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BILL ANALYSIS

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Senate Bill 7 (Substitute S-1)
Sponsor: Senator Liz Brater
Committee: Energy Policy and Public Utilities

Date Completed: 5-27-08

CONTENT

The bill would create a new statute to do all of the following:

-- Require the Public Service Commission (PSC) to adopt regulations establishing minimum efficiency standards for certain new products.
-- Beginning January 1, 2010, prohibit the sale in Michigan of new products that did not meet the efficiency standards.
-- Prohibit the installation for compensation of a product that did not meet the efficiency standards, beginning one year after the sale of certain products became subject to the bill's requirements.
-- Require the manufacturers of products subject to the bill to test samples of their products, certify that their products were in compliance with the standards, and identify each product offered for sale or installation as being in compliance.
-- Authorize the PSC to test products for compliance with the standards and inspect retailers and distributors of the products.
-- Require the PSC to investigate alleged violations and report the results to the Attorney General.
-- Authorize the Attorney General to institute enforcement proceedings.
-- Require the PSC to issue a warning for a first violation; and prescribe a maximum civil fine of $250 for subsequent violations.
-- Authorize the PSC to promulgate rules to implement and enforce the bill.

Legislative Findings

The bill states that the Legislature finds all of the following:

-- "That efficiency standards for certain products sold or installed in the state assure consumers and businesses that the products meet minimum efficiency performance levels thus saving money on utility bills."
-- "That efficiency standards save energy and reduce pollution and other environmental impacts associated with the production, distribution, and use of electricity, natural gas, and oil."
-- "That efficiency standards can make electricity systems more reliable by reducing the strain on the electricity grid during peak demand periods."
-- "Improved energy efficiency can reduce or delay the need for new power plants, power transmission lines, and power distribution system upgrades."
-- "That energy efficiency standards contribute to the economy of this state by helping to better balance energy supply and demand, thus reducing pressure for higher natural gas and electricity prices."
-- "By saving consumers and businesses money on energy bills, efficiency standards help the state and local economy, since energy bill savings can be spent on local goods and services."

Scope of the Bill

The bill would apply to the following types of new products sold, offered for sale, or installed in the State after the bill's effective date:

-- Bottle-type water dispensers.
-- Commercial hot food holding cabinets.
-- Compact audio products.
-- Digital versatile disc (DVD) players and DVD recorders.
-- Metal halide lamp fixtures.
-- Portable electric spas.
-- Single-voltage external AC to DC power supplies.
-- State-regulated incandescent reflector lamps.
-- Any other products designated by the PSC.

The bill would not apply to any of the following:

-- New products manufactured in the State and sold outside the State.
-- New products manufactured outside the State and sold at wholesale inside the State for final retail sale and installation outside the State.
-- Products installed in mobile manufactured homes at the time of construction.
-- Products designed expressly for installation and use in recreational vehicles.

Efficiency Standards

Adoption. Within one year after the bill's effective date, the PSC would have to adopt regulations establishing minimum efficiency standards for the types of new products subject to the bill. The regulations would have to provide for all of the minimum efficiency standards described below.

Bottle-Type Water Dispensers. Bottle-type water dispensers designed for dispensing both hot and cold water could not have standby energy consumption greater than 1.2 kilowatt-hours per day, as measured in accordance with the test criteria contained in version 1 of the U.S. Environmental Protection Agency's (EPA's) "Energy Star Program Requirements for Bottled Water Coolers", except units with an integral, automatic timer could not be tested using Section D, "Timer Usage", of the test criteria.

("Water dispenser" would mean a factory-made assembly that mechanically cools and heats potable water and that dispenses the cooled or heated water by integral or remote means. "Bottle-type water dispenser" would mean a water dispenser that uses a bottle or reservoir as the course of potable water.)

Commercial Hot Food Holding Cabinets. These products would have to have a maximum idle energy rate of 40 watts per cubic foot of interior volume, as determined by the "idle energy rate-dry test", in ASTM F2140-01, "Standard Test Method for Performance of Hot Food Holding Cabinets" published by ASTM International.

Interior volume would have to be measured in accordance with the method shown in the EPA's "Energy Star Program Requirements for Commercial Hot Food Holding Cabinets" as in effect on August 15, 2003.

("Commercial hot food holding cabinet" would mean an appliance that is a heated, fully-enclosed compartment with one or more solid doors, and that is designed to maintain the temperature of hot food that has been cooked in a separate appliance. The term would not include heated glass merchandising cabinets, drawer warmers, or cook-and-hold appliances.)

