

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

8/6/2012

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

Dear Sir/Madam,

Heating, Air-Conditioning and Refrigeration Distributors International (HARDI) is pleased to have the opportunity to comment on the Federal Trade Commission's (FTC) Proposed Rule regarding Regional Labeling for Heating and Cooling Equipment.

HARDI is a trade association comprised of nearly 1,000 member companies, 475 of which are U.S.-based wholesale companies. More than 80% of HARDI's distributor members are classified as small businesses that collectively employ over 30,000 U.S. workers, representing over \$25 billion in annual sales and an estimated 90% of the U.S. wholesale distribution market of HVACR equipment, supplies and controls.

HARDI agrees with the FTC's assertion that, in addition to its current placement upon equipment, the Energy Guide label should be placed upon product packaging and the equipment manufacturer's website. HARDI also supports the FTC's position that the bottom half of the Energy Guide label contain a multi-color map indicating where a product can be legally installed.

HARDI remains supportive of the Air-Conditioning, Heating and Refrigeration Institute's (AHRI) directory of certified product performance, which has served the HVACR industry and consumers well and believes that manufacturers should maintain the right to refer consumers to this robust and user-friendly website, as opposed to one maintained by the Department of Energy (DOE). Additionally, while supportive of the FTC's proposed requirement that manufacturers make Energy Guide labels accessible on the manufacturer's website, HARDI feels that the requirement to maintain this label for two years after ceasing to manufacture a product is overly burdensome and conflicts with current practices.

The transition to regional efficiency standards and the potential for stranded inventory is of the utmost concern to distributors. There remains the possibility that there will be inventory for sale on the effective date (May 1, 2013/ January 1, 2015) which displays the current Energy Guide label. HARDI urges the FTC to continue to allow for the sale of inventory regardless of label until that inventory is exhausted. Failure to do so would result in significant financial harm for distributors.

Finally, HARDI must specifically address the issue of a potential "waiver" to allow for the installation of non-qualifying equipment which is being considered by the DOE. HARDI believes that such a provision

would create significant market confusion, potentially open consumers up to instances of fraud and flies in the face of everything this rulemaking attempts to accomplish, which is a straight forward consumer education label. Further, it remains unclear if DOE even has the legal authority to establish a retroactive consumer-based waiver from Federal minimum efficiency standards.

It is our understanding that many stakeholders may petition the FTC to delay this rulemaking until the matter of the waiver has been decided. HARDI feels that such a delay is likely to have a negative impact on equipment manufacturers, who will likely be most impacted by this rulemaking, and would negatively impact supply chain education, which the transition to regional efficiency standards will require.

HARDI appreciates the opportunity to comment on this important issue.

Regards,

Jonathan Melchi
Director of Government Affairs
Heating, Air-Conditioning & Refrigeration Distributors International (HARDI)