over some of these very points.

It is going to require in most cases a collaboration between the other agencies--the Department of Transportation, the Environmental Protection Agency--frankly, a level of collaboration we haven't always seen in the past. So in addition to the fundamental issue of translating this, we are going to have to refashion the dialogue and improve the dialogue between the disparate Federal agencies to begin to put some meat on the bones of these recommendations.

Now, that process is under way, and on a weekly basis, we have updated matrixes to try to implement the policy and really put a fine point on it.

With respect to the specific standards, we are well along the way on distribution transformers, and I can't give you an exact time frame because, of course, it is a regulatory process and there are opportunities for some of the stakeholders in the process to lengthen or expedite depending on--but let me--.

Mr. BOUCHER. Can you just give us a general sense?

Mr. GARMAN. Sure. I think we can--I think that distribution transformers are an opportunity for a reasonably expeditious win. I think that--and part of this, because one of the programs that we are actually going to review in the context of this strategic review are our rulemaking processes on setting new standards for these various items.
I can tell you that some that you have mentioned, refrigeration, commercial, are on our higher priority list. And I would beg the indulgence of the committee--and perhaps this is something I can provide you for the record--something of a matrix of our current thinking on the prioritization of these various appliances and the general time frames in which we think we will be turning to them.

Mr. BOUCHER. Mr. Chairman, thank you. My time has expired. Let me simply conclude by thanking Secretary Garman for his attendance here and his answer to this question.

And, Mr. Secretary, I would very much welcome at the earliest time that you could provide it that written response to this question that establishes these priorities and some suggested time frames for completing these various rulemakings. And to the extent that you can talk about your level of support for the specific items that I indicated in the last part of the question for refrigerators and the other items, that would be welcome, too.

Now, we are proceeding on a fairly rapid schedule here to adopt legislation on this set of issues, and so if you could provide an answer perhaps by next week, that would be timely and helpful to us. And I thank you and thank you, Mr. Chairman.

[The information follows:]
Mr. WALDEN. [Presiding.] That would be good for all the committee members to have a copy of.
The Chair now recognizes the gentleman from Louisiana, the chairman of the full committee, Mr. Tauzin.
Mr. TAUZIN. Thank you, Mr. Chairman.
Mr. Garman, again my congratulations, and thanks for being here.
Let me ask you, sir, in terms of the administration's position to give the air conditioning efficiency standard a hit for me, where is the administration on this, and what kind of support can we expect for regulations that would improve air conditioning efficiency?
I realize it is pretty controversial, but maybe you can explain where you are on it.
Mr. GARMAN. Sure. I will try to make a couple of points on this.
First of all, the current air conditioning standard is set at a seasonal energy efficiency ratio of 10. Approximately 79 percent of the air conditioners on the market today are at a level 10. What the administration is expected to shortly propose--and that rulemaking has not been offered up yet, but--is to raise standards for residential air conditioners and heat pumps 20 percent from a SEER 10 to a 12. I would expect that rulemaking to occur in the next week or two.
Mr. TAUZIN. In terms of the drive to make Federal facilities more energy-efficient, you recently saw the President make an announcement that in California, he expected a 10 percent reduction in energy use in these facilities, particularly during the State's three emergencies.

In the bill that Mr. Barton was proposing, we had even increased that to 20 percent, because our information was that that was achievable. We have seen 20 percent reductions in Federal facility energy consumption mandated over time and achieved. Is it time for another mandate for the buildings and the facilities of our country that are Federal to target and to achieve energy efficiency reductions?

Mr. GARMAN. There is an existing executive order, if I am not mistaken, that is in place currently, it has not been rescinded, that is calling for continuous improvement in the Federal arena.

Mr. TAUZIN. We are told, for example, Mr. Garman, that an investment in a simple thing of replacing incandescent bulbs with more efficient bulbs could obviously be a little costly. Most Americans are more willing to buy a 30-cent incandescent bulb rather than a $4 very efficient, high-quality bulb because of the initial investment in cost. But we are told that you can recover those costs within a 4-, 5-year period; and that would, in the long term, make great
economic sense, particularly for Federal officials.

