August 6, 2012

Federal Trade Commission
Office of the Secretary
Room H-113 (Annex C)
600 Pennsylvania Avenue, N.W.
Washington, DC 20580

Re: Regional Labeling for Heating and Cooling Equipment – Proposed Rule (16 CFR Part 305, Project No. P114202)

Dear Sir/Ma'am:

Goodman Global, Inc. ("Goodman") submits the comments below in response to the Federal Trade Commission's ("FTC") Proposed Rule and Request for Comment that was published in the Federal Register, 77 Fed. Reg. 33,337 (June 6, 2012), titled "Rule Concerning Disclosures Regarding Energy Consumption and Water Use of Certain Home Appliances and Other Products Required Under the Energy Policy and Conservation Act ("Appliance Labeling Rule")."

Goodman manufactures residential and light commercial heating and cooling equipment. Our products are sold and installed by contractors in every state in the United States. Goodman appreciates the opportunity to comment upon the PROPOSED RULE AND REQUEST FOR COMMENT and the specific issues for which FTC seeks stakeholder input. Goodman is also submitting general comments on additional issues raised during the evaluation of the proposed rule.

I. Specific Issues on Which FTC Requested Comments

1. Different Ranges for Separate Categories of Products

Goodman overall agrees with the approach of having different ranges for the categories of products listed. There could be cases where a consumer might be comparing product options across those categories of products (for example split system air conditioning versus small duct high-velocity) in which it would not be beneficial and potentially confusing, however, in most cases consumers typically would be comparing product in the same category, in which case it would be beneficial.

2. Eliminating Text to Reduce Clutter

Goodman concurs the label would be better without the type of product for the range listed, especially with the ranges redefined as noted above.

3. Requiring a QR Code

Goodman does not believe that having a QR code on the label will provide significant benefit for HVAC product consumers. As opposed to white goods (refrigerators, freezers, dishwashers, etc.), the consumer rarely sees the HVAC product before it is purchased/installed. If the consumer is researching products online, then they would already be at or close to web pages that have the hyperlinks for the Energy Guide label itself. Similarly those in the distribution chain or regional enforcement activities would likely be proficient (or become so quickly) at finding the appropriate information online based on frequency of visiting the sites. Therefore, Goodman does not see having the QR code on the label as being a significant benefit.

4. Requiring a Check-Off Box for Varying Applications

Goodman suggests there not be a check-off box on boilers, or any product Energy Guide label. First, the material specified is not as durable as most labels that require permanent marking (such as the amount of electric heat installed in a unit or final refrigerant charge). Secondly, one of the labels (on the product packaging) will be discarded anyway. Third, the additional cost of making the material as durable as the product itself would be burdensome, especially as two labels are required. Fourth, the intent of the ratings and Energy Guide label is not to inform the consumer of the exact performance they will have in their application, but to give a relative performance from one product to the next, and the relative performance of one metric is adequate to portray the desired information.

5. Effective Date of First Use of the New Label

Goodman strongly supports FTC allowing the use of the new label formats prior to the required DOE effective dates (May 1, 2013 and January 1, 2015 depending on product type). Goodman strongly objects to a specific date as to when old labels are not used and new labels are required (as indicated by both the text of the Proposed Rule and Request for Comment [at 33,342, third column, section D, first full paragraph] and the proposed wording of 16 CFR §305.12(g)), as this could cause additional significant issues with the enforcement of regional standards if installed date (current DOE proposal) instead of manufactured date (from the consensus agreement) is used, as well as causing waste. Goodman generally agrees that a compliance date prior to the DOE effective date is sufficient as long as that date is not less than 180 days from the issuance date of the FTC Final Rulemaking. These 180 days are needed for creating internal prints, sourcing, Engineering Change Notices, etc. and to have a smooth transition without creating waste in the supply chain.

In the case of a label change prior to the effective date of the new regional minimum efficiencies, Goodman suggests the new label designs be modified to include the effective date of such regional minimums to reduce potential confusion of a product with a new label that meets the current non-regional minimum efficiencies being shipped to a region where the product cannot be installed after the regional minimum efficiencies take place (for example, a 13-SEER air conditioner with new label being shipped to Florida in 2013 or 2014).

