 50 Watt light bulb. Clothes washers are another example of the energy efficiency success with tub capacities growing larger, and energy consumption declining. A new clothes washer uses 73 percent less energy than it did in 1990. In fact, replacing an 8 year old washer with one of average efficiency will save the American consumer \$130 per year in utility bills, and more than 5,000 gallons of water per year. ENERGY STAR models enjoy additional energy and water savings. Dishwashers, room air conditioners, freezers and other major appliances offer similar energy efficiency gains.

Federal Standards

We support federal efficiency standards in lieu of state standards and have been involved with and supported appliance related energy legislation for 30 years. One, uniform standard throughout the U.S., and even throughout North America and beyond, is preferable to a patchwork of 50 disconnected state-by-state standards. Federal appliance standards based on industry input and agreement is a path to more reasonable regulation and protection of consumer

interest in a full diversity of products by manufacturer, brand, features and price points. Rational, certain standards with sufficient lead time, when coupled with incentive programs, can also enhance U.S. employment.

By participating in consensus negotiations leading to legislated standards or those which are the subject of multi-party petitions to Department of Energy (DOE), AHAM has assisted DOE to first catch up to and now meet the rulemaking schedules in EPCA. Congress has set DOE a daunting task. There have been numerous new rulemakings required with more scheduled. The chart below shows the many standards for our products and how far into the future standards are already in the queue to be revised.

Effective Dates of Standards													
Appliance	Effective Year of Standard												
	1988	1990	1993	1994	2000	2001	2004	2007	2010	2011	2012	2013	2014
Refrigerators/Freezers		Original	1st Update			2nd Update							3rd Update
Room Air Conditioners		Original			1st Update								2nd Update
Clothes Dryers	Original			1st Update	Reviewed								2nd Update
Clothes Washers	Original			1st Update			2nd Update	3rd Update		4th Update			5th Update
Dishwashers	Original			1st Update					2nd Update			3rd Update	
Kitchen Ranges and Ovens		Original									Reviewed		
Dehumidifiers								Original			1st Update		
Microwave Ovens											Original		

The agreement that INCAAA would implement, for AHAM's products, represents energy standards that largely already are being pursued by the DOE based on deadlines in previous legislation or a court imposed consent decree. Enacting these standards into law does not add to the burden industry would face in any case through mandatory rulemakings and provides added lead time and certainty which is welcome in these economically trying times.

Energy Efficient and Smart Appliance Agreement of 2010

Last year, after months of intense negotiations, with the technical assistance and encouragement of DOE, which was greatly appreciated and helpful, the Energy Efficient and Smart Appliance Agreement was finalized by a number of stakeholders. Supporters of the agreement are as follows:

- Association of Home Appliance Manufacturers
- American Council for an Energy-Efficient Economy
- Appliance Standards Awareness Project
- Natural Resources Defense Council
- Earthjustice
- Alliance to Save Energy
- Northwest Power and Conservation Council
- Northeast Energy Efficiency Partnerships
- California Energy Commission
- Demand Response and Smart Grid Coalition
- Consumer Federation of America
- National Consumer Law Center
- Alliance for Water Efficiency

The Energy Efficient and Smart Appliance Agreement saves energy and increases our energy independence. We estimate that fully implemented this agreement will lead to improved product energy efficiency saving more than 9 Quads of energy over 30 years (the U.S. uses approximately 100 quads a year). Further, it requires and incentivizes clothes washers and dishwashers to use nearly 5 trillion less gallons of water over 30 years. Over that same 30 year time period, greenhouse gas emissions will be reduced by approximately 550 million metric tons of CO₂. Through these energy and water savings, consumers will save billions of dollars.

But standards are not enough and are of decreasing utility as our products get more efficient and need to be supplemented with “pull” programs. An important but non-legislative component of this agreement is that it will jump start the smart grid by helping to deploy smart appliances nationwide and enable consumers to better take advantage of demand-response and real-time pricing opportunities. This will be accomplished when ENERGY STAR agrees to an industry-efficiency advocate-consumer group petition requesting recognition of the benefits of smart appliances.

The third and final important pillar of this agreement are incentives to manufacturers to increase the production of super-efficient products—over and above ENERGY STAR levels—thereby saving even more energy and water and encouraging more job creation. These manufacturer tax credits are a model of success and require continued improvement in the production of super-efficient appliances because the tax credits can only be claimed for increased production over previous years even during a recession. These incentives impact approximately 46,000 manufacturing jobs (19,000 direct; 27,000 supply chain/support) and creates new jobs, including bringing back to the U.S. jobs that were outsourced in earlier years.

