



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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Testimony of
SCOTT J. GLENN, Chief Energy Officer

before the
**HOUSE COMMITTEES ON ECONOMIC DEVELOPMENT & BUSINESS
and
ENERGY & ENVIRONMENTAL PROTECTION**

Monday, June 22, 2020
11:30 AM
State Capitol, Conference Room 329

In SUPPORT of
SB 2561
RELATING TO CONSUMER PROTECTION.

Chairs McKelvey and Lowen, Vice Chairs Kitagawa and Wildberger and Members of the Committees, the Hawaii State Energy Office (HSEO) supports SB 2561 that would require retailers of household appliances to conspicuously display signage on energy-using household appliances to inform consumers of available efficiency rebates and Hawaii-specific energy costs of operation.

The HSEO, in collaboration with the Public Benefits Fee Administrator (PBFA), would notify all affected retailers of the requirements of this section. The HSEO is currently in discussions with the PBFA regarding their current and anticipated plans for energy labeling home appliances in Hawaii that are energy efficient and currently receive rebates from the PBFA.

Supplying information about available rebates and energy costs would enable consumers to make well-informed purchasing decisions by choosing products during these economically troubled times. According to the Appliance Standards Awareness Project the purchase of high-efficiency air conditioning, refrigeration, cooking, clothes washing and drying, and dishwashing is a major boon to consumers. Indeed, the American Council for an Energy-Efficient Economy, reports that efficiency measures saved Americans \$800 billion or \$2,500 per person in 2014 alone.[1] Since Hawaii's electricity rates are 2.5 times higher, this translates to some \$6,250 for each Hawaii resident while contributing to Hawaii's decarbonization goals.

Thank you for the opportunity to testify.

[1] <https://www.aceee.org/sites/default/files/publications/researchreports/e1502.pdf>

TESTIMONY OF
JAMES P. GRIFFIN, Ph.D.
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

TO THE
HOUSE COMMITTEES ON
ECONOMIC DEVELOPMENT & BUSINESS
AND
ENERGY & ENVIRONMENTAL PROTECTION

June 22, 2020
11:30 a.m.

Chair McKelvey, Chair Lowen, and Members of the Committees:

MEASURE: S.B. No. 2561

TITLE: RELATING TO CONSUMER PROTECTION.

DESCRIPTION: Requires retailers of household appliances to conspicuously display available energy efficiency rebates and state-specific energy operation costs. Effective 10/1/2020.

POSITION:

The Public Utilities Commission supports this measure and offers the following comments for consideration.

COMMENTS:

The Commission supports efforts to promote the use of energy efficient appliances in the state. Requiring retailers to conspicuously display signage or text on household appliances would further the state's ability to educate consumers about the benefits of energy efficiency, including reduced energy costs and available rebates.

The Commission is working with the Public Benefits Fee Administrator ("Hawai'i Energy") to ensure that Hawai'i Energy is prepared to provide outreach, education, and assistance to retailers to help them comply with the requirements described in this measure.

Thank you for the opportunity to testify on this measure.



Before the House Committees on Economic Development & Business, and Energy & Environmental Protection

Monday, June 22, 11:30 AM, Conference Room 329

SB 2561: Relating to Consumer Protection

Chair McKelvey, Chair Lowen, Vice Chair Kitagawa, Vice Chair Wildberger, and members of the committees:

The Hawai'i Energy program offers the following comments on SB 2561 Relating to Consumer Protection.

Hawai'i Energy works to empower island families and businesses on behalf of the Hawai'i Public Utilities Commission (PUC) to make smart energy choices to reduce energy consumption, save money, and pursue a 100% clean energy future. Energy efficiency is the cheapest option to help us achieve our 100% clean energy goal by eliminating waste and being more efficient.

As the Public Benefits Fee Administrator, Hawai'i Energy has worked with retailers in the counties of O'ahu, Maui and Hawai'i Island to display our rebate offerings and understand the significant role that signage with clear information plays in helping consumers make their purchasing decisions. We also recognize the challenges retailers face at the operations and customer-service levels.

Now more than ever, our families need to manage their utility bills during these challenging times. According to Hawaiian Electric, utility bills have increased by 17% for residential customers. This legislation will allow residents to make informed decisions on how much the appliance will cost them each month to help manage their increasing energy costs.

