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SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (Agreement) is entered into between the California Energy Commission (CEC), with its principal office at 715 P Street, Sacramento, California 95814, and Lenovo (United States) Inc. (Lenovo), with a place of business at 8001 Development Drive, Building 8, Morrisville, North Carolina 27560, collectively referred to as the Parties.

I. RECITALS

(1) CEC's Appliance Efficiency Regulations at California Code of Regulations, Title 20, Article 4, sections 1601-1609 (Appliance Efficiency Regulations),¹ set forth the requirements to sell or offer for sale regulated appliances in California. The pertinent requirements include:

- Testing: The appliance is tested as required in section 1603, using the applicable test method set forth in section 1604.
- Efficiency: The appliance meets the required efficiency standards set forth in sections 1605.2 or 1605.3.
- Marking: The appliance is correctly marked and labeled as required under section 1607.
- Certification: The appliance is certified to CEC and appears in CEC's most recent Modernized Appliance Efficiency Database System (MAEDbS) as required under section 1606.

(2) CEC's enforcement authority includes the removal of non-complying appliances from MAEDbS, as set forth in section 1608, and the issuance of administrative civil penalties under section 1609.

(3) Lenovo manufactures several models of Lenovo brand computers that it sells or offers for sale in California, either directly or through retailers or distributors.

(4) Lenovo computers are subject to the testing, efficiency, marking, and certification requirements for this appliance class as described in paragraph I(1) above.

(5) From June 2020 to June 2022, CEC alleged that Lenovo sold or offered for sale in California through retailers or distributors: desktop computers, notebook computers, and workstations that were not listed in MAEDbS by basic model as required in section 1606; a desktop computer model that did not meet the efficiency standards set forth in section 1605.3(v)(5) when tested using the appropriate test method as described in section 1604(v); and a desktop computer model that was not correctly listed in MAEDbS as required in section 1606.

¹ All references are to California Code of Regulations, Title 20, Article 4, unless otherwise specified.

(6) Based on the above Recitals, CEC, through administrative adjudication, could impose penalties for each violation alleged, obtain injunctive relief to prohibit Lenovo from continuing to sell or offer for sale, the computers identified in the attachment in California, and take any other enforcement action as allowed by law.

(7) California Public Resources Code section 25402.11(a)(2) identifies the following factors CEC shall consider when determining the amount of an administrative civil penalty:

- The nature and seriousness of the violation.
- The number of violations.
- The persistence of the violation arising from the course of conduct that is subject of the enforcement proceeding.
- The length of time over which the violation occurred.
- The willfulness of the violation.
- The violator's assets, liabilities, and net worth.
- The harm to consumers and to the state that resulted from the amount of energy wasted due to the violation.

(8) Penalties must be set at levels sufficient to deter violations. In developing this Agreement CEC considered the facts of the case and applied the above factors to determine an appropriate settlement. Further, in this case Lenovo cooperated with CEC in the investigation by promptly testing, certifying, and marking the units, and by providing to CEC sales data of the units identified in the attachment. The efforts by Lenovo saved CEC time and resources in investigating the violations and minimized the impacts on the competitive business environment, energy consumption, and the environment in California, from the units identified in the attachment.

(9) Lenovo is willing to enter into this Agreement solely for the purpose of settlement and resolution of this matter with CEC without any admission of wrongdoing or liability. CEC accepts this Agreement in termination of this matter. Accordingly, the Parties agree to resolve this matter completely by means of this Agreement, without the need for administrative adjudication.

II. TERMS AND RELEASE

In consideration of the Recitals listed above which are incorporated into this section by reference, and the mutual agreements set forth below, CEC and Lenovo agree as follows:

(1) This Agreement covers the Lenovo computer models listed in the attachment.

(2) For selling or offering for sale in California, the computer identified in paragraph I(5) that allegedly did not meet the energy efficiency standards prescribed by section 1605.3, and the computers, whose model numbers are identified in the attachment, that allegedly were not certified to MAEDbS as required by section 1606, and, in consideration of the factors listed in paragraph I(7) and I(8) above, Lenovo shall pay as an administrative civil penalty the total sum of \$471,000.00 by electronic transfer to CEC by May 1, 2025. Banking information and instructions necessary to complete the electronic transfer shall be provided by CEC.

(3) Lenovo also agrees to take each of the following actions for any and all regulated appliances it will sell or offer for sale in California:

- a. Test all basic models, utilizing the applicable test method, to ensure conformance with the Appliance Efficiency Regulations.
- b. Certify all basic models in MAEDbS, and ensure listings are kept current and up to date.
- c. Add the required marking to the unit.

(4) This Agreement shall apply to and be binding upon Lenovo and its affiliates, principals, officers, directors, shareholders, receivers, trustees, employees, predecessors, successors and assignees, sibling, subsidiary and parent corporations (collectively, "Lenovo Parties"), and upon CEC and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Agreement.

(5) In consideration of the payment specified above, CEC hereby releases the Lenovo Parties from any and all claims for violations of the Title 20 Appliance Efficiency Regulations (efficiency, marking, certification), relating to the time frame and appliances identified in paragraph I(5), whose model numbers are identified in the attachment.

