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


The final rule adopts more-stringent energy conservation standards for some classes of automatic commercial ice makers as well as establishes energy conservation standards for other classes of automatic commercial ice makers. 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.

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
(i) Cost-benefit analysis

The Department of Energy (DOE) evaluated the benefits and costs to customers, the impact on manufacturers, and the national benefits and costs of this final rule. For customers, DOE found that the average life-cycle cost (LCC) savings were positive for all equipment classes for which customers were impacted by the new standards. Using a real discount rate of 9.2 percent, DOE estimated that the industry net present value (NPV) for manufacturers of automatic commercial ice makers is $121.6 million in 2013 dollars. Under the amended standards, DOE expects that manufacturers may lose up to 12.5 percent of their industry NPV, or approximately $15.1 million.

DOE estimates that this final rule will result in energy savings of 8 percent for automatic commercial ice makers. The cumulative national NPV of total customer savings of the amended standards for automatic commercial ice makers in 2013 dollars ranges from $430 million (at a 7 percent discount rate) to $942 million (at a 3 percent discount rate). This NPV expresses the estimated total value of future operating cost savings minus the estimated increased installed costs for equipment purchased in the period from 2018–2047, discounted back to 2014. In addition, DOE expects the amended standards to have significant environmental benefits. The energy savings described above are estimated to result in cumulative emission reductions of 10.9 million metric tons of carbon dioxide, 16.2 thousand tons of nitrogen oxides, 0.1 thousand tons of nitrous oxide, 47.4 thousand tons of methane, 0.03 tons of mercury, and 9.3 thousand tons of sulfur dioxide based on energy savings from equipment purchased over the period from 2018–2047. DOE estimates the net present monetary value of the carbon dioxide emissions reduction is between $0.08 and $1.11 billion, expressed in 2013 dollars and discounted to 2014.

Based on these analyses, DOE found the benefits to the nation of the amended 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 this equipment). DOE has concluded that the standards in this final rule represent the maximum improvement in energy efficiency that is both 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 on this final rule. This 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; (4) significant alternatives to the rule; and (5) responses to small business comments and comments from the Office of Advocacy.
(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 automatic commercial ice maker 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-efficiency automatic
commercial ice makers, 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 by publishing on its website “Rulemaking Framework for
Automatic Commercial Ice Makers” on November 4, 2010. 75 Fed. Reg. 70,852 (Nov. 19,
2010). DOE held public meetings on the framework on December 16, 2010, and February 16,
requested and received comments on the framework. On March 17, 2014, DOE published a
proposed rule. 79 Fed. Reg. 14,846. DOE held another public meeting on April 14, 2014, and

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 commercial refrigeration
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 20 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 6317 of title 42, 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.