

UNITED STATES DEPARTMENT OF ENERGY

**PUBLIC MEETING ON TEST PROCEDURES FOR GENERAL SERVICE  
FLUORESCENT LAMPS, INCANDESCENT REFLECTOR LAMPS, AND  
GENERAL SERVICE INCANDESCENT LAMPS**

**AND**

**ENERGY CONSERVATION STANDARDS FOR GENERAL SERVICE  
FLUORESCENT LAMPS AND INCANDESCENT REFLECTOR LAMPS**

U.S. Department of Energy  
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## P R O C E E D I N G S

9:10 a.m.

Welcome

Linda Graves

MS. GRAVES: Good morning. Welcome to the Department of Energy. I'm Linda Graves, and I'm here with my team, and we are continuing the second day of the standards and test procedure lamps meeting.

With that, let's get started.

Opening Remarks

Doug Brookman

MR. BROOKMAN: Thank you. So we covered a lot of ground yesterday, and you all very easily and graciously worked within the norm boundaries that we've observed all these many years. I'm going to ask again, though, simply that you speak one at a time. Please say your name for the record. Listen as an ally. Keep the focus here. Turn off your cell phones. Put them on vibrate.

If you need to have much of a sidebar conversation, the acoustics in this room are unusually good compared to the Department of Energy, so we can hear you and it's disruptive. So please hold those down. I do hope this is an occasion when you get to serve your objectives today. That is, pursue the

1 matters that are important to you, raise the issues  
2 that are important to you, ask the questions that are  
3 important to you. That helps the Department as well.

4 So then, let's begin. Our first speaker  
5 following on from yesterday --

6 MR. LEWIS: I asked if she could just recap a  
7 little bit, just going back over the topic areas and  
8 giving people an opportunity to ask any questions they  
9 didn't get in yesterday.

10 MR. BROOKMAN: I think that's a real smart  
11 idea. I think all of you were here yesterday. Just so  
12 we're clear, we really hammered through about the last  
13 10 slides. Mimi was very rushed in doing so. So let's  
14 back up to which slide, Mimi?

15 MS. GUPTA: So we're going to be on the  
16 National Impact Analysis part of the presentation,  
17 which is the one with lots of pictures, and Slide 22.

18 MR. BROOKMAN: So, on your agenda, this would  
19 be the middle of the last page in your agenda, the  
20 agenda for Tuesday, March 11th. So we'll proceed with  
21 the National Impact Analysis and then just keep right  
22 going straight on down as described in the agenda.

23

24

25

1 National Impact Analysis (Continued)

2 Mahima Gupta

3 (PowerPoint presentation.)

4 MS. GUPTA: Yesterday we got through the  
5 fluorescent national impacts, or shipment model in  
6 pretty good pace. So I figured I'd start asking you if  
7 you needed any clarification or have any questions or  
8 comments on the incandescent reflector shipment model.

9 So, is that okay with anyone? No one has any comments  
10 on fluorescent, right?

11 (No response.)

12 MS. GUPTA: All right. So we kind of went  
13 through this yesterday, the basic methodology behind  
14 developing the base case shipment model for  
15 incandescent reflector lamps. So, are there any  
16 questions about this? Does anyone want me to go over  
17 this again?

18 (No response.)

19 MS. GUPTA: No? And the various assumptions  
20 that we included to develop the 2011 lamp stock. Those  
21 included emerging technology assumptions and growth  
22 assumptions. This was the resulting stock projection.

23 So, just, please stop me if you have any questions.

24 Then, this is, I think, where we really  
25 started speeding up. I just wanted to emphasize that

1 this is an area that we really need your input on  
2 populating these base case market share matrices for  
3 IRL which characterize the inventory in 2011 and 2042  
4 of incandescent reflector lamps.

5 In the commercial sockets, we account for  
6 some lamps being of halogen infrared technology and  
7 some of them just being of halogen. But in the  
8 residential market -- residential sockets, we assume  
9 all of them are halogen technology.

10 MR. FERNSTROM: So this is Gary from PG&E. I  
11 have a question about this slide. Are you suggesting  
12 that the residential stock of IRLs is 100 percent  
13 halogen?

14 MS. GUPTA: That is correct. Of the covered  
15 incandescent reflector lamps, we assume all of them are  
16 halogen because we don't account for the incandescent  
17 portion of the residential stock because it's not part  
18 of our covered product.

19 MR. FERNSTROM: Thank you.

20 MR. BROOKMAN: Paul.

21 MR. WALITSKY: My guesstimates and visiting  
22 with Light Fair and a lot of manufacturers is that by  
23 2042 you're going to have probably 50 percent of the  
24 lighting that's going to be LED.

25 So I think your emerging technology is going

1 to have a bigger share than you think. In 30 years,  
2 that's a good -- these lamps only last 3-, 4,000 hours.

3 So the turnover rate is much greater than it is in  
4 fluorescent. LED is moving very quickly. You will see  
5 penetration into the household in some significant  
6 numbers in five years.

7 MS. GUPTA: Okay.

8 MR. WALITSKY: So we're going out 30 years.  
9 It's going to be mainly LEDs and probably still a few  
10 compacts left. Incandescents, I think, are going to go  
11 far -- and halogen are going to go far down.

12 The other thing that's happening in retail is  
13 that with Philips' 25-watt HID integrated, that's  
14 taking a share of the commercial market. So I think  
15 your IR is going to be much, much lower.

16 MS. GUPTA: Okay. And so, do you think we  
17 would see a difference in the penetration of these  
18 emerging technologies in the commercial versus  
19 residential? You're saying it's going to be much  
20 higher --

21 MR. WALITSKY: The commercial will come  
22 first.

23 MS. GUPTA: Okay.

24 MR. WALITSKY: It's already starting.  
25 Residential will lag behind, but it will get there.

1 Thirty years is a long time span and you're going to  
2 see a lot more -- I think you really need to get  
3 together with Jim Broderick and his group because  
4 they're working on LEDs. They've got market numbers  
5 which will swamp these. So I think you've got to --  
6 you know, you've really got to talk to Jim and Jim's  
7 group.

8 MR. BROOKMAN: Thank you. Yes, Keith.

9 MR. COOK: Keith Cook, Philips. Yeah, I  
10 agree with what's being said. At the Atlanta DOE  
11 workshop on solid state lighting, every year they've  
12 underestimated the progress in solid state lighting.

13 MR. BROOKMAN: The technical progress.

14 MR. COOK: Yeah.

15 MR. BROOKMAN: Yeah.

16 MR. COOK: And so it's coming much, much  
17 faster than even Jim Broderick and his group has been  
18 able to estimate. Even the technical experts who  
19 provided the information to Jim have been  
20 underestimating that significantly. So I definitely  
21 support that.

22 MR. BROOKMAN: That's helpful. You talked  
23 about the increase. Could you hazard quantities?

24 MR. WALITSKY: Not being privy to the NEMA  
25 numbers, I don't have a base to work from. But what we

1 see in the LED field -- I know -- they're just driving  
2 forward. The white LEDs are now at the same efficiency  
3 as metal halide. You can get a white LED for 100  
4 lumens per watt. Now, it may be, you know, \$3,000, but  
5 you can do it, and those numbers are coming down. I  
6 mean, my laptop was \$1,000. Now it's \$500.

7 MR. BROOKMAN: Yeah.

8 MR. WALITSKY: Well, that's what's happening  
9 with LEDs very quickly. So this is what happens when  
10 you have a disruptive technology, which is what LEDs  
11 are. It will change the way we light our home.

12 MR. BROOKMAN: Ron Lewis.

13 MR. LEWIS: I think that most of what  
14 Broderick and -- he's just a couple doors down from me.  
15 Most of the objectives and most of the research money  
16 is on the sole metric of lumens per watt increasing on  
17 white LEDs. So the market penetration and the  
18 commercialization, DOE's role in the R & D is really  
19 more so in the development and hitting the benchmarks  
20 for white LEDs, the lumens per watt.

