ENERGY STAR PROGRAM

Covert Testing Shows the Energy Star Program Certification Process Is Vulnerable to Fraud and Abuse

What GAO Found

GAO’s investigation shows that Energy Star is for the most part a self-certification program vulnerable to fraud and abuse. GAO obtained Energy Star certifications for 15 bogus products, including a gas-powered alarm clock. Two bogus products were rejected by the program and 3 did not receive a response. In addition, two of the bogus Energy Star firms developed by GAO received requests from real companies to purchase products because the bogus firms were listed as Energy Star partners. This clearly shows how heavily American consumers rely on the Energy Star brand. The program is promoted through tax credits and appliance rebates, and federal agencies are required to purchase certain Energy Star certified products. In addition, companies use the Energy Star certification to market their products and consumers buy products relying on the certification by the government of reduced energy consumption and costs. For example, in 2008 Energy Star reported saving consumers $19 billion dollars on utility costs. The table below details several fictitious GAO products certified by Energy Star.

Fictitious product  Product and certification details

| Gas-Powered Alarm Clock | • Product description indicated the clock is the size of a small generator and is powered by gasoline.  
|                        | • Product was approved by Energy Star without a review of the company Web site or questions of the claimed efficiencies. |
| Geothermal Heat Pump   | • Energy use data reported was more efficient than any product listed as certified on the Energy Star Web site at the time of submission.  
|                        | • High-energy efficiency data was not questioned by Energy Star.  
| Computer Monitor       | • Product was approved by Energy Star within 30 minutes of submission.  
|                        | • Private firms contacted GAO’s fictitious firm to purchase products based on participation in the Energy Star program. |
| Refrigerator           | • Self-certified product was submitted, qualified, and listed on the Energy Star Web site within 24 hours.  
|                        | • Product is eligible for federal tax credits and state rebate programs. |

Source: GAO.

GAO found that for our bogus products, certification controls were ineffective primarily because Energy Star does not verify energy-savings data reported by manufacturers. Energy Star required only 4 of the 20 products GAO submitted for certification to be verified by an independent third party. For 2 of these cases GAO found that controls were effective because the program required an independent verification by a specific firm chosen by Energy Star. However, in another case because Energy Star failed to verify information provided, GAO was able to circumvent this control by certifying that a product met a specific safety standard for ozone emission.

At briefings on GAO’s investigation, DOE and EPA officials agreed that the program is currently based on self-certifications by manufacturers. However, officials stated there are after-market tests and self-policing that ensure standards are maintained. GAO did not test or evaluate controls related to products that were already certified and available to the public. In addition, prior DOE IG, EPA IG, and GAO reports have found that current Energy Star controls do not ensure products meet efficiency guidelines.