

Amendment Section 4008 – Terminate the EnergyStar program

The EnergyStar program has been plagued with problems at the taxpayers' expense

This joint program between the Department of Energy and EPA has been giving consumers false assurances of efficiency and cost savings and providing retailers with a marketing boon at the expense of taxpayers.

Investigations have continued to **show fraud and corruption within this program**, deeming it useless and a waste of taxpayer dollars at the same time misleading consumers to spend their hard earned wages on non-effective products.

In April 2010, the Government Accountability Office (GAO) conducted an undercover assessment of the program in which it created fictitious energy efficiency information on 20 products. The EnergyStar program granted Certification to 15 of them.

This amendment would save \$294 million through 2014 by terminating the EnergyStar program and allow industries to develop their own efficiency standards and the free market to determine the most efficient, cost-effective products.

Following scathing reports from GAO, the Department of Energy Inspector General, and *Consumer Reports*, the Department of Energy claimed it would “aggressively pursue” any manufacturers whose appliances do not meet energy efficiency standards and beef up the enforcements of the program.

This situation presents considerable irony – The Department of Energy is tasked by Congress to set energy efficiency standards for all agencies in the federal government. Yet, a recent IG report revealed the Department consumes more energy than every other agency with the exception of the Postal Service.

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As our economy continues to teeter, millions of Americans continue to cope with financial hardships.

During this time of economic struggles, Americans are forced to shop with a keen eye towards efficiency and thrift.

EnergyStar is a voluntary labeling program that provides consumers with energy efficiency data for a wide range of products sold in stores, covering more than 60 product categories from household appliances and computers to water coolers and vending machines.

This joint program between the Department of Energy and EPA has been giving consumers false assurances of efficiency and cost savings and providing retailers with a marketing boon.

This amendment would save \$637 million over the next ten years¹ by eliminating the EnergyStar program and allow industries to develop their own efficiency standards and the free market to determine the most efficient, cost-effective products.

Investigations have continued to show fraud and corruption within this program, deeming it useless and a waste of taxpayer dollars at the same time misleading consumers to spend their hard earned wages on non-effective products.

Energy Star received \$59.7 million in FY 2010 and requested \$65.5 million for FY 2011.²

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In October 2008, Consumer Reports reported³ that legal loopholes, lax enforcement, and outdated testing procedures were allowing appliances with the

¹ CBO Budget Options, August 2009,

² FY 2011 Budget Justification from CRS

³ <http://www.consumerreports.org/cro/home-garden/resource-center/energy-star-has-lost-some-luster/overview/energy-star-ov.htm>

Energy Star label to go to market with efficiency ratings higher than they actually were, effectively duping consumers and providing a boon for retailers.⁴

An internal 2008 Department of Energy audit⁵ revealed that the Department was not providing oversight over its own requirements to ensure appliance manufacturers met mandated energy efficiency specifications.⁶

An October 2009 Department of Energy IG report determined the Department had not implemented planned improvements to the Energy Star Program, such as quality assurance, effective monitoring of the Energy Star label, formal procedures for establishing and revising product specifications and proper documentation.

Nevertheless, by January of 2010, EnergyStar had certified 600,000 residential products from 160 manufacturers.⁷

The Energy Star's signature blue star was placed on the products and shoppers felt they were saving money and helping the environment by purchasing them. Little did they know the process is a hoax.

EnergyStar officials admit that the program relies on self-policing and after-market testing (e.g. after consumer purchase). It's clear the program officials did not even visit the bogus companies' websites.

Following these scathing reports, the Department of Energy claimed it would "aggressively pursue" any manufacturers whose appliances do not meet energy efficiency standards and beef up the enforcements of the program.⁸

This was clearly not the case.

⁴ <http://www.aolnews.com/nation/article/energy-star-efficiency-ratings-get-boost-after-department-of-energy-crackdown/19315821>

⁵ <http://www.energy.gov/news2009/8129.htm>

⁶ <http://www.aolnews.com/nation/article/energy-star-efficiency-ratings-get-boost-after-department-of-energy-crackdown/19315821>

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In April 2010, the Government Accountability Office (GAO) conducted an undercover assessment of the program in which it created fictitious energy efficiency information on 20 products. The EnergyStar program granted Certification to 15 of them.⁹

This revealed that EnergyStar program does not test products for efficiency before the products go to market and only test some of the products after they are for sale.

GAO fabricated four firms and received partner status for all of them. – a room air cleaner, a geothermal heat pump, a dehumidifier, and six other bogus products all approved by EnergyStar.

These products were all eligible for state rebate programs, federal tax credits or both.