21 The commercialization and estimates there, if  
22 there's a source or outcome from the meeting in Atlanta  
23 or somewhere where people are making projections, if  
24 there's something we can note. Part of our difficulty  
25 is as we're choosing levels that people are going to

1 have to comply with, the more that we can quote and  
2 refer to bodies of expertise where there's been a  
3 thorough discussion versus choosing a number that's  
4 speculation.

5           People are going to have to comply with what  
6 we put in the regulation. So we try to -- if we make a  
7 mistake on a guesstimate of the evolution of technology  
8 -- we're limited. We have to look at max tech, the  
9 highest level we can identify. But then, because of  
10 the two criteria, the technical feasibility and the  
11 economic justification, we have to rule things out  
12 starting at the highest level.

13           So in setting the minimum level of efficiency  
14 that's allowable, we need to have a view on maybe the  
15 national impacts and make some projections. The more  
16 we can rely on bodies of expertise where they've talked  
17 about market projections and commercialization, the  
18 better that section will be. But our final decision is  
19 -- we can't put a heavy weighting factor on speculation  
20 that's something that's still to come.

21           MR. WALITSKY: Which is why I was loathe to  
22 give a number. I cannot do that.

23           MR. BROOKMAN: Yeah, right. I was wondering  
24 whether you all have access to -- whether you can track  
25 the manufacturing capacity and see how that's ramping

1 up.

2 MR. WALITSKY: You might check with EIA.  
3 They usually have numbers in the semiconductor type  
4 field. Because this is a different field now. Your  
5 statistics will show up in the semiconductor industry  
6 rather than in the lighting industry. So maybe do  
7 both.

8 But on a personal note, I made LEDs in 1972.  
9 I got a master's in management engineering at New  
10 Jersey Institute of Technology, and my thesis in '72  
11 was to set up a company to make LEDs. So I see 30  
12 years out, you know.

13 MR. BROOKMAN: We may see another career for  
14 you.

15 MR. WALITSKY: Yeah, right. But the red  
16 LEDs, which we made at the time, the reds and blues and  
17 greens, have been around for a long, long time.

18 MR. BROOKMAN: Okay.

19 MR. WALITSKY: White is where things are  
20 going.

21 MR. LEWIS: There was talk yesterday about  
22 the compact fluorescents. Those have been around for  
23 several decades as well. In speculating on when it  
24 would become a major influence, a lot of people would  
25 have guessed wrong on how long it took to ramp those up

1 with the potential they had. So we need to be a little  
2 bit careful on how we guesstimate those things.

3 MR. BROOKMAN: That takes us back to the base  
4 case market share matrices.

5 MS. GUPTA: Yeah. So, another important  
6 thing to know on this slide is that in the residential  
7 sector we assume of covered IRLs, not considering the  
8 emerging technologies, that the covered IRL will remain  
9 approximately the same efficacy, that they will remain  
10 to be halogen type over the entire analysis period. In  
11 the commercial sector we show a migration towards more  
12 halogen infrared technology by 2042.

13 MR. BROOKMAN: Do you have any other specific  
14 questions with respect to Slide 26?

15 MS. GUPTA: Do I?

16 MR. BROOKMAN: Yes.

17 MS. GUPTA: Well, I mean, I think the most  
18 helpful thing for us would be just to get your input on  
19 these inputs and populate these, if possible, and  
20 populate what you think the emerging technologies  
21 number is.

22 MR. BROOKMAN: So then, any specific edits,  
23 suggestions with respect to these numbers that are in  
24 the charts here would be helpful. Keith.

25 MR. COOK: Keith Cook, Philips. One thing we

1 noted yesterday was the fact you needed to include BR  
2 lamps.

3 MR. BROOKMAN: BR lamps. I made that note,  
4 too.

5 MS. GUPTA: Right now we only measure the  
6 impacts on the covered IRL because with the standards  
7 we don't -- we look at a separate scenario. In the  
8 base case, we only want to look at the energy  
9 consumption due to covered IRL. In the standards case,  
10 we may show an additional shift towards BR lamps, in  
11 which case we'll incorporate that into the shipment  
12 forecast. I don't know if that's clear, actually.

13 MR. BROOKMAN: I didn't get that. Say it  
14 again. BR lamps are not included --

15 MS. GUPTA: Yeah. BR lamps that are  
16 incandescent and exempted from standards aren't  
17 included in this forecast because we're not measuring  
18 the -- we don't need to take that into account in  
19 measuring the energy savings in the standards case.

20 In the standards case, if there's an  
21 additional shift towards BR lamps, then that will cause  
22 -- so, in the standards case we do take that into  
23 account, but in the base case forecast that doesn't  
24 need to be shown. We're just looking at what's the  
25 stock in the base case of our covered IRL. If there's

1 an additional shift towards BR lamps in the standards  
2 case, then we'll show that.

3 MR. BROOKMAN: Because it's not a covered  
4 item.

5 MS. GUPTA: Yeah, because it's not a covered  
6 item.

7 MR. BROOKMAN: In the base case.

8 MS. GUPTA: In the base case, right.

9 MR. BROOKMAN: Ron Lewis.

10 MR. LEWIS: But in the second column, then,  
11 in the stock in 2042, as we're showing some depletion  
12 and partial -- looking at the first line, the 90-watt,  
13 if we're looking at impacts, those impacts are  
14 attributed to something. We're looking at a decline in  
15 percentage of market share of that product, and that  
16 decline -- from what you just said, we do not consider  
17 BR as contributing to that decline; is that what you're  
18 saying?

19 MS. GUPTA: Well, if we were to assume that  
20 BR lamps were to have an increasing market share than  
21 they do today, then that would be considered in the  
22 emerging technologies. We would subtract that from the  
23 stock of IRL that we consider in the base case.

24 MR. LEWIS: Even though BR is not an emerging  
25 technology, it would be put in the category for --

1 MS. GUPTA: Right. Yeah, we could create a  
2 second category saying that, okay, we assume that -- we  
3 want to establish what the stock of covered IRL is in  
4 the base case and then look at what are the changes to  
5 that stock with standards, right?

6 So if we assume that BR lamps will have an  
7 increasing penetration, then we may subtract even more  
8 from that blue area and decrease our covered IRL stock  
9 in the base case.

10 MR. LEWIS: It's a little bit tricky here,  
11 also, with EISA legislation, where we're limited to the  
12 single size now, the 65-watt, as the only exception.  
13 So as we look at impacts, we've got to look at the net,  
14 then, between all the different sizes that were out  
15 there that have blossomed in growth to now what's going  
16 to happen with just a single size being available and  
17 how that affects the can lights that have grown in  
18 popularity. So there are a lot of dynamics here to  
19 look at.

20 MR. FERNSTROM: This is Gary from PG&E. The  
21 point of confusion I keep having is that it seems to me  
22 the vast majority of reflector lamps you find in homes  
23 aren't covered. So we're doing this analysis on a tiny  
24 part of the market.

25 MS. GUPTA: That's correct. We are -- I

1 mean, we're constrained by the definition in EISA and  
2 the exemptions in EISA.

3 MR. FERNSTROM: So, a lot of my comments stem  
4 from that point of confusion.

5 MR. LEWIS: But I think it does become  
6 clarified on the standards case as we look at  
7 substitution analysis and scenario kind of situations.

8 I think that it would be absorbed there. So the net  
9 on that of national impacts on energy, it will show up  
10 there. But we can't consider it in the base case.

11 MR. FERNSTROM: I understand how you're doing  
12 your analysis. Given the rules of the game, that seems  
13 to me to be correct.

14 MR. BROOKMAN: Okay.

15 MS. GUPTA: All right. So these are the  
16 resulting IRL base case shipment forecasts. DOE  
17 calculated these shipments by tracking the retirement  
18 based on the lamp lifetime of IRL in the stock. You  
19 see a decline in the shipments, primarily due to the  
20 increased penetration of emerging technologies. The  
21 commercial sector shifts toward longer-lived HIR  
22 technologies.

