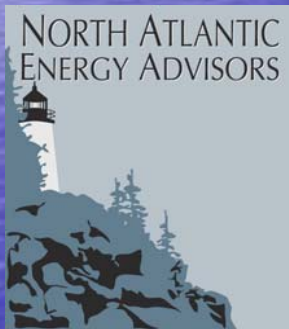


# Essentials of a Consumer Electronics Incentive Program for the Program Implementer

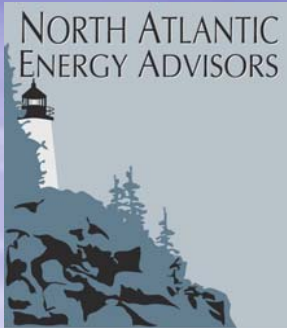
*“A View from the Mean Streets”*



Presented by Doug Baston

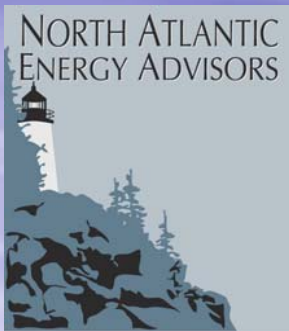
Principal, North Atlantic Energy Advisors  
Director of Business Construction Services,  
efficiencyMAINE





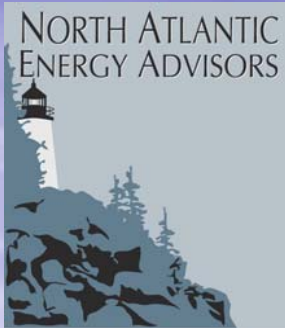
## The Landscape in 2008

- The Perfect Storm of high energy prices & climate change
- State system benefit budgets increasing (sometimes doubling) in the Northeast
- New jurisdictions entering the game – the Maritimes, U.S. & Canadian Midwest
- More aggressive targets – challenges to “go deeper” in buildings and end uses



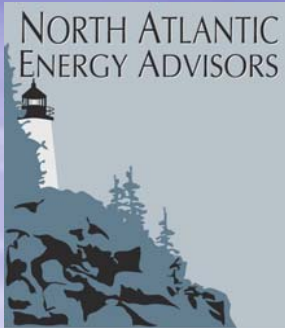
# For any Future Consumer Electronics Program, a Program Implementer Needs:

- (A) Identifiable commodity items that are....
- (B) Sold at retail & for which...
- (C) Energy consumption can be differentiated (a "premium grade").



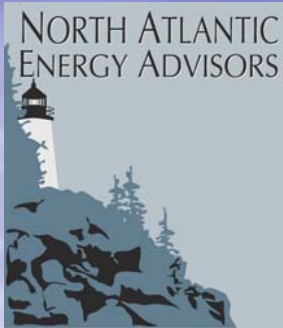
## Program Implementers Would Like:

- (A) Consistent national specs.
- (B) Consistent program rules across multiple jurisdictions
- (C) Turnkey implementation
- (D) A continuum of energy performance – including “stretch performance”
- (E) An exit (or leapfrog) strategy: (appliance standards)



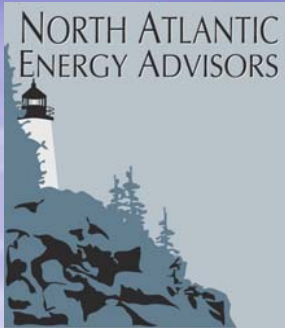
## **“Identifiable Consumer Commodity Items”**

- Digital television conversion presents an obvious opportunity
- New ENERGY STAR specifications for key electronics products
- Early retirement of older models (computer monitors, televisions)
- But can we squeeze more out of existing “efficient products”



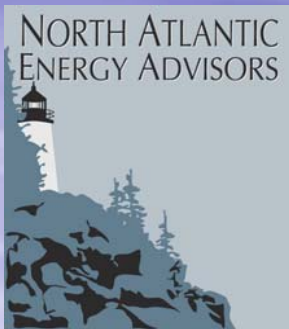
## **"Sold at Retail"**

- Draws upon experience in other product areas (lighting, clothes washers)
- Capitalizes on existing retail partner relationships
- Business & government sales or purchasing standards are a separate effort
- Upstream is something wholly other