Compact Audio Products. Compact audio products could not use more than two watts in standby-passive mode for those without a permanently illuminated clock display and four watts in standby-passive mode for those with a permanently illuminated clock display, as measured in accordance with International Electrotechnical Commission test method 62087:2002(E), "Methods of measurement for the power consumption of audio, video, and related equipment".

("Compact audio product", also known as a mini, mid, micro, or shelf audio system, would mean an integrated audio system encased in a single housing that includes an amplifier and radio tuner, attached or separable speakers, and can reproduce audio from magnetic tape, CD, DVD, or flash memory. The term would not include products that can be independently powered by internal batteries, have a powered external satellite antenna, or can provide a video output signal.)

DVD Players & Recorders. Digital versatile disc players and DVD recorders could not use more than three watts in standby-passive mode, as measured in accordance with International Electrotechnical Commission test method 62087:2002(E).

("Digital versatile disc player" and "DVD recorder" would mean commercially available electronic products encased in a single housing that includes an integral power supply and for which the sole purpose is the decoding, production, or recording of digitized video signal on a DVD. "DVD recorder" would not include models that have an electronic programming guide function that provides an interactive, onscreen menu of television listings, and that downloads program information from the vertical blanking interval of a regular television signal.)

Metal Halide Lamp Fixtures. Metal halide lamp fixtures designed to be operated with lamps rated greater than or equal to 150 watts but less than or equal to 500 watts could not contain a probe-start metal halide ballast.

("Metal halide lamp" would mean a high-intensity discharge lamp in which the major portion of the light is produced by radiation of metal halides and their products of dissociation, possibly in combination with metallic vapors. "High-intensity discharge lamp" would mean a lamp in which light is produced by the passage of an electric current through a vapor or gas and in which the light-producing arc is stabilized by bulb wall temperature and the arc tube has a bulb wall loading in excess of three watts per square centimeter. "Metal halide lamp fixture" would mean a light fixture designed to be operated with a metal halide lamp and a ballast for a metal halide lamp. "Ballast" would mean a device used with an electric discharge lamp to obtain necessary circuit conditions, such as voltage, current, and waveform, for starting and operating the lamp.)

Portable Electric Spas. Portable electric spas could not have a standby power greater than $5(V^{2/3})$ watts where V equals the total volume in gallons.

("Portable electric spa" would mean a factory-built electric spa or hot tub, supplied with equipment for heating and circulating water.)

Single Voltage External AC to DC Power Supplies. These products would have to meet the energy efficiency requirements shown in Tables 1 and 2, where Ln (nameplate output) equals natural logarithm of the nameplate output expressed in watts.

Table 1

Nameplate Output Power	Minimum Efficiency in Active Mode
0 to < 1 watt	0.49 * Nameplate Output
≥ 1 watt and ≤ 49 watts	0.09 * Ln (Nameplate Output Power) + 0.49
> 49 watts	0.84

Table 2

Nameplate Output Power	Maximum Energy Consumption in No-Load Mode
0 to < 10 watts	0.5 watt
≥ 10 watts and ≤ 250 watts	0.75 watt

This standard would apply to single voltage AC to DC power supplies that were sold individually and to those that were sold as a component of or in conjunction with another product. For purposes of this standard, the efficiency of single-voltage external AC to DC power supplies would have to be measured in accordance with the test methodology specified by the EPA's Energy Star Program, "Test Method for Calculating the Energy Efficiency of Single-Voltage External AC-DC and AC-AC Power Supplies (August 11, 2004)".

("Single-voltage external AC to DC power supply" would mean a device that meets all of the following:

-- Is designed to convert line voltage AC input into lower voltage DC output.
-- Is able to convert to only one DC output voltage at a time.
-- Is sold with, or intended to be used with, a separate end-use product that constitutes the primary power lead.
-- Is contained within a separate physical enclosure from the end-use product.
-- Is connected to the end-use product via a removable or hard-wired male/female electrical connection, cable, cord, or other wiring.

-- Does not have batteries or battery packs, including those that are removable, that physically attach directly to the power supply unit.
-- Does not have a battery chemistry or type selector switch and indicator light, or does not have a battery chemistry or type selector switch and a state of charge meter.
-- Has a nameplate output power less than or equal to 250 watts.)

State-Regulated Incandescent Reflector Lamps. These products would have to meet the minimum average lamp efficacy requirements for federally regulated incandescent reflector lamps contained in 42 USC 6295(i)(1)(A). The following types of incandescent reflector lamps would be exempt from these requirements:

-- Lamps rated at 50 watts or less of the following types: BR30, ER30, BR40, and ER40.
-- Lamps rated at 65 watts of the following types: BR30, BR40, and ER40.
-- R20 lamps of 45 watts or less.