23 So, any questions on this slide?

24 (No response.)

25 MS. GUPTA: So this shows the methodology

1 behind the standards case shipment forecast. The main  
2 difference here is that instead of using base case  
3 market share matrices, which I just showed you two  
4 slides ago, we substitute those with standards case  
5 market share matrices, where the baseline technology  
6 may no longer be available to purchase. So we see a  
7 shift in people's consumer choices.

8           Similar to fluorescent, we looked at various  
9 scenarios to characterize how consumers will respond to  
10 standards. One important thing to note is that we  
11 assume that the stock of covered IRL -- or, the stock  
12 of IRL lamps in the standards case is the same as the  
13 stock of IRL lamps in the base case. In one of the  
14 scenarios, though, we do subtract some of that stock  
15 and attribute them to the 65-watt BR lamp.

16           The main scenario that we analyze just  
17 assumes that all base case IRL consumers who are  
18 purchasing covered IRL product continue to purchase  
19 that same covered IRL product but just in a more  
20 efficacious form. They will basically just roll up to  
21 the lowest first cost lamp, and that is generally the  
22 least efficacious lamp available.

23           As I just talked briefly about before, we  
24 have the 65-watt BR lamp substitution sensitivity,  
25 which accounts for a standards case market migration to

1 the exempted 65-watt BR30 and BR40 lamps. So people  
2 currently purchasing a 50-watt PAR lamp may choose,  
3 with standards, to purchase a 65-watt BR lamp instead.  
4 We have market share matrices for that scenario as  
5 well.

6 So we would definitely like your input on  
7 what portion of people would be moving to the 65-watt  
8 BR lamp at different standard levels.

9 MR. FERNSTROM: A comment on that. This is  
10 Gary from PG&E. I find it very difficult to understand  
11 that substitution reasoning because in cans in homes  
12 the vast majority of customers are already using BR  
13 lamps. You find hardly any PAR lamps in those sockets.

14 So if we're talking about substituting BR  
15 incandescent lamps for the existing PAR lamps, that  
16 seems to me like a very difficult concept since they're  
17 vastly all incandescent BR lamps now.

18 MR. BROOKMAN: Paul, do you want to add on?

19 MR. WALITSKY: This is Paul Walitsky. The  
20 other aspect of PAR lamps is that, for a household,  
21 they're outside. You can't put a BR lamp outside. So  
22 if somebody's lighting up their backyards for security  
23 reasons and that kind of stuff, they can't switch.

24 MR. LEWIS: They can if it's an enclosed  
25 fixture --

1           MR. WALITSKY: Yeah, but most are just  
2 plugged into a socket and mounted on the corner of the  
3 house. Unless you change the sockets and put a fixture  
4 on, that's not going to happen.

5           MR. FERNSTROM: Gary from PG&E again. There  
6 is an issue with the distribution of lights. So you  
7 want the fairly broad distribution of PAR lamp and BR  
8 lamp in the house and you want a fairly directive  
9 distribution of a PAR lamp outside.

10          MR. BROOKMAN: Ron Lewis.

11          MR. LEWIS: One of the things -- I'm not sure  
12 -- I'm asking the team here as much as anything -- is,  
13 along with that, the issue as far as BRs versus PARs,  
14 which I also have concern about. But the final  
15 traction of CFLs in the target market is to be a  
16 replacement for incandescents, and even the shapes and  
17 the sizes that, as they become more compact. Even  
18 though the optics are different for CFLs, how that  
19 comes into play in this analysis of CFLs going into can  
20 lights as there's a more limited base of incandescents  
21 to put in there.

22          MR. FERNSTROM: Well, I think Pam Horner  
23 alluded to that yesterday when she talked about the  
24 directivity of light and the fact that we're mostly  
25 looking at efficacy here.

1           So CFLs work well in cans as a substitute for  
2 BR lamps except for two things in the market. The  
3 dimmable products, while they exist, aren't  
4 representing very much market share now, and secondly,  
5 virtually all of the CFL products have a much broader  
6 distribution than the IRL lamps, so that you don't get  
7 as much illumination on the work surface.

8           MR. WALITSKY: This is Paul again. I was  
9 just going to say, also, inside the house the PAR lamps  
10 are heavier. The household cans aren't strong enough  
11 in some cases. I've had offices where the lights are  
12 going out when we put the PARs in, and we put the  
13 lighter BRs in and everything is fine. That's another  
14 factor in the fixture acceptability.

15           MR. BROOKMAN: Michael Scholand.

16           MR. SCHOLAND: I'd like, maybe, to respond to  
17 Ron's question about CFL substitutions.

18           MS. GUPTA: Yeah. I was just going to say  
19 that our model does actually have the capability of  
20 looking at an increased migration to CFLs in the  
21 standards case. If you go to the spreadsheet, you can  
22 fill in a certain market share migration to that.

23           So if you feel that's something that should  
24 be incorporated into our standards case forecast, then  
25 please give us the numbers.

1 MR. BROOKMAN: Mike Scholand.

2 MR. SCHOLAND: Mike Scholand again. I wanted  
3 to respond to this question about the BR versus the PAR  
4 lamp, but I don't want to lose this thread here. Ron,  
5 did you want to respond to Mimi's --

6 MR. LEWIS: What I was going to just suggest  
7 is we've got three or four different things in play  
8 here all at once that all contribute to this  
9 projection. So any inputs that people have got that  
10 are comprehensive, that go across rather than just  
11 segments of how they interplay, would be very helpful.

12 With NEMA, as far as input as you're  
13 discussing the implications in the rulemaking, the  
14 shifts even. We've got a -- what was it, 2042 or  
15 something, time period here -- a long time period.  
16 Even if it's segmented, if there's a transition from  
17 one to the LEDs or projections of -- you know, any kind  
18 of specificity that is the observation, the expectation  
19 that you've got. If we've got some input from people  
20 to take a look at how that influences it, that could be  
21 helpful.

22 MR. SCHOLAND: Okay. Thanks, Ron. Mike  
23 Scholand again from Navigant. On this issue of the BR  
24 versus the PAR, I agree that PAR lamps are very  
25 frequently used on the exterior of homes for flood

1 lighting, but I don't think they're at 50 watts. I  
2 don't think that lumen package is accurate enough for  
3 flood lighting. I think it's 75 or, more often, 150  
4 watts.

5           So the fact that these lamps exist -- and I'd  
6 like the NEMA folk, the representative from Philips  
7 perhaps -- because I know Pam is the main person --  
8 reflector lamps for NEMA -- to maybe respond to this.  
9 But those lamps exist. They're sold. They're made by  
10 all three majors. So, at 50 watts, you don't have  
11 enough light for an area light outdoors. It has to be  
12 an interior. I don't think it's commercial because  
13 that's also not enough for the package.

14           I hate to bring my own experience in, but I  
15 do use PAR lamps in my home. I have 50-watt PARs  
16 screwed in, and I would not, you know, migrate to the  
17 65-watt BR lamps. But some folks might be in my  
18 situation doing that and then looking at a first cost  
19 of an HIR PAR lamp, make a choice to go to the BR65.  
20 That's what we're trying to represent in the model.

21           MR. BROOKMAN: Ron Lewis.

22           MR. LEWIS: One possibility to account for  
23 the 50-watters and interior applications, even though  
24 it's a shrinking part of the market, is in track  
25 lighting as opposed to down lights: can lights where

1 you've got a suspension, a weight. When you've got  
2 track lights where you need a variety of beam spreads,  
3 where you've got things that are specific and they want  
4 that heavy-duty lamp as opposed to just a blown glass,  
5 it could be a major portion of that 50-watt market.