## **“Energy consumption can be differentiated”**

- Energy Star is fine, but in its current form, won't get all the savings we need at the state level
- Need to move from a “Good Housekeeping Seal” to a “Consumer Reports” gradation
- Sears Paint: Good – Better – Best



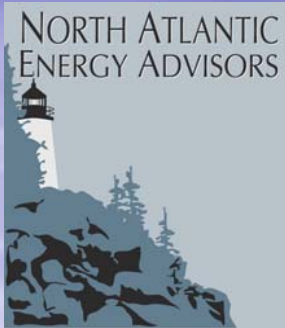
**“Good” =  
“It’s Sold in the Market”**



**Consumers Assume That:**

- It’s minimally efficient (for products for which there is a federal standard by law)
- It’s safe (doesn’t violate any consumer product safety laws/has UL approval)
- It performs the job for which it is designed
- It has a warranty



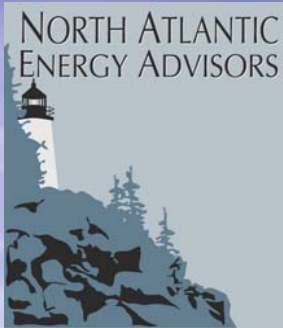


# "Better" = Energy Star



## Consumers Assume That:

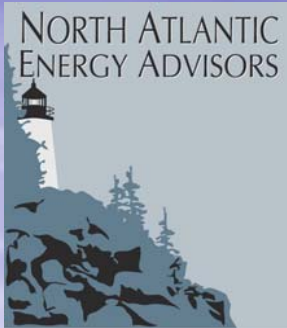
- It's energy efficient
- It's higher quality
- It's more durable



## **"Best" = Unclaimed Territory**

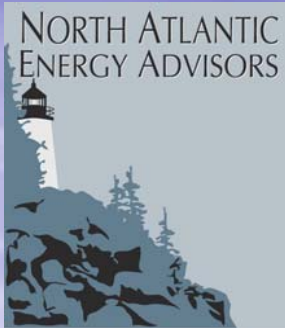
**Some Consumers Want the Cache of The Best:**

- The most efficient
- The most sustainably manufactured
- The highest quality
- The most durable
- And, identifiably so



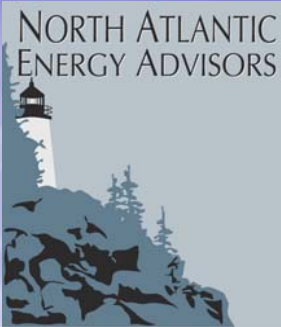
## What We Need Is:

- (A) An independent entity that can:
- (B) Establish a continuum of efficient performance levels
- (C) Whether or not there is product available at each level
- (D) Test & rate products along this scale



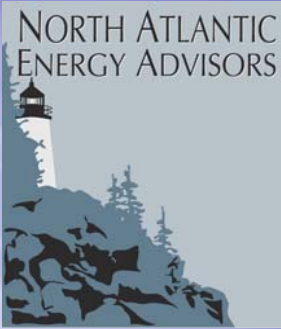
## Australia & New Zealand

- The Australian Department of Environmental Water, Heritage, and the Arts registers and tests products and sets “Minimum Energy Performance Standards” (MEPS) for major appliances sold in Australia & New Zealand
- It’s the floor: MEPS = “Good”
- Above MEPS, an “Energy Rating Label” shows a continuum of performance beyond the minimum required by law



## Australia & New Zealand

- Star rating (1 to 6) allow a quick comparative assessment of the product's energy efficiency
- Comparative energy consumption (usually kWh/year) estimate is based on measured consumption and data about the use of the appliance in the typical home
- This system rewards continuous improvement and competition in the industry

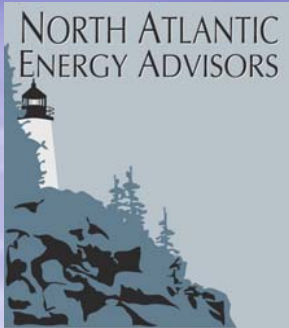


# Australia & New Zealand



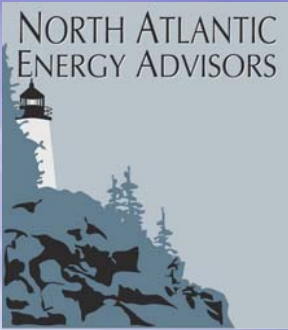
- Most of the best products cluster in the 3-4 star range
- 5 & 6 are aspirational. The government sets kWh/year targets out there -- and challenges manufacturers to compete to get there





