



January 11, 2016

Mr. Hampton Newsome  
Attorney, Division of Enforcement, Bureau of Consumer Protection  
Federal Trade Commission  
Office of the Secretary  
600 Pennsylvania Avenue, NW.  
Suite CC-5610 (Annex E)  
Washington, DC 20580

Subject: Energy Labeling Amendments (16 CFR Part 305) (Project No. R611004)  
Docket Number: 16 CFR Part 305 (Project No. R611004)  
RIN: 3084-AB15

Dear Mr. Newsome:

This letter comprises the comments of the Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SoCalGas), San Diego Gas and Electric (SDG&E), and Southern California Edison (SCE) in response to the to the Federal Trade Commission’s (FTC’s) Notice of Proposed Rule (NOPR) regarding energy consumption and water use disclosures of certain home appliances and other products required under the Energy Policy and Conservation Act (“Appliance Labeling Rule”).

The signatories of this letter, collectively referred to herein as the California Investor Owned Utilities (CA IOUs), represent some of the largest utility companies in the Western United States, serving over 35 million customers. As energy companies, we understand the potential of appliance efficiency standards and associated energy use labeling to help consumers understand and compare a product’s energy consumption. We have a responsibility to our customers to advocate for labeling requirements that accurately reflect the climate and conditions of our respective service areas, so as to maximize these positive effects.

We appreciate the opportunity to provide the following recommendations and revisions to the NOPR. We commend FTC and Department of Energy (DOE) in their efforts to improve the labels for central air conditioners, water heaters, portable air conditioners, and refrigerators. However, we offer the following recommendations in response to FTC’s proposed amendments in which FTC sought stakeholder input.

- 1) We support the proposed revisions to the central air conditioner (CAC) EnergyGuide labels as they align with the Appliance Standards and Rulemaking Federal Advisory Committee (ASRAC) working group’s negotiated term sheet. We support the addition of a United States map and the continued inclusion of the energy efficiency ratio (EER), along with the seasonal energy efficiency ratio (SEER), rating on CAC labels.**

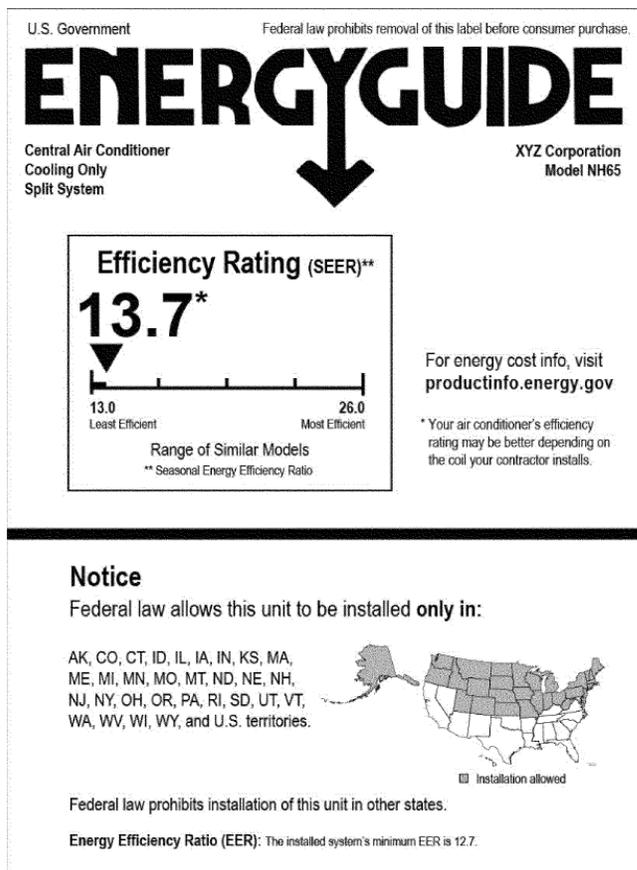
We support the proposed changes to the EnergyGuide label for residential CAC as they are consistent with provisions in the negotiated term sheet for the residential AC regional enforcement ASRAC working group. For example, the working group advised DOE to determine the “regional compliance based on the

condenser’s lowest certified rating alone, not on the system rating as installed in the home.”<sup>1</sup> FTC NOPR proposes the new label identify which states the labeled model can be installed, changing the current EnergyGuide label, which “advises installers to ensure the rating for the system...meets the DOE regional standards.”<sup>2</sup> We support this update to the label. We agree with FTC that this update will simplify compliance by eliminating the need for installers to compare specific system ratings against the efficiency standards. In addition, we recommend FTC change the label to “disclose only the efficiency rating for the lowest rated coil-condenser combination”<sup>3</sup> to eliminate the current range of ratings on the label and to be consistent with the working group’s recommended approach.