6 MR. BROOKMAN: Mike Scholand directed a  
7 question your way. Are you in a position to say  
8 anything about that?

9 MR. COOK: Keith Cook, Philips. I tend to  
10 agree with what Mike was saying. The one area that I  
11 think we are overlooking, though, is the retail market.  
12 You find more and more stores like Gap and those  
13 places which are using more and more of these lamps  
14 around the periphery of the stores to highlight the  
15 walls, the racks, and things like that.

16 It's a very booming market and it's something  
17 that I think we need to have a better understanding of  
18 as to how they're going to react to these kind of --

19 MR. BROOKMAN: Are those can lights?

20 MR. COOK: They are more track lights,  
21 usually.

22 MR. BROOKMAN: Track lights, yes.

23 MR. LEWIS: And wall washer lights.

24 MR. COOK: Yeah.

25 MR. LEWIS: Asymmetrical wall washers.

1 MR. SCHOLAND: Excuse me. Sorry, Ron.

2 MR. BROOKMAN: Mike.

3 MR. SCHOLAND: Mike Scholand again. At 50  
4 watts, is that about the wattage that these lamps are?

5 MR. COOK: Yeah. It's usually between 39 and  
6 75. It's in that range. It's a very, very booming  
7 market.

8 MR. SCHOLAND: Okay. Maybe we'll have a  
9 follow-up question with Pam. Maybe in NEMA's written  
10 submission they can make a specific comment on this,  
11 the apportionment, to make sure the model is right.  
12 Thanks.

13 MR. BROOKMAN: Okay. Thank you.

14 MS. GUPTA: Okay?

15 MR. BROOKMAN: Yeah.

16 MS. GUPTA: There's a lot of feedback.

17 Okay. So the third scenario that we look at  
18 is the 10 percent lumen increased sensitivity, in which  
19 we assume that not all residential consumers will know  
20 to go to reduced wattage lamps that give them the same  
21 lumen output but may rather purchase same wattage or  
22 higher wattage lamps that give them more of a light  
23 output. So that will result in an overall increase in  
24 lumens in the residential sector.

25 So here's an example of a standards case

1 market share matrix in the main scenario. In the  
2 column labeled "Stock in 2011," those are the same base  
3 market shares that we saw before in the commercial  
4 sector. As you can see, at CSL 1 the halogen  
5 technology is no longer available. So all halogen --  
6 consumers purchasing halogen in the base case must move  
7 to an improved halogen lamp in the standards case.  
8 People purchasing HIR in the base case continue to  
9 purchase HIR.

10 Then, at CSL 2, you have everyone in the  
11 commercial sector purchasing HIR lamps. At CSL 3, you  
12 have everyone in the commercial sector purchasing  
13 improved HIR lamps.

14 Any questions?

15 (No response.)

16 MS. GUPTA: In the residential sector, it's  
17 very similar except that we don't have that part of the  
18 market -- HIR lamps in the base case. So it's pretty  
19 much just a roll-up. Everyone goes from purchasing  
20 halogen to improved halogen at CSL 1, to HIR at CSL 2,  
21 and improved HIR at CSL 3.

22 So this is just the main scenario market  
23 share matrix. If you want to look at some of the  
24 sensitivities, including the BR lamp sensitivity and  
25 the inputs that we have for that market share matrix,

1 you can find that in Appendix 9B of the TSD, I think.

2 Is that correct? So. I think it's 9B.

3 So, are there any other questions on the IRL  
4 shipment forecast?

5 MR. FERNSTROM: This is Gary from PG&E. I'd  
6 just like to make the observation that what you've seen  
7 looks pretty reasonable to me for the applications that  
8 we've been talking about for PAR lamps in the  
9 residential and commercial sector. That would be  
10 outdoor residentially and track lighting and in  
11 commercial track lighting and display lighting around  
12 store perimeters and so on.

13 MS. GUPTA: Okay.

14 MR. BROOKMAN: Ron Lewis.

15 MR. LEWIS: Gary and others, if you have any  
16 data, if you have any -- even if it's anecdotal but if  
17 you can quantify it in some way, of the can lights that  
18 are dimmable right now. There was a generalization  
19 made yesterday of a lot of them being dimmable, but  
20 there have been problems with dimming and even with  
21 halogen lamps. You have to bring them up to full cycle  
22 sometimes. You lose that -- you're paying a premium  
23 for the technology but you don't get the advantage of  
24 it if you don't rejuvenate the halogen cycle there in  
25 the lamps.

1           So in looking at the impacts that would have  
2 on substitution analysis and CFLs and things, any input  
3 that you might have on percentage of those fixtures,  
4 the luminaires using these lamps, it would be good to  
5 have some kind of calibration of what we approximate  
6 that use to be.

7           Certainly, that would be more so in the  
8 residential sector than the commercial sector, where  
9 they want all the light they can get. You're probably  
10 not going to be doing a lot of dimming. It's for  
11 display lighting and merchandising.

12           MR. FERNSTROM: So, I believe we do have some  
13 information on that for California. California might  
14 be a little unique with respect to the nation on  
15 account of Title 24 and the way it treats residential  
16 lighting. But we'll get that for you.

17           MR. LEWIS: Thank you.

18           MS. GUPTA: Mike Scholand just held up a sign  
19 to me saying that the market share matrices are  
20 actually in Appendix 9A, not 9B. Sorry about that.

21           MR. SCHOLAND: A quick follow-on to Ron's  
22 comment. Gary, maybe this is what you were referring  
23 to. Yesterday reference was made to a residential  
24 inventory sub-meter study that was done in the State of  
25 California in 2005, I think, that was meant to be like

1 a similar study, I guess, to the Tacoma Public  
2 Utilities from '96. Is that the study you're going to  
3 be providing to the Department?

4 MR. FERNSTROM: What I was going to do was  
5 get information from the California Lighting Technology  
6 Center. I think they may have done some work  
7 themselves in addition to referring to the RLW study  
8 and a study done by HMG Consulting on the distribution  
9 of residential lamp types.

10 MR. LEWIS: Is that Mike Simonovich?

11 MR. FERNSTROM: Yes.

12 MR. LEWIS: Okay.

13 MR. SCHOLAND: Thank you, Gary.

14 MR. BROOKMAN: Okay.

15 MS. GUPTA: All right. So now I'm going to  
16 just talk a little bit about the calculation of  
17 national energy savings and the inputs that go into  
18 that.

19 National energy savings is composed of the  
20 product stock by design, which is developed in the  
21 shipments model; the unit annual energy consumption,  
22 which we establish in the energy use characterization;  
23 the electricity site-to-source conversion factors,  
24 which we calculate from the 2007 Annual Energy Outlook;  
25 and HVAC interaction. For the commercial and

1 industrial sector, we used HVAC interaction of 6.25  
2 percent, and we got that number from the 2000 ballast  
3 rulemaking. We did not model HVAC interaction in the  
4 residential sector.

5 We also incorporated a rebound rate that  
6 accounts for the increased lighting usage due to lower  
7 operating costs. In the commercial and industrial  
8 sectors we used a number of one percent for the rebound  
9 rate, and in the residential sector we used a number of  
10 8.5 percent.

11 Does anyone have any questions or comments on  
12 the inputs to the national energy savings calculation?

13 MR. BROOKMAN: Keith.

14 MR. COOK: Keith Cook, Philips. I wasn't  
15 sure I understood what the six and a quarter percent on  
16 the HVAC interaction is. That's percentage of what?

17 MS. GUPTA: That's percentage of total energy  
18 savings.

19 MR. COOK: From what? I guess it would be  
20 dependent upon the amount of energy being saved,  
21 wouldn't it?

22 MS. GUPTA: Right. So we increase our energy  
23 savings estimates by 6.25 percent.

24 MR. COOK: Going from what to what?

25 MS. GUPTA: So, calculating our energy

1 savings just due to lighting. If we have -- I'm not  
2 sure if I understand your question.

