

Custom Electronic Design & Installation Association

Written Testimony on House Bill 1346

**Before the
Hawaii House Energy & Environmental Protection Committee
Hawaii State Legislature**

February 3, 2011

Re: Hawaii House Bill 1346 - CEDIA's concerns on proposed television energy efficiency standards

The Honorable members of the House Energy & Environmental Protection Committee:

On behalf of the Custom Electronic Design & Installation Association (CEDIA), thank you for allowing us the opportunity to provide written testimony regarding Hawaii House Bill 1346, legislation which establishes television energy efficiency standards. CEDIA raises concern with the energy efficiency mandates for televisions outlined in Hawaii House Bill 1346.

CEDIA is the professional trade association of companies that specialize in planning and installing electronic systems for the home. These systems include home networking, home automation and communication systems, media rooms, single or multi-room entertainment systems, and integrated whole-house subsystems providing lighting control, security, and heating, ventilation & air conditioning (HVAC) systems.

CEDIA members include residential electronic systems contractors, manufacturers, industry-related professionals, professional services, distributors, and sales representatives and currently include 12 member companies who work in the residential electronic systems industry in Hawaii. All of these companies are electronic systems contractors (ESCs), many of which are independent retailers and installers representing a vital part of small business in Hawaii.

Both ESCs and manufacturers are working to make more energy-efficient products available for customers and are working with customers to integrate and install energy-efficient products and solutions in the home.

CEDIA believes House Bill 1346's proposed mandated energy standards on televisions will have devastating economic consequences including lost sales and jobs in Hawaii, and will have a significant impact on the residential electronic systems industry. With continued stakeholder collaboration, CEDIA believes an effective energy-saving plan can be implemented to move the marketplace toward the legislation's energy goals without the high risks and consequences associated with a strict mandate on a television's energy efficiency as currently outlined in House Bill 1346.

Impact on the Residential Electronic Systems Industry

Most CEDIA members are small, independent electronics specialists with a strong entrepreneurial spirit. These companies are referred to as electronic systems contractors, which install and integrate technology in the home. The flat-panel display is a vitally important part of an ESC's revenue structure and is often the entry point for consumers into this market. The sale of flat-panel displays allows our members to also work with their customers to suggest complementary products and services and integrate these flat-panel displays throughout the home with supporting systems, including lighting control, occupancy and motion sensors, automated window treatments, HVAC control and energy management. To further illustrate how electronic systems contractors continue to involve energy-efficient practices in their work, many CEDIA members provide sustainability services such as conducting energy audits, installing solar panels and provide electronic waste recycling. These services represent long-term growth opportunities for our members.

CEDIA strongly believes Hawaii House Bill 1346's provisions on television energy efficiency would seriously restrict the business model electronic systems contractors operate under. According to the 2010 CEDIA Benchmarking Survey, distributed audio and video and home theater / media rooms are the primary sources of revenue for ESCs, representing 48% of gross revenues in the 2009 fiscal year.

As the centerpiece of a home theater, the installation of flat-panel televisions is a significant business opportunity in our members' business models. By restricting the flat-panel display product mix in Hawaii the proposed legislation would limit consumer choice. In the age of the Internet, consumers continue to research and acquire the flat-panel displays they desire through e-commerce or retail. This economic reality affects the business model of all retailers regardless of size. This consumer desire and motivation will not change even if a state mandate is imposed.

The flat-panel display is the entry point that allows an electronic systems contractor to begin building a relationship with the client, which leads to opportunities to offer additional energy-efficient solutions in the home. Without a mandate, our members are working daily to meet their customers' desire for more energy-efficient homes. Some of the energy-efficient services electronic systems contractors offer are:

Video Calibration

Video calibration refers to the process of adjusting and aligning the technical parameters of video equipment to conform to standard specifications. Electronic systems contractors adjust these parameters from the high-consumption factory settings to more efficient settings appropriate for home viewing.

Lighting Control

Automated lighting control is gaining in popularity because it not only provides safety and convenience for homeowners, but aids energy efficiency. Because it is key to the home environment, lighting control is now a central application in most of the new solutions for home automation and energy management. An electronic systems contractor can automate the homeowner's lights to turn on and off based on occupancy, usage, availability of natural light, and other key factors.

Dimming is an important part of lighting control and another great way to save energy. Dimming incandescent light bulbs by just 10%, while hardly noticeable to the human eye, can reduce energy consumption by 10% and double the life of the bulbs. The life of bulbs, outdoor bulbs in particular, can be dramatically increased by a gradual ramp-up instead of the sudden surge of a light switch. Extending the life of bulbs means fewer bulbs being produced and fewer being thrown away.

