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# Q & A APPLIANCE STANDARDS QUESTIONS AND ANSWERS

## Why National Appliance Standards?

2017



76% of Trump voters support requiring manufacturers to make appliances more efficient.



National appliance and equipment efficiency standards assure a minimum level of energy and water efficiency for household and commercial appliances, providing savings for consumers and businesses. These efficiency measures are adopted through a regulatory process that includes multiple opportunities for input from industry, efficiency proponents, consumer groups and the general public.



*National standards are already saving the typical household about \$500 per year on utility bills.*

### What benefits do standards provide?

Standards provide many benefits for consumers, the national economy, manufacturers and the environment.

- Consumers and businesses save money through decreased utility bills.
- Those savings spur job creation when energy bill savings are spent on other goods and services.
- Reduced energy waste cuts air pollution, improving public health and air quality.
- With lower demand, states can better manage their electric and natural gas systems.
- Manufacturers avoid state-by-state regulations.
- Manufacturers innovate as they compete to make products that comply with and exceed new standards.

### President Trump and Congress have committed to cut regulations. Does that mean standards are on the chopping block?

Standards have their critics and some have called for rollbacks. But the benefits of national standards are clear, and the Trump administration and Congress should reject calls for weakening the program or rolling back standards. Public support for standards runs deep. In a recent poll, 76% of Trump voters support requiring manufacturers to make appliances more efficient.<sup>1</sup>

These poll results align with broad bipartisan support for standards that spans four decades and five presidencies, beginning when President Reagan signed the first national appliance standards into law in 1987. Congress, state governments, utilities, the business community, and consumer groups have all supported the effort. Manufacturers often support and help develop standards because they provide regulatory certainty rather than a chaotic state-by-state patchwork.

### How much do consumers save?

A typical household saves about \$500 per year on utility bills simply by buying household appliances, and heating, cooling, and lighting products that comply with minimum standards. A recent study by the Appliance Standards Awareness Project and the American Council for an Energy-Efficient Economy estimate that average household savings, by state, ranged from 11% to 27% of total consumer utility bills, with a national average of 16%.<sup>2</sup>

<sup>1</sup> Morning Consult and Glover Park Group, Survey of Trump voters, December 2016

<sup>2</sup> Mauer and deLaski, 2017. Energy-Saving States of America: How Every State Benefits from National Appliance Standards.

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Energy savings from appliance standards grew to reach 13 percent of electricity consumption in 2015 and 4 percent of natural gas consumption.



## What are the national benefits?

Energy savings from existing standards grew to reach 13 percent of US electricity consumption and 4 percent of natural gas consumption in 2015. Utilities and states are counting on these savings to meet energy demand.

Savings from existing standards will save consumers more than \$1 trillion, net present value. On a cumulative basis between 1987 and 2030, standards will save more energy than the entire US economy uses in a year (132 quadrillion Btus compared to 100 quads for US use). Reduced energy use cuts emissions that harm human health and the environment, including more than 7 billion metric tons of carbon dioxide through 2030.

## Why not just leave it to market forces?

Historical data show that efficiency performance for most products tends to



stagnate in between changes to the national standard and Energy Star qualification levels. Persistent market barriers to cost-effective efficiency improvements exist. Examples include: “split-incentives” mean the buyer who chooses the product does not pay the utility bills, or a failed product needs to be replaced immediately, leaving little time to consider efficient options, or a buyer may not understand the possible savings. Standards are needed to ensure a basic level of efficiency performance for all consumers, which adds up to significant benefits for consumers and the nation.

Eliminating existing standards also could enable cheap, inefficient imports to flood the US market, costing US jobs, and could increase energy bills for US consumers, acting as a brake on the US economy.

## What is the impact on consumer choice and product prices?

Although standards limit the choice to buy wasteful products, they often drive innovation, which means more choices. For example, lighting standards helped spur innovative LED products that are gaining market share by leaps and bounds. Prices, initially high, have plummeted. In other product categories like refrigerators and clothes washers, consumers have [more design choices](#) today than ever before.<sup>3</sup>

The historical record shows that product prices sometimes increase slightly at first but, over time, technological innovation, economies of scale and competition reduce or eliminate these added up-front costs. For example, between 1980 and 2010, the average price of washing machines in constant dollars dropped 40%, while [performance improved and capacity increased](#), even as washer efficiency standards were updated four times. A study that examined 10 products found that the actual cost impacts of standards were only 10% of DOE estimates on average, meaning that direct consumer benefits far outweigh any price impacts.<sup>4</sup>



*Protect the next generation from needless energy waste. Keep the national appliance standards program going strong.*

<sup>3</sup> Mauer, J. et al., 2013. *Better Appliances: An Analysis of Performance, Features, and Price as Efficiency Has Improved*. ACEEE and ASAP.

<sup>4</sup> Nadel and deLaski, 2013. *Department of Energy Overestimating Impact of Energy Efficiency Standards on Appliance Prices* ACEEE and ASAP.