3 MR. BROOKMAN: The heat load is diminished?

4 MS. GUPTA: Yes.

5 MR. BROOKMAN: So the air conditioning cost  
6 is diminished?

7 MR. COOK: Right.

8 MS. GUPTA: Yes.

9 MR. BROOKMAN: Yes?

10 MR. COOK: But that means that from a base  
11 case to CSL 3 or --

12 MS. GUPTA: So, at CSL 3 we calculate an  
13 energy savings just due to the reduced energy  
14 consumption of lighting, right. And then we --

15 MR. COOK: That's what I don't understand.  
16 Which candidate standard level are you using?

17 MS. GUPTA: Okay. For each candidate  
18 standard level we calculate a separate HVAC  
19 interaction. So if at CSL 3 we save one quad due just  
20 to lighting, then we'll increase that one quad by 6.25  
21 percent. So we'll be saving 1.0625 quads instead at  
22 CSL 3. If at CSL 2 we're saving two quads, then we  
23 increase that two quads by 6.25 percent. So that would  
24 be 2.125 quads that we'd be saving. Is that clear?

25 So you're just multiplying the energy savings

1 at each candidate standard level by this percentage.

2 MR. COOK: It doesn't make sense to me. You  
3 don't always get the same amount of energy savings as  
4 you go from class to class. So the amount of savings  
5 you see from your change in HVAC load would vary  
6 depending upon the total amount of energy savings.

7 MR. FERNSTROM: This is Gary from PG&E. I  
8 think the question has to do with to which standards  
9 improvement level does the 6.25 percent refer.

10 MS. GUPTA: Every standard.

11 MR. FERNSTROM: Well, if -- but it has to  
12 vary because the air conditioning impact is a fraction  
13 or percentage of the total energy.

14 MS. GUPTA: Right. So we assume that for --

15 MR. FERNSTROM: Oh, that's the percentage.

16 MS. GUPTA: It's the percentage.

17 MR. FERNSTROM: I understand. It's a  
18 percentage.

19 MS. GUPTA: Yeah, it's a percentage. So, as  
20 you save more energy due to lighting, you're going to  
21 save more energy due to HVAC. It scales up.

22 MR. COOK: Oh, so it's six and a quarter  
23 percent of the energy savings from the lighting you  
24 attribute to the HVAC.

25 MS. GUPTA: Right. Exactly.

1 MR. COOK: I get it, I get it. Okay.

2 MR. BROOKMAN: Paul.

3 MR. WALITSKY: This is Paul Walitsky. Where  
4 did the -- it was in the ballast rule --

5 MS. GUPTA: Yeah.

6 MR. WALITSKY: -- the 6.25?

7 MS. GUPTA: The ballast rulemaking did an  
8 analysis for the HVAC interaction, and they established  
9 6.25 percent as that HVAC factor. We looked at how  
10 that number might change given time, but due to lack of  
11 information we were only able to estimate that given  
12 opposing -- the various opposing factors, and we  
13 estimated that that number would not change  
14 significantly during the analysis period that we're  
15 looking at.

16 MR. FERNSTROM: Okay. So, an observation  
17 about that, then. That 6.25 percent seems to me to be  
18 a relatively low number because it's our sense that the  
19 heat that is produced by these products goes directly  
20 into the building and it takes about one unit of  
21 electric energy to remove three units of heat. So 6.25  
22 percent is a relatively conservative number.

23 MR. WALITSKY: Yeah, this is Paul Walitsky  
24 again. The rule of thumb in the field when people are  
25 changing lamps for living -- Amtech and the service

1 people -- is about a quarter of a watt for every watt  
2 you save in the ceiling. That's where -- make their  
3 money because they don't pass that on. That's their  
4 profit margin. So they look at that pretty closely.

5 I would look at NELCO, the National -- those  
6 guys and see who has some data because, I agree, I  
7 think the 6.25 is on the low end.

8 MS. GUPTA: So, is that lighting-specific,  
9 those estimations?

10 MR. WALITSKY: Yes. The lighting people, the  
11 service lighting industry, NELCO and there's another  
12 group that are the service people. They have a better  
13 idea.

14 MR. BROOKMAN: And it's for switching out  
15 fixtures?

16 MR. WALITSKY: Yeah.

17 MR. BROOKMAN: Relamping?

18 MR. WALITSKY: Exactly, exactly. That's  
19 their bread and butter.

20 MR. BROOKMAN: Michael Scholand.

21 MR. SCHOLAND: I just wanted to chime in.  
22 The issue of the six and a quarter percent, I think  
23 it's looking nationally and it's looking over a full  
24 calendar year. Obviously, in the northern regions of  
25 the country there will be heating load and actually the

1 lighting is providing a service that the HVAC doesn't  
2 need to provide.

3 This study was actually done by Berkeley  
4 National Lab and was pretty thorough at the time. As  
5 Mimi said, the same data is not available to us now.  
6 It hasn't been updated. So as a surrogate, not to  
7 ignore the issue, we wanted to put something there.

8 MR. BROOKMAN: Gary, go ahead.

9 MR. FERNSTROM: Gary from PG&E. That  
10 explains it. I was looking at --

11 MR. BROOKMAN: If it's national and if it's a  
12 year-long basis.

13 MR. FERNSTROM: Year-round, yeah.

14 MR. WALITSKY: When we relamped our building,  
15 we had to add in another \$3,000 for night heating  
16 because the building has no central heat.

17 (Laughter.)

18 MR. WALITSKY: But we accounted for it. I  
19 still got -- Energy Star manufacturing --

20 MR. BROOKMAN: Okay.

21 MS. GUPTA: Are there any other questions on  
22 the inputs into the national energy savings  
23 calculation?

24 MR. LEWIS: I love it when we have a lively  
25 discussion and end up at the same place we started.

1 Yeah, that's probably right. I love it when that  
2 happens.

3 (Laughter.)

4 MS. GUPTA: So, to calculate net present  
5 value, the inputs are the shipments, taken from the  
6 shipments analysis; the per-unit installed cost, which  
7 we establish in the product price determination in the  
8 lifecycle cost analysis; electricity prices, the  
9 averages prices taken from the LCC analysis. Future  
10 energy prices are adjusted according to trends in AEO  
11 2007. We use a seven percent and a three percent real  
12 discount rate, and future expenses are discounted to  
13 2007.

14 Also, to account for remaining lifetime of  
15 lamps at the end of the analysis period, we calculate a  
16 residual value in both the base case and the standards  
17 case, similar to the LCC discussion yesterday.

18 Is there any comment on the inputs into the  
19 net present value calculation?

20 (No response.)

21 MS. GUPTA: All right. So now I'll just show  
22 some of the results here. These are the national  
23 energy savings and net present value results for  
24 general service fluorescent lamps in the shift  
25 scenario. As you might remember, we looked at two

1 different scenarios in the GSFL NIA, the roll-up and  
2 the shift. The shift is generally showing higher  
3 energy savings than the roll-up.

4 So you can see here generally across all of  
5 the lamp types we have increasing energy savings with  
6 CSL, and generally, most standard levels are shown to  
7 be cost effective.

8 MR. BROOKMAN: Gary.

9 MR. FERNSTROM: Gary from PG&E. I recall  
10 yesterday we had a discussion about the utility prices  
11 and thought at least for California they were shown to  
12 be low in the analysis.

13 MS. GUPTA: And then for IRL, we have  
14 something similar. The national energy savings, shown  
15 in the bars, are increasing with increasing CSL. The  
16 net present value also increases with CSL.

17 Any comments on the results?

18 (No response.)

19 MS. GUPTA: All right. So this concludes our  
20 recap of the national impact analysis. Are there any  
21 other, further comments on any of these topics: base  
22 case, standards case, market share matrices?

23 MR. BROOKMAN: For those of you that want to  
24 refresh your memory, you can look at Slide 38 there and  
25 see a brief summary of the major topics.

1 (No response.)

2 MR. BROOKMAN: Okay.

3 MS. GUPTA: Okay. So, should we just move on  
4 to the next section?

5 MR. BROOKMAN: Yes.

6 NOPR Analyses

7 Mahima Gupta and Frances Wood

8 (PowerPoint presentation.)

