




UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

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OFFICE OF
AIR AND RADIATION

MEMORANDUM

SUBJECT: Response to Evaluation Report: ENERGY STAR Needs to Assure Superior Energy Conservation Performance – A Summary Report – Report No. 11-P-0010

FROM: Gina McCarthy 
Assistant Administrator

TO: Jeffrey Harris, Director
Cross Media Issues, Office of Program Evaluation
Office of the Inspector General

Thank you for the opportunity to respond to the Evaluation Report: ENERGY STAR Label Needs to Assure Superior Energy Conservation Performance – A Summary Report (Summary Report). We appreciate and share your interest in making the ENERGY STAR program as effective as possible. Accordingly, we are moving forward to implement the recommendations provided in your draft report as outlined below.

Recommendation 1: Develop a strategic vision and program design that assures that the ENERGY STAR label represents superior energy conservation performance.

Corrective Action Plan

The September 30, 2009 MOU between EPA and DOE reflects a mutually agreed upon strategic vision for the ENERGY STAR Products Program. Specifically, the agreement states:

Program Design. The ENERGY STAR label will identify energy efficient products that offer meaningful energy savings (at an individual and/or national level) over those products typically purchased.

- *Specifications will be established which overlay the consumer perspective and the need to consistently identify top performing products.*
- *Specifications will be set to recognize products that are cost-effective from the purchaser standpoint; offer at least equivalent functionality and features as standard products; and are proven and broadly available. Cost-effectiveness in terms of payback periods will be defined on a case-by-case basis, taking into account both the expected useful life of the product and the general desirability of shorter payback periods, but will in general be 3-5 years.*

- *To identify top performing products, ENERGY STAR specifications will be set to identify approximately the top 25% most efficient of models within a product class under the ENERGY STAR specification at the time that specification becomes effective, with consideration of expected improvements in product efficiency and market penetration trends of those products that will take place between establishing a specification and the specification becoming effective.*

This vision was subsequently integrated into the Enhanced Program Plan for ENERGY STAR Products in early December 2009 as the first important step in advancing the partnership between EPA/DOE and program stakeholders and in engaging with interested parties in a discussion of the key program enhancements outlined in the MOU.

EPA's ENERGY STAR Program will coordinate with DOE and other appropriate offices within EPA to develop a more comprehensive explanation of the strategic vision and program design for ENERGY STAR, consistent with the longstanding intent and purpose of the program, as well as the relevant statutory provisions.

Milestone	Date
Reach agreement with DOE on basic elements of strategic vision and program design.	Completed
Share basic elements with stakeholders through Enhanced Program Plan for ENERGY STAR Products	Completed
Draft expanded discussion – ENERGY STAR Products Program Strategic Vision: 2011 and Beyond	June 2011
Consult with internal/external interested parties	September 2011
Finalize - ENERGY STAR Products Program Strategic Vision: 2011 and Beyond (including refinements to ENERGY STAR program design, as appropriate)	December 2011

Recommendation 2: Develop a set of goals and valid and reliable measures that can accurately inform shareholders and the public of the benefits of the program.

Corrective Action Plan

Consistent with recommendations made through a recent peer review of the model used to document ENERGY STAR products benefits, EPA is in the process of enhancing its approach to accounting for program savings. An important aspect of this is better articulation of program goals and documentation of a market model for key product areas. (A market model is similar to program logic but adapted to the unique aspects of market transformation programs.)

Milestone	Date
External Peer Review on ENERGY STAR Products Benefits Calculations	Completed
Refined Benefits Model Removing Market Transformation Effects and Improving Consistency	Completed
Enhanced Documentation of Market Model	December 31, 2011
Phase I Migration of Benefits Model to Nationally Accepted Platform	June 30, 2012
Phase II Reassessment of Baselines for Core Products	December 31, 2012
Finalize new goals and measures	December 31, 2012

cc: Margaret Guerriero
 Beth Craig
 Ann Bailey
 David LaRoche