Furthermore, we strongly recommend including a map on the EnergyGuide label which indicates where a unit is legally allowed to be installed, as shown in Figure 1 and proposed in the NOPR. This graphic should be included on the label for models that do not meet the 14.0 SEER threshold for southwestern states as well as models that do not meet the minimum EER ratings for the southwest region to provide clarity to the consumers.

We also recommend FTC continue to include the EER rating, along with SEER, on the label for CACs. EER is a more beneficial metric of annual energy use and cost to consumers, especially as utilities move towards peak day pricing.

**Figure 1: Proposed Central Air Conditioner Label**



<sup>1</sup> 80 Fed. Reg. 67,351 (Nov. 2, 2015) (to be codified at 16 C.F.R. Part 305), page 67358

<sup>2</sup> 80 Fed. Reg. 67,351 (Nov. 2, 2015) (to be codified at 16 C.F.R. Part 305), page 67358

<sup>3</sup> 80 Fed. Reg. 67,351 (Nov. 2, 2015) (to be codified at 16 C.F.R. Part 305), page 67358

**2) We recommend FTC include the energy factor on water heater labels as this metric allows consumers to identify if the product qualifies for a utility rebate and is helpful for consumers in making purchasing decisions.**

The energy factor is the best indicator of a water heater's efficiency as it measures the overall annual efficiency of a water heater based on the quantity of hot water produced per unit of fuel consumed during a typical day. The energy factor incorporates the recovery efficiency, standby losses, and cycling losses, providing the consumer beneficial information about the efficiency of the water heater. The energy factor would serve to educate the consumer about their potential buying choices, which would contribute to a more informed decision-making process. For these reasons, we strongly recommend FTC include the energy factor on the EnergyGuide label for water heaters.

On April 16<sup>th</sup>, 2010, DOE published a final rule for water heater standards that went into effect on April 16<sup>th</sup>, 2015. The amended standards are based on the energy factor. The EnergyGuide label would align with DOE's standards by listing the energy factor of the water heater on the label. Moreover, we believe that the disclosure of the energy factor on the label will aid in compliance with state building code standards, which would be applicable to the large majority of states.

In addition, listing the energy factor on the EnergyGuide label would help consumers identify if the equipment qualifies for a utility incentives. ENERGY STAR's website hosts a list of energy efficiency rebates which consumers can sort by zip code.<sup>4</sup> This database lists rebates for residential water heater from approximately 62 different entities throughout the United States. We found approximately 78 percent of these rebates required the consumer to identify the water heater's energy factor in order to qualify for a rebate. Consumers and utility program implementers would benefit from the energy factor being listed on the EnergyGuide label as it would simplify the rebate process for both consumers and utilities in the verification process as it is much more complicated for a customer to identify the energy factor via the model number and a separate website.

For water heaters which exceed the minimum federally required energy factor, we recommend FTC include a sentence on the EnergyGuide label which states the percentage by which the energy factor exceeds the minimum federal requirement and suggests the customers contact their local utility to learn about rebate opportunities. For example, the sentence would read as follows: "This water heater's energy factor is [*insert percentage*] percent better than the federal minimum standard. Contact your local utility to find out if this product qualifies for a rebate."

The absence of the energy factor should be addressed in order to improve the usefulness of water heater labels for customers who use them to inform their decisions.

**3) We recommend FTC use the same metrics of comparison in the proposed ranges for electric and gas storage water heaters.**

We urge FTC to use the same metrics on the EnergyGuide label displayed on gas and electric storage water heaters to help consumers compare performance and make better informed decisions. Figure 2 depicts the proposed label for a natural gas storage water heater in which the estimated yearly energy cost and hourly hot water output are displayed. We recommend including this information on the all water heater labels to allow consumers to compare water heaters across fuel types.