9 MS. GUPTA: All right. So now we're going to  
10 be just talking briefly about some of the NOPR analyses  
11 we'll be conducting and the next steps of the  
12 rulemaking.

13 So, after this public meeting and a period of  
14 comment, we'll be going through several processes to  
15 complete the notice of proposed rulemaking, or NOPR.  
16 The first step in the NOPR is to revise the ANOPR  
17 analyses that we've discussed today based on new data  
18 and input from stakeholders. So we'll consider the  
19 ANOPR comments that we've received today as well as  
20 written comments and revise the analyses using the  
21 latest data. Those analyses will be the three main  
22 analyses as well as their inputs that we talked about  
23 today: the engineering, lifecycle cost, and national  
24 impact analysis.

25 The next step in the NOPR is to establish

1 trial standard levels. In the ANOPR, DOE is required  
2 to present CSLs, or candidate standard levels, for  
3 stakeholders -- for public comment, and from the  
4 candidate standard levels there are specific criteria  
5 that are used to determine the trial standard levels.  
6 Each trial standard level consists of a set of  
7 candidate standard levels covering all product classes,  
8 and they may vary between product classes.

9 Candidate standard levels cover a range of  
10 efficacies and can include the most energy efficient  
11 level, or max tech, the efficiency level with the  
12 lowest lifecycle cost, efficiency levels with  
13 noteworthy technologies and efficiency levels that fill  
14 in large gaps between candidate standard levels.

15 The trial standard levels are a critical part  
16 of the NOPR analysis, and we definitely would  
17 appreciate your input on the trial standard levels that  
18 should be chosen. As I just said before, they're  
19 created from combinations of the candidate standard  
20 levels that we've discussed today.

21 I think Mike Rivest addressed a comment  
22 yesterday about we would probably create a separate set  
23 of trial standard levels for general service  
24 fluorescent lamps than we would for incandescent  
25 reflector lamps. Oftentimes the trial standard levels

1 are based around a consistent theme.

2 Does anyone have any comments on trial  
3 standard levels?

4 (No response.)

5 MS. GUPTA: All right. So the next step in  
6 the NOPR analysis is the LCC subgroup analysis. The  
7 purpose of the LCC subgroup analysis is to evaluate the  
8 economic impacts of standards on consumer subgroups.  
9 Some of these subgroups may include consumers operating  
10 lamps in a variety of sectors, how consumers in the  
11 commercial sector may be affected differently from the  
12 residential sector, consumers operating lamps in a  
13 variety of building types, consumers replacing  
14 different baseline lamps. Consumers replacing a T12  
15 baseline may have different economic impacts than those  
16 replacing a T8 baseline.

17 And, consumers purchasing due to the several  
18 events that we spoke about yesterday. So a consumer  
19 purchasing a lamp if their ballast has died, their  
20 economics may be different than a person who is just  
21 purchasing a lamp because their lamp has died.

22 Another possibility is that we may consider  
23 analyzing the impacts on low-income consumers. DOE  
24 welcomes comment on how the LCC inputs might change for  
25 each consumer subgroup.

1           No comments?

2           (No response.)

3           MS. GUPTA: The next step in the process is  
4 the manufacturer impact analysis. The purpose of the  
5 manufacturer impact analysis is to assess financial and  
6 other qualitative and quantitative impacts on  
7 manufacturers due to standards. During this analysis  
8 we'll identify manufacturer subgroups also that we  
9 should consider in more detail.

10           In addition, we'll also consider the  
11 cumulative regulatory burden on manufacturers. So if  
12 some manufacturers are manufacturing other products  
13 that may be subject to regulations, we'll consider that  
14 as well.

15           In completing the manufacturer impact  
16 analysis, we'll utilize two major tools. One is the  
17 Government Regulatory Impact Model, or GRIM, and the  
18 second is interviews with manufacturers. The output of  
19 the manufacturer impact analysis is industry net  
20 present value impacts, subgroup net present value  
21 impacts, and any other impacts.

22           So the MIA, or manufacturer impact analysis,  
23 consists of three phases. For phase one, we do a  
24 preliminary manufacturer impact analysis to create an  
25 industry profile. We use the industry profile

1 developed in phase one as an input into the preliminary  
2 GRIM. In phase three, we take the information from  
3 interviews and recalculate the GRIM based on that  
4 information.

5 Here's just a flow diagram to see how the  
6 different phases of the manufacturer impact analysis  
7 fit into the other analyses that we have discussed  
8 today and yesterday and some that we'll be discussing  
9 further in an upcoming presentation.

10 So, phase one, which is the industry profile,  
11 is an input into the engineering to help us establish  
12 an engineering analysis. Then the engineering, LCC,  
13 and national energy savings analyses are used to  
14 develop the preliminary GRIM. Then phase three, which  
15 is composed of manufacturer interviews, revised  
16 industry cash flows, the manufacturer subgroup  
17 analysis, and a qualitative assessment of manufacturer  
18 impacts is done in conjunction with the NOPR analyses,  
19 which are the LCC subgroup and utility, environmental,  
20 and employment impact analyses, which we'll be  
21 discussing shortly.

22 All right. So just for a little bit more  
23 detail, in phase one we look at all publicly available  
24 information, like industry reports and annual reports,  
25 to create an industry profile. Here are some of the

1 data sources that we might use.

2 In phase two, we develop the preliminary  
3 government regulatory impact model. The GRIM is an  
4 industry cash flow analysis that estimates the change  
5 in industry value due to the introduction of new energy  
6 conservation standards. As you can see in this slide,  
7 manufacturer prices and shipments, manufacturer costs,  
8 and financial information are key inputs into the GRIM,  
9 out of which results the cash flow impacts and changes  
10 in industry MPV.

11 The second step of phase two is to develop an  
12 interview guide. We generally mail this interview  
13 guide to manufacturers before the interview so they can  
14 look over the questions and prepare answers. The  
15 interview guide will include engineering analysis  
16 results, shipment results, cost structure and financial  
17 parameters, conversion costs, impacts of other  
18 regulations, direct employment impacts, export issues,  
19 consolidation of the industry, replacement parts,  
20 refurbishments, impacts of standards for the effective  
21 date, and other topics that manufacturers feel that are  
22 important to this rulemaking.

23 Phase three of the MIA actually includes the  
24 interviews, and these will take place after the ANOPR  
25 comment period closes. They will typically be on site

1 at manufacturers' facilities.

2 I'd like to also emphasize that when we  
3 conduct the manufacturer impact analysis we stress  
4 confidentiality. So a contractor with DOE will  
5 establish a nondisclosure agreement with the  
6 manufacturers so we can conduct the interviews.

7 Finally, another part of phase three is the  
8 manufacturer subgroup analysis. The subgroup analysis  
9 is a more focused version of the industry-wide analysis  
10 where we will gather information about what subgroups  
11 or characteristics are most important and how smaller  
12 manufacturers may be impacted by standards.

13 The final part of phase three is taking all  
14 the information that we've gathered and revising the  
15 inputs into the GRIM and getting some new numbers out  
16 of the model. Also, we look at qualitative impacts on  
17 the industry, such as competitive impact assessment,  
18 manufacturing capacity impact, employment impact, and  
19 cumulative regulatory burden.

20 Now I'm going to turn the podium over to  
21 Frances Wood from OnLocation to speak about the  
22 utility, employment, and environmental analyses.

23 MS. WOOD: Hi. Just to give you a brief  
24 overview of these three additional analyses that are  
25 done as part of the NOPR processes.

1           The first one is the utility impact analysis.  
2       Basically, the idea here is to look at the impact on  
3       the utility sector of the various efficiency levels due  
4       to the potential standards. We'll be using a model I  
5       think many of you are familiar with, the National  
6       Energy Modeling System, a variant of that. This is the  
7       model EIA uses to produce the Annual Energy Outlook.

