



Regulation Review

2015's First Batch of Efficiency Rules

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The Department of Energy (DOE) had a big year imposing efficiency regulations in 2014. It looks like the trend will continue in 2015. DOE recently released the final versions of two energy efficiency proposals that it proposed in 2014. The affected items include [commercial icemakers](#) and [certain kinds of lamps](#) used in commercial and industrial settings. The unofficial, pre-publication versions of these rules are a combined 776 pages.

BREAKDOWN

Commercial Icemakers:

- Proposed Total Costs: [\\$364 Million](#)
- Final Total Costs: \$411 Million

Commercial/Industrial Lamps:

- Proposed Total Costs: [\\$12.89 Billion](#)
- Final Total Costs: \$13.5 Billion

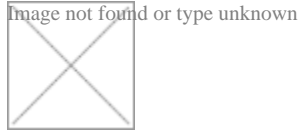
Total Cost Increase: \$657 Million

ANALYSIS

While the actual increase in overall costs from the proposed to final versions is relatively modest, the context of these rules is noteworthy. The American Action Forum (AAF) recently [looked back](#) at 2014, the president's "Year of Action." One of the key trends last year was the prominence of both EPA and DOE rulemaking burdens. That trend looks as though it will continue into 2015.

During the end of 2014, EPA released its long-awaited [coal ash rule](#). The total cost came in at more than \$23 billion, a sum that could have pushed 2014's overall regulatory tally past \$200 billion. However, the coal ash rule still awaits final publication in the Federal Register (FR). As such, it would officially be a 2015 rule. Combining the coal ash rule, these two DOE regulations, and the \$269 million in [last week's final rule burdens](#) yields a total cost figure of more than \$37.3 billion. This would be a significant chunk of any year's overall total. But, assuming the three outstanding rules find their way to the FR by January 31st, 2015, it would make for the most expensive January in recent years.

FINAL RULE TOTAL COSTS IN JANUARY: 2011-2015



As with most efficiency standards, some part of the costs will be passed on to consumers via higher purchase prices. Determining an exact, industry-wide price increase for either of these rules is problematic as each affects various product categories. For instance, there are some lamp categories that will not undergo an increase from their baseline. However, lamps that could have a price increase will, on average, see costs essentially double, with a typical \$4 to \$6 lamp jumping to between roughly \$8.50 and \$12.

The ubiquity of affected items – particularly for lamps – means that this rule has broadly dispersed consumer impacts. However, on the producer end, the manufacturers of these items are concentrated in particular states. The table below shows the states most affected by these rules.

Most Affected States

<u>State</u>	<u>Total Cost Share</u>
California	\$2.4 Billion
Ohio	\$1.9 Billion
Pennsylvania	\$1.3 Billion
Florida	\$1.1 Billion
Texas	\$788 Million