

NAFEM Statement on CO HB19-1231

Tuesday, Apr. 23, 2019

Good afternoon.

Thank you for the opportunity to talk with you today about House Bill 19-1231 concerning efficiency standards for equipment sold in Colorado. I am Charlie Souhrada, Vice President of Regulatory & Technical Affairs for the North American Association of Food Equipment Manufacturers or NAFEM.

We're here specifically to encourage you to amend language in the bill that relates to commercial appliances.

NAFEM represents more than 550 companies that manufacture commercial foodservice equipment and supplies for the food away from home market. These members make the tools used to prepare, cook, serve and store food safely.

Our association has a long history of helping reduce energy consumption. In fact, nearly 20 years ago, NAFEM and its members actively worked with the US Environmental Protection Agency to help start the ENERGY STAR program for commercial foodservice equipment. That active support continues today.

We're currently working with the EPA and other stakeholders to streamline and expand the program's verification testing. This work has been proven to reduce the cost of participation and increase the accuracy and strength of the verification process itself.

We do this work because our customers demand it. It's good for business. Good the environment. And, it's the right thing to do.

We have no doubt that the bill was written with the best intentions. If approved, it will require that all commercial dishwashers, fryers, steam cookers and a variety of other devices, meet or exceed ENERGY STAR program requirements for that, specific product, or the product shall not be sold, leased or rented in Colorado on or after January 1, 2021.

The current language in the bill is a concern because it could unintentionally threaten the national ENERGY STAR program, hurt the foodservice industry in Colorado and the supply chain that supports it.

According to ENERGY STAR'S authorizing statute, the program was established within the Department of Energy and the Environmental Protection Agency as a ***voluntary program*** to identify and promote energy-efficient products and buildings to reduce energy consumption, improve energy security, and reduce pollution through voluntary labeling and communication about products and buildings that meet the highest energy conservation standards.

ENERGY STAR is a strong brand identifier designed to educate and guide consumers to the most energy efficient equipment. It is used as a measure of best practice and plays an integral role in programs like the U.S. Green Building Council's Leadership in Energy and Environment Design (LEED) program.

Utilities use ENERGY STAR as a benchmark for customer incentives and manufacturers use it to showcase their market leadership and justify their research and development initiatives relative to energy efficiency.

If ENERGY STAR becomes a baseline requirement for all equipment, then it loses its power to lead and educate. At the same time, the state's energy providers will lose their power to influence behavior and manufacturers will have less incentive to innovate.

In contrast to the national program's charter, language in HB19-1231 begins to test the limits of the term "voluntary" and could significantly change the unique nature of the program.

The program's commercial foodservice equipment component is designed to promote the top quartile of a specific product category, such as the most efficient dishwashers or fryers.

By mandating ENERGY STAR, the bill eliminates the other 75 percent of the equipment on the market and will significantly reduce the types of products restaurants can choose from to meet their business needs.

According to one successful foodservice equipment manufacturer, they sell approximately 10,000 units of a type of product per year. Of those, only seven percent or 700 are ENERGY STAR rated. This is the market place telling us what they value.

But requiring foodservice operators to use only ENERGY STAR-rated equipment doesn't just limit their available choices, it also could raise the price of the options that remain. That's because highly efficient equipment, in contrast to standard-efficiency alternatives, uses more costly components to meet their energy targets. By requiring ENERGY STAR, Colorado will indirectly be increasing costs for most of the equipment needed in the state.

This could challenge operators who have other business needs, such as schools and colleges, correctional facilities, healthcare, or smaller, independent operators just trying to keep the doors open.

Similarly, the bill could challenge manufacturers and suppliers who follow a different marketing strategy and offer standard-efficiency equipment to meet unique customer needs.

It's important to note the foodservice industry uses highly specialized equipment that's inherently different than consumer appliances. These devices should be specified by people who are trained in commercial kitchen design principles and not through government regulations.

There is often a tradeoff in terms of productivity or functionality and an expert is needed to help an operator make these business decisions. With steam cookers, for example, there's a major difference in productivity between boiler-type steamers and boiler-less steamers and this needs to be taken into consideration.

Unfortunately, there is a lack of publicly available information about energy consumption and equipment performance. The bill requires the industry to move to ENERGY STAR before establishing the proper baseline.

ENERGY STAR is a big leap because it's supposed to address the upper quartile as stated earlier. Colorado needs to collect data to establish a baseline and a good starting point.

With hot food holding cabinets, the bill references an ASTM Standard and follows an approach like one established by the California Energy Commission or CEC, that removes the lower performers from the market. This is a much more reasonable approach.

We recommend a modified approach that follows this model established by the CEC Title 20 Appliance Efficiency Regulations. The CEC model establishes data reporting requirements to build public awareness of energy consumption, followed by a future rulemaking to eliminate equipment that performs at the lowest levels.

We appreciate and respect the intentions behind the proposed bill. We pledge to work with you to develop a plan that does not have an opposite effect and harms rather than helps business in Colorado.

Thank you again for the opportunity to speak with you today. We look forward to working with you to amend HB19-1231.