8           It's been tailored slightly to our use for  
9       the Building Technology program, so we call it NEMS-BT.

10       Basically, the modification is to allow us to take the  
11       energy savings that Mimi has already shown and input  
12       them into the model as energy savings in lighting for  
13       the residential, commercial, and industrial sectors.

14       The model is run under the base case, which  
15       is essentially the AEO, and then under different levels  
16       with these additional energy savings and reductions in  
17       electricity consumption resulting from the standard  
18       levels. From that we can measure the difference effect  
19       that the standards are causing, and we can look at the  
20       change in energy sales by region -- that is essentially  
21       the input from the previous analysis -- the change in  
22       the mix of electricity generation, and the change in  
23       the mix of new capacity construction.

24       The anticipation is with reduced electricity  
25       demand we will see a slight reduction in new capacity

1 construction and we may see a slight shift in the mix  
2 of generation types.

3 This is going to be a very brief overview, so  
4 if there are any questions about the utility impact,  
5 this might be a good time to ask.

6 (No response.)

7 MS. WOOD: Seeing no questions, I'll move on  
8 to the employment impact analysis. This is to look at  
9 the net jobs to the economy of the proposed standards.  
10 This goes beyond the manufacturing impact to the rest  
11 of the economy.

12 The tool used here is -- I see a question  
13 already.

14 MR. FERNSTROM: Gary from PG&E. Could we go  
15 back to the utility analysis for just a moment? You're  
16 going to look at the potential change in the mix of  
17 electric generation, and I presume under that category,  
18 if there comes to be some sort of carbon trading or  
19 carbon tax you'll look at how this energy savings  
20 relates to utilities perhaps more easily being able to  
21 meet their carbon emission requirements?

22 MS. WOOD: Traditionally, the impact analysis  
23 and all of these analyses are done with the reference  
24 case, which is current laws and regulations, rather  
25 than trying to speculate on new policies. At the

1 moment there is no national carbon legislation, so we  
2 wouldn't see the result of that, although that effect  
3 you postulate is an interesting one. But it's sort of  
4 outside the usual forecasting that we do.

5 MR. BROOKMAN: If there were some kind of  
6 carbon legislation, how would you deal with it?

7 MS. WOOD: The carbon legislation can be  
8 represented in the model, depending on what kind of  
9 legislation it is, as a cap and trade program, in which  
10 case, either for utilities only or for the entire  
11 energy sector, which is being discussed on the Hill.  
12 So we would represent that as a cap that must be met,  
13 and the model would solve for carbon allowance prices  
14 to meet that cap.

15 Certainly, appliance standards would then  
16 change the energy consumption pattern and affect how  
17 difficult it is to meet that cap and therefore the  
18 carbon allowance prices. So the model can handle that  
19 kind of question.

20 MR. FERNSTROM: Okay. So I understand how it  
21 may not be appropriate to speculate. On the other  
22 hand, the effects of this rulemaking go out decades. I  
23 think of all of the issues, you know, facing the  
24 utility industry, this carbon one is perhaps the most  
25 significant. So it might be a good idea to give some

1 thought to that.

2 MR. BROOKMAN: Ron Lewis.

3 MR. LEWIS: Stay tuned. It's a little bit  
4 premature, but as you're aware, a very dynamic time  
5 that we're in in exploring this and looking at in the  
6 stance of the U.S. Government at large, not just the  
7 Appliance Standards Program. So this is only the  
8 ANOPR. We note that there probably will be some impact  
9 in the future, but right now, at this time, we can't  
10 include it in the ANOPR.

11 As we move forward, there's a strong  
12 possibility that this will be incorporated in some way  
13 in the future, but right now in the ANOPR early stage  
14 we can't really handle it. So, thanks for the input  
15 and watch closely in the future.

16 MR. FERNSTROM: Okay. Thank you.

17 MR. BROOKMAN: You said the model does have  
18 the capacity to deal with this.

19 MS. WOOD: In fact, it's been used by EIA and  
20 others to look at a lot of carbon legislation being  
21 proposed by Congress in the last couple years.

22 MR. BROOKMAN: Thank you.

23 MS. WOOD: So, moving on back to the  
24 employment analysis, this one uses a different tool of  
25 looking at jobs, a spreadsheet model. It's an

1 input/output model of the economy, taking information  
2 from previous analyses, looking at the change in both  
3 the cost of the products and the energy expenditure  
4 savings to impact -- to look at both substitution  
5 effects and income effects that may change what people  
6 purchase that then has a ripple through the economy to  
7 jobs in other parts.

8           The direct employment impacts specifically on  
9 the lighting manufacturers will be handled in that  
10 previous analysis described, the manufacturing impact  
11 analysis. This one is looking at the general economy,  
12 looking at net job impacts.

13           The environmental assessment looks primarily  
14 at, in terms of the environment, again sort of related  
15 to the utilities, the impact that reducing electricity  
16 consumption for lighting will have on emissions,  
17 primarily from power generators. Again, this energy  
18 savings comes from the national impact analysis, and  
19 NEMS-BT will be used to look at power plant emissions.

20           Air emissions are of many different kinds.  
21 The primary impact that we'll look at will be CO<sub>2</sub>  
22 emissions, which is clearly a very relevant topic, as  
23 we've just discussed. We also can look at SO<sub>2</sub> and NO<sub>x</sub>  
24 emissions. However, both of these are effectively  
25 capped through current legislation, and so we don't

1 really anticipate seeing any savings from the standards  
2 for those two types of emissions.

3 Mercury and the cap and trade rule.  
4 Originally mercury was capped by the mercury rule, but  
5 that was recently overturned by the Supreme Court.  
6 It's now unclear what EPA will do. EPA will have to do  
7 something on mercury regulations, but replacement  
8 regulations are not yet determined. So there's a  
9 little uncertainty of how we will treat mercury in this  
10 rulemaking, and I think part of it will have to do  
11 with, as we go through the stages, how much of future  
12 policy becomes defined so that we can actually  
13 represent something.

14 I think our default case will probably be the  
15 continuation of the cap and trade because that shows  
16 significant reductions in mercury and any replacement  
17 will also likely require significant reductions in  
18 mercury emissions. But if anybody has any comments on  
19 the treatment of that, you're welcome to provide  
20 comments.

21 Thank you. Now we'll switch back again and  
22 Mimi will present the regulatory piece.

23 MS. GUPTA: All right. So I'm going to be  
24 talking about the regulatory impact analysis.  
25 Basically, the regulatory impact analysis looks at non-

1 regulatory alternatives to energy conservation  
2 standards that may cause people to purchase higher  
3 efficiency or higher efficacy lamps. It looks at  
4 whether you could get the same national impact savings  
5 at a given level using these non-regulatory approaches.

6           Some of them that we will be looking at are  
7 consumer tax credits, customer rebates, enhanced  
8 education programs, and bulk government procurement of  
9 higher efficiency equipment.

10           To do this, we'll basically modify the inputs  
11 into the national energy savings spreadsheet that we  
12 just talked at length about. Most of that will be  
13 modifying the market share matrices that we've been  
14 talking about.

15           So instead of having -- with standards, what  
16 you generally do is you have people who are purchasing  
17 below the standard, 100 percent of the people now have  
18 to move. In a non-regulatory alternative, instead of  
19 having 100 percent of the people moving you would have  
20 a portion of those people moving to higher efficacy  
21 alternatives or higher efficacy lamps given the  
22 incentives that we're creating.

23           We calculate a national energy savings and a  
24 net present value for the non-regulatory alternatives.

25           That concludes the NOPR analyses section.

1 Are there any questions?

2 (No response.)

3 MS. GUPTA: Okay. So, should we go on to the  
4 closing slides?

5 MR. BROOKMAN: Yes.

6 MS. GUPTA: Okay.

7 MR. LEWIS: Please do.

8 (Laughter.)