## Denmark

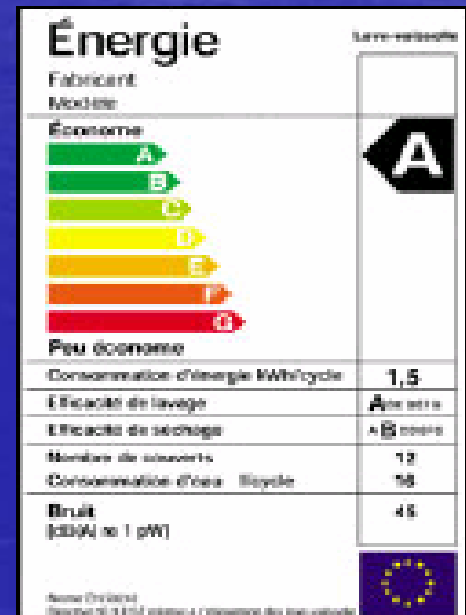
- A seven letter A-G rating system has been in place since the '90's
- But, by 1995, just ¼ of refrigerators & freezers sold had "A" or "B" ratings
- Denmark created the Electricity Savings Trust to spur sales of the most energy efficient models
- The Trust gave \$100 point-of-sale rebates for purchase of A-rated appliances



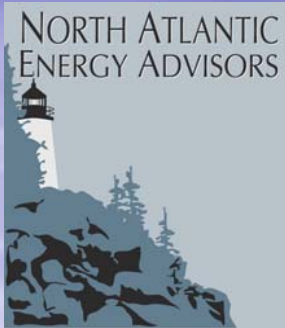
# Denmark



- Rebates persuaded retailers to devote more resources to stocking & marketing a variety of efficient models
- By 2005, the Trust had distributed \$20 million in three rounds of rebates
- And 92% of the refrigerators and freezers sold in Denmark had “A” ratings

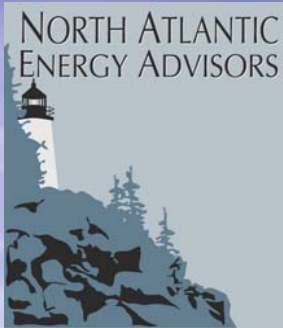






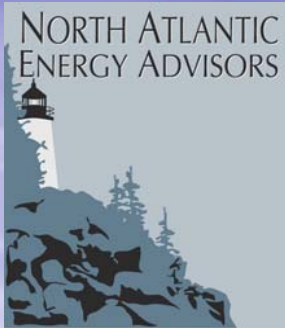
# Who Should Run the System?

- In the U.S., probably not the government
- EPA/DOE Energy Star is susceptible to many pressures from above (political), from industry, and other interests – and may be trapped by its' own success where it is -- in the "better" range
- Potentially CEE?
- Potentially Consumer Reports? CR has launched [www.greenerchoices.org](http://www.greenerchoices.org)



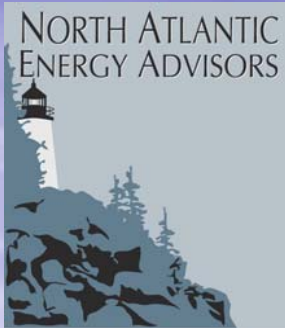
## Summary

- Local programs face challenges to meet aggressive savings goals
- A single "better" grade – Energy Star – won't get us there
- A segment of the market – growing – will always want the "best"
- A national template system is necessary – we can incent locally
- But it needs to be a continuum – including aspirational goals where no product now exists



## Food for Thought

- Australia changed its rating system in 2000, replacing a 1986 system
- Under the old system, continuous improvements in product performance resulted in most appliances migrating towards a cluster at the top of the star range
- Changing the label system included tougher standards that provided a more meaningful guide to consumers & encouraged manufacturers to keep improving the efficiency of their appliances



# Food for Thought

- In 2005, Energy Star qualified models accounted for 82% of dishwashers, 52% of air conditioners, 36% of clothes washers & 33% of refrigerators sold nationwide
- Are we Australia in 2000?