



Southwest Energy Efficiency Project
Saving Money and Reducing Pollution through Energy Conservation

May 3, 2005

Mr. Bill Owens, Governor
136 State Capitol
Denver, CO 80203-1792

Dear Governor Owens,

I am writing concerning your veto of House Bill 05-1162, the bill concerning appliance energy efficiency standards. This bill would have helped Colorado's consumers and businesses acquire more energy-efficient products, thereby reduce their future energy bills. There was broad support for these cost-effective, business-friendly standards in the legislature as evidenced by the 12-1 vote to pass the bill in the House Business Affairs and Labor Committee and the 6-1 vote in the Senate Business, Labor and Technology Committee.

There are a number of incorrect and misleading statements in the letter you sent to the legislature announcing your veto of the bill. I would like to point these out to you and your staff.

Your letter states "If this bill became law, Colorado would be one of only five states to adopt laws that exceed the already stringent federal energy efficiency standards." First, Colorado would have been the sixth or seventh state to adopt state appliance efficiency standards in recent years if this bill had become law. The other states that have enacted standards in the past two years are Arizona, California, Connecticut, Maryland, and New Jersey. In addition, the Washington state legislature recently adopted standards very similar to those in House Bill 1162; Governor Gregoire is expected to sign this bill into law. And other states including Florida, New York, and Massachusetts adopted state appliance efficiency standards in the 1980s.

Second, the standards included in House Bill 05-1162 and adopted by these other states are on products NOT covered by federal efficiency standards. It is incorrect to claim the Colorado standards would be more stringent than federal standards since there are no federal standards on the products included in the bill. Nor is the U.S. Department of Energy developing standards on these products, except in one case (distribution transformers).

Your letter states that "Market forces provide powerful, and often unpredictable, incentives for consumer goods to become more efficient, and less expensive. They do so, in most cases, without the heavy hand of government mandates." This is misleading if not inaccurate because federal or state appliance efficiency standards are in effect for a wide

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range of consumer goods, including refrigerators, clothes washers and dishwashers, air conditioners, water heaters, furnaces and boilers, major types of lamps, and most induction motors over one horsepower in capacity. Furthermore, virtually every new home or commercial building constructed in the United States must comply with building energy standards established by state or local officials. In short, hundreds of millions of consumer goods are manufactured and sold each year that comply with government-mandated energy efficiency requirements, and do so without inconvenience or harm to consumers or businesses.

Your letter points out that the energy intensity (energy use per unit of GDP) of the U.S. economy declined 42 percent between 1970 and 1999. This is true, but energy efficiency standards on consumer goods along with other policies such as building energy codes and utility energy efficiency programs are among the reasons why the energy intensity of the U.S. economy fell so dramatically during this period.

Your letter goes on to state, "...if this bill were to become law, the costs on businesses and consumers will rise." This is another inaccurate and misleading statement. Proponents of the legislation such as my organization acknowledged that there may be a small increase in the first cost of products designed to meet the efficiency standards. But in the vast majority of cases, the energy bill savings (and in some cases water bill savings as well) will pay back this extra first cost in two years or less. Businesses and consumers would realize very substantial net savings over the 10-20 year lifetime of the affected products. This contention was never disputed in the legislature when House Bill 1162 was heard and voted upon. To only consider the small incremental first cost, and not the energy bill savings resulting from the standards, is disingenuous at best.

The final criticism in your letter concerns the "potential for a patchwork of standards" in different states. This is another misleading statement. The authors of House Bill 1162 were very careful to copy verbatim the efficiency standards first adopted by California, precisely to avoid this problem. The same thing is being done by other states adopting appliance efficiency standards. House Bill 1162 would not have contributed to this so far nonexistent problem. And because of this deliberate consistency among state standards, affected appliance manufacturers did not oppose House Bill 1162 with one exception. One industry association came forward objecting to standards on one of the 14 products a day or two before the legislature finished passage of House Bill 1162.

Given these facts Governor Owens, your veto of these carefully crafted and broadly supported energy efficiency standards is without merit and very disappointing. I hope you will reconsider your veto if similar energy efficiency standards are presented to you again next year.

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Sincerely yours,

Howard Geller
Executive Director

P.S. President Ronald Reagan vetoed national appliance efficiency standards the first time they were brought to him in 1986 based on similar misconceptions. When the Congress passed this legislation again in 1987, President Reagan signed the bill into law.