9 MS. GUPTA: So we appreciate your patience  
10 and your comments over the past few days. Just as a  
11 recap, I just wanted to put up the seven EPCA factors  
12 again that we talked about at the beginning of this  
13 public meeting and some of the analyses that we've  
14 talked a little bit about: the lifecycle cost  
15 analysis, the manufacturer impact analysis, engineering  
16 analysis, national impact analysis, and the analyses of  
17 environmental, utility, and employment that we've been  
18 talking about.

19 How to submit comments. Your comments are  
20 very important to us. It will help us really improve  
21 our analysis. All of the comments that you guys have  
22 been gracious enough to give us at the public meeting  
23 have been captured in the transcript, and we'll  
24 consider those in developing the NOPR. We would  
25 appreciate written comments as well. You can do that

1 by e-mail, mail, or courier.

2 As I said in the beginning of the day  
3 yesterday, the ANOPR comment period is scheduled to  
4 close 30 days after publication of the notice in the  
5 Federal Register. The notice is scheduled to be  
6 published on March 13th, so if all goes well, the ANOPR  
7 comment period should be closing on April 12th. So we  
8 would appreciate your comments by that date.

9 Thank you very much.

10 MR. BROOKMAN: Thank you. Back to Ron Lewis  
11 for -- comments before we turn it back to Ron Lewis.  
12 Keith and then to Gary.

13 MR. COOK: Keith Cook, Philips. One  
14 question. How can we get a copy of the presentations?

15 MS. GUPTA: The presentation will be posted  
16 online.

17 MR. COOK: Because it does a great job of  
18 capturing all the salient points and it would be good  
19 to use that as a way to provide comments.

20 MS. GUPTA: Yeah, definitely.

21 MR. BROOKMAN: Okay. Gary?

22 MR. FERNSTROM: Before we close, yesterday  
23 Andrew Delaski made some opening remarks. I'd just  
24 like to add on PG&E's behalf our appreciation to the  
25 staff and consultants who are doing a really great job

1 with this process and giving us the opportunity to  
2 comment.

3 MR. BROOKMAN: Thank you. Paul.

4 MR. WALITSKY: I'd like to echo that. I  
5 think, as I said last night to some people, that our  
6 comments are mainly fine-tuning and just tweaking here  
7 and there, I think because you did a good base job.

8 The one comment I would make, and I've been  
9 thinking a little bit about it, is that because NEMA  
10 has been -- numbers, but as you pointed out, it only  
11 represents 90 percent in one case and 85 percent in the  
12 other for the IRLs. Is there going to be any effort to  
13 get to the other 10 or 15 percent, and how do you do  
14 that? It's not easy because some of them are fairly  
15 small companies, like Penn Electric and there's the guy  
16 at New Fargo and there's Halco. There are smaller  
17 companies that are not members of NEMA. You can find  
18 them, but whether they're really impacted, the analysis  
19 may not be worth, you know, the while to do.

20 But it is another part of it. They will most  
21 likely be affected from an impact from an employment  
22 standpoint because some of their technologies are  
23 older, and they're going to fade away. So that's the  
24 areas where they may have a disproportionate impact  
25 even though they're a much smaller share of the market.

1 So I think that's something to keep in mind.

2 MR. BROOKMAN: Mike Scholand.

3 MR. SCHOLAND: Mike Scholand. Yes, Paul,  
4 thanks for that comment. Two responses. One is that  
5 basically NEMA's data is, as you say, representing the  
6 vast majority of the market. We use the 85 and 90  
7 percent estimates to scale up the shipments that  
8 they've given us to make sure that we're representing  
9 shipments for the country as a whole, including the  
10 small manufacturers who are not members of NEMA.

11 So from a mathematical point of view and a  
12 calculation point of view, the analysis stands and is  
13 representative of the country.

14 One of the things that Mimi alluded to in the  
15 manufacturers impact analysis, which is going to be  
16 conducted between now and the NOPR phase, is to look at  
17 the impacts on manufacturers, and a subset of that --  
18 you may remember her talking about the small business  
19 impacts. There is a small manufacturers subgroup  
20 analysis. In that analysis in particular we'll be  
21 looking at differential impacts on small manufacturers  
22 of the regulation.

23 In some cases, those impacts can drive the  
24 standard the Department goes to. For example, in  
25 distribution transformers, impacts on small

1 manufacturers was a driving force behind the selection  
2 of the standard level for medium voltage dry type.

3           So we're very interested in you providing the  
4 names of those companies, contact information, and so  
5 on. DOE will take that into consideration and make  
6 that part of its analysis in the small business  
7 impacts.

8           MR. WALITSKY: I can put together some list.  
9 It won't be exhaustive, but it will have some you may  
10 not know.

11           MR. SCHOLAND: I know we know some.

12           MR. WALITSKY: I can, of course, check with  
13 NEMA to make sure they're not members.

14           MR. SCHOLAND: Sure. We do know some.  
15 Obviously, Ron's experience in the industry is very  
16 helpful for the team. But anything you have to  
17 contribute, that would be very helpful. Thanks, Paul.

18           MR. BROOKMAN: Okay. So then, yes, please.

19           MR. HANSEN: Dain Hansen with NEMA. I just  
20 want to thank everyone for this opportunity. Anything  
21 you need from us. I'm sure we'll be hearing from  
22 everyone, and we'll be giving some good comments. We  
23 look forward to working with you on this rulemaking.

24           MR. BROOKMAN: Thank you. Final comments  
25 before I turn it back to Ron?

1 (No response.)

2 MR. BROOKMAN: So, one thing we always do is  
3 we evaluate these sessions, so I'm going to hand out  
4 these evaluation forms. They're very brief. It will  
5 take you only 30 seconds, unless you wish to spend more  
6 time on them. Ron Lewis.

7 Closing Remarks

8 Ron Lewis

9 MR. LEWIS: Yesterday I was a little bit over  
10 reactive when somebody suggested we just finish up  
11 yesterday.

12 (Laughter.)

13 MR. LEWIS: When I knew all that the team had  
14 gone through to not just put this together but the  
15 difficulty originally where we had the general service  
16 incandescent lamps to consider as well and an  
17 incredible heroic effort of trying to get their arms  
18 around that. And then, at the eleventh hour on  
19 December 19th, the new legislation removed that from  
20 this rulemaking that was almost completed, the ANOPR,  
21 and they had to go back to the drawing boards, redo all  
22 the analysis, take out the impacts of that.

23 They have worked incredibly hard to put  
24 together the presentations that they have made in the  
25 last couple days. So it was kind of a sensitive area

1 yesterday knowing how hard they had worked to get this  
2 together to try to rush through it and not have a full  
3 dialogue.

4 I especially appreciate everybody that showed  
5 up for the second day.

6 (Laughter.)

7 MR. LEWIS: And not just show up to be a  
8 spectator but were clearly participants and gave us a  
9 lot of good comment. We really appreciate that  
10 because, at the end of the day, we all have to live  
11 with this. We may not all agree and have the exact  
12 same perspectives on things, but we want to have a good  
13 discussion and make sure we agree on all the elements  
14 that are in play and can put attention to those.

15 So thanks again for being here. Some of the  
16 people that didn't make it had some bad weather and had  
17 planes canceled and things. We hope that your journeys  
18 back home are comfortable and safe. We look forward  
19 to, as we progress from this ANOPR, advance notice, to  
20 the notice, which is one notch up in being official and  
21 being a proposed level, that we'll have some good  
22 comments from you. We'll give serious attention to  
23 those, and we'll have another good dialogue and  
24 approach the final rule with everything on the table.

25 So, thanks again for your input. If you have

1 questions, we will be posting the presentations on our  
2 website. So you will have those to work with. If you  
3 haven't worked with the TSDs before, they are the cure  
4 for insomnia.

5 (Laughter.)

6 MR. LEWIS: We measure them by the pound.

7 So if there's any question that you have that  
8 wasn't presented here, it's probably in the TSD.  
9 That's also on our website, popular reading.

10 So, thanks again for being here.

11 (Whereupon, at 10:30 a.m., the meeting was  
12 concluded.)

