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February 10, 2015

The Honorable Lisa Murkowski  
Chairman  
The Honorable Maria Cantwell  
Ranking Member  
Committee on Energy and Natural Resources  
United States Senate

The Honorable Fred Upton  
Chairman  
The Honorable Frank Pallone, Jr.  
Ranking Member  
Committee on Energy and Commerce  
House of Representatives

Subject: *Department of Energy: Energy Conservation Program: Energy Conservation Standards for General Service Fluorescent Lamps and Incandescent Reflector Lamps*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Energy (DOE) entitled “Energy Conservation Program: Energy Conservation Standards for General Service Fluorescent Lamps and Incandescent Reflector Lamps” (RIN: 1904-AC43). We received the rule on January 28, 2015. It was published in the *Federal Register* as a final rule on January 26, 2015, with a stated effective date of March 27, 2015. 80 Fed. Reg. 4042.

The final rule adopts more stringent energy conservation standards for general service fluorescent lamps. DOE has determined that the amended energy conservation standards for these products would result in significant conservation of energy and are technologically feasible and economically justified. DOE also concluded in this final rule that amending energy conservation standards for incandescent reflector lamps would not be economically justified and therefore did not amend those standards.

Enclosed is our assessment of DOE’s compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review of the procedural steps taken indicates that DOE complied with the applicable requirements.

If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Shirley A. Jones, Assistant General Counsel, at (202) 512-8156.

signed

Robert J. Cramer  
Managing Associate General Counsel

Enclosure

cc: Daniel Cohen  
Assistant General Counsel for Legislation,  
Regulation, and Energy Efficiency  
Department of Energy

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE  
ISSUED BY THE  
DEPARTMENT OF ENERGY  
ENTITLED  
“ENERGY CONSERVATION PROGRAM: ENERGY CONSERVATION  
STANDARDS FOR GENERAL SERVICE FLUORESCENT LAMPS  
AND INCANDESCENT REFLECTOR LAMPS”  
(RIN: 1904-AC43)

(i) Cost-benefit analysis

The Department of Energy (DOE) evaluated the benefits and costs to consumers, the impact on manufacturers, and the national benefits and costs of this final rule. For consumers, DOE found that the weighted-average life-cycle cost (LCC) savings were positive for all product classes with amended standards. Using a real discount rate of 9.2 percent, DOE estimates that the industry net present value (NPV) for manufacturers of general service fluorescent lamps (GSFLs) would be \$1,551.6 million in 2013 dollars. Under this rule, DOE expects that manufacturers may lose up to 21.3 percent of their industry NPV, which is approximately \$330.0 million. Additionally, based on DOE’s interviews with the manufacturers of GSFLs, DOE does not expect any plant closings or significant loss of employment.

DOE estimates that this final rule will result in energy savings of 7.1 percent for GSFLs. The cumulative NPV of total consumer costs and savings of these standards for GSFLs ranges from \$2.0 billion (at a 7 percent discount rate) to \$5.5 billion (at a 3 percent discount rate). This NPV expresses the estimated total value of future operating-cost savings minus the estimated increased product costs for products purchased in 2018–2047. In addition, these standards for GSFLs would have significant environmental benefits. The energy savings from the 30-year product purchase period with these standards, relative to the base case without amended standards, would result in cumulative greenhouse gas emission reductions of approximately 160 million metric tons of carbon dioxide, 650 thousand tons of methane, 140 thousand tons of sulfur dioxide, 230 thousand tons of nitrogen oxides, 2.0 thousand tons of nitrous oxide, and 0.43 tons of mercury.

Based on the analyses culminating in this final rule, DOE found that for GSFLs the benefits to the nation of the standards (energy savings, consumer LCC savings, positive NPV of consumer benefit, and emission reductions) outweigh the burdens (loss of industry NPV and LCC increases for some users of these products). DOE has concluded that the standards in this rule represent the maximum improvement in energy efficiency that is technologically feasible and economically justified and would result in significant conservation of energy.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603-605, 607, and 609

DOE performed a final regulatory flexibility analysis for the standards governing GSFLs in this final rule, but not on the standards governing incandescent reflector lamps, as they are unchanged by this final rule. The Final Regulatory Flexibility Analysis included (1) a description and estimated number of small entities regulated; (2) a description and estimate of compliance requirements; (3) a description of any duplication, overlap, and conflict with other rules and regulations; and (4) significant alternatives to the rule.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

DOE has concluded that this final rule would likely require expenditures of \$100 million or more on the private sector. Such expenditures may include: (1) investment in research and development and in capital expenditures by GSFL manufacturers in the years between the final rule and the compliance date for the new standards, and (2) incremental additional expenditures by consumers to purchase higher efficacy GSFLs, starting at the compliance date for the applicable standard.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

DOE initiated this rulemaking process with the publication of a framework document on September 14, 2011. 76 Fed. Reg. 56,678. DOE then held a public meeting on the framework on October 4, 2011. DOE published a preliminary analysis on February 28, 2013, and a notice of proposed rulemaking on April 29, 2014. 78 Fed. Reg. 13,563; 79 Fed. Reg. 24,068. DOE held a public meeting on the proposed rule on May 1, 2014.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501-3520

DOE has established regulations for the certification and recordkeeping requirements for all covered consumer products and commercial equipment, including GSFLs. 76 Fed. Reg. 12,422 (Mar. 7, 2011). The collection-of-information requirement for the certification and recordkeeping is subject to review and approval by the Office of Management and Budget (OMB) under the Act. This requirement has been approved by OMB under OMB Control Number 1910-1400. Public reporting burden for the certification is estimated to average 30 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Statutory authorization for the rule

DOE promulgated this final rule under the authority of sections 6291 to 6309 of title 42 and section 2461 note of title 28, United States Code.

Executive Order No. 12,866 (Regulatory Planning and Review)

DOE determined that this final rule is economically significant under the Order and presented it to OMB for review.

Executive Order No. 13,132 (Federalism)

On March 14, 2000, DOE published a statement of policy describing the intergovernmental consultation process it will follow in the development of regulations. 65 Fed. Reg. 13,735. The Energy Policy and Conservation Act of 1975, as amended, (EPCA) governs and prescribes federal preemption of state regulations as to energy conservation for the products that are the subject of this final rule. States can petition DOE for exemption from such preemption to the extent, and based on criteria, set forth in EPCA. 42 U.S.C. § 6297. DOE determined that no further action is required by the Order.