

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Commerce Committee

BILL: CS/SB 2592

INTRODUCER: Commerce Committee and Senator Baker

SUBJECT: Clothes Washer Rebates

DATE: April 7, 2009

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Hennigan	Kiger	EP	Favorable
2.	Hrdlicka	Cooper	CM	Fav/CS
3.			FT	
4.			GA	
5.				
6.				

Please see Section VIII. for Additional Information:

- A. COMMITTEE SUBSTITUTE..... Statement of Substantial Changes
 B. AMENDMENTS..... Technical amendments were recommended
 Amendments were recommended
 Significant amendments were recommended

I. Summary:

CS/SB 2592 directs the Florida Energy and Climate Commission to develop and administer a consumer rebate program for certain energy-efficient residential appliances, in accordance with federal law. The commission is authorized to adopt rules and enter into contracts or agreements to administer this new section. The CS does not provide any funding for the program, as it is anticipated that the proposed program will qualify for federal funding.

This CS creates s. 377.807, F.S.

II. Present Situation:

Florida Energy and Climate Commission:

The Florida Energy and Climate Protection Act was passed in 2006, and later amended in 2008, by the Legislature.¹ The purpose of this act, in part, is to provide incentives for the purchase of

¹ Chapter 377, Part 3, F.S.

energy-efficient appliances.² When this act was passed in 2006, it included a sales tax holiday for energy-efficient appliances for one week that year.³

Leading up to the act, the state's energy policy was managed by the Energy Office, administratively housed in the Department of Environmental Protection (DEP). In 2005, Governor Bush, by executive order, called for the creation of an energy forum to develop the state's energy plan.⁴ A report on Florida's Energy Plan was issued in 2006 by the DEP based on the results of the energy forum.⁵ One of the report recommendations was to provide consumer rebates for purchases of energy efficient ENERGY STAR appliances.

In 2008, the State Energy Program, from DEP and the Florida Energy Commission, created in 2006, were combined to create the Florida Energy and Climate Commission (commission) in the Executive Office of the Governor.⁶ The commission is the primary organization for state energy and climate change programs and policies. The commission is charged with administering financial incentive programs; completing annual assessments of Florida's Energy and Climate Change Action Plan; and providing recommendations to the Governor and the Legislature.⁷ The commission also works with other state entities, including the Florida Public Service Commission, the DEP, the Florida Department of Community Affairs, and the Florida Energy Systems Consortium, to develop state energy and climate change policies and programs.

Federal Energy Efficient Rebate Program:

As part of its duties, the commission is also responsible for "performing or coordinating the functions of any federal energy programs delegated to the state..."⁸ The Energy Policy Act of 2005, by Congress, set up an energy efficient appliance rebate program for administration by the states.⁹ A program is created in 42 U.S.C. 15821 for eligible states to receive an allocation of funds based on the ratio of the state's population to all eligible states. Eligible states are those states which establish or have established a state energy efficient appliance rebate program to "provide rebates to residential consumers for the purchase of residential Energy Star products, or products with improved energy efficiency in cold climates, to replace used appliances of the same type." The allocation is made to the state's energy office, or the state agency responsible for developing the state's energy conservations plans, and such allocation may be used to pay up to 50 percent of the cost of establishing and carrying out the program.

In February 2009, the American Recovery and Reinvestment Act of 2009 (Recovery Act) was signed into law by President Obama. The Recovery Act distributes billions of dollars to the federal government, states, and localities in an effort to relieve the current economic crisis. The U.S. Department of Energy's Office of Energy Efficiency & Renewable Energy received a total of \$16.8 billion for different programs, including \$6.7 billion for energy efficiency and

² Section 377.802, F.S.

³ Chapter 2006-230, L.O.F., ss. 6 and 74.

⁴ Executive Order No. 05-241.

⁵ Florida's Energy Plan, January 17, 2006, Department of Environmental Protection, at <http://www.dep.state.fl.us/energy/energyact/default.htm> (last visited 4/7/2009).

⁶ Chapter 2008-227, L.O.F.

⁷ Section 377.6015, F.S.

⁸ Section 377.703(2)(b), F.S.

⁹ Public L. No. 109-58. Currently there is a bill in Congress to add "smart appliances" to the rebate program. Smart appliances are appliances able to use smart grid technologies set forth in the Energy Independence and Security Act of 2007 (15 U.S.C. 17381). See H.R. 1774.

renewable energy. Of that \$6.7 billion, \$300 million has been dedicated for an energy efficient appliance rebate program and the ENERGY STAR program. This money will be distributed to states through the rebate program created by the Energy Policy Act of 2005, in 42 U.S.C. 15821.¹⁰ Plans for the products eligible and the administration of the program have not been finalized yet.

ENERGY STAR:¹¹

The ENERGY STAR Program is a joint effort by the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy to help save money and protect the environment through energy efficient products and practices. In 1992, the EPA introduced ENERGY STAR as a voluntary labeling program designed to identify and promote energy-efficient products to reduce greenhouse gas emissions. Computers and monitors were the first labeled products. The ENERGY STAR label is now on over 50 product categories including major appliances, office equipment, lighting, and home electronics. The EPA has also extended the label to cover new homes and commercial and industrial buildings.

