UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
AIR AND RADIATION

July 24, 2006

Hampton Newsome
Federal Trade Commission/Office of the Secretary
Room H-135 (Annex O)
600 Pennsylvania Avenue, NW
Washington, DC 20580
RE: Appliance Labeling Research: No. P064200

Dear Mr. Newsome:

Thank you for the opportunity to comment on the FTC's proposal to conduct consumer research examining the effectiveness of the FTC's current labeling requirements for consumer products and to obtain information about alternatives to those labels. We request that you consider these comments as supplemental to those submitted on January 12, 2006 in which EPA expressed concern about revising the EnergyGuide label to a categorical approach. In light of those concerns, we support the FTC's commitment to considering and evaluating alternatives to a categorical label.

General Observations and Comments

ACEEE findings are qualitative. As other commentors have noted, the 2002 ACEEE study was conducted using a qualitative approach (e.g., focus groups) and not a quantitative approach (e.g., survey conducted and weighted to accurately represent U.S. population). The focus group served its purpose well to determine that the existing label had room for improvement, but should not be used as the basis for deciding what those changes should be.

Categorical-style labels require an infrastructure and the application of resources to determine the category (e.g., number of stars). Given that the purpose of the EnergyGuide label is to provide energy usage information, EPA questions whether the investment that would be required to go beyond a straightforward bar graph representation and maintain a categorical approach is justified, particularly in light of the fact that alignment between a categorical approach and ENERGY STAR levels would be difficult, if not impossible, to maintain across all product categories over time.

EPA strongly encourages the FTC to evaluate scenarios where a categorical EnergyGuide label does not align with ENERGY STAR (i.e. where ENERGY STAR does not uniformly equate to a specific number of stars).

In addition, the current research proposal does not provide a scenario in which a model with more stars uses more energy than a model with less stars. For example, a

> Categorical-style label 1: A refrigerator without additional features that receives a three (3) star rating and uses 475 kWh/yr.

Categorical-style label 2: A refrigerator with several additional features (i.e. automatic defrost, slide mounted freezer, and through the door ice) that receives a four (4) star rating and uses 600 kWh/yr.

It would be beneficial to test if the stars on the proposed categorical label overshadow the other information provided on the label, leading consumers to conclude that a model with more stars is more efficient than a model with less stars despite energy usage information to the contrary.

It is encouraging that the upcoming FTC consumer research intends to address how well the potential EnergyGuide labels communicate the following concepts:

How much energy a model uses
Whether a model is ENERGY STAR qualified
Whether the number of stars implies better overall product quality
What the difference is between the EnergyGuide and the ENERGY STAR
How a model compares to others in terms of energy use (e.g., does it use more energy than most; use less energy than most; use about the same energy as most others)

Feel free to contact me or Maureen McNamara at (202)343-9047, if you have questions or would like further clarification. In addition, we would appreciate the opportunity to review the draft questionnaire as FTC's research proposal moves forward.

Sincerely,

Kathleen Hogan, Director
Climate Protection Partnerships Division