

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 Environmental Preservation and Conservation Committee

BILL: SB 2592

INTRODUCER: Senator Baker

SUBJECT: Clothes Washer Rebates

DATE: March 20, 2009 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Hennigan	Kiger	EP	Favorable
2.	_____	_____	CM	_____
3.	_____	_____	FT	_____
4.	_____	_____	GA	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill creates s. 373.187, F.S., which requires water management districts to develop and implement an incentive program for local governments to adopt consumer rebate programs for front-loading clothes washers meeting ENERGY STAR requirements.

This bill will take effect July 1, 2009.

This bill creates s. 373.187, F.S.

II. Present Situation:

The Energy Conservation Standards Act, part VI of ch. 553, F.S., provides minimum statewide standards for energy efficiency in certain products, consistent with energy conservation goals. As provided in s. 553.963, F.S., the standards shall be based on feasible and attainable efficiencies which will reduce Florida's energy consumption growth rate. The standards adopted must be cost-effective to the majority of the users and shall consider the expected life of the covered product. The Department of Community Affairs is required to "adopt, modify, revise, update, and maintain" regulations pertaining to minimum efficiency standards for a specified list of products. The products covered by the act include refrigerators, refrigerator-freezers, freezers, lighting equipment, showerheads, and "any other type of consumer product which the department classifies as a covered product as specified in this part."¹

¹ s. 553.963, F.S.

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.

The ENERGY STAR criteria for clothes washers changed on January 1, 2007. The new ENERGY STAR criteria require all qualified products to have a Modified Energy Factor (MEF) of 1.72 or greater as well as a Water Factor (WF) of 8.0 or lower. MEF as an equation for Energy Factor is the number of cubic feet of clothes washed and dried per kilowatt hour (kWh) of electricity used. MEF is calculated by dividing the tub capacity by the total energy (clothes washer, water heater and dryer) used per wash load. It takes into account the amount of dryer energy used to remove the remaining moisture content in washed items. WF is the number of gallons per cubic foot of capacity that the clothes washer uses per cycle.

Cost-Effectiveness Example²

<i>Performance:</i>	<i>Base Model:</i>	<i>ENERGY STAR Certified:</i>	<i>Best Available:</i>
Modified Energy Factor	1.26	1.72	2.19
Annual Electricity Use	1,030 kWh	750 kWh	590 kWh
Annual Energy Cost	\$60	\$45	\$35
Lifetime Energy Cost	\$580	\$425	\$335
Water Factor (gallons/cu. ft/cycle)	10.4	8.0	4.0
Annual Water Use (gallons)	13,500	10,350	5,175
Annual Water & Sewer Cost	\$55	\$40	\$20
Lifetime Water & Sewer Cost	\$575	\$440	\$220
Lifetime Utilities Cost	\$1,155	\$865	\$555
Lifetime Utilities Cost Savings	none	\$290	\$600

Lifetime utilities cost is the sum of the discounted value of the annual electricity, water, and sewer costs based on average usage and an assumed clothes washer life of 13 years.

The biggest barrier to people buying ENERGY STAR certified washers is the cost. Traditional top-loading washers sell for hundreds of dollars less, yet their lifetime costs are higher. Some consumers are also deterred by the unfamiliar configuration and operation of front-loading and advanced top-loading washers. Traditional washers range from \$300 - \$975 (in 2007) with a median price of \$573. The price of ENERGY STAR qualified washers range from \$550 - \$1,700, with a median price of \$966. Over the 13 year life of a clothes washer, the standard efficiency washer will cost the consumer \$1,310 in energy and water costs, while the ENERGY STAR qualified washer will only cost the consumer \$760 in energy and water costs.

² Federal Energy Management Program

Of all U.S. households, an estimated 87 million, 79 percent, have a clothes washer but only 11 percent of those units are ENERGY STAR qualified. After a decade of steady growth, total clothes washer sales declined in 2007, falling to 8.9 million units. This was due to the dramatic decrease in new housing starts. Industry sources estimate that 7.3 million of those units replaced existing units, with the remaining 1.6 million units going into new homes. If all conventional units were replaced with ENERGY STAR qualified models, U.S. consumers could save approximately 11 billion kilowatt hours (kWh) of electricity, 550 billion gallons of water, and \$4 billion annually.

Non-qualified clothes washer use 18 more gallons of water every load. The wasted water is equivalent to a daily shower.

This bill defines “front-loaded clothes washer” as a residential clothes washer that is designated to be loaded from the front of the machine and has an ENERGY STAR water factor of 8.0 or less. ENERGY STAR qualified washers also come in “top-loaded” designs and both configurations include technical innovations that help save substantial amounts of energy and water by reducing the amount of hot water used in the wash cycle. Front-loading models are similar to machines used in laundromats. Both top-loading and front-loading ENERGY STAR qualified clothes washers use faster spin speeds to extract more water from clothes, reducing dryer time and energy use. While this bill only addresses front-loading washers, ENERGY STAR top-loading washers are a traditional appearance alternative with equal energy and water saving results.

A residential washer rebate program was instituted by the Miami-Dade Water and Sewer Department (MDWAD) as part of its water conservation efforts. The clothes washer rebate program did not provide significant water savings as was expected. The program did however result in significant energy savings. Miami-Dade’s current program will end in July, and will not be renewed. While one washer may reduce water use significantly for a single household, the overall reduction for a utility appears to be minimal. Conversely, a commercial effort for laundromats, condominium or hotel laundry rooms, and dormitories may result in significant water and energy savings.

III. Effect of Proposed Changes:

Section 1: Creates s. 373.187, F.S.

This bill defines “front-loading clothes washer” as a residential clothes washer that is designated to be loaded from the front of the machine and has an ENERGY STAR water factor of 8.0 or less.

The bill also requires that each of the five water management districts (districts) must develop and implement an incentive program to encourage all city and county governments within its district to adopt consumer rebate programs for the purchase of front-loading clothes washers.

Section 2: This act shall take effect July, 2009.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Customers who purchase residential front-loading clothes washers with an ENERGY STAR water factor of 8.0 or less will receive a rebate. Only one rebate will be allowed per eligible purchase.

No amount was specified for the rebate.

C. Government Sector Impact:

Districts will be required to develop incentive programs and encourage municipal and county governments to implement the programs. According to the districts, the costs of developing the program are indeterminable.

VI. Technical Deficiencies:

None.

VII. Related Issues:

This bill provides no specific guidance on what the incentive program guidelines or qualifications would be. Additionally, it only addresses front-loading clothes washers. ENERGY STAR qualified washers also have top-loading designs which meet the same standard in the bill.

The bill states consumers will only be allowed one rebate per each eligible purchase, but does not address how much of a rebate customers will receive.

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

- B. **Amendments:**

None.

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