Hawai'i Energy is working closely with the Hawai'i State Energy Office to plan for this program. To best implement the proposed labels, Hawai'i Energy feels there needs to be a simplified process that provides important information to consumers without creating a hardship on retailers, and proposes the following clarification language to the bill:

- Clarification that the labeling requirements only apply to residential appliances that are recognized by the Federal Trade Commission's (FTC) EnergyGuide labeling program
- To further define the types of appliances, the Hawai'i labeling requirement would only apply to residential appliances in the FTC categories that have both EnergyGuide and ENERGY STAR labels – Refrigerator-freezer, Clothes washer, Dishwasher, and Ceiling Fans (found on the FTC's website - <https://www.ftc.gov/tips-advice/business-center/guidance/energyguide-labels-templates-manufacturers> - and noted in the FTC's table below)

Label Templates

Energy Guide label	Energy Guide Label with Energy Star*
Refrigerator-freezer	Refrigerator-freezer ES*
Freezer	
Clothes washer	Clothes washer ES*
Dishwasher	Dishwasher ES*
Storage Water heater	
Instantaneous Water Heater	
Pool heater	
Ceiling Fan	Ceiling Fan ES*

- Labels would display a statewide average vs. separate labels per county
- Labels would be updated every five years to mirror the frequency of the EnergyGuide label updates. If a new appliance enters the market, it will get a label upon entry
- To reduce implementation costs, the labels would only be displayed on appliances on the showroom floor instead of every appliance. This would reach the consumer at the critical decision-making point.
- Proposed timeline –
 - By July 1, 2021 -- Appliance energy use and cost information will be calculated and labels will be created.
 - By January 1, 2022 – All labels will be distributed and retailers will have this displayed.

Hawai'i Energy is committed to making energy efficiency more accessible to Hawai'i's residents and working with all parties to achieve a greater penetration of energy-efficient appliances in the market.

Thank you for the opportunity to provide comments on SB 2561.

Brian Kealoha
Executive Director
Hawai'i Energy



**HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

June 22, 2020, 11:30 A.M.

Room 329

(Testimony is 2 pages long)

TESTIMONY IN SUPPORT OF SB 2561, WITH SUGGESTED AMENDMENTS

Aloha Chair McKelvey, Chair Lowen, Vice Chair Kitagawa, Vice Chair Wildberger, and members of the Committees:

Blue Planet Foundation **supports SB 2561**, which requires retailers of household appliances to display available energy efficiency rebates and state-specific energy operation costs. At the end of this testimony, we offer some suggested amendments to simplify implementation of this consumer protection measure.

Hawai'i businesses and residents pay the highest electricity rates in the nation, which exacerbates our already high cost of living and increases monthly financial burdens. Senate Bill 2561 will help consumers make informed decisions based on more accurate cost information than is currently available at the point of sale. By displaying information about rebates available as well as Hawai'i-specific operating costs, consumers are better equipped to choose the model that most makes sense for their economic situation and preferences.

Since 1980, the Federal Trade Commission (FTC) has administered the (bright yellow) EnergyGuide labeling program aimed at assisting consumers in understanding how much energy a given appliance uses and the ongoing energy costs associated with operating the appliance. The EnergyGuide labels, however, don't reflect the realities of our energy costs in Hawai'i. The bright yellow labels that are currently displayed report only very coarse information based on **national average energy prices** and national average usage of the appliance.

Senate Bill 2561 wisely requires that retailers provide Hawai'i-specific labels to present a more accurate picture of how much an appliance will cost a household in Hawai'i to operate. The **current labeling based on national averages is misleading for Hawai'i consumers** given that electricity rates in Hawai'i are nearly triple the national average.

Blue Planet also supports the requirement that retailers display information about available rebates for household appliances. Without clear signage, a prospective purchaser may not be aware of an available rebate that could substantially lower the overall cost of the appliance. Without this information, consumers may unknowingly select an appliance model that will end

up costing more upfront, or that will increase their monthly utility bill because that are selecting an energy-inefficient model.

Hawai'i's consumers deserve more accurate information about the costs and potential savings associated with the household appliances they wish to purchase. The display requirements in SB 2561 will allow consumers to see more accurate information about ongoing energy costs and incentives for selecting a more energy-efficient model.

Energy efficiency is often overlooked in our conversations about transitioning to a 100% clean energy economy. Efficiency, however, is still the cheapest and easiest form of clean energy. By making the most of our power and choosing energy-efficient options wherever we plug in, we'll need fewer fossil fuels on the path to 100% clean energy. And with nearly half of Hawai'i families living paycheck to paycheck *even before* the COVID-19 pandemic, reverting back to business as usual isn't enough. We need new approaches that protect families by ensuring access to accurate information and affordable monthly energy bills.

