

January 13, 2006

Mr. Hampton Newsome  
Division of Enforcement  
Federal Trade Commission, Room 4611, Annex Building  
601 Pennsylvania Ave., N.W.  
Washington, DC 20580

RE: Energy Labeling Project No. R511994

Dear Mr. Newsome:

These comments are hereby submitted on behalf of the Air-Conditioning and Refrigeration Institute (ARI) in response to the Federal Trade Commission's (FTC) advanced notice of proposed rulemaking (ANOPR) appearing in the Federal Register on November 2, 2005. In this ANOPR notice, FTC is seeking comments on the effectiveness of the Appliance Labeling Rule. ARI comments are made specifically on behalf of its members that manufacture central air conditioners and heat pumps which are covered under the Appliance Labeling Rule

ARI is a North American trade association representing the manufacturers of over 90% of U.S. produced air conditioning and commercial refrigeration equipment. ARI represents a domestic industry of approximately 200 air conditioning and refrigeration companies, employing approximately 150,000 men and women in the United States. The total value of member shipments by these companies is over \$30 billion annually.

ARI also develops standards for performance ratings (including efficiency), and administers a certification program that verifies performance claims, including energy efficiency, made by the manufacturers of central air conditioners and heat pumps. The certification program is open to members and non-members of ARI on an equal basis. ARI has an online Directory of Certified Unitary Air Conditioners and Heat Pumps which contains the energy efficiency and capacity ratings of these products. The Directory was approved by the FTC as an option for manufacturers of central air conditioners and heat pumps to fulfill the information reporting requirements contained in the Appliance Labeling Rule. The FTC website provides information to the public about the energy performance of central air conditioners and heat pumps via links to the ARI online Directory.

As noted in the Federal Register notice, products such as central air conditioners and heat pumps do not generally appear in showrooms where consumers can compare competing products. Back in the late seventies when the FTC was developing the Appliance Labeling Rule, ARI expressed concerns with the effectiveness of an efficiency label for central air conditioners and heat pumps. We felt back then that the EnergyGuide label will not significantly help consumers in making purchasing decisions for central air conditioners and heat pumps. Twenty five years later, we continue to believe that the EnergyGuide label is not an effective purchasing tool for these products.

Consumers buying central air conditioners and heat pumps do not normally see the products, but rather engage in a discussion with a contractor, in many cases over the telephone. In the vast majority of instances, consumers never see the label. When they do, it is usually when the product has already been purchased. In any event, the label is almost never used by consumers when making purchasing decisions for central air conditioners and heat pumps.

Manufacturers that participate in the ARI performance certification program of central air conditioners and heat pumps want consumers, contractors and distributors to know the performance (including energy efficiency) of their products. This is why the performance of certified products is listed in the online Directory in the first place. The electronic Directory can be consulted on the ARI website (<http://www.ari.org/cert/ratings.html>), and other organizations such as the FTC, link their website to ARI's. It is a "live" document that is constantly updated. In 2005, the Directory's website was visited over 60,000 times. We believe that the internet is a much better and effective way of communicating information about energy efficiency for central air conditioners and heat pumps than labels or fact sheets, and we feel that the ARI online electronic Directory is very well suited to play that role.

The Federal Register notice mentions a report prepared by the American Council for an Energy Efficient Economy (ACEEE), in which it is recommended that FTC adopt a "categorical" label based on a star system. ARI was not consulted during the study. Although we believe that a change in the label itself will do very little in helping consumers during their purchasing decisions for central air conditioners and heat pumps, we would like to caution FTC against endorsing such a concept. A "categorical" label based on stars could be misleading and very confusing to consumers as it could mistakenly convey a product quality rating (e.g., more stars could imply a better product). In addition, the efficiency range for which a product would qualify for one or more stars could be very contentious and would likely discourage incremental efficiency improvements unless the improvement is sufficient to qualify the product for the next star. Instead of spending its resources on a new label, ARI recommends that FTC explore ways to effectively communicate efficiency information for central air conditioners and heat pumps to consumers through electronic means.

ARI appreciates the opportunity to provide these comments. If you have questions regarding our submission, please do not hesitate to contact me.

Sincerely,

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