The “air cleaner,” for example, submitted by the GAO did not include required criteria (product disclaimer or safety standard file number), yet, GAO claimed its product did meet the standards and EnergyStar accepted the claim and approved the product in 11 days.

The bogus company claimed 20 percent more efficiency for humidifier and geothermal heat pump and EnergyStar also approved these without questions.

EnergyStar granted a gas-powered alarm clock named “Black-Gold” even though its dimensions were “similar to those of a small portable generator.” EPA claimed the application likely went unread.

A computer monitor was approved 30 minutes after it was submitted and listed on the Energy Star website.

EnergyStar requested quick submission so the computer monitor could appear on the Qualified Product list before the holiday season – duping Christmas shoppers.

⁹ <http://www.theoaklandpress.com/articles/2010/04/30/opinion/doc4bd8ea1eaf938788972577.txt>

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The Department of Energy is designated as the lead federal agency for energy efficiency efforts. In this role, the Department coordinates energy efficiency efforts for all federal agencies, and also it is also the primary outlet for federal energy efficiency programs and enforcement for the private sector.

Despite this central role, the Department is the largest consumer of energy among all federal civilian agencies (excluding the postal service) and unlike most other agencies, has actually increased its energy usage in the most recent reporting period.

The Department of Energy's Inspector General found at least \$13.8 million in wasted energy costs due to inefficient technology and poor temperature controls.

The IG estimates the agency wastes \$11.5 million annually, by simply refusing to adhere to these federal thermostat guidelines (and by using programmable thermostat setbacks). More to the point, the energy savings would be enough to power 9,800 homes for an entire year.

The agency spends an estimated \$300 million annually "to provide energy to over 9,000 federal buildings at its facilities."¹⁰

The Department's Inspector General released a report in 2009 outlining its failed use to implement efficiency measures.¹¹ The most basic of these are required by Executive Order signed in January 2007.¹²

In 2008, the Department of Energy spent \$1.6 million on utility bills that it could have avoided if efficiency recommendations had been followed.

¹⁰ Department of Energy, Inspector General: "The Department of Energy's Opportunity for Energy Savings Through the Use of Setback in its Facilities," July 2009, <http://www.ig.energy.gov/documents/IG-0817.pdf>.

¹¹ U.S. Department of Energy, Office of Inspector General, OAS-RA-9-03, May 2009. <http://www.ig.energy.gov/documents/OAS-RA-09-03.pdf>

¹² Executive Order 13423, U.S. General Services Administration, January 2007. http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentType=GSA_BASIC&contentId=22395

The Department's Office of Energy Efficiency and Renewable Energy spent \$465,000 to develop ways to identify energy-savings options within its data centers. Yet, none of the sites reviewed by agency auditors had implemented them.¹³

A June 2009 report reported that the Department of Energy wastes enough electricity to power more than 9,800 homes annually by not turning down the heat or air conditioning when employees leave for the day.¹⁴

FEMP describes its role this way: "The Federal Government, as the nation's largest energy consumer, has a tremendous opportunity and clear responsibility to lead by example."¹⁵

Anything less is an affront to taxpayers, and further erodes confidence in the federal government.

Despite calls for "tough" new standards for home appliances,¹⁶ the Federal government is the single largest consumer of energy in the United States.¹⁷

EnergyStar has been misleading the public and wasting consumer money since 2008 on a hoax that even federal procurement has fallen for.¹⁸ It has had numerous chances to change and failed on all accounts. It is time Congress put an end.

But like Senator Mark Warner was quoted earlier this year, "It's almost impossible to end funding for an existing program."¹⁹

¹³ Government Executive, IG: Energy is Setting a Poor Example for Conservation, June 2009.

http://www.govexec.com/story_page.cfm?articleid=42877&dcn=todaysnews

¹⁴ Associated Press, Audi Says Energy Department Could Save Energy, July 2009.

<http://www.google.com/hostednews/ap/article/ALeqM5jEGxSLPb8yL1mw56TddkPgvDCGdAD99KELKO0>

¹⁵ Federal Energy Management Program website: "About the Program," Last accessed on July 28, 2009,

<http://www1.eere.energy.gov/femp/about/about.html>.

¹⁶ Environmental Leader; "Obama Order Tough Energy Efficiency Standards for Home Appliances," February 6, 2009, <http://www.environmentalleader.com/2009/02/06/obama-orders-tough-energy-efficiency-standards-for-home-appliances/>.

¹⁷ Federal Energy Management Program: "About Us," Last accessed on July 28, 2009,

<http://www1.eere.energy.gov/femp/about/about.html>.

¹⁸ <http://crs.gov/Pages/Reports.aspx?Source=search&ProdCode=R41197>

¹⁹ CQToday, Pulse of Congress, Page 12, April 23, 2010.