Lastly, these consensus agreements reduce the amount of resources that the Department of Energy needs to provide for the rulemakings. In this era of increased focus on federal use of resources, these standards agreements should be embraced by Congress as they have been by the Administration so that resources can be used more effectively.

The agreed to refrigerator standards provide 20 to 30 percent more energy savings relative to current standards for major product categories, which is the current ENERGY STAR level or the previous top tax credit level. The new standards take effect in 2014. It also will include ice-maker energy.

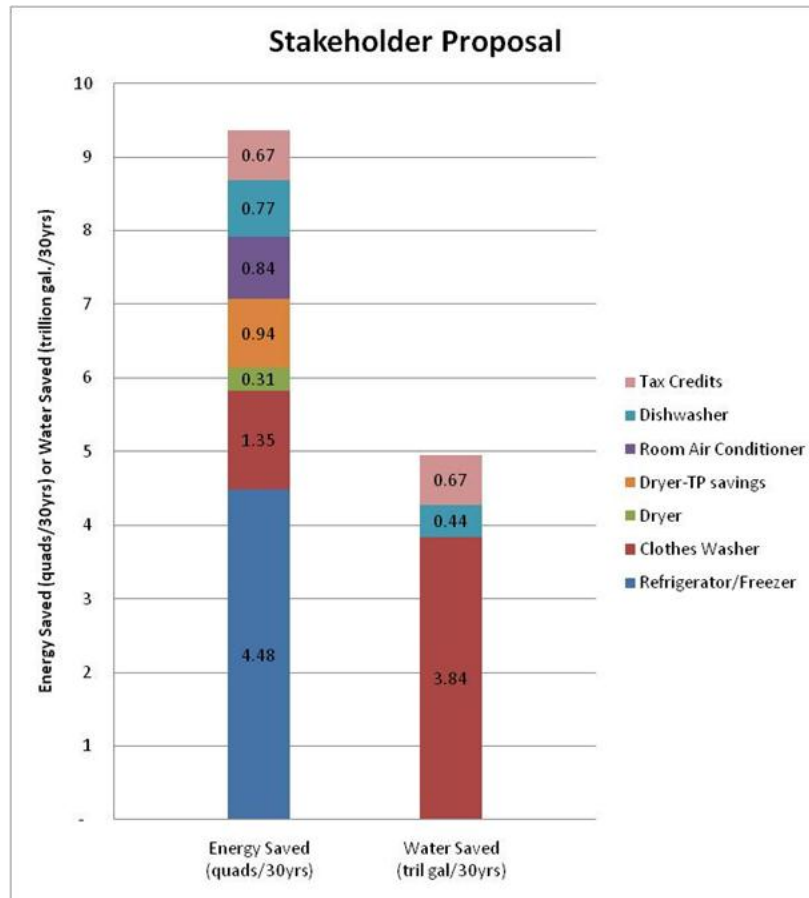
The new clothes washer standards would be effective in 2015. It includes different standards for top-loaders and front-loaders and top-loader standards have a two phase increase to allow manufacturers time to develop and re-tool for higher levels of efficiencies. Front-loaders will save 43 percent more energy and 52 percent more water relative to current standard. Top-loaders will save 26 percent more energy and 16 percent more water savings in 2015 and 37 percent more energy and water in 2018.

The new clothes dryer standards will save 5 percent more energy using the current test procedure. Additional energy will be saved by modifying the test procedure to address the effectiveness of auto termination and reduce over-drying. These standards would take effect in 2015.

The new room air conditioner standards, which would be effective in 2014, will save 10 to 15 percent more energy for the major product classes.

The dishwasher standards would reduce energy use by 14 percent and water use by 23 percent and would take effect in 2013.

The estimated energy and water savings from these standards are shown in the graph below.



Conclusion

AHAM has a history of working cooperatively with Congress to provide consensus agreements with all stakeholders. We think this is a preferable path because it provides stakeholders increased flexibility to bring in other issues, such as ENERGY STAR, that cannot be done through the confinements of a normal rulemaking process. We strongly encourage this committee to approve INCAAA and look forward to continuing to work with this Committee on these and other issues.