



Ms. Brenda Edwards
U.S. Department of Energy
Building Technologies Program
Mailstop EE-2J
1000 Independence Avenue, SW.
Washington, DC 20585-0121

Re: Equipment Price Forecasting in Energy Conservation Standards Analysis; Notice of Data Availability

Docket Number: **EE-2008-BT-STD-0012**
Office of Energy Efficiency and Renewable Energy, Department of Energy

Dear Ms. Edwards:

Thank you for the opportunity to comment on the recently released Notice of Data Availability with respect to Equipment Price Forecasting in Energy Conservation Standards Analysis. Northeast Energy Efficiency Partnerships (NEEP), with input from our regional partners, has been an active participant in Appliance efficiency standards rulemakings for over a decade, and appreciates any effort by the Department to improve their analytical processes. The issue of price forecasting has been raised by numerous parties over the years, most recently by the American Council for an Energy Efficient Economy (ACEEE) as part of the Commercial Refrigeration Rulemaking, without being addressed in any meaningful way. It has been our contention, based on the historic record, that the price forecasting assumptions included as part of economic analyses have been flawed. NEEP is excited that the Department, through this effort, has recognized the weaknesses of the current approach and taken this significant step towards its improvement.

The effort to set strong energy efficiency standards for covered products is of paramount importance for Northeastern states and stakeholders. The region is home to several of the country's energy efficiency leaders, including several states that have set some of the most aggressive energy use reduction goals in the country. We are also home to an electrical grid that faces serious capacity challenges and to consumers who live with energy costs that surpass most of the nation, costs that unnecessarily drain the local economies. Strong energy efficiency standards offer the region, and nation, a smart, affordable strategy to sharply reduce consumption of electricity, directly impact peak electricity demand, significantly reduce pollution and create new economic opportunities. Changes that more accurately reflect lower future costs of revised standards have a great potential to enlarge the positive impacts that these standards bring.

NEEP offers a number of comments related to technical improvements to the Department's energy conservation standards rulemaking analysis in general, and corresponding revisions to the analysis for energy conservation standards for refrigerators, refrigerator-freezers and freezers.

- **NEEP supports the Department's interpretation of, and response to, the President's Executive Order 13563 issued on January 18, 2011.**
 - The Order specifically provides that agencies must "use the best available techniques to quantify anticipated present and future benefits and costs as accurately as possible." In subsequent guidance on February 2, 2011, the Office of Information and Regulatory Affairs explained that such techniques include "identifying changing future compliance costs that might result from technological innovation or anticipated



behavioral changes.” In light of the Order, DOE has correctly re-examined its processes for establishing energy efficiency standards for consumer products and commercial equipment, specifically with respect to how compliance costs are forecasted. We thank the Department for including interested stakeholders to help develop a more accurate projection method.

- **NEEP strongly supports the Department’s proposed methodology to use “experience” or “learning” curves** during their economic analysis of appliance standards as a means of more “accurately forecasting the incremental cost of efficiency given the potential impact of long term product price trends or technological learning”. Not only for the specific product rulemaking at hand (refrigerator/freezers), but as a customary approach for standard rulemakings going forward.
- **NEEP supports the proposed approach in deciding how to develop specific learning curves, depending on available information.**
 - When and where data is reasonably available, the methodology outlined in the “Background” section of the NODA is a good first step toward deriving more appropriate equipment pricing for efficiency standards analyses.
 - Because this information exists for refrigerators/freezers, it seems perfectly appropriate that this new approach is implemented as part of the current rulemaking analysis.
- **Beyond the important issue of price forecasting, the Department should be carefully considering the quantification and incorporation of “additional” benefits derived from appliance standards,** besides simply the economics based on incremental product costs and the financial savings from energy savings.
 - Additional benefits of appliance standards beyond energy savings and consumer savings include reductions in peak electricity demand, greenhouse gas emissions, and air pollution and job creation. These additional benefits accrue not only to the users of the particular product subject to regulation but to the entire nation and should be seriously weighed in standards decision-making.

Again, NEEP commends the Department and its efforts to address the issue of accurately forecasting future product prices. Although this effort is long overdue, we are encouraged by the proposals presented in this NODA. We are hopeful that the implications of this completed process can not only improve the rulemaking process for refrigerators/freezers in the short term, but for all future rulemakings. Thank you for your consideration.

Sincerely,

Susan E. Coakley, Executive Director