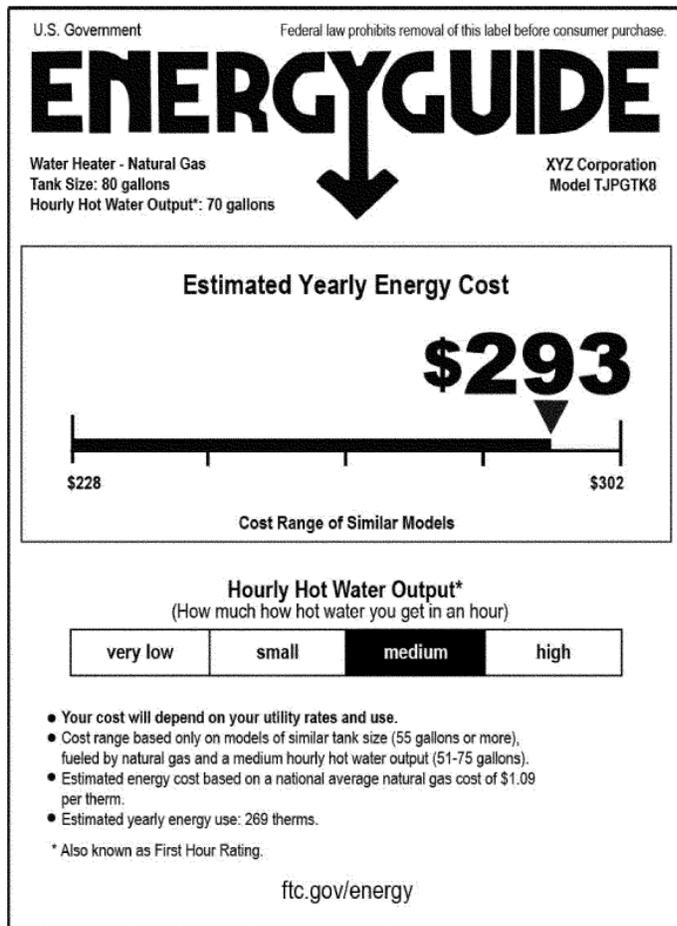
In addition, we recommend the EnergyGuide label for instantaneous water heaters include the hourly hot water output as well as the same ranges for hourly hot water output as the storage water heaters (very low,

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<sup>4</sup>ENERGY STAR Rebate Finder: <http://www.energystar.gov/rebate-finder>

small, medium, and high). The current proposal uses the hourly hot water output for storage tank water heaters whereas the instantaneous water heaters use gallons per minute (gpm). We believe that including the gallons per hour rating for instantaneous water heaters, rather than the gpm, will provide a better comparison for customers who are considering purchasing either a storage or instantaneous water heater.

**Figure 2: Proposed Water Heater Label**



**4) We recommend FTC wait until DOE has finalized the test procedure for portable air conditioners before requiring an EnergyGuide label on this product.**

DOE is in the process of finalizing a new test procedure and issued a supplemental notice of proposed rulemaking (SNOPR) regarding test procedures for portable air conditioners on November 27<sup>th</sup>, 2015. The test procedure SNOPR includes new metrics which attempt to address portable air conditioners performance comparability, peak-demand performance, and actual usage. However, these proposed metrics have yet to be finalized. We understand DOE should be finalizing the test procedure shortly, so we recommend FTC wait until DOE has published a test procedure final rule before a requiring a label for portable air conditioners.

**5) We support the use of two comparison ranges on refrigerator labels that reflect (1) the subset of the market reflecting a given configuration type and (2) the whole market, independent of configuration type.**

