



Major Home Appliance Efficiency Gains to Deliver Huge National Energy and Water Savings and Help to Jump Start the Smart Grid

Industry and Advocacy Groups Agree on New Efficiency Standards, Tax Credits and "Smart" Appliances.

Contacts:

Steven Nadel, ACEEE
202-507-4011
snadel@aceee.org

Jill Notini, AHAM
202-872-5955 x318
jnotini@aham.org

Washington, D.C. (August 3, 2010)— Home appliance manufacturers and energy efficiency advocates have agreed to improved efficiency standards and tax policies for refrigerators, freezers, clothes washers, clothes dryers, dishwashers and room air conditioners. This agreement could save enough energy to meet the total energy needs of 40 percent of American homes for one year and the amount of water necessary to meet the current water needs of every customer in the City of Los Angeles for 25 years. Global warming CO₂ will be reduced by 550 million metric tons over the same time period, without considering the emissions reductions from smart appliances. Major home appliance manufacturers, their trade organization and a nationwide coalition of energy and water efficiency supporters have called for new national minimum efficiency standards, production tax credits for super-efficient appliances and inclusion of "smart grid" readiness as a feature of future ENERGY STAR qualified appliances.

"This joint proposal will make the next generation of major home appliances the thriftiest ever when it comes to energy and water use," said Steven Nadel, executive director of the American Council for an Energy-Efficient Economy (ACEEE). "The resulting energy and water savings will cut bills for consumers by billions of dollars and reduce global warming emissions for decades to come."

"This agreement is an innovative approach to delivering substantial energy and water savings to the consumer through traditional energy and water standards and manufacturing incentives for super-efficient appliances, as well as new incentives for the deployment of smart appliances," stated Joseph M. McGuire, president of the Association of Home Appliance Manufacturers (AHAM). "AHAM members are pleased to join together with the leading energy and water efficiency groups to celebrate this remarkable agreement."

Appliance manufacturers and efficiency advocates will pursue adoption of these recommendations through administrative action by the Department of Energy and through legislative action by Congress. Senator Jeff Bingaman, Chairman of the Senate Energy and Natural Resources Committee, noted that "increased energy efficiency through cost-effective energy standards for appliances and consumer products remains the single most cost-effective strategy for strengthening our nation's economic and energy security. Consensus agreements such as this generally attract bipartisan support. I look forward to working with my colleagues to see if these standards can be incorporated into legislation."

Based on Department of Energy (DOE) analysis, the recommended standards and tax credits will save more than 9 quads of energy over 30 years, or roughly enough to meet the total energy needs of 40 percent of American homes for one year. The recommended water



efficiency standards and tax credits for clothes washers and dishwashers will save about 5 trillion gallons over 30 years, or approximately the amount of water necessary to meet the current water needs of every customer in the City of Los Angeles for 25 years. Global warming CO₂ will be reduced by 550 million metric tons over the same time period, without considering the emissions reductions from smart appliances. These reductions are equivalent to taking 100 million of today's typical cars off the road for a year.

"Smart policies can deliver big savings to consumers and the environment," said Ed Osann, senior policy analyst for Natural Resources Defense Council (NRDC)'s water program. "This agreement builds upon previous incentives to the industry to produce more efficient appliances, and now ensures that consumers will save billions in energy and water costs while reducing pollution that threatens the earth's climate."

The recommended new standards will reduce new refrigerator and freezer energy use by up to 30 percent by January 2014. For top loading clothes washers, 26 percent energy savings and 16 percent water savings would kick in for 2015 relative to current standards, increasing to 37 percent energy and water savings in 2018. For front loading clothes washers, the savings will be 43 percent for energy and 52 percent for water in 2015 compared to today's standards. Clothes dryers will increase in efficiency by 5 percent in 2015. In addition, changes to the dryer test procedure will reduce over-drying, saving additional energy and extending the life of clothes. Room air conditioners will see a 10 to 15 percent increase in efficiency effective June 2014 and dishwashers will see 14 percent energy savings and 23 percent water savings beginning in January 2013. Many of the new standards are based on levels of efficiency that previously earned federal tax credits, illustrating how these tax credits can contribute towards transforming markets towards higher efficiency products.

"We're pleased to be part of this agreement because it will mean lower energy and water bills for consumers," said Mel Hall-Crawford, Energy Projects Director at Consumer Federation of America. "For low to moderate income families, reducing energy costs is especially important since utility bills eat up a disproportionate share of their income."

For a typical household, products just meeting the new standards would cut their **total** electric bill by about 6 percent relative to products just meeting the current standards. Based on analysis by ACEEE, the net total national benefits for consumers for products purchased through 2030 will reach nearly \$30 billion. ACEEE analysis shows that estimated upfront cost increases to make products more efficient will pay back in lower energy bills well within the life of the affected products, often within just a few years.

Additional key features of the agreement include:

- Support for a three-year extension and update of an existing manufacturers' tax credit for the production of super-efficient clothes washers, dishwashers, refrigerators and freezers. Products that would qualify for the tax incentive significantly exceed the federal minimum efficiency requirements, thereby accelerating and increasing energy and water savings. The current manufacturing appliance tax credits impact



approximately 40,000 US jobs: updating and extending the credits will help manufacturers retain and expand employment.

- A planned petition to the ENERGY STAR program to provide a 5 percent credit to the required energy levels for smart appliances. Smart appliances will help consumers save money and energy with features that allow appliance operation to adjust in reaction to dynamic pricing while allowing the consumer to ultimately have full control of when and how an appliance operates.
- Recommendations that DOE improve test methods for dryers and refrigerators to better represent actual product energy use. These changes will create additional incentives for manufacturers to reduce product energy use.

The agreement was signed by major appliance manufacturing members of the Association of Home Appliance Manufacturers (AHAM) and by major energy and water efficiency organizations, consumer groups and environmental organizations including the American Council for an Energy-Efficient Economy, Alliance for Water Efficiency, Alliance to Save Energy, Appliance Standards Awareness Project, Consumer Federation of America, National Consumer Law Center, Natural Resources Defense Council, Northwest Power and Conservation Council, and Northeast Energy Efficiency Partnerships.

Additional details on the agreement and a chart depicting the energy and water savings, and reduced carbon dioxide emissions can be found at www.aham.org/agreement.

###

ACEEE: The American Council for an Energy-Efficient Economy is an independent, nonprofit organization dedicated to advancing energy efficiency as a means of promoting economic prosperity, energy security, and environmental protection. For information about ACEEE and its programs, publications, and conferences, visit www.aceee.org.

AHAM: The Association of Home Appliance Manufacturers (AHAM) is a not-for-profit trade association representing manufacturers of major and portable home appliances, floor care appliances and suppliers to the industry and is headquartered in Washington, DC. You can visit the AHAM web site at <http://www.aham.org>.