If we included a new mandated number, a target, a goal in our legislation, do you think that ideas like that could be utilized by the Federal facilities to achieve even greater efficiencies than they are currently doing?
Mr. GARMAN. Yes. I mean well, let me put it this way. In the last 5 years against the 1985 baseline, we have outperformed the goal, slightly outperformed the goal, governmentwide, that appeared in the Energy Policy Act of 1992. We achieved the goal a year early, the 2000 goal.

Now, that is not to say there is not a lot, frankly, in pursuit of that goal, a lot of the low-hanging fruit such as those you have mentioned, ballasts, changing incandescent bulbs. That is not to say that—.

We are testing the system now, for instance, in California where the Federal government uses about one and a half percent of all the energy in California. We had our managers, in response to the President's directive, try load-sharing opportunities, and at one point I believe we were able to cut load during peak time on the order of 20, 25 percent.

Mr. TAUZIN. You know, we hear big numbers like that.

Mr. Hoover, I suspect the State facilities are doing similar work. Can we expect that if, in fact, we in our legislation encourage and incentivize State and local governments to achieve similar results, is that possible? Is that achievable?
Mr. HOOVER. Well, in my own State we have a legislative reduction goal that increases by a certain percentage each year from a 1992 base line, and now we are up to discussing going to a 30 percent reduction. So I think all of these are very achievable.

Mr. TAUZIN. I want to know what either of you know about Sterling engines. One of our members, Charlie Bass, has presented a lot of information to us on the latest developments on the Sterling engine.

We hear a lot about hybrid fuel cells, and our bill obviously is going to try to incentivize more than--and also because of the environmental aspects of fuel cell use and hybrid engines on the Nation's highways. We were thinking, for example, why not allow people to use an HOV lane if they have got a high-mileage, low-emission vehicle even if you are only one person in that car? Why not incentivize you to do that?

But in terms of the Sterling engine, do we have a good understanding of its capabilities as it has been recently modified to add to all sorts of new energy efficiencies in the market?

Mr. GARMAN. I had the opportunity to actually see a Sterling engine a couple of weeks ago. It is not a particularly new technology.

Mr. TAUZIN. It is very old.
Mr. GARMAN. But, as you pointed out, there are new modifications and possibilities that it affords. I think particularly in some of, you know, energy renewable where an external heat source can be applied.

Mr. TAUZIN. We are also told that in distributive energy systems Sterling engines can be extraordinarily useful, particularly new designs. I would love to have something from you to complement what Charlie Bass has brought on our committee, if you can to give us your latest of its potential as part of a conservation and distributive energy initiative.

Finally, I just wanted a comment from both of you on one of the most important elements of conservation. In California, when California had price caps on the retail market on its electricity, we discovered in our surveys in California a drop in conservation of 8 percent. It shouldn't have surprised us. Price controls tend to encourage demand and weaken conservation efforts. Price increases have the opposite results always. We saw a 13 percent increase in conservation in California the moment it was announced that those price controls would be lifted on the retail market.

Is the price of gasoline going up, shortage of natural gas, prices of natural gas going up? How much do prices and increases in prices under your analysis create conservation incentives? What is the relationship in that? Is it a one-to-one relationship? Is it a one-to-two?
How high do prices have to go before people really get serious, for example, and change all the incandescent bulbs in their houses and buy the systems that turn our air conditions on and off when we are gone and turn them back on when we are coming home? Those are very cheap items to buy. We don’t buy them. We don’t install them. But they could save enormous amounts of energy for the consumers and the country. How high do prices have to get, and what is the relationship in price conservation reaction?

Mr. GARMAN. Pricing is, of course, an obviously--a very powerful incentive to conservation. And it is not always the magnitude of the price, but the pace of the price increase.

