Chairman Whitfield, Ranking Member Rush and members of the Subcommittee, thank you for the opportunity to testify this morning. AHAM’s membership includes more than 150 companies throughout the world and employs tens of thousands of people in the U.S. They produce more than 95% of the household appliances shipped for sale in the U.S. and Canada.

I don’t think there is any disagreement at this table that the appliance standards and ENERGY STAR programs have been successful. Energy efficiency gains across core major appliance categories are dramatic and undeniable. For example:

* the most commonly purchased modern refrigerator uses the same amount of electricity as a 50 Watt light bulb.
* A new clothes washer uses 73 percent less energy than it did in 1990.

I also want to make very clear that our industry has been a strong supporter of these programs and has been involved in numerous rulemakings and legislative solutions to strengthen and improve the programs. In 1987, I personally led the coalition of 200plus organizations that initiated and supported the National Appliance Energy Conservation Act. We strongly support a system of federal standards and state preemption and we do not propose a rollback of any standards.

But while these programs are both successful, they are both in need of modernization to recognize the successes achieved and to establish a new framework for policies and programs focused on meaningful additional efficiency gains.

Yes, there should still be federal standards that guarantee energy savings nationwide. But absent technological breakthroughs, a process geared towards continually ratcheting up efficiency standards--particularly for products that have already been subject to multiple –does not make sense for the environment, the consumer or the economy.

But this won’t happen under the current standards construct. Reform legislation is needed. HR 8 is a practical step along that path offering modest, sensible changes to EPCA that will essentially require DOE to follow the regulatory procedures it had agreed to with the very organizations that advocated for EPCA reform in 1987. But more is needed. Today AHAM is calling on Congress to take further steps to modernize our national energy efficiency law by:

* Ending mandatory serial rulemaking and permitting amended standards only when justified by non-black box analyses;
* Including a list of covered products for which no further rulemaking is needed absent technological game changers;
* Requiring DOE to meaningfully consider cumulative regulatory burden on product manufacturers;
* Mandating procedures regarding transparency and public engagement; and
* Applying the Administrative Procedure Act to the ENERGY STAR program.

There have been more than 30 standards and amendments that apply to the AHAM products under the program. There have also been numerous test procedure revisions accompanying these standards. The reality is that for many product categories, the relentless march of sequential rulemakings is not justified. That is because:

1. Opportunities for additional energy savings beyond those already achieved are severely diminished as products are nearing maximum efficiency under available technology.
2. Further standards are likely to increase costs to consumers and manufacturers beyond an acceptable level, and
3. For some products, reduced energy use will likely result in degraded performance and functionality.

We saw this in the flawed proposed dishwasher rule last year whose consumer payback period exceeded the product’s life and resulted in products that couldn’t clean dishes. DOE, to its credit, retracted the proposal. But it shouldn’t take a national uproar for this to happen. The rule never should have been proposed.

The ENERGY STAR program has drifted from its original mission of energy efficiency into other areas beyond its expertise and authority. This drift must be considered in concert with the reality that the success of the program has essentially made it mandatory in the marketplace. Congress needs to bring this program under the much more traditional procedures and specific criteria of the Administrative Procedure Act, which applies to virtually every other program EPA administers. It is also important that Congress make clear that ENERGY STAR is about energy efficiency only, not about EPA’s ideas regarding quality, functionality, sustainability or other non-energy factors.

Our ultimate objective is to improve the U.S. regulatory environment in measureable ways that foster a fairer, more predictable, more open and more efficient regulatory landscape.

As an industry we will continue to live up to our responsibility to provide consumers with life enhancing products that deliver superior performance and energy and environmental benefits. Our industry is very competitive which drives not only innovation, but also reduced product costs through hundreds of millions of dollars in productivity improvements. That is why home appliance prices don’t keep up with the CPI, not because of appliance standards. Productivity investments hide the fact that changing product design and materials to meet energy standards adds costs. Implying that the huge efforts in time and capital investments to achieve productivity somehow make energy efficiency “free” is a great misunderstanding.

Mr. Chairman and members of the subcommittee, in summary we call on Congress to modernize EPCA so that it addresses current circumstances by recognizing the diminishing energy savings opportunities for many products, evaluating cumulative regulatory burden and the actual impacts of past rules, and improving transparency and stakeholder engagement.

Thank you for the opportunity to testify, and I would be happy to answer any questions.