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February 1, 2016

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 Ceiling Fan Light Kits*

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 Ceiling Fan Light Kits" (RIN: 1904-AC87). We received the rule on January 12, 2016. It was published in the *Federal Register* as a final rule on January 6, 2016. 81 Fed. Reg. 580.

The final rule puts into place more stringent energy conservation standards for ceiling light fan kits. The Energy Policy and Conservation Act of 1975, as amended, (EPCA) prescribes energy conservation standards for various consumer products and certain commercial and industrial equipment, including ceiling fan light kits. EPCA also requires DOE to periodically determine whether more stringent standards would be technologically feasible and economically justified and would save a significant amount of energy. DOE 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

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 CEILING FAN LIGHT KITS”
(RIN: 1904-AC87)

(i) Cost-benefit analysis

The Department of Energy (DOE) analyzed the costs and benefits of this final rule. Using a 7 percent discount rate for benefits and costs other than carbon dioxide reductions (for which DOE used a 3 percent discount rate along with the average social cost of carbon (SCC) series corresponding to a value of \$40.0/ton in 2015), the estimated cost of the adopted standards for ceiling fan light kits (CFLKs) is \$6 million per year in increased equipment costs, while the estimated benefits are \$55 million per year in reduced equipment operating costs, \$7.5 million per year in carbon dioxide reductions, and \$1.7 million per year in reduced nitrous oxide emissions. In this case, DOE found the net benefit amounted to \$59 million per year. Using a 3 percent discount rate for all benefits and costs and the average SCC series corresponding to a value of \$40.0/ton in 2015, the estimated cost of the adopted standards for CFLKs is \$4 million per year in increased equipment costs, while the estimated annual benefits are \$41 million in reduced operating costs, \$7.5 million in carbon dioxide reductions, and \$1.4 million in reduced nitrous oxide emissions. In this case, DOE found the net benefit amounted to \$46 million per year.

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

DOE prepared a Final Regulatory Flexibility Analysis for this final rule. The analysis included: (1) a description of the need for, and objectives of, the rule, (2) a description of significant issues raised by public comment, (3) a description of comments submitted by the Small Business Administration, (4) a description of the estimated number of small entities regulated, (5) a description and estimate of compliance requirements, and (6) a description of the steps taken to minimize impacts on small businesses.

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

DOE determined that this rule does not contain a federal intergovernmental mandate and is not expected to require expenditures of \$100 million or more in any one year by the private sector.

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

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

On August 13, 2015, DOE published a notice of proposed rulemaking and invited comment. 80 Fed. Reg. 48,624. DOE also held a public meeting on August 18, 2015, to hear oral

comments on and solicit information relevant to the proposed rule. DOE responded to comments in this final rule.

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

Manufacturers of CFLKs must certify to DOE that their products comply with any applicable energy conservation standards. In certifying compliance, manufacturers must test their products according to the DOE test procedures for CFLKs, including any amendments adopted for those test procedures. This requirement has been approved by the Office of Management and Budget (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 section 6291 to 6317 of title 42, United States Code.

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

The Office of Information and Regulatory Review within OMB determined that this regulatory action is not significant under the Order. DOE did not submit this final rule to OMB for review.

Executive Order No. 13,132 (Federalism)

DOE determined that this final rule will not have a substantial direct effect on the states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government.