Automated Window Treatments

Automated window treatments and an astronomical clock sensor can add tremendously to the ability of a house to regulate the amount of energy used. Window treatments can be used in conjunction with the HVAC system to block out the sun in the heat of the summer, or allow its warming effects in the winter. Opening and closing window treatments can dramatically reduce the work that the home owner's climate control systems have to do.

By controlling window shades, drapery tracks, and skylight shades, homeowners can reduce glare and solar heat gain, which reduces cooling costs. Window shades also provide the benefit of protecting the furniture and carpet from damaging UV rays.

Daylight sensors control the lights and shades in the home by taking advantage of the available sunlight. The sensors balance the amount of electric light and daylight, saving energy and maintaining a constant level of light in the room. This concept is known as daylight harvesting.

HVAC Control

HVAC controls are another programmable technology that can help increase energy efficiency while also enabling homeowners to enjoy their home environments more.

Electronic systems contractors can program the homeowner's thermostat to adjust based on occupancy schedules. Remote access can also allow the homeowner to adjust heating or air conditioning in anticipation of a change in schedule.

Electronic systems contractors work to integrate technology that fits a homeowner's lifestyle and also allows them to be more energy-efficient. Home automation helps tie all these technologies together and helps give people control of their home and conserve resources. Electronic systems contractors have seen an uptick in consumer demand for energy efficient solutions in light of the recent national focus on environmental awareness. CEDIA believes this trend will continue, and that it provides a responsible alternative to mandatory energy limits on the flat-panel displays sold. The flat-panel display begins the conversation, which leads to other opportunities for electronic systems contractors to offer additional energy-efficient solutions in the home.

Conclusion

CEDIA supports manufacturer and retailer participation in energy efficiency programs such as the EPA's ENERGY STAR program and our members' continued work toward energy efficiency and savings solutions. CEDIA continues to work with its members through the association's Sustainable Lifestyles Action Team and Technology Council to help research processes and procedures for developing energy-efficient products for consumers.

CEDIA urges the committee to recognize and further support the programs already in place, such as ENERGY STAR, which are very successfully encouraging energy efficiency in televisions and do not have dire economic consequences.

On behalf of CEDIA, thank you for the opportunity to share our concerns on Hawaii House Bill 1346. CEDIA looks forward to working with the members of the Energy & Environmental Protection committee, staff, and other industry stakeholders on this important issue to Hawaii and the residential electronic systems industry. Thank you for your time and consideration.

Respectfully submitted,

Darren Reaman
Director of Public Policy
Custom Electronic Design & Installation Association (CEDIA)
(800) 669-5329 ext. 144
dreaman@cedia.org

**Before the
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Hawaii State Legislature
Honolulu, HI**

February 3, 2011

**COMMENTS OF THE
CONSUMER ELECTRONICS ASSOCIATION
ON**

HB 1346

The Consumer Electronics Association (CEA) represents more than 2,000 companies involved in the design, development, manufacturing, distribution and integration of audio, video, in-vehicle electronics, wireless and landline communications, information technology, home networking, multimedia and accessory products, as well as related services that are sold through consumer channels. CEA members design, make, sell and install televisions that would be impacted by **HB 1346** or similar legislation.

CEA and the consumer electronics industry are already supporting and advancing energy efficiency in TVs in several important ways.

- Updated standard test procedures. Industry developed a new international standard test procedure for measuring power consumption by today's digital TVs. This was an important building block for the new ENERGY STAR specifications for TVs and also for the new energy use labeling requirements for TVs explained below.
- First-ever energy use disclosures. CEA supports energy use disclosures for electronics and contributed to the U.S. Federal Trade Commission's new EnergyGuide labeling program for TVs, which begins this spring. At the point of sale, consumers soon will be able to find information about the annual cost of powering a TV and how a particular TV model compares to others. (Even the largest TVs use less than two dollars of electricity per week on average, and many consume less power than a 100-watt light bulb.)
- Successful national programs. CEA and its members are strong supporters of the U.S. Environmental Protection Agency's (EPA's) ENERGY STAR program, a voluntary program begun in 1992 which has been highly successful in driving down power consumption in TVs and other electronics.
- New research and analysis. CEA has produced and made publicly available leading studies examining power consumption in a wide range of consumer electronics product categories, including TVs. This research is available at www.ce.org/energy.

- Information for consumers. In addition to supporting the energy use labeling initiative mentioned above, CEA has developed energy-saving tips for consumers using electronics at home and at work.
- Awards and recognition. CEA, which owns and produces the annual International CES trade show in Las Vegas, developed an eco-design award as part of the show's Innovations Design and Engineering Awards program. A TV model that combined eco-design with superior performance was one of the 2011 Innovations Honorees.

