

STATEMENT OF  
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BEFORE THE  
SUBCOMMITTEE ON ENERGY AND AIR QUALITY  
COMMITTEE ON ENERGY AND COMMERCE  
U.S. HOUSE OF REPRESENTATIVES

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Mr. Chairman and members of the Committee, thank you for the opportunity to testify before you today on the energy efficiency Discussion Drafts you have circulated for comment. While the Administration has not had sufficient time to coordinate interagency views of the draft legislation, I am pleased to offer some preliminary comments. This means that the Administration has no formal position on the bill and may take a position at a later date based on the entirety of the legislative package. In addition, I would note that the Administration looks forward to working with this Committee to craft an ambitious Alternative Fuels Standard for the President's signature, before the end of the summer driving season.

Title I addresses a fundamental question: how can the United States find more ways to successfully promote energy efficiency? The draft legislation makes valuable contributions to our national discussion on energy efficiency, addressing key areas of energy consumption, energy waste, and energy training in the residential, commercial, industrial, and public sectors. While there are many elements of the Draft that appear consistent with the Administration's energy policy objectives, some sections could benefit from further review, discussion, and modification. The Department looks forward to working with the Committee to fine-tune these proposals.

The Discussion Draft begins with the important area of energy conservation standards for appliances and equipment in Subtitles A and B. Assistant Secretary Karsner testified earlier this month before this Committee and discussed the schedule by which the Department has committed to clearing the backlog of standards rulemakings, and

strategies for expediting the rulemaking process. This Draft would augment the schedule and process, and the Department supports many of the sections presented and the tools they employ. As a general matter, the Department encourages consensus standards that reflect a broad range of interests and are technologically feasible and economically justified. Several of the efficiency standards proposed in this draft legislation are consistent with the Department's activities, and reflect consensus among efficiency advocates and manufacturers. However, the schedule in the Discussion Draft for updating the refrigerator, refrigerator-freezer, and freezer standards does not permit sufficient time to address the complexity of these products without impacting the Department's current schedule of mandated rulemakings.

The Draft also provides some new authorities, such as the authorization for regional efficiency standards for space heating and cooling products, that may provide opportunities for additional energy savings if the potential Federal and state burdens related to monitoring and enforcement can be resolved. The Draft would also provide the authority to issue multiple performance or design standards for a single product, where such standards would be both technically feasible and economically justified.

The Discussion Draft includes some measures intended to expedite rulemakings but DOE questions whether they would achieve this objective. We welcome the flexibility of eliminating the requirement to publish an advance notice of proposed rulemaking which could help shorten the rulemaking process for some standards. However, the Committee should understand that we would use this flexibility sparingly because we believe that the

early stakeholder involvement in the standards development process ensured by advance notices can be very beneficial to the standards setting process and lead to better -- and sometimes even faster -- rulemakings. Elimination of the advanced notice makes the most sense as one means of expediting the adoption of consensus proposals

The Draft also provides a process for expediting rulemakings when there is a consensus among stakeholders, but may not give the Department adequate time to evaluate whether consensus agreements comply with established criteria for prescribing a standard or test procedure. Secretary Bodman sent legislation to Congress in February requesting authorization that would significantly speed up the standards process and ultimately bring more efficient products to market sooner. This fast-track legislative proposal would streamline the rulemaking process and allow DOE to go to a Direct Final Rule for certain products when a clear consensus for a standard exists among manufacturers, efficiency advocates, the government, and other stakeholders. This process could shorten the time to a completed standard by nearly one-third. The Department looks forward to working with this Committee to have that language included in this legislation.

Section 109 of the Discussion Draft would require DOE to periodically review and update all standards, an objective DOE can support. However, the Draft sets a schedule for DOE to evaluate the need for further updates to standards that would require rulemakings for some products to begin before the effective date of the existing standard. In those circumstances, DOE would not have updated information on the cost and other attributes of energy efficiency improvement options. DOE has similar concerns

regarding the maximum three year delay between DOE issuance of a new standard and its effective date, and concerns about the immediate lifting of Federal preemption of state standards if one of the statutory deadlines is missed, regardless of cause. The end result of these provisions is likely to be a substantial increase in the burden on manufacturers and consumers.

The Discussion Draft also addresses the critical area of lighting efficiency. The Department supports the desire to evaluate all types of lamps and all types of technologies that would enable steady improvements in lighting efficacy over time. We have significant concerns, however, regarding the language in section 121 of the Discussion Draft which could potentially ban the sale of all incandescent light bulbs without considering adverse impacts to consumers. The proposed language does not define the term “light bulb,” thus raising potential conflicts with existing statutory requirements for lighting products and potentially conflicting with the proposed language on incandescent reflector lamps in section 122. Furthermore, setting in advance specific efficacy levels for 2016 and 2020, without provision for evaluating technological feasibility or cost, could lead to many adverse effects, including high costs for consumers and burdens on manufacturers. The Department looks forward to working with the Committee to promote rapid technological improvement in lighting technologies that would enable regular standards updating.