SUGGESTED AMENDMENTS TO SIMPLIFY IMPLEMENTATION

Displaying this information in stores doesn't have to be a complicated or costly process. **There are numerous ways to narrow the labeling requirements so that small "mom and pop" retailers are not adversely impacted.** Senate Bill 2561 can be amended to simplify implementation in the following ways:

- **Clarify that the labeling requirements only apply to large appliance that have the EnergyGuide labels** required by federal law (e.g., boilers, central air conditioners, clothes washers, dishwashers, freezers, furnaces, heat pumps, pool heaters, refrigerators, televisions, water heaters, and window air conditioners).¹
- Clarify that labels should **display a statewide average** rather than developing and displaying separate labels for each county. Even if the operating cost is higher for some counties, a statewide average would still be more useful to Hawai'i consumers than the national average numbers.
- To cut down on labeling costs for the program implementers, the display requirement could **only apply for appliances on the showroom floor** instead of every appliance.
- The **timeline for updating the labels in the future could be adjusted** to bring down costs. The federal government, for example, only updates its EnergyGuide labels every five years. Hawai'i lawmakers and stakeholders can work collaboratively to determine how often the Hawai'i labels should be updated to balance costs with providing Hawai'i consumers with accurate and instructive information about appliance operating costs.

Blue Planet is happy to work with the Committees on these or other amendments that could simplify implementation. Thank you for the opportunity to provide testimony in **support of SB 2561.**

¹ FAQs, <https://www.consumer.ftc.gov/articles/0072-shopping-home-appliances-use-energyguide-label>



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June 22, 2020

Representative Angus McKelvey
Chair
Committee on Economic Development and
Business
Hawaii House
Honolulu, HI 96813

Representative Nicole Lowen
Chairwoman
Committee on Energy and
Environmental Protection
Hawaii House
Honolulu, HI 96813

Re: SB 2561, relating to consumer protection -- OPPOSE

Dear Chairman McKelvey and Chairwoman Lowen:

The Association for Home Appliance Manufacturers appreciates the opportunity to provide testimony on SB 2561, relating to displaying available energy efficiency rebates for all retailers of household appliances. **The Association of Home Appliance Manufacturers (AHAM) is opposed to SB 2561.** While the measure requires all retailers of home appliances to display available energy efficiency rebates and state-specific energy operation costs, this measure would impact the products that manufacturers sell to retailers.

AHAM represents manufacturers of major, portable and floor care home appliances, and suppliers to the industry. AHAM's membership includes over 150 companies throughout the world. In the U.S., AHAM members employ tens of thousands of people and produce more than 95% of the household appliances shipped for sale. The factory shipment value of these products is more than \$30 billion annually. The home appliance industry, through its products and innovation, is essential to improving a person's lifestyle and health, and saving people time. Through its technology, employees, and productivity, the industry contributes significantly to U.S. jobs and economic security. Home appliances also are a success story in terms of energy efficiency and environmental protection. New appliances often represent the most effective choice a consumer can make to reduce home energy use and costs.

The measure would be duplicating the information already required by the Federal Trade Commission. Federal rules already mandate the display of the EnergyGuide yellow label on certain new appliances, which display the estimated energy use, appliance's key features, ENERGY STAR logo, and cost data to help consumers' comparison shop for energy-efficient appliances. This duplicative labeling requirement would be unnecessarily costly, confusing for consumers and increasingly distracting from important information such as safety.

AHAM appreciates the opportunity to comment on Hawaii Senate Bill 2561 and would be glad to further discuss these matters.



TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
June 22, 2020

Re: SB 2561 Relating to Consumer Protection

Good morning Chair McKelvey and Chair Lowen and members of the House Committee on Economic Development & Business and the Committee on Energy & Environmental Protection. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii (RMH) as founded in 1901 and is a statewide, not for profit trade organization committed to the growth and development of the retail industry in Hawaii. The retail industry is one of the largest employers in the state, employing 25% of the labor force.

The Retail Merchants of Hawaii opposes SB 2561 Relating to Consumer Protection. This measure requires retailers of household appliances to conspicuously display available energy efficiency rebates and state-specific energy operation costs with an effective date of 10/1/2020.

Now is not the time to place more burden on businesses. Most retailers in Hawaii are barely surviving because of COVID-19. Everyday we are seeing more and more businesses closing or filing for bankruptcy. This measure would add yet another financial burden on struggling businesses, who may not be able to afford this added operational cost and therefore decide to close their doors.

