U.S. GOVERNMENT ACCOUNTABILITY OFFICE

**441 G St. N.W.**
**Washington, DC  20548**

B-328230

July 12, 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 Battery Chargers*

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 Battery Chargers" (RIN: 1904-AB57). We received the rule on June 27, 2016. It was published in the *Federal Register* as a final rule on June 13, 2016. 81 Fed. Reg. 38,266.

The final rule adopts revised energy conservation standards for battery chargers. DOE has determined that these standards will result in the significant conservation of energy and are technologically feasible and economically justified. These standards will apply to seven classes of products, ranging from low energy to high energy, manufactured in or imported into the United States starting on June 13, 2018.

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

ENCLOSURE

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
DEPARTMENT ENERGY
ENTITLED
"ENERGY CONSERVATION PROGRAM: ENERGY CONSERVATION
STANDARDS FOR BATTERY CHARGERS"
(RIN: 1904-AB57)

(i) Cost-benefit analysis

The Department of Energy (DOE) calculated the benefits and costs to consumers, impact on manufacturers, and national benefits and costs of this final rule. For consumers, DOE found that the average life-cycle cost savings are positive for all product classes, and the simple payback period is less than the average lifetime of battery chargers, which it estimated to be between 3.5 and 9.7 years, depending on product class. For manufacturers, DOE estimates that the industry net present value (NPV) in the no-standards case is $79.9 billion using a real discount rate of 9.1 percent. Under the adopted standards, DOE expects that manufacturers may lose up to 0.7 percent of this NPV, which is approximately $529 million. Additionally, based on DOE's interviews with the domestic manufacturers of battery chargers, DOE does not expect significant impacts on manufacturing capacity or loss of employment for the industry as a whole to result from the standards for battery chargers.

DOE's analyses indicate that the adopted energy conservation standards for battery chargers would save a significant amount of energy. Relative to the case without new standards, DOE estimates the lifetime energy savings for battery chargers purchased in the 30-year period that begins in the anticipated year of compliance with the standards (2018–2047), amounts to 0.173 quadrillion British thermal units. This represents a savings of 11.2 percent relative to the energy use of these products in the case without adopted standards. DOE's estimates for the cumulative NPV of total consumer costs and savings of the standards for battery chargers range from $0.6 billion (at a 7 percent discount rate) to $1.2 billion (at a 3 percent discount rate). This NPV expresses the estimated total value of future operating-cost savings minus the estimated increased product costs for battery chargers purchased in 2018–2047. In addition, DOE projects the standards for battery chargers to yield significant environmental benefits. DOE estimates that the standards would result in cumulative greenhouse gas emission reductions (over the same period as for energy savings) of 10.79 million metric tons of carbon dioxide, 6.58 thousand tons of sulfur dioxide, 18.83 thousand tons of nitrogen oxides, 43.6 thousand tons of methane, 0.136 thousand tons of nitrous oxide, and 0.024 tons of mercury. DOE estimates the cumulative reduction in carbon dioxide emissions through 2030 amounts to 4.4 metric tons, which is equivalent to the emissions resulting from the annual electricity use of approximately 600,000 homes.

(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 which 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 statement that the Small Business Administration did not submit comments on this rule; (4) a description of the estimated number of small entities regulated; (5) a description and estimate of the compliance requirements; and (6) a description of steps taken to minimize the impacts to 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 has concluded that this final rule may require expenditures of $100 million or more in any one year by the private sector. Such expenditures may include: (1) investment in research and development and in capital expenditures by battery charger 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 battery chargers, starting at the compliance date for the applicable standard. As described above, DOE analyzed the costs and benefits of this final rule. DOE also discussed the alternatives it considered.

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

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

On March 27, 2012, DOE proposed new energy conservation standards for battery chargers. 77 Fed. Reg. 18,478. After these proposed standards were published, California finalized new energy conservation standards for battery chargers sold within that state. As the new California standards were not factored into DOE's initial analysis, DOE revisited its proposed standards. On September 1, 2015, DOE proposed revised new energy conservation standards for battery chargers. 80 Fed. Reg. 52,850. In the final rule, DOE listed the organizations which commented on this rule.

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 battery chargers. The collection-of-information requirement for 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. DOE estimates that the public reporting burden for the certification averages 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 2461 note of title 28 and sections 6291 through 6309 of title 42, United States Code.

Executive Order Nos. 12,866 and 13,563 (Regulatory Planning and Review)

DOE determined that this final rule is not a significant regulatory action under the Order. DOE did not present for review to the Office of Information and Regulatory Affairs in OMB the draft rule or other documents prepared for this rulemaking, including a regulatory impact analysis.

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.