Power consumption in TVs has actually decreased significantly since 2003

Contrary to the perception that TV power consumption is growing, data from the best-selling models during the past several years shows a significant downward trend, as illustrated in Figures 1 and 2 below.

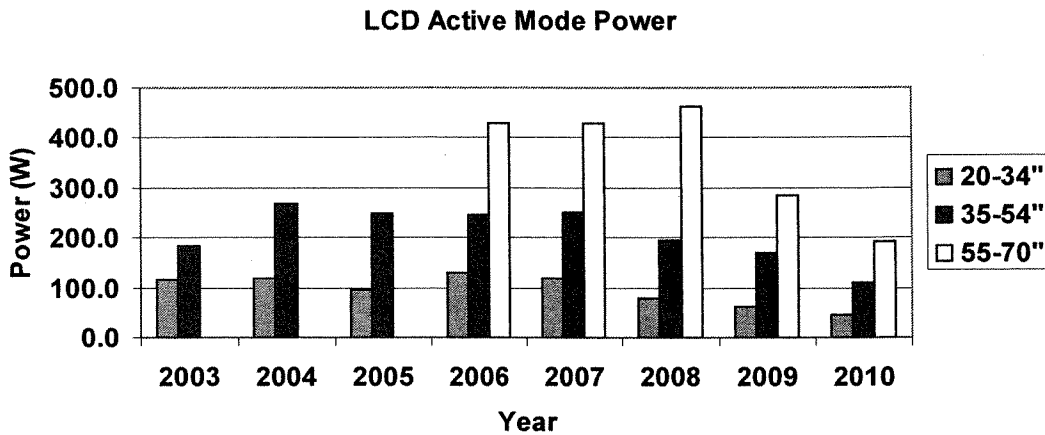


Figure 1: Comparison of LCD Active mode power draw for three predominant screen size ranges

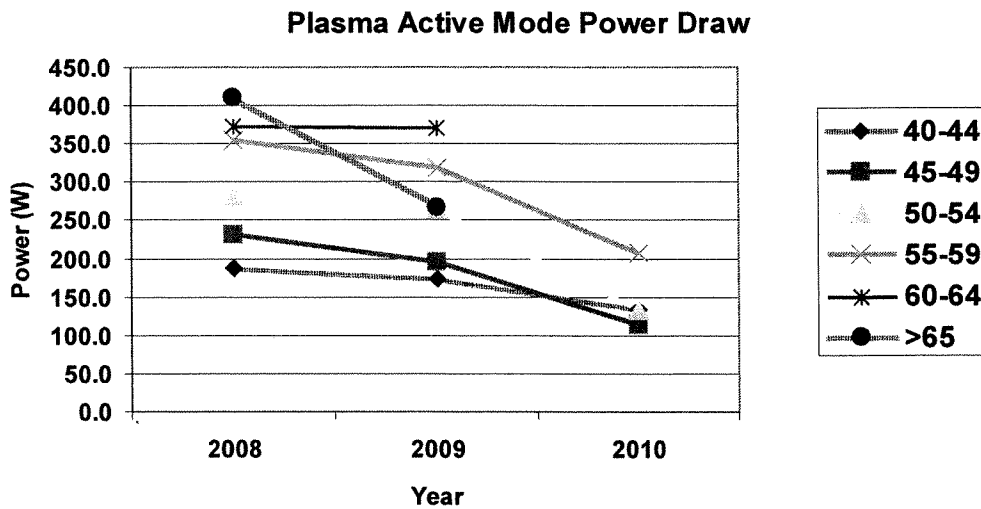


Figure 2: Comparison of plasma Active mode power draw by screen size

Voluntary programs such as ENERGY STAR work best and have had a dramatic impact on TVs energy savings.

The downward trend in TV power consumption during the past several years is directly attributable to the success of the voluntary, market-oriented and consumer-supported ENERGY STAR program in combination with technological innovation and intense competition by manufacturers. The static regulations and artificial energy use limits proposed in HB 1346 are simply unnecessary.

As described in the U.S. Environmental Protection Agency's (EPA's) latest annual report, the ENERGY STAR program for electronics has been extremely effective in advancing energy efficiency across all major categories of consumer electronics in a relatively short period of time, particularly for TVs. For electronics and especially TVs, the ENERGY STAR specifications are frequently revised and made more stringent based on the rapid pace of innovation and change in the consumer electronics market, as indicated in the table below.