("State-regulated incandescent reflector lamp" would mean a lamp, not colored or designed for rough or vibration service applications, with an inner reflective coating on the outer bulb to direct the light, an E26 medium screw base, a rated voltage or a voltage range that lies at least partially within 115 to 130 volts, and that falls into either of the following categories: a blown PAR (BPAR), bulged reflector (BR), or elliptical reflector (ER) bulb shape with a diameter equal to or greater than 2.25 inches; or a reflector (R), parabolic aluminized reflector (PAR), or similar bulb shape with a diameter of 2.25 to 2.75 inches, inclusive.)

Sale of Products Subject to the Bill

Under the bill, no new bottle-type water dispenser, commercial hot food holding cabinet, compact audio product, DVD player or recorder, metal halide lamp fixture, portable electric spa, State-regulated incandescent reflector lamp, or single-voltage external AC to DC power supply could be sold or offered for sale in Michigan beginning January 1, 2010, unless the efficiency of the new product met or exceeded the efficiency standards set forth in the PSC's regulations.

Installation of Products

One year after the date upon which the sale or offering for sale of certain products became subject to the bill's requirements, no product could be installed for compensation in the State unless the efficiency of the new product met or exceeded the bill's efficiency standards.

Changes to the Standards

The PSC could adopt, revise, modify, or amend the required regulations to establish increased efficiency standards for the products specified in the bill. Additionally, the PSC could establish standards for products not specified in the bill. In considering new or amended standards, the Commission would have to set efficiency standards upon a determination that increased efficiency standards would serve to promote energy conservation in the State and would be cost-effective for consumers who purchased and used new products, provided that no new or increased efficiency standards would become effective within one year following the adoption of any amended regulations establishing the increased standards.

The PSC could apply for a waiver of Federal preemption in accordance with Federal procedures for State efficiency standards for any product regulated by the Federal government.

Manufacturer Testing, Certification, & Identification

Manufacturers of products covered by the bill would have to test samples of their products in accordance with the test procedures adopted by the PSC. The Commission would have to adopt by rule test procedures for determining the energy efficiency of the specified products if they were not provided for in the bill. The PSC would have to adopt U.S. Department of Energy approved test methods or, in the absence of such methods, other appropriate nationally recognized test methods. The PSC could adopt updated test methods when new versions of test procedures became available.

Manufacturers of new products covered by the bill, except for single voltage external AC to DC power supplies, would have to certify

to the Commission that the products were in compliance with the bill. The certifications would have to be based on test results. The PSC would have to promulgate rules governing the certification of the products and would have to coordinate with the certification programs of other states and Federal agencies with similar standards.

Manufacturers of new products covered by the bill would have to identify each product offered for sale or installation in the State as in compliance with the provisions of the bill by means of a mark, label, or tag on the product and packaging at the time of sale or installation. The PSC would have to promulgate rules governing the identification of the products and packaging, which would have to be coordinated to the greatest practical extent with the labeling programs of other states and Federal agencies with equivalent efficiency standards. The PSC would have to allow the use of existing marks, labels, or tags that connoted compliance with the bill's efficiency requirements.

PSC Testing & Inspections

The Commission could test products covered by the bill. If the products were found not to be in compliance with the minimum efficiency standards, the PSC would have to charge the manufacturer for the cost of product purchase and testing, and make available to the public information on products found not to be in compliance with the standards.

With prior notice and at reasonable and convenient hours, the PSC could cause periodic inspections to be made of distributors or retailers of the covered new products in order to determine compliance with the bill.

Violations & Penalties

The PSC would have to investigate complaints received concerning violations of the bill and would have to report the results of the investigations to the Attorney General. The Attorney General could institute proceedings to enforce the bill's requirements.

For a first violation, the PSC would have to issue a warning to any manufacturer, distributor, or retailer, or any person who installed a product covered by the bill for compensation, who violated the bill. Repeat violations would be subject to a civil penalty of up to $250. Each violation would constitute a separate offense, and each day that the violation continued would constitute a separate offense. Penalties assessed for violations would be in addition to costs assessed for product purchase and testing.

PSC Rules

The Commission could promulgate further rules as necessary to ensure the proper implementation and enforcement of the bill's provisions.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would increase the costs of the Public Service Commission by an unknown amount. No fund source has been identified to pay for these expenses.

Any revenue received from civil penalties collected under the bill would go to the General Fund.

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