I know that when I was, you know, in my own home, was noticing that my price of gas was going to roughly double, based on the contract I had entered into on December 31, you can bet that in November I was at the Home Depot buying the computerized thermostat, buying the extra insulation. I mean, price was a very powerful motivator, and I think it is--particularly when it comes in a very short time span.

And I would echo, because I think you asked me for this, your observations with respect to the situation in California. However well-intentioned, the edict of the legislative body or executive can’t repeal the laws of supply and demand and the impact that price has on the rational consumer economic behavior toward conservation. It is a
very, very powerful and persuading force.

Mr. TAUZIN. My time is up, Mr. Hoover, but I would love to hear your response.

Mr. HOOVER. Well, the one thing I would add to that is I think that price is a big motivator to make people want to conserve. But I also think that the increases that we saw in heating prices last year caused a lot of people to look at things that they hadn’t looked at in a long, long time. The problem is you have to make sure that when the individuals get that price signal, whether it is an opening or monthly utility bill or whatever signal they see, that they have the opportunity to take advantage of conservation activities.

So the infrastructure, so to speak, for conservation and efficiency has to be there. The products have to be in the marketplace. The programs, whether they are run by State government or the Federal government, need to be there so that people can do something.

Because the problem is, a lot of times, there is that initial reaction to it. But if you don’t take some substantive action to it, that opportunity is gone, so you just get a lot of--.

Mr. TAUZIN. If I may add one more thing, and that is why I think there is a responsibility, particularly at this level, it is making sure consumers know at the right moment what is available and how economic those opportunities are in
terms of cost savings for them in the short and the long run.

Thank you very much, Mr. Chairman.

Mr. BARTON. The Chair now recognizes the gentleman from Wisconsin, Mr. Barrett, for five minutes.

Mr. BARRETT. Thank you very much, Mr. Chairman. I appreciate you holding this hearing.

Good morning, gentlemen.

At least until the recent spate of rolling blackouts in California, the history of blackouts in our country seems to have been one that showed a tight correlation between blackouts in the summer and high energy demands in the summer as well. I think we all probably would recognize that. Not surprisingly, that is a time when there is the greatest demand for air conditioning; and it is for that reason that I was simply blown away by this administration's decision to basically gut the rule that the Clinton administration put into effect to increase the energy efficiency standards for air conditioners. I was amazed even more so when I realized that Amana, the second or third largest producer of air conditioners, was in support of this.

So it boggles my mind how, at the one time this administration comes to Congress, comes to the American people and says, we have an energy crisis in this country, an energy crisis, and we have to do more for production, production, production, the Vice President basically makes
fun of conservation and energy efficiency, when right before
us is a rule that would allow us to save energy, energy
efficiency, by increasing the energy efficiency standards for
air conditioners.
I think the fact that this rule was basically set aside
on Good Friday evening, when the major press didn't pay any
attention to it, was a signal to anybody watching this issue
that this was simply an attempt to gut this rule. Now, I
understand that it is involved in litigation right now. But,
for the life of me, can you tell me what was wrong with what
the Clinton administration tried to do?
Mr. GARMAN. Yes, sir. And thank you for that question.
I think a couple of points—it is important to make,
first of all, that the incoming administration reviewed and
adopted without change efficiency standards promulgated
during the last administration covering washing machines,
water heaters and commercial heating and cooling systems.
Only in the case of residential air conditioners and heat
pumps did this administration propose any variation from the
prior administration.
Mr. BARRETT. This is the big enchilada, though. This is
the one that people care about.
Mr. GARMAN. Right. But the real heart of matter is that
the Department of Energy analysis—produced by the careerists,
and it is the same analysis that was used by the prior
administration, in the 13 SEER standard showed that it would represent an unreasonable burden on consumers, particularly low-income consumers. The analysis that DOE prepared indicated that 64 percent of the low-income consumers would be faced with paying increased life-cycle costs under the 13 SEER standard for split air conditioners.