ENERGY STAR Specification Achievements

Product Category	Year Introduced (and Revised)	Energy Savings	Status of Recent Revisions
Audio/Video	1999 (2003, 2009)	60%	Revised specification to take effect July 30, 2010 and March 30, 2012.
Monitors/Displays	1992 (1995, 1998, 1999, 2005, 2008, 2009)	20%	Revised specification took effect October 30, 2009 for displays under 30 inches. Revised specification to take effect January 30, 2010 for displays between 30 and 60 inches.
Televisions	1998 (2002, 2004, 2005, 2008, 2009)	40%	Revised specification to take effect May 1, 2010 and July 1, 2011, as recently proposed by EPA.
Set-top Boxes	2001 (2005, 2008)	30%	In progress, expected to be completed in 2011.

Source: ENERGY STAR and Other Climate Protection Partnerships Annual Report 2009 (December 2010).

In addition, electronics represent a large share of activity (21 product categories, 68 new and revised specifications) within the ENERGY STAR program with **18 specification updates in the last three years alone**, according to the U.S. EPA.

Energy efficiency is laudable goal, but the static regulations in HB 1346 are not the right approach.

As mentioned in Section 1 of HB 1346, energy conservation and efficiency is important to the future well-being of Hawaii, and indeed, the U.S. as a whole. Energy efficiency also is an industry priority, and CEA and its members have a comprehensive focus on energy efficiency as described above. However, CEA is opposed to the provisions in HB 1346 which rely on government-mandated standards and limits on high tech products such as TVs. There are many paths to supporting and sustaining energy efficiency across the economy and across various industry sectors. In contrast to other industry sectors such as appliances and heating, lighting and cooling equipment, consumer electronics have relied successfully on a voluntary public policy approach –specifically, the national (and increasingly international) ENERGY STAR program which began almost 20 years ago. The ENERGY STAR program advances energy efficiency in all major categories of consumer electronics, including TVs –*without harming consumer choice, innovation or competition.*

HB 1346 could impede future innovation and product efficiency.

By placing artificial limits on the future energy use of televisions, HB 1346 risks foreclosing innovation in TVs that consumers are demanding. Looking back at the developments in TVs in just the past couple of years suggests that TVs of the future, like many other electronics, are likely to be very different from what we see today. Subjecting all TV display technologies to a “one size fits all” performance standard ignores that television technologies are neither static nor monolithic. At a time when companies each are investing tens of millions of research dollars to develop new display technologies (such as OLED and 3D) and myriad improvements to existing display technologies, any attempt to impose mandatory limits on the technology of TVs can only harm progress in these vital economic and consumer interests.

HB 1346 also could be counterproductive to saving energy in the long run. By imposing mandatory limits on the future power consumption of TVs, HB 1346 could set up obstacles to the natural energy-saving product convergence trends in TVs and related electronics. Energy use limits mandated for TVs could prevent TVs from efficiently incorporating the features and functions of separate energy-using devices (e.g. set-top boxes, video recorders, etc.) over time. In other words, an artificial energy use limit on TVs could lead to a less-efficient system of home theater products that need to be plugged in.

The basis for the TV-related provisions of HB 1346 is technically and legally flawed.

Provisions in HB 1346 concerning televisions are based on regulations adopted by the California Energy Commission (CEC) that take effect in 2013. CEA, as well as a diverse coalition of stakeholders, opposed California's mandatory performance-based restrictions on TV energy consumption as detrimental to innovation, consumers, and industry. California's regulations (which were not approved or voted on by the state's legislature) were shown to be based on a stacked deck consisting of demonstrably false assumptions, admittedly stale and outmoded data, basic mathematical errors, and conceptual mistakes that both exaggerated the "problem" to be solved and grossly overestimated the potential energy savings.¹

In addition, as demonstrated by stakeholders, the regulations mandated by the commission in California were completely unnecessary. Consumer electronics manufacturers already had dramatically reduced the amount of energy used by digital televisions –without costly regulations. Starting years before the CEC began investigating potential TV energy consumption regulations, consumer electronics manufacturers began developing and implementing improved energy-saving digital TV technologies. As explained above, the key policy driver was the ENERGY STAR program.

New financial incentive programs have been developed with a focus on retailers.

Beyond the ENERGY STAR program, there are currently several voluntary programs that provide financial incentives for, or otherwise promote, energy efficient consumer electronics. These programs aim to reward retailers' and manufacturers' efforts to improve efficiency and increase awareness and market penetration of energy efficient TVs and other electronics. The Consortium for Energy Efficiency's (CEE's) *Consumer Electronics Program Summary* (available at www.cee1.org) describes these financial incentive programs, 22 of which promoted efficient electronics in 2010 across 14 states and 3 provinces. These programs promoted efficient televisions, computers, monitors, set-top boxes, and advanced power strips. The majority of these efficiency programs are promoting efficient electronics through partnerships with retailers and manufacturers.

