

**Consumer Electronics Retailers Coalition**



April 30, 2009

The Honorable Joe Barton  
And  
The Honorable Fred Upton  
House Committee on Energy and Commerce  
2125 Rayburn House Office Building  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Barton, Mr. Upton and Members of the Committee on Energy and Commerce:

The Consumer Electronics Retailers Coalition (CERC) is a public policy organization consisting of the major retailers of consumer electronics products and the leading industry trade associations. Our members represent America's favorite places to shop for televisions, audio and video gear, computers, appliances, and all the electronic devices that make our lives more enjoyable and productive.

CERC members have combined to focus our unique and expert market perspective on the critical policy issues facing the consumer electronic retail industry and our customers. CERC's individual members operate in all 50 states, U.S. territories and worldwide, employing well over three million people. We are pleased to offer our comments regarding the ENERGY STAR and "Best in Class" programs addressed in the American Clean Energy and Security Act of 2009.

Energy Efficiency is an important value to CERC members and our customers. All our members have on-going efforts to help educate and work with our customers on the importance of choosing products which are energy efficient. CERC believes that an incentive-based system combined with easy to understand ENERGY STAR program will prove an effective means to positively change consumer behavior.

We have entered a new and exciting era of energy efficient products. With new energy efficient consumer electronics and a host of products to make existing electronic equipment operate more efficiently, CERC welcomes an opportunity to re-invigorate and expand the very successful ENERGY STAR program. This public-private partnership is a model for an even more exciting effort to encourage consumers to make energy efficient choices.

Recent market research by the Environmental Protection Agency (EPA) and the Consumer Electronics Association (CEA) demonstrate that not only is ENERGY STAR among the most recognizable ‘green labels’ it is among the most recognized brands in all retailing. As Congress looks to expand consumer education and information, we encourage you to recognize the extraordinary value of the ENERGY STAR brand and build on its success.

It is vitally important that consumers not be confused by competing standards, measurements or State initiatives which will dilute the value of the ENERGY STAR brand or compromise the potential of the proposed ‘Best in Class’ program. Policymakers should also recognize that we operate in a national and global retail environment. Products are purchased, advertised and distributed on a national basis.

A patchwork of state rules on energy efficiency, recycling or other product regulations can undermine the productivity and efficiencies of well-executed national efforts. In contrast, localized incentive efforts can successfully address local and regional needs. These types of programs which do not involve retail system changes, like local utility rebate programs for efficient appliances have very positive effects on consumer behavior and do not dilute the ENERGY STAR brand.

As a coalition of retailers interested in using positive incentives to guide consumers to make green choices, CERC welcomes the opportunity to work with Congress and Department of Energy to make the proposed “Best in Class” program a success. CERC respectfully has the following suggestions.

## **ENERGY STAR**

The Department of Energy’s (DOE) ‘Best in Class’ should be positioned to extend and complement the EPA’s ENERGY STAR program and not compete with it. Every effort should be made to ensure that both initiatives are completely harmonized using the same nomenclature, testing procedures and measurements. Ideally, the “Best in Class” program could utilize the most advanced ENERGY STAR standards rather than create a new system.

Retailers are concerned about product differentiation in assortment, and customer confusion should the DOE choose to base the ‘ Best in Class’ program on something other than ENERGY STAR.

## **Labels**

Our members also have concerns that multiple labels could be introduced with this new program. For our customers, we want this to be an easy to understand program where they recognize the benefits and can easily discern differences between products and meanings of the labels. For our employees, training and education is ongoing. The program must be one where employees can speak to the products and program value when helping our customers.

Consistent with the EnergyGuide program administered by the FTC, any labels should be affixed by the manufacturer to the product. This is also consistent with the ENERGY STAR program where manufacturers identify their product with the program's well recognized logo. As you have probably experienced, in any high traffic retail setting, products and signage get moved around by customers and staff and occasionally separated from their display elements. Affixing labels at the manufacturing site will assure that consumers know with certainty whether a product meets their energy needs.

### **Incentive Payments**

We realize that the DOE will implement the details of the "Best in Class" program eligibility and payment size. We respectfully recommend that payments be made relatively coincident with the sale of the product and in a manner that utilizes existing electronics funds transfer technology. It is also critically important that any documentation and rules regarding sales reporting fully protect sensitive data such as units sold; wholesale purchase prices and other product data.

We must work together to fully protect and respect the sensitive nature of this retailer data. As you know, data pertaining to the sales of these products is highly confidential and proprietary. If released inadvertently, it could reveal valuable, competitive market information to competitors and vendors. In addition, if retailers are required to collect any customer data regarding the rebate and incentive programs, this is particularly sensitive information. To work, DOE must minimize the amount of data collected and ensure that it keeps competitive data confidential.

### **Eligible bonus recipients**

It appears in the legislation that the bonuses are directed at retailers that sell the eligible product. If distributors are eligible, it would be important to make the language clear that the retailers that are responsible for the final sale of the product are also eligible for a rebate on the same unit.

### **Bounty payment for replacement and retirement of product**

CERC members have been very active in voluntary recycling efforts. Retailers are often the ones that work with consumers to replace an old appliance. Additional details regarding the bill's recovery and recycling incentives would be helpful and useful. Our technicians, staff or installers should not have to determine "estimated energy use of the product replaced" and "estimated remaining lifetime of the product that was recycled." The DOE should publish this data in a useful e-catalog so that both consumers and retailers can easily understand the benefits of 'trading up' to more energy efficient products.

### **Recycling Standards**

CERC members are leading the way with recycling. We recommend that any recycling standards set forward continue to be set forth by the EPA and not DOE. The EPA is already managing the process for handling solid and hazardous waste.

Our employees know that they can play a large role in helping to educate customers about their options to make energy conscious choices when it comes to their purchases. Incentives for consumers to chose, retailers to sell and manufacturers to provide even more green products make great sense in these challenging economic times. It could be win-win-win for consumers, workers and retailers. A well crafted plan can encourage job creation and retention as well as a cleaner environment.

On behalf of CERC, we appreciate your efforts to make retailers and consumers part of the solution to a cleaner, more energy efficient nation. We offer our assistance to help you and the Committee make these programs work well and to understand the consumer electronics retail market.

We would like to continue this productive dialogue and if we can be of any assistance, please to do not hesitate to contact us.

Sincerely,

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