Mr. BARRETT. But they would save money with their monthly bill if it was more energy efficient.

Mr. GARMAN. No, sir. Sixty-four percent would incur increased life-cycle costs for low-income consumers.

Now, in general, when you take all of the consumers, you know, some would save more than others. The median payback period for this particular 13 SEER standard on a split air conditioning system would be 14 years. Most of these systems last an estimated 18.4 years. That is, the standard use in the rulemaking and the law directs us to use other factors other than energy efficiency to promulgate these standards.

Mr. BARRETT. But this was a standard that was already in effect when your administration took place. Isn't there a law that says you are not allowed to backtrack? Hasn't this administration violated Federal law by backtracking because it has reduced energy efficiency standards?

Mr. GARMAN. No, sir. Because that—and we are getting perilously close to the issue of contention in the legal matters.
Mr. BARRETT. That doesn’t bother me. I would consider it an important issue.

Mr. GARMAN. But--no, it is the contention of the Department of Energy that the standard was not final, was not in force and effect and would not be until, I believe, 2005. So this is not a back-pedaling.

Mr. BARRETT. Why did Amana support it if this is such a bad rule?

Mr. GARMAN. Pardon?

Mr. BARRETT. Why did Amana support this if it was such a bad rule?

Mr. GARMAN. Amana’s parent company, Goodman Manufacturing, is kind of an interesting niche manufacturer.

Mr. BARRETT. Irresponsible citizen?

Mr. GARMAN. No. No. In fact, they are very smart businessmen. They are essentially building a commodity product, an air conditioner. They view it as a commodity product. They don’t attempt to differentiate their air conditioner from others.

Goodman Manufacturing I think markets their air conditioner under five or six brand names. They are one of the manufacturers that control, you know, 97 percent of the market. I believe that seven manufacturers control 97 percent of the market. But Goodman was in a position, under our analysis, to actually come out much better in relation to
the other manufacturers, and I think they are acting
responsibly and economically, rationally, but according to
our analysis, they are a manufacturer that benefits from--.

Mr. BARRETT. So the other six manufacturers were opposed
to it.

Mr. GARMAN. Other manufacturers suffer pretty
significant economic impacts. And again--.

Mr. BARRETT. But they could raise prices even though it
would hurt the poor. Under your analysis, why would it have
a negative impact if they could raise prices?

Mr. GARMAN. Our analysis indicates that, because of not
only this rule but a number of other rules--.

Mr. BARRETT. But this is the rule we are talking about.

Mr. GARMAN. Yes. But the cumulative effect on
manufacturers, it can affect to seriously alter the landscape
of the manufacturing-base of air conditioning and heat pumps
in the country; and that is why the Department of Justice had
expressed similar concerns with the 13 standard. The
Department of Justice, as you know, under the law is required
to review. It had done that with the 12 standards. But one
of the things the DOE did not do in the prior administration
when it jumped the 13 standard was to fully consult, it is my
understanding, with the Department of Justice to fully
understand the impacts, the anti-trust impacts and the way
that the landscape of the market would be changed.
Mr. BARRETT. I think my time has expired. Let me just say again I find it hard to believe that that administration can come to us with a straight face and say that they care about energy efficiency and say that there is an energy crisis in this country and not act more aggressively to increase the energy efficiency standards for the product that virtually every American recognized is the demand product during the time of the year when demand is greatest, causes the most blackouts, causes the biggest pressure on our electric system in this country. It just boggles my mind.

And I would yield back my time.

Mr. BAPTON. The Chair now recognizes the Vice Chair of the full committee, Mr. Burr, for 5 minutes.

Mr. BURR. I thank the chairman.

I found the last bit of information fascinating because I never knew that the Minnesota market for air conditioners was quite as high as it seems to be from the gentleman’s statements. As a matter of fact, I found it interesting because, in my prior life—prior to serving in Congress—with a wholesale distributor, we represented the Amana company regionally; and North Carolina is a market where air conditioners, when it gets hot, do sell.