According to CEE, many leading retailers are already working with these programs, including Best Buy, Costco, Kmart, Sears and Wal-Mart. Often, the efficiency programs use their funding to provide retail partners with financial incentives for the efficient electronics that they sell. For example, many of the efficiency programs described in CEE's program summary pay retailers between \$4 and \$30 per television sold that qualifies for ENERGY STAR Version 4.1 or 5.1. For computers and monitors, efficiency programs promote models that meet ENERGY STAR Version 5.0 using either a consumer rebate or retailer incentive. Other programs are providing similar support for efficient set-top boxes and energy management devices such as advanced power strips.

¹ For further information and details, please see public comments submitted to the California Energy Commission's docket, including comments by the Consumer Electronics Association dated November 2, 2009.

CEA respectfully urges you to oppose HB 1346.

Thank you for the opportunity to provide testimony concerning HB 1346. Please do not hesitate to contact us if you have questions or need further information.

Respectfully submitted,

CONSUMER ELECTRONICS
ASSOCIATION

By: /s/ _____
Douglas Johnson
Vice President, Technology Policy
1919 South Eads Street
Arlington, VA 22202
(703) 907-7600

Consumer Electronics Retailers Coalition



www.ceretailers.org

February 2, 2011

The Honorable Mina Morita, Chair
The Honorable Denny Coffman, Vice Chair
House Committee on Energy & Environmental Protection, Rm. 325
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

RE: CERC Comments in Opposition to H.B. No. 1346 - An Act Relating to Energy Efficiency

Dear Chair Morita, Vice-Chair Coffman and members of the Committee on Energy & Environmental Protection Committee:

By way of brief background, the Consumer Electronics Retailers Coalition (CERC) is a public policy organization consisting of the major retailers of consumer electronics products including Amazon.com, Best Buy, RadioShack, Sears, Target, Wal-Mart, and the leading industry trade associations – National Retail Federation (NRF) and Retail Industry Leaders Association (RILA). CERC members have combined to focus our unique and expert market perspective on the critical policy issues facing the consumer electronic retail industry and our customers.

On behalf of CERC, we appreciate having the opportunity to submit comments on H.B. No. 1346 - An Act Relating to Energy Efficiency. We strongly believe that this proposal, should it be enacted, would impose an arbitrary energy use limit on televisions and ultimately would harm consumers.

CERC members operate in Hawaii and all 50 states and territories, employing thousands of people in the state and well over three million people combined nationally. Our members are among America's favorite places to shop for electronic devices which make our lives more productive and enjoyable.

CERC members sell and in some cases manufacture through private label brands consumer audio and video equipment, televisions and other high tech consumer electronics products which could be negatively impacted by H.B. 1346.

CERC is Committed to Energy Efficiency

CERC members are all fully committed to improving energy efficiency in Hawaii and across the nation. Indeed we applaud the entire committee for their focus on energy efficiency issues. We see improving energy efficiency as making good sense as well as being a major market opportunity. Our members have worked tirelessly to offer consumers a wide choice of ENERGY STAR qualified electronic products and appliances in the Hawaii marketplace and nationally. We wish to be very clear. It is our professional retail judgment that should H.B. 1346 become effective, retail jobs will be lost in the state and economic activity, including sales tax receipts, will decline.

H.B. 1346 proposes energy efficiency regulations largely based on old and outdated ENERGY STAR program specifications that the consumer electronics market has long since surpassed. As such, the legislation, if enacted, would create new regulation for state government and new regulatory compliance burdens for industry but would not really save energy for consumers. There are proven alternatives that would produce lasting and meaningful energy savings that better respect the present, fragile, economic environment in the state.

The proposed bill would constrict consumer choice of televisions in Hawaii. The inevitable result will be to push value-oriented, price sensitive consumers to do their shopping on-line – an industry and consumer alternative that continues unabated through these difficult economic times and one that cannot be regulated from Honolulu.

According to a recent University of Tennessee study, Internet and e-commerce sales are projected to grow from \$3 trillion in 2010 to \$4 trillion nationally in 2012. While there have been hopeful signs of an economic upturn it is worth noting where we have been. Any economic upturn has not yet fully filtered through to retail sales, which is closely tied to the unemployment rate. Unemployment currently stands at 6.4 % in Hawaii (BLS, Dec. 2010), while lower than most states, still too high.