(6) This Agreement constitutes the entire agreement and understanding between CEC and Lenovo concerning the claims and settlement in this Agreement, and this Agreement fully supersedes and replaces any and all prior negotiations and agreement of any kind or nature, whether written or oral, between CEC and Lenovo concerning these claims.

(7) No agreement to modify, amend, extend, supersede, terminate, or discharge this Agreement, or any portion thereof, shall be valid or enforceable unless it is in writing and signed by all Parties to this Agreement.

(8) Lenovo further agrees that if the subject matter of this Agreement comes before CEC in an administrative adjudication, neither any member of CEC, nor the Executive Director, shall be disqualified because of prior consideration of this Agreement.

(9) Each Party to this Agreement has reviewed the Agreement independently, has had the opportunity to consult counsel, is fully informed of the terms and effect of this Agreement, and has not relied in any way on any inducement, representation, or advice of any other Party in deciding to enter into this Agreement.

(10) This Agreement shall be interpreted and enforced in accordance with the laws of the State of California, without regard to California's choice of law rules. Any litigation arising out of or related to this Agreement shall be filed in the Superior Court of California, County of Sacramento.

(11) Each provision of this Agreement is severable, and in the event that any provision of this Agreement is held to be invalid or unenforceable, the remainder of this Agreement remains in full force and effect.

(12) The failure of any Party to enforce any provision of this Agreement shall not be construed as a waiver of any such provision, nor prevent such Party thereafter from enforcing such provision or any other provision of this Agreement.


(13) This Agreement is deemed to have been drafted equally by the Parties; it will not be interpreted for or against either Party on the ground that said Party drafted it.

(14) This Agreement is effective upon signature by a representative of Lenovo with authority to bind the company, and signature by the Executive Director of CEC. The Parties agree that fax or scanned signatures and multiple signature pages are acceptable for purposes of executing this Agreement, which may be signed in counterparts.

California Energy Commission

By: 
Name: Drew Bohan
Title: Executive Director
Date: 3/24/2025

Lenovo (United States) Inc.

By: 
Name: Kurt Cranor
Title: Vice President, North America Chief Financial Officer
Date: 3/18/2025

Attachment

Desktop Computer Models:

F0EU	Lenovo Legion T5 26AMR5	ThinkCentre M75s-1
F0FR	Lenovo Legion T5 28ICB05	ThinkCentre M80q
IdeaCentre 3 07IAB7	Lenovo Legion T5 28IMB05	ThinkCentre M80q Gen 3
IdeaCentre 3 07IMB05	Lenovo Legion T530-28ICB	ThinkCentre M80s
IdeaCentre 310S-08ASR	Lenovo Legion T7 34IMZ5	ThinkCentre M90a
IdeaCentre 510A-15ICK	Lenovo Legion T730-28ICO	ThinkCentre M90a Gen 3
IdeaCentre 720-18ICB	ThinkCentre M70a	ThinkCentre M90q
IdeaCentre A540-24API	ThinkCentre M70a Gen 3	ThinkCentre M90q Gen 2
IdeaCentre A540-24ICB	ThinkCentre M70q	ThinkCentre M90q Gen 3
IdeaCentre AIO 5 24IMB05	ThinkCentre M70q Gen 2	ThinkCentre M90s
IdeaCentre Gaming 5 17IAB7	ThinkCentre M70q Gen 3	ThinkCentre M90s Gen 3
Legion T5 26IAB7	ThinkCentre M70q Gen 4	ThinkCentre M90t
Legion T5 26IOB6	ThinkCentre M70t	ThinkCentre M90t Gen 3
Lenovo Legion C530-19ICB	ThinkCentre M720q	ThinkCentre M920q

Notebook Computer Models:

Legion 5 17ITH6H	ThinkPad P1 G4	ThinkPad P71
Legion 5 Pro 16ACH6H	ThinkPad P1 G5	ThinkPad P73
Legion 5 Pro 16ITH6H	ThinkPad P14s G3	ThinkPad T14 G3
Legion S7 15ACH6	ThinkPad P15 G1	ThinkPad T16 G1
Legion S7 16IAH7	ThinkPad P15 G2	ThinkPad T470p
Lenovo 300w AMD G3	ThinkPad P15g G1	ThinkPad T560
Lenovo 500e G3	ThinkPad P16s AMD G1	ThinkPad X1 Extreme G3
Lenovo 500w G3	ThinkPad P16s G1	ThinkPad X1 Extreme G4
Lenovo V330-15IKB	ThinkPad P17 G1	ThinkPad X1 Extreme G5
ThinkPad E14	ThinkPad P17 G2	ThinkPad X13 AMD G2
ThinkPad E575	ThinkPad P53	
ThinkPad P1 G3	ThinkPad P70	

Workstation Models:

ThinkStation P320 Tower	ThinkStation P340 Tiny	ThinkStation P520
ThinkStation P330 Tower	ThinkStation P350 Tower	ThinkStation P520c
ThinkStation P340	ThinkStation P510	ThinkStation P720