Household appliances goes beyond dishwashers, air conditioners, refrigerators and washing machines. It also includes kettles, instapots, coffee makers, alarm clocks, telephones to name a few. This would include thousands of different products. **While we support energy efficiency rebates, it would be difficult**

for local retailers, especially the small mom & pop stores to have numerous signage with at least **1/2**

inch font as well as maintain a listing of all the different energy rebates for a variety of household appliances available. Retailers have a limited amount of space to display the appliances, let along pricing and information for each individual appliance. Retailers are already short staffed and to keep the listing of energy rebates current would be burdensome.

With the internet and online shopping, many consumers research the appliance before coming into a brick and mortar store and are well versed in the energy cost savings as well as the rebates that are offered.

While it would be easy for a state energy office inform retailers about this law in a letter, it would be quite different and tedious task for the retailers to have to continuously maintain the various rebates options that are available. There is also a cost for some retailers to print the signage to be in line with corporate standards - it is not just done on a computer on regular copy paper.

We also feel that this measure would be duplicating the information already provided by the FTC. Federal rules already mandate the display of the Federal Trade Commission (FTC) yellow labeling on new appliances displaying the estimated energy use and cost data to help consumers make informed purchases. The FTC label also shows the appliance's key features (with similar models determining the cost comparison range) as well as an ENERGY STAR logo (if the appliance is ENERGY STAR certified). **It is our understanding that the Hawaii Energy already lists the rebates on their website** and the State Energy Office should maintain a campaign to encourage the public to seek the rebates on that website.

We also question who would determine the Hawaii specific energy costs for operations considering that each islands kilo watt hour varies as well as what the energy cost would be if the resident has solar or PV. This measure and proposed amendments make it unclear as to who is to determine Hawaii's energy savings cost for the local energy guide for each qualifying appliance. Would it be a government agency? The retailer? Other? The energy cost savings listed on a local average for the local Energy Guide must be precise, uniformed, current, and consistent for each product as well as recalculated every time there is a utility rate increase.

If the individual retailers from the various stores are tasked with figuring out the average cost of energy savings, the numbers will most likely NOT be consistent for the same appliances. Retailers are also NOT well versed in how the manufacturers would determine these statewide energy saving average. Furthermore, it would take a tremendous amount of staff time to calculate the hundreds of items and would have an impact on the products price increase. And with the fluctuation in energy pricing, would retailers have to constantly be aware of these changes and recalculate the local savings for each qualifying appliance.

It is also our understanding that manufactures do not customize these Energy Guide labels for each state. There are NO single state energy guide labels that we are aware that is provided by the Manufacturers of these appliances. It is also our understanding that Hawaii's does not have a large enough volume of sales of these appliances that would entice the manufactures to do so.

Currently the manufacturers are the ones that provide and apply the Energy Guide labels to the appliances to ensure that the correct label is on the correct model with the correct information. Retailers just sells the appliances.

If retailers had to apply the signage on all the appliance there is great potential for human error as well as a cost to have someone add this to their duties or having to hire someone to do this. Many appliances appear to be identical, but their model numbers/product code may be off by one number or letter. Other than the display model, the information would have to be put on the outside of the box instead of directly onto the product. If the box is open and the packaging is disturbed prior to purchase (1) there is a potential for damage to the product and (2) the product would most likely be sold at a reduced "open box" price.

While the Federal Government may update the labels every five years, new products and models are constantly being introduced and the local energy savings must be calculated for these appliances. The calculation of local energy savings on new appliances would be continuously ongoing.

While this measure is well intended, we must consider the negative effects this measure may trigger regarding a Local Energy Savings Guide. If Manufactures are tasked with including the Local Energy Saving on the products, they may no longer ship a large variety of appliances to Hawaii, thereby lessening the choices of these products for locals shopping in stores or online.

By mandating the retailers to calculate the local energy savings cost, there is no guarantee that each individual retailer from various stores will come up with the same average for the same appliance. In addition, the price of the product would increase as retailers would most likely have to hire someone to

figure out the local Energy Savings for hundreds if not thousands of different products. This would be an added cost and burden to retailers who are already struggling to keep their doors open especially considering the current economic situation caused by the coronavirus. This would also be another notch in bringing the cost of living in Hawaii higher as well as the potential to more stores closing their doors.

We urge you to hold this measure. Mahalo again for this opportunity to testify.