The Legislation Ignores Secondary Effects and Unintended Consequences

It's neither wise nor possible for Hawaii to attempt to engineer the progression of consumer choices in a market as dynamic as that of consumer electronics. New generations of products, such as digital TV receivers with a variety of interfaces and uses, cannot be simply compared to the small format, single-purpose analog TVs that they are replacing. The consequences of trying to do so may be profound. For example, in serving a valid, pressing, national interest in recovering spectrum for national security and other purposes, a changeover to digital TV transmission was mandated. However, it was necessary for the Federal Government to subsidize the distribution of almost 35 million converter boxes, at a cost exceeding \$1.5 billion.

The TVs that required these converter boxes would have been phased out of homes in due course anyway. The conversion mandate, though necessary, had consequences, the

responsibility for which had to be accepted by the Federal government. For Hawaii now to mandate the characteristics of TV receivers will also have consequences, in this case unforeseeable, for which the state has not suggested that it can or will take on the responsibility.

The draft legislation with respect to televisions assumes that consumer decision-making can be channeled as if their product and shopping choices were confined to those available in the cathode ray, analog TV era. The digital era, however, gives Hawaii consumers the ability to make choices that nullify attempts to mandate their behavior. The result will be outcomes that are less efficient, both environmentally and economically, than an incentive regime that takes modern consumer choices into account.

Consumers Will Frustrate Mandated Product Choices. Consumers will find ways to obtain the blend of product features that they desire. If, due to artificially constraining mandates on integrated DTV receivers, consumers cannot find the features they want, they will look for them in additional products that, cumulatively, could make their homes less energy-efficient. For example, if a mandate reduces the power available to drive integrated audio speakers, or to support an on-board DVD or Blu-Ray player, consumers will likely buy additional, power-consuming devices instead of relying on an integrated solution. These choices could have the effect not only of nullifying any energy ‘savings’ from the legislation, but also of creating more consumer “boxes” that consume power and ultimately will have to be recycled.

Conversely, the legislation fails to take into account that the purchase of a high performance television may trigger a replacement cycle in which older, less efficient auxiliary components are integrated into the display, or replaced by more efficient modern products. Given the number of areas in which new products and services will become available, the unintended consequences of a legislative mandate will be wide-ranging. Incentives based models, targeted to specific issues, are likely to be much more efficient in having the intended consequences rather than mandated arbitrary standards.

Consumers Will Frustrate Mandated Shopping Choices. Similarly, mandates based on analog era assumptions about shopping behaviors and alternatives are also likely to be counter-productive. First, they cannot account for consumers’ electronic and physical mobility. No Hawaiian based regulation can erect a commercial iron curtain around the state against products purchased on-line, or by telephone. Unlike automobiles, electronics products do not require regular service or warranty visits to dealers. Indeed, these products seldom require any service at all, and very frequently are bought on-line even when a ‘brick and mortar’ or ‘big box’ retailer is only blocks away.

Market research has shown that most people shopping for a new digital television do extensive research on-line before visiting any ‘brick and mortar’ store. The larger a TV receiver is, the greater the likelihood that, even if purchased in a store, it will be delivered to a customer’s home rather than taken away in the customer’s car. Consumers are increasingly accustomed to receiving shipped products, from daily shipments from Netflix to larger products from other retailers.

Modern shoppers will also drive miles and miles to find and save on major purchases. It is fair to state that many flat panel televisions are considered by consumers to be 'big ticket' purchases, and they will shop for the best price for the size they desire. Any savings assumed by this legislation needs to be weighed against and discounted by on-line, and phone purchases.

While the retail members of CERC do not share competitively sensitive information we can state that unintended consequences and costs associated with complying with H.B. 1346 will not be trivial. Industry analysis has shown that retail job losses would likely follow in the wake of these regulations.

Indeed, artificial energy use limits on TVs would have a profoundly negative economic impact, including the removal of a significant number of TVs from retail store shelves, resulting in lost sales, increased costs and lost jobs.

A recent study of a similar proposal concerning televisions in California, for which the television provisions of H.B. 1346 are largely based, has projected that such regulations for TVs would destroy 4,600 jobs that are tied to TV sales, distribution and installation, and would cost California \$50 million a year in lost tax revenues (Source: Resolution Economics, LLC). Based on this study, and based on recent analysis of similar proposals in Massachusetts and Maryland, it's estimated the potential economic impact on Hawaii would be lost sales tax revenue of several million dollars and hundreds of lost jobs. These jobs are tied directly to television sales, distribution and installation services.

Economic disruption, lost sales and jobs do not advance the cause of energy efficiency. If anything, it disrupts the prosperity needed to feed the natural replacement cycle of older, less efficient products with newer more energy efficient TVs and other consumer products.