II. Rulemaking General Comments

Goodman further comments on additional issues and requirements in regards to the FTC's Proposed Rule and Request for Comments from 77 FR 33,337 (June 6, 2012), as noted below:

1. Requiring a Label on Product Packaging

The proposed 16 CFR §305.12(e)(2) that requires a label to be applied to the product packaging will be very challenging to comply with for some products. Many manufacturers ship their single package HVAC product (including single package air-conditioners, single package heat pump and single package gas/electric units) with corrugated boxes that have a wax coating, as many distributors store this type of product outdoors. First, having an adhesive that will adhere to the wax coating, as well as be removable when applied to the product will be practically impossible. Secondly, the label is likely to not be legible after being stored outdoors for months or years.

Yet another type of product packaging, stretch wrap and/or shrink wrap, will cause difficulties in application to the material. Many manufacturers choose to use this type of packaging due to the inherent ability to see any significant damage to the product without removal of the packaging. Goodman proposes that FTC allow the use of a single label on the product itself for this type of packaging. Further a single label on the product should be sufficient on any product with a corrugated (or other material) carton, if that carton had a flap or hole to show the label applied to the product itself.

The proposed 16 CFR §305.12(d) indicates the manufacturer is to be responsible for the Energy Guide label to have "an adhesion capacity sufficient to prevent their dislodgment during normal handling throughout the chain of distribution to the retailer or consumer." It is virtually impossible for a manufacturer to control how the product is handled after it leaves our docks. Goodman suggests that the FTC requirement would simply be a peel-adhesion (as noted in the last sentence of the same paragraph), but with a reference to an appropriate ASTM test method for peel-adhesion.

2. Energy Guide Label Design

The proposed label includes new requirements for furnaces, central air conditioners and central heat pumps to include the basic model number and the model's capacity. Goodman is opposed to the addition of these two items. Many products have the same efficiency rating but have varying capacity. This new requirement would significantly increases the cost of the label, without any discernable benefit to the consumer. As an example, Goodman has 31 different furnaces across 5 product lines that are all rated 80.0% AFUE. Under current regulations, one label will suffice for all 31 models; while under the proposed regulations, we will be required to have 31 different labels. Goodman also does not see any benefit to having the model capacity listed on the Energy Guide label, especially for split systems, as capacities also vary depending on which indoor product the outdoor product is installed with. The actual rated capacities of the products are listed on AHRI website and in manufacturer literature and does not need to be duplicated on an Energy Guide label.

3. Cost

For “Updating EnergyGuide Labels” (p. 33344), Goodman affirms the estimated costs of labeling are significantly understated. It appears that only labor costs are included in the analysis. The total process for creating any part is significantly more than a CAD designer or graphic designer spending 5 minutes to create a drawing (and the time for creating, filing and checking a single simple print is typically more like 15-30 minutes, just for the CAD personnel). Prints and bills of materials are typically maintained by the Engineering department and the process to create a part and make sure the correct part is used on the correct product is fairly extensive and touches multiple departments. Time accounted for should include creating work requests for an Engineering Change Notice (ECN), making the drawings, drawing review process, bill of material maintenance / revision, double checking bill of material, ECN approval, quoting, sourcing, revising production monitoring systems, quality checks, etc. The wages of design engineers, sourcing managers, manufacturing engineers, quality auditors, etc. are typically more than a graphic designer. Further, updating will not necessarily be a one-time cost, as for split systems it is common to add new rating combinations which may require an adjustment to the efficiency range as printed on the Energy Guide label.

For “EnergyGuide Labels on Packaging”, the material cost of the label itself is not included. Further, for the labor to install a single label, 6 seconds may be adequate for a single employee to install a single label, but does not take into consideration issues such as restocking labels, potential decrease in line rates due to quantity of work at a given work station, etc.

4. Terminology

To reduce potential confusion, Goodman suggests the text “Labels for split system central air conditioners shall be affixed to the condensing unit”, found in the proposed 16 CFR §305.12(e)(1) and 16 CFR §305.12(e)(1) be changed to “Labels for split system central air-conditioners and heat pumps shall be affixed to the outdoor section.”

In the proposed 16 CFR §305.12(g)(9), all three subsections, the term “coil” is used to refer the indoor matching side of a split system. As many split system outdoor products are installed with air handlers (a.k.a. fan coils or blower coils) instead of a coil-only, Goodman suggests changing “coil” to “indoor product”.

5. Length of Time Energy Guide Label Is Displayed on Manufacturer Website

The proposed 16 CFR §305.14 requires manufacturers to keep Energy Guide labels on their websites for product for at least two years after production of that specific model has ceased. Goodman requests that FTC adopt the current practice within AHRI and DOE for certification to continue for one year after cessation of production.

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

Sincerely,

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