It is amazing to watch consumers. Some do pay attention to the energy standards, and they make a buying decision based upon that. Some people can’t afford a doubling of the energy...
price, which, in fact, some have testified the move to 13
1310 did. But at 12 we have a 20 percent increase, and it is
1311 affordable, especially seniors who are susceptible in hot
times to a health hazard.
1312 I commend the administration for trying to find a balance
1313 of improvement but, also, the realities of the pricing
1314 constraints that many of the consumers are under.
1315 Let me thank both of you for coming.
1316 Mr. Hoover, I want to also thank you for being observant
to what we did do yesterday on the point of order. I think
1319 sometimes we have a feeling that nobody pays any attention to
1320 what happens in Congress, but clearly you must pay a little
1321 bit of attention because that was a very quick process that
1322 we went through.
1323 Let me ask you, Mr. Secretary, has the Bush
1324 administration taken a position as it relates to the Clinton
1325 administration's rulemaking regarding clothes washers?
1326 Mr. GARMAN. Yes, sir. The administration is adopting
1327 the clothes washers' rule.
1328 Mr. BURR. Were you involved in that decision?
1329 Mr. GARMAN. No, sir.
1330 Mr. BURR. What does the standard mean?
1331 Mr. GARMAN. I am sorry?
1332 Mr. BURR. What does the standard that we are moving to
1333 mean?
Mr. GARMAN. I do not have that because that is a past rulemaking. I don't have that at my fingertips, and I would be happy to supply that to you and for the record.

Mr. BURR. I think it is important that in your position you should know that, and I know you have been there a very short period of time. My concern is this is not an attempt to eliminate from the marketplace top-loading washers, is it?

Mr. GARMAN. No, sir. No, sir. And, in fact, there are now on the market some new top-loading models that do meet the new standard.

Mr. BURR. We have certainly seen in this committee a tremendous amount of evidence about the water usage of the toilet regulations that we currently have. I don't think anybody envisioned the fact that it would take three or four flushes to evacuate a toilet, and that, in fact, with a new one point six gallon standard, after four flushes you have used more than the original toilet that we replaced. But I think a move towards conservation must also make a determination as to whether the standard that we set can be met and can be met successfully.

Let me ask you, Mr. Hoover, we did move the Interior appropriations bill for fiscal year 2002 yesterday. It will now be considered in the Senate and ultimately in a conference committee to resolve the differences between the two bodies. What programs or funding initiatives would you
suggest to those potential conferees that need to be preserved that would promote energy efficiency out of that particular appropriations bill?

Mr. HOOVER. I mean, obviously, the ones that I mentioned in my testimony about the support of the State energy programs, which is what funds our efforts to do energy efficiency, we view as very important and also the weatherization assistance program which, you know, provides the type of activities and help to low-income consumers to make their housing stock much more energy efficient. It helps them not only in the wintertime with heating problems but also in the summertime with cooling situations. Those two in particular, so--okay.

Then also an increase in the Federal Energy Management program, the FEM program, and also Energy Star, the $2 million increase for the Energy Star program which we view as a critical and very important one because it is one where States take advantage of the Federal government's activities to promote energy efficient appliances, and it plays into some of the State programs.

In my own State we have a sales tax credit for the purchase of Energy Star appliances, and so we don't have to go through the certification process to determine what those products are, it is right there, and we just use that criteria to apply our sales tax credit.
Mr. BURR. Well, I can’t speak for the committee, but for me personally my hope is that in this conservation piece that we can extend the Energy Star program to include more areas.

I want to thank the chairman for this opportunity and yield back the balance of my time.

Mr. BARTON. The gentleman yields back his time.

The Chair now recognizes the singer/songwriter from Massachusetts for 5 minutes.

Mr. MARKEY. Thank the chairman very much. I appreciate that introduction.