Any new regulations need to pay more respect to rapid changes in products, and in the market, that should already be evident. Some of the most inefficient TVs are being phased out through normal product life-cycles. The first generation of virtually any new consumer electronics technology is less efficient than future generations.

A National Standard Offers a National Solution to Maximize Energy Efficiency and Minimize Economic Impacts

CERC continues to support the development of federal television efficiency standards based on thorough scientific analysis, testing and due process. A federal standard with a sell-through option would lessen the logistical complexities, market dislocations and regional economic variables that would inevitably result from the proposed Washington energy standard.

We appreciate the argument that regulatory efforts such as H.B. 1346 can help prompt action at the federal level but they can also frustrate progress. There is a more productive

path to energy savings and that would be to adopt national standards as well as state, local and federal consumer incentives. This path would achieve at least as much, if not more, of the energy savings for the state as what has been suggested under H.B. 1346.

Indeed, it is worth noting that currently the U.S. Department of Energy is very much focused on an energy efficiency standards rulemaking for televisions and likely other consumer electronics products going forward. DOE's *Federal Register* notice from last autumn, initiated their rulemaking process beginning with determining an official test procedure for TVs. The next step in the DOE regulatory process is DOE's issuing a "framework document" which should be available shortly. The Obama Administration is much more focused on energy efficiency than previous administrations, and DOE is taking concrete steps to propose energy efficiency regulations for a range of products – TVs in particular. The bottom line is that the federal government is taking action.

DOE is expected to do very comprehensive technical and economic analysis, and the outcome of this regulatory effort will benefit the consumers of Hawaii and the rest of the nation. In addition, DOE wants to accelerate the rulemaking process and significantly cut down the time it takes to complete the process, issue a rule, and make it effective. With a concerted DOE effort currently underway, there is no need for Hawaii or any other state to follow a poorly constructed regulation for TVs based on California when a more comprehensive approach will be taken by DOE.

Standard national regulations would also work to eliminate the majority of leakage caused by the purchase of non-compliant TVs through internet and neighboring state sales. Hawaii should not ignore well-established business cycles. To do so would be extremely burdensome to large and small retailers in terms of financial resources and manpower.

Incentives and Education are Better and Proven Alternatives

With respect to energy use disclosures to consumers and product labeling, ENERGY STAR is an example of a national program that respects, rather than frustrates, consumer choice. Combined with appropriate incentives, consumer education offers positive consequences and minimizes unintended ones.

Consumer education works. The ENERGY STAR program is an American success story. Indeed, as a result of the swift marketplace adoption of the latest ENERGY STAR Version 5.1 specifications for televisions, a new and more stringent ENERGY STAR specification is now moving forward. The new standard is more stringent and energy efficient than either the current ENERGY STAR TV specification or the current Consortium for Energy Efficiency (CEE) Tier 2 standard (which represents a 15 percent more stringent level than the current ENERGY STAR TV specification).

Indeed, to ensure that ENERGY STAR rightfully remains a trusted symbol for environmental protection and superior energy efficiency, EPA is requiring all ENERGY

STAR product partners, including consumer electronics manufacturers, to follow a new set of third-party certification procedures starting January 1, 2011.

As you know, televisions today are far more energy efficient than televisions of the past, even a few years ago. As consumers convert from analog to digital television, this upgrade cycle will continue to yield energy savings at a state and national level. Voluntary programs like ENERGY STAR produce savings and save jobs precisely because they are voluntary and help the consumer make an informed buying decision. A separate Hawaii program, even one that attempts to mirror California, could degrade the ENERGY STAR brand in the state.

Incentives work. A number of CERC members are participating in TV and appliance incentive programs that reward consumers for choosing energy efficient products. These incentives are a win-win proposition for all involved. An incentive effort focused on new TVs and the installed base of TVs can have a significant impact on energy usage. Proper TV calibration can improve picture performance and energy consumption.¹ Energy savings of 10-20% from calibration are not uncommon.² Incentives to assist consumers purchase calibration services or tools would also certainly yield energy savings.

Support the Federal Trade Commission's (FTC) EnergyGuide program. It provides consumers with comparative information on product energy consumption. EnergyGuide has proven to be an excellent educational tool for many appliances, and we support the FTC's efforts to extend this national program to televisions.

A number of initiatives could drive consumer adoption of green products and green lifestyles, without resorting to inflexible and arbitrary mandates. These would protect or create Hawaii jobs and economic activity. CERC respectfully recommends the following:

- Encourage consumers to use aftermarket products like smart power strips and smart home technologies, which help consumers to manage and optimize power consumption throughout the home.
- Press utilities to adopt smart grid technologies that can give consumers the option to manage their energy usage all the way to the outlet level.
- Look to adopt additional tax and electric rate incentives to encourage consumers to purchase ENERGY STAR qualified products.