Tankless water heaters are relatively new energy-efficient products. Taking effect January 1, 2009, whole-home gas tankless water heaters became eligible to receive the ENERGY STAR label if they meet certain conditions.¹² Heating water accounts for approximately 15 percent of a home’s energy use. Tank (storage) water heaters keep water hot and ready for use at all times in insulated storage tanks with capacities ranging from 20 to 80 gallons. Unfortunately, these units use energy to keep the water hot at all times, otherwise known as “standby losses.” Tankless (demand) water heaters circulate the water through a large coil that is heated only on demand using gas or electricity; there is no storage tank continuously maintaining hot water. A possible concern with this technology is the limitation on the number of fixtures that can simultaneously use hot water. However, there is an endless supply of hot water and standby losses are eliminated.

Comparison of Water Heaters¹³

High Efficiency Water Heater Type	Energy Savings vs. Minimum Standards	Expected Lifetime Savings	Expected Lifetime	Major Advantages
High Efficiency Storage (Tank) Using Oil, Gas, or Elec.	10%–20%	Up to \$500	8–10 Years	Lowest first cost
Demand (Tankless) Using Gas or Elec.	45%–60%	Up to \$1,800	20 Years	Unlimited supply of hot water
Heat Pump	65% (Compared to electric)	Up to \$900	10 Years	Most efficient electric fuel option
Solar with Electric Back-Up	70%–90%	Up to \$2,200	20 Years	Largest energy savings using a renewable energy source

¹⁰ See U.S. Department of Energy websites at <http://www.energy.gov/recovery/index.htm> and <http://www.eere.energy.gov/recovery/> (last visited 4/7/2009).

¹¹ Much of this information was obtained at www.energystar.gov (last visited 4/2/2009).

¹² U.S. Department of Energy Implements Criteria for ENERGY STAR Water Heaters, April 1, 2008, at <http://www.energy.gov/news/6134.htm> (last visited 4/7/2009).

¹³ ENERGY STAR, *High Efficiency Water Heaters*, at http://www.energystar.gov/ia/new_homes/features/WaterHtrs_062906.pdf (last visited 4/6/2009).

Local Rebate Programs:

Consumers may not always choose to purchase the more energy-efficient appliances, which may save them money over the life of the product; one reason is due to their higher initial costs. Several counties and municipalities currently offer rebate programs for certain energy efficient residential appliances. For example, the Keys Utilities, Fort Pierce Utilities Authority, and City of Tallahassee Utilities all offer rebate programs for certain ENERGY STAR or energy efficient appliances.¹⁴

A residential clothes washer rebate program was instituted by the Miami-Dade Water and Sewer Department as part of its water conservation efforts.¹⁵ The clothes washer rebate program did not provide significant water savings as was expected. However, the program did result in significant energy savings.¹⁶

III. Effect of Proposed Changes:

Section 1 creates s. 377.807, F.S., which directs the Florida Energy and Climate Commission to develop and administer a consumer rebate program for residential energy-efficient appliances, in accordance with federal law. Such appliances may include ENERGY STAR products or electric tankless water heaters, provided that they meet certain standards:

- Have an energy efficiency rating of at least 85 percent pursuant to the standard EPA calculation;
- Are not otherwise disqualified by the EPA or U.S. Department of Energy;
- The calculation has been validated by a third party testing entity; and
- This information has been verified by the commission, pursuant to rule.

The commission is authorized to adopt rules and enter into contracts or agreements to administer this new section.

The CS does not provide any funding for the program, as it is anticipated that the proposed program will qualify for federal funding.

Section 2 provides an effective date of July 1, 2009.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

¹⁴ See <http://www.keysenergy.com/rebate-forms.php> (last visited 4/2/2009); http://www.talgov.com/you/energy/energy_programs.cfm#appl (last visited 4/2/2009); and http://www.fpuu.com/customer_service/rebates.php (last visited 4/7/2009).

¹⁵ See http://www.miamidade.gov/conservation/home_washer_rebate.asp (last visited 4/2/2009).

¹⁶ This information was obtained by the staff of the Senate Environmental Preservation and Conservation Committee.

C. Trust Funds Restrictions:

None.

V. **Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Customers who purchase residential energy-efficient products that are part of the program developed by the commission will receive a rebate to off-set the costs of the new appliances. No amount is specified for the rebate.

C. Government Sector Impact:

The commission will incur some costs associated with development and administration of this new program. However, the program may be eligible to receive federal funding through the Recovery Act; Florida's share has been estimated to be \$18 million.

VI. **Technical Deficiencies:**

None.

VII. **Related Issues:**

None.

VIII. **Additional Information:**

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by the Commerce Committee on April 6, 2009:

The CS directs the Florida Energy and Climate Commission to develop and administer a consumer rebate program for residential energy-efficient appliances, consistent with federal law. Such appliances may include ENERGY STAR products or electric tankless water heaters, provided that they meet certain standards, which include:

- Have an energy efficiency rating of at least 85 percent by the standard EPA calculation;
- Are not otherwise disqualified by the EPA or U.S. Department of Energy;
- The calculation has been validated by a third party testing entity; and
- This information has been verified by the commission, pursuant to rule.

The CS provides that the commission may adopt rules and enter into contracts or agreements to administer this section.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
