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THE ASSOCIATION OF COMPANIES DRIVING INNOVATION WORLDWIDE

DOCKET
11-AAER-1
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September 30, 2011

Mr. Harinder Singh
California Energy Commission
Dockets Office, MS-4
1516 Ninth Street
Sacramento, CA 95814

RE: TECHAMERICA COMMENTS TO THE CALIFORNIA ENERGY COMMISSION REGARDING THE SCOPE OF FUTURE PROCEEDINGS TO AMEND THE APPLIANCE EFFICIENCY REGULATIONS (Docket # 11-AAER-1)

Dear Mr. Singh:

The Technology Association of America (TechAmerica) welcomes the opportunity to comment on the California Energy Commission's (CEC) recent public workshop regarding the scope of future proceedings to amend the Appliance Efficiency Regulations (Title 20, California Code of Regulations, Section 1601 through Section 1608). We appreciate the CEC's willingness and desire to engage stakeholders through public venues like the August 31, 2011 workshop, and believe that such opportunities for deliberation and transparency are critical components to sound policy making.

TechAmerica is the U.S. technology industry's largest advocacy organization, representing over 1,000 member companies of all sizes from the public and commercial sectors of the economy. California's technology sector is a major driving force behind productivity growth and jobs creation in the state and is a fundamental part of the global innovation economy.

Of the various products and product categories under consideration by the CEC, we have particular interest in the potential addition of computers and servers, set top boxes, game consoles, digital photo frames and other displays to the list of products to be regulated though the development of new Title 20 standards.

The technology sector is unique in that it is the most rapidly evolving of all industry sectors. This fact should not be overlooked as the CEC weighs its options going forward. While TechAmerica supports the goal of encouraging efficiencies in the market for these products, new mandates run the risk of dampening innovation in the marketplace and altering the desirability of products without sufficient insight into consumer demand.

1) Market forces and voluntary industry efforts have created significant energy efficiency gains in the technology sector without regulation.

Energy efficiency and sustainability are areas of critical importance to our member companies, many of whom already have proven track records of promoting environmental stewardship and conserving

1107 9th Street, Suite 850, Sacramento, CA 95814
P 916.443.9088 / F 866.456.9673
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crucial resources. Many of our companies participate in voluntary energy efficiency programs (such as Energy Star®) or have increased the efficiency of their products in order to keep pace with their competitors and consumer demand. Voluntary programs offer an opportunity for collaboration, where parties can compromise and fashion solutions tailored to different technologies. Self-initiated energy efficiency upgrades allow for design changes which are most appropriate for a company's specific product and its intended use, making it easier to maximize energy savings without impacting functionality. These voluntary pathways to energy savings present a flexibility not inherent in regulation and allows for solutions that can keep pace with the rapidly evolving technology sector.

Market trends toward mobile products are also resulting in significant energy savings. For example mobile PC sales have exceeded desktop PC sales since 2010 (eTForecasts July 2010). The trend continues with further declines in the sale of desktop PCs and a sharp increase in highly efficient netbook PCs and tablets. Mobile PCs are optimized for energy efficiency to extend battery life during use and do not benefit from additional regulation. In addition, CEC regulations for battery charging systems will already ensure that these and other mobile products meet minimum efficiency levels.

In other instances, currently available technology cannot achieve further substantial reductions in energy consumption without significant adverse effect on the consumer experience. The CEC should consider a focus on consumer education rather than setting performance requirements for products.

2) As technology advances, multi-functional devices are becoming more common and must be recognized by any potential new energy standards.

Consumers are increasingly demanding products that offer a "one-stop shop" of functionality for the user. In fact, most of the product categories identified above have been evolving to allow for broader uses beyond the product's primary use. For purposes of example, a set top box might also connect to the internet and allow the user to browse the web, or a game console might also act as a DVD and mp3 player. In both instances, the device has the potential to replace several standalone devices for the consumer, which ultimately uses less total energy compared to standalone devices carrying out each function on their own. There is also the added environmental benefit of reducing materials and energy consumption during production and reducing e-waste at product end of life. To continue to develop such products that offer greater utility for the consumer and greater long-term energy savings, companies will need the flexibility to move beyond current product categories in pursuit of such innovative ideas.

New energy efficiency standards for these products could unintentionally limit the opportunity for these types of efficiency gains by not allowing sufficient power to support increased functionality. For example, power limits on specific devices may provide companies an artificial incentive not to innovate new products that perform a greater variety of functions, due to the need for the product to stay in compliance with its applicable energy standard. This could lead to any variety of computer, software, set top box, game console, or display manufacturers rethinking plans to upgrade their products to perform broader functions, and instead leave them "as is" in order to make compliance more feasible. This is not a desirable policy outcome given that, as multi-functionality increases, overall energy consumption tends to decrease as other power consuming devices are removed from the market. One way or another, regulation in this area of rapid growth seems very likely have unintended consequences that could deny the market realization of yet-to-be-developed technological solutions that dramatically increase efficiency.

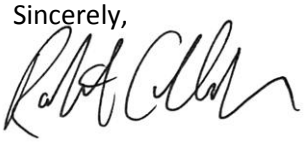
3) Parallel efforts at the Federal level reduce the urgency for an expansion of scope by the CEC.

As the CEC is well aware, the U.S. Department of Energy (DOE) is currently considering new efficiency standards for – among other things – battery chargers, set top boxes, networking equipment, and game consoles. This raises the specter that our member companies may be re-regulated, or double-regulated, as both the CEC and DOE move forward in developing their own specific standards for specific products. While the CEC is certainly empowered to move ahead of federal action where necessary, we do not believe that the products currently under consideration merit such significant action. As has already been alluded to in this letter and consistent with comments made by panelists at the August 31 workshop, many of the products currently under consideration by the CEC have already seen very significant energy efficiency increases over the past decade, all without mandatory standards. The innovation marketplace has truly driven much of these gains and should be allowed to continue unimpeded to the extent possible.

Additionally, many of our member companies operate not just in California, but at a national and international level, which presents obvious compliance challenges. For manufacturers to meet two sets of regulatory requirements from the CEC and DOE within a narrow time frame – as is the potential for some of the products under consideration here – is unnecessarily disruptive to the marketplace and would present serious cost -impacts on a variety of businesses within these industries and presumably others. Given these concerns and potential impacts, we urge the CEC to recognize any federal rulemakings already underway for specific products and participate directly in those processes.

We thank the CEC for the opportunity to provide written comments and look forward to interacting with Commissioners and staff as this process moves forward. For any questions or comments, please do not hesitate to contact me at (916) 443-9088 or robert.callahan@techamerica.org.

Sincerely,



Robert Callahan
Director, State Government Affairs
TechAmerica