

## Why GAO Did This Study

American consumers, businesses, utilities, and federal and state agencies rely on the Energy Star product labeling program to identify more efficient products that lower their energy costs. Even with the program's successes, several reports by GAO and others have identified weaknesses in the Energy Star program. The program, which began in 1992 and was reauthorized in 2005, has been jointly administered by the Environmental Protection Agency (EPA) and the Department of Energy (DOE). In 2009, the agencies signed a memorandum of understanding (MOU) that outlined changes to address these weaknesses. The changes included identifying EPA as the lead agency, clarifying the roles and responsibilities of each agency, as well as instituting third-party testing of products.

GAO was asked to examine (1) the status of EPA's and DOE's implementation of changes to the Energy Star program under the MOU and (2) program partners' views of the Energy Star program and changes that are under way. To examine the status of the changes, GAO reviewed guidance and eligibility criteria and interviewed various program partners to gather their views. The results of these interviews are not generalizable, but provided insights on changes to the Energy Star program.

## What GAO Recommends

GAO recommends the Administrator of EPA assess the need to develop a process for independent review of adverse decisions related to setting specifications and disqualifications. EPA neither agreed nor disagreed with this recommendation.

View [GAO-11-888](#) or key components. For more information, contact Franklin W. Rusco at (202) 512-3841 or [ruscof@gao.gov](mailto:ruscof@gao.gov).

## ENERGY STAR

### Providing Opportunities for Additional Review of EPA's Decisions Could Strengthen the Program

## What GAO Found

EPA and DOE have made considerable progress in their ongoing efforts to implement significant changes to the Energy Star program agreed to in the 2009 MOU. These changes include expanding product qualification and verification testing, updating program requirements, and piloting a program to promote the most efficient Energy Star products. In 2010, EPA developed and instituted new third-party certification procedures to qualify products for the Energy Star label. The new procedures took effect on January 1, 2011. As of May 2011, EPA had received about 10,000 new product submissions. In addition, EPA and DOE expanded their testing programs to verify that labeled products continue to meet program requirements. As part of these efforts, EPA is finalizing standard procedures for disqualifying products that fail the verification testing. EPA has also taken steps to update program requirements by broadening the number of product categories covered by the program and updating performance specifications for products that are already part of the program. Since 2009, EPA and DOE have finalized specifications for two new residential product categories and EPA is working on five additional product categories. EPA has a schedule to review and update the specifications for all existing product categories by 2013. In May 2011, EPA established a pilot program to recognize the most efficient products among those that qualify for the Energy Star label in seven product categories. As of August 2011, 78 models in five categories had received recognition as the most efficient products. The pilot program will run into 2012, when EPA will evaluate whether it should continue beyond 2012.

Program partners we interviewed—including manufacturers, retailers, and utilities—generally had positive views of the Energy Star program but raised key concerns about the program's ongoing changes. Program partners cited the overall strength of the Energy Star brand itself and its wide recognition by American consumers and said that the loss of the program would be detrimental to their business. Further, these program partners told us they generally supported MOU steps taken to clarify agencies' roles and establish a single agency as the brand manager. However, program partners also raised three key concerns. First, program partners expressed concern that the ongoing changes are shifting the voluntary nature of the program to include elements of a more traditional regulatory program, but without the procedural safeguards of such programs. Specifically, many program partners told us that the Energy Star label is necessary to sell in many markets. Unlike traditional regulatory programs, however, Energy Star does not have an independent administrative review process where adverse agency decisions related to setting specifications and disqualifications can be reviewed prior to seeking judicial review. Program partners also identified a lack of transparency in EPA's key decisions, including how it sets performance specification levels. Second, many program partners told us the pilot program to identify the most efficient products may undermine the value of the Energy Star label and the program as a whole by creating two classes of Energy Star products. Third, some program partners raised concerns about the rising cost of participating in the program because of third-party certification testing, and some manufacturing partners said they are considering decreasing their participation because of the cost.