Section 122 of the Draft sets standards for incandescent reflector lamps that appear reasonable. DOE believes the addition of authority enabling the Department to review

and revise exemptions for this product (or comparable authority) would be beneficial. DOE is still evaluating the possible impacts of these provisions on existing rulemakings.

The Department supports improving energy efficiency government-wide, including in the construction, renovation, and routine maintenance of Federal facilities. The Discussion Draft would direct the installation of energy efficiency lighting fixtures and bulbs only in GSA facilities. DOE is prepared to assist GSA and other Federal agencies with the latest developments in lighting technologies and practices, including providing energy and cost-saving data. The Department, through its Federal Energy Management Program (FEMP), provides direct technical assistance and training to Federal agencies on lighting technologies. Lighting improvements at Federal agencies can be performed as part of a comprehensive energy audit and retrofit utilizing an Energy Savings Performance Contract or Utility Energy Services Contract, as appropriate. Such a comprehensive approach will ensure that agencies are able to accomplish the maximum energy savings and cost reductions possible and will be able to bundle innovative technologies and renewable energy options into retrofit projects with private financing.

Moving on to the area of building codes in Subtitle C, the framework and basic objectives of this section appear to be consistent with the goals of our Building Technologies Program. DOE has supported the building code and standard activities of ASHRAE and the IECC; however, DOE does have several specific concerns related to flexibility and implementation, and looks forward to further discussion with the Committee.

Turning to the industrial sector in Subtitle D, while the focus on industrial energy waste through combined heat and power (CHP) and the Clean Energy Application Centers is useful, the Discussion Draft covers only one small part of the wider industrial energy efficiency need and opportunity. DOE believes that industrial efficiency programs should be focused on the means to ensure that the goals of section 106 (c) of EPACT 2005 are met, which seeks to reduce industrial energy intensity by not less than 2.5 percent each year over the next decade.

The Discussion Draft addresses the important issue of energy efficiency and use in public institutions and Federal Government buildings in Subtitles E and F. Subtitle E, the “Sustainable Energy Institutional Infrastructure Act of 2007”, provides a commendable push to expand CHP, district heating, and other distributed generation technologies in the public sector. Providing more technical assistance in this area can make an important contribution to environmental, energy security, and economic competitiveness. The Department believes that the revolving fund program is not necessary in light of the ability of public institutions to attract private financing from energy services companies for many, if not all, of these applications.

Subtitle F would expand the types of projects that can be funded by Energy Savings Performance Contracts (ESPCs). Broadening the scope of this provision may serve as a significant incentive for agencies to implement more diverse projects, and demonstrate the significant role that ESPCs can play in financing Federal energy management projects. In addition, the Department supports permanent authorization of ESPCs, which

is not included in this Discussion Draft. The Draft's proposal in Subtitle C to implement a government-wide training program for educating Federal officials on the benefits of ESPCs will support ongoing efforts by the Department's Federal Energy Management Program in this area. To strengthen third-party financing and investment programs, DOE is currently working to transform the internal review process, simplify contracts, remove barriers and impediments that delay investments and service support, get more efficiency gains at an accelerated rate, and create replicable models across government.

An essential complement to increased energy efficiency in industry, manufacturing, and the built environment is a national effort to reduce petroleum use, especially in the transportation sector. In his 2007 State of the Union address, President Bush challenged our country to reduce gasoline consumption by 20 percent in the next 10 years, the "Twenty in Ten" plan. The President called for a robust Alternative Fuel Standard (AFS), requiring the equivalent of 35 billion gallons of renewable and alternative fuel in 2017. This goal is a significant expansion of the 7.5 billion gallon renewable fuel target now in law for 2012, under the Renewable Fuels Standard. Expanding the mandate established by the Energy Policy Act of 2005 (EPACT 2005) is expected to decrease projected gasoline use by 15 percent. Another five percent reduction in gasoline consumption can be achieved through the Administration's proposal to reform CAFE standards. The "Twenty in Ten" plan holds the promise of diversifying the sources, types, and volumes of fuels we use, while reducing our vulnerabilities and dependence on oil, and the Administration looks forward to working with Congress on these initiatives.

Only through transformational technological change can these goals be achieved, and we believe that the Administration's proposals provide the tools to achieve them.

The President's Advanced Energy Initiative, the "Twenty in Ten" goal, along with the full implementation of EPCACT 2005, hold the promise of accelerating deployment of clean, renewable energy and energy efficiency technologies. To meet these challenges, cutting edge research and development must be supported by consistent, long-range policy actions, such as the proposal that the President articulated in the State of the Union, and legislative action such as the wide-ranging proposals for energy efficiency presented in this Discussion Draft. I appreciate the opportunity to present the Department of Energy's comments, and we look forward to working with the Committee as the legislation progresses, and on the many important energy challenges facing our Nation.

Mr. Chairman, again, I reiterate this is a very preliminary review, and the Administration's formal position on the entire energy package will depend on the extent to which the concerns that have been raised have been resolved. This concludes my prepared remarks, and I would be happy to answer any questions the Committee members may have.