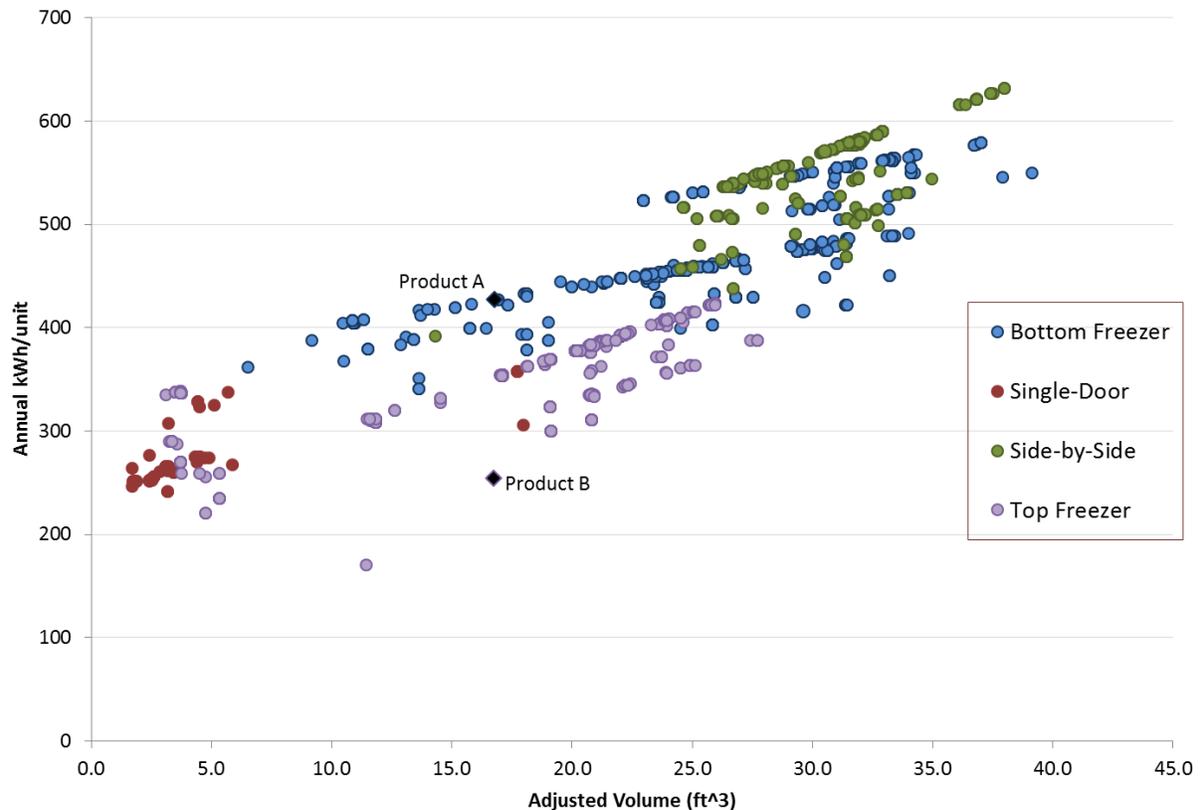
We would like to reiterate our support for the use of two comparison ranges on refrigerator labels. As we have stated previously to FTC in a comment letter dated March 2013<sup>5</sup>, we believe that two ranges provides the most meaningful information to consumers to enable them to make the most informed decisions. We understand that many customers may continue to purchase refrigerators with a configuration reflective of their previous purchasing decisions. Therefore, continuing to provide customers with range information that is indicative of the subset of the market of a given configuration is important since this will help customers understand a unit's energy cost relative to similarly configured products.

We also think it is beneficial to include a second range on the label that indicates the unit's energy cost relative to the whole market of refrigerators. This range serves to educate the consumer about their potential buying choices, and contributes to a more informed decision-making process. We believe the first range obscures the differences in energy efficiency, and that the second range serves to correct this issue **Figure 3** below depicts an analysis the CA IOUs conducted in February 2013 of ENERGY STAR data on refrigerator-freezer models by configuration. The data shows the differences in energy consumption across configurations can be significant for a given adjusted volume. For example, Products A and B are bottom-freezer and top-freezer configurations, respectively, of roughly equal volume, but Product A consumes roughly 175 kWh more on an annual basis.

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<sup>5</sup>Docket Number: 16 CFR PART 305. [https://www.ftc.gov/sites/default/files/documents/public\\_comments/16-cfr-part-305-rule-concerning-disclosures-regarding-energy-consumption-and-water-use-certain-home/563707-00009-85818.pdf](https://www.ftc.gov/sites/default/files/documents/public_comments/16-cfr-part-305-rule-concerning-disclosures-regarding-energy-consumption-and-water-use-certain-home/563707-00009-85818.pdf)

**Figure 3: Annual Energy Consumption of ENERGY STAR Listed Residential Refrigerator-Freezer Products by Configuration<sup>6</sup>**



Moreover, this label would cater to a growing body of consumers that are interested in sustainable consumer choices, as indicated by Deloitte’s study “Finding the Green in Today’s Shoppers: Sustainable Trends and New Shopper Insights.”<sup>7</sup> The study indicated sustainability considerations either drive or influence the buying decisions of 54 percent of the 6,500 shoppers interviewed in the study. Without the second range, it would be difficult for a consumer to understand the full impact of their purchasing decisions since configuration type and range are not treated as independent factors. For these reasons, we strongly support FTC’s decision to include two ranges for refrigerators.

**6) We support the inclusion of the ENERGY STAR label within the EnergyGuide Label for products which are ENERGY STAR certified.**

The ENERGY STAR label identifies energy efficient products in the market and we support displaying the ENERGY STAR label on the EnergyGuide label to help consumers quickly identify products that will reduce the cost of their energy bill without compromising performance.

<sup>6</sup> ENERGY STAR “Refrigerators Qualified Product List.” <http://downloads.energystar.gov/bi/qplist/refrigerators.pdf>

<sup>7</sup> “Finding the Green in Today’s Shoppers: Sustainable Trends and New Shopper Insights” <http://www.gmaonline.org/downloads/research-and-reports/greenshopper09.pdf>

In conclusion, we would like to reiterate our support to FTC for improving appliance labeling and compliance. We thank FTC for the opportunity to be involved in this process and encourage FTC to carefully consider the recommendations outlined in this letter.

Sincerely,



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