Mr. Garman, I authored this legislation back in 1987; and I have a certain proprietary interest in this air conditioning issue. So Mr. Dingell and I may be the last of the Mohicans to remember the 1980s, but we remember them vividly. And one of the reasons why we built in the no-rollback standard into this bill was that the Reagan administration had promulgated essentially a no-standard standard standard whereby they met the technically minimal requirements of a regulation by doing nothing. But they went through the whole rulemaking. So we had to make sure that in the future we would protect Congress against a willful administration violating the intent of our law.

Now, you contend that this was not a final rule. This was a final rule, Mr. Garman. It is illegal for the Bush administration to roll back this rule. It had been published
in the Federal Register. It had a delayed effective date for 
compliance, as many regulations do. But it was a final rule 
in effect as you took office.

There was no basis whatsoever, Mr. Garman, for the Bush 
administration to take this rule off the books, except for 
the fact that the Bush administration has a drilling agenda, 
not an energy efficiency agenda, and the entire F... Energy 
plan is nothing more than a Trojan horse designed by the 
energy companies to take environmental and energy efficiency 
and health laws off the books which they have opposed over 
the years.

Obviously, if the air conditioning standard reduced 
dramatically the need for new coal-fired or nuclear-fired or 
gas-fired electrical generating plants, then that is right in 
concert with the Bush vision. Now, at the same time, the 
Bush administration says that they are a technology-based 
administration, and they point, in fact, to the Department of 
Energy.

Let me put up over here--here is their vision for war 
fighting, for abrogation of the Anti-Ballistic Missile 
treaty, that we will be able to deploy this war fighting 
scenario in outer space with technologies that have yet to be 
invented, yet to be deployed, yet to be proven effective.

But we are willing to destroy an entire arms control regime 
which has create stability in the world for 30 years, and the
Department of Energy and the weapons labs is given a
responsibility for helping to develop that.

Now, at the same time, the Department of Energy, in
analyzing this Bush administration, in analyzing air
conditioners, says this: Here is an air conditioner. Now we
can't figure out how to make an air conditioner meet a
standard which the second largest manufacturer in America is
already meeting.

Now, if you look at the complexity of the task that the
Department of Energy has in both assignments, one, which
almost every scientist at MIT and Cal Tech says is
technologically impossible but the administration defies
that, you have to have the will, they say, and compare that
with the fact that the second largest manufacturer is already
making the air conditioners that the Clinton administration
has put on the books as a standard for every industry
participating to meet 5 years from now, giving them plenty of
time to phase in a technology that is already out on the
market, it would seem to me that the careerists that you
point to in the Bush administration should be put in new jobs
because the consequence of not complying with that air
conditioning standard is to insure that we are going to
become more dependent upon energy sources that are
inconsistent with the environmental and health and national
security interests of the United States.
Now, I have a list of 132 air conditioners made by 25 companies that meet or exceed the standard promulgated by the Clinton administration and illegally taken off of the books by the Bush administration, and I would ask unanimous consent that this be put in the record.

Mr. BARTON. Without objection.

[The information follows:]

******* COMMITTEE INSERT *******
Mr. MARKEY. Now, let's look at this issue.

Mr. BARTON. Will the gentleman yield?

Mr. MARKEY. I will be glad to yield.

Mr. BRYANT. I just want to inform the chairman that it is a 5-minute rule, and Mr. Markey is one of our more eloquent speakers, but he has had his 5 minutes. So if he has a question, let's ask the question, rule; and if he wants to continue to make a statement, he can continue to do that at a later point in the hearing.

Mr. DINGELL. Mr. Chairman, I am enjoying this so much that I am compelled to make a unanimous consent request. I ask unanimous consent that I be permitted to insert my opening statement in the record and be recognized at this time to yield 5 minutes of my time to Mr. Markey.

Mr. BARTON. Well, reclaiming the Chair, even from this part of the podium, we will certainly accept the unanimous consent request to put the gentleman's opening statement in the record, which was already made before the gentleman arrived.

[The statement of Mr. Dingell follows:]

****** COMMITTEE INSERT *******