¹ An April 2008 *New York Times* story demonstrated the value of calibration -- see http://www.nytimes.com/2008/04/10/technology/personaltech/10basics.html?_r=2&em&ex=1208059200&en=984bec05851e5cb9&ei=5070&oref=slogin.

² The *New York Times* story reported on an actual service call; noting – “The customer’s TV was well out of whack ... overcompensating with blue and was making green and red work harder to create the picture. The result was an HDTV that wasn’t reproducing an accurate image and was using up almost 50 percent more energy than usual.”

- In major procurements, ensure that the state government only purchases energy efficient products, and properly disposes of obsolete equipment.

Hawaii-specific Mandates Disrupt ‘Brick and Mortar’ Retailers and Retailing in the State.

The timetables contemplated by H.B. 1346, fail to fully account for manufacturer and retail product cycles and consumer marketing. The result, if this legislation is enacted, will be uncertainty and confusion, to the detriment of all.

The bill does not account for the fact that retail stocks include product received over varying time periods. An arbitrary effective date that covers sales of products already in inventory imposes needless expense and inefficiency in searching out inventory that was lawfully received and stocked. It also presages unintended violations whose only real world consequences will be wastes of administrative and enforcement resources, and further increasing the cost to any electronics retailer doing business in the state.

The television regulations proposed in H.B. 1346 are based on highly flawed regulations adopted by the California Energy Commission (CEC).

The proposed regulations for televisions in Hawaii are based on CEC “Tier 2” power consumption regulations adopted in November 2009 by the CEC which take effect in 2013. Related CEC energy regulations took effect at the beginning of 2011.

The CEC based its adopted regulations for televisions on a stacked deck consisting of false assumptions, admittedly stale and outmoded data, basic mathematical errors, and conceptual mistakes, that both exaggerate the “problem” to be solved and overestimate the potential energy savings that will cost consumers far more than they may save. It will interfere with consumer enjoyment of one of today’s most dynamic household and family products.

Thank you for the opportunity to submit these comments on behalf of CERC. We look forward to working constructively with your Committee, the Legislature and other stakeholders in the coming months.

Respectfully submitted,

CONSUMER ELECTRONICS RETAILERS COALITION

/s/ _____
Glen Cooney
Communications and Public Affairs
317 Massachusetts Ave., NE, Suite 300
Washington, DC 20002
(tel.) 202.292.4600
glen.cooney@e-copernicus.com



Representative Hermina Morita, Chair
Representative Denny Coffman, Vice Chair
Committee on Energy & Environmental Protection

HEARING Thursday, February 03, 2011
 8:30 am
 Conference Room 325
 State Capitol, Honolulu, Hawaii 96813

RE: HB1346, Relating to Energy Efficiency

Chair Morita, Vice Chair Coffman, and Members of the Committee:

Retail Merchants of Hawaii (RMH) is a not-for-profit trade organization representing 200 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii.

RMH has serious concerns that HB1346 would impose an arbitrary energy use limit on televisions that would create confusion and ultimately harm consumers.

Consumer electronics retailers are all fully committed to improving energy efficiency in Hawaii and across the nation. Indeed, as conscientious corporate citizens, we have accepted the responsibility to help consumers make informed and conscientious choices by providing a wide array of ENERGY STAR qualified electronic products and appliances in the Hawaii marketplace.

RMH continues to prefer and support the development of federal television efficiency standards that are based on thorough scientific analysis, testing and due process. A federal standard with a sell-through option would lessen the logistical complexities, market dislocations and regional economic variables that would inevitably result from individual state-issued regulations.

The U.S. Department of Energy currently is very much focused on an energy efficiency standards rulemaking for televisions and likely other consumer electronics products going forward. The Obama Administration is much more focused on energy efficiency than previous administrations, and DOE is taking concrete steps to propose energy efficiency regulations for a range of products –TVs in particular. A single comprehensive set of guidelines is most efficient and cost-effective for retailers; the results are better product options and cost savings for consumers.

We respectfully urge your consideration to not proceed with this measure and to allow federal guidelines to define and structure the marketplace. Thank you for your consideration and for the opportunity to comment on this measure.

Carol Pregill, President

RETAIL MERCHANTS OF HAWAII
1240 Ala Moana Boulevard, Suite 215
Honolulu, HI 96814
ph: 808-592-4200 / fax: 808-592-4202