Regulation Review

Proposed Dishwasher Efficiency Standards

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The Department of Energy (DOE) recently released a proposed rule updating the energy efficiency standards for residential dishwashers. The proposal establishes divergent standards for “standard” and “compact” mach

ines. Interestingly, this rulemaking comes only two years since a 2012 direct final rule regulating dishwashers. The unofficial, pre-publication version of the current proposal is 178 pages.

BREAKDOWN

- 2012 Rule Total Costs: $881 Million
- 2012 Rule Total Annualized Costs (7% discount): $46 Million
- Current Proposal Total Costs: $7.1 Billion
- Current Proposal Annualized Costs (7% discount): $413 Million

ANALYSIS

Clearly, the total cost figure of this proposal is significant. At more than $7 billion, it ranks as the 8th most expensive rule overall and the 5th most expensive set of efficiency standards in 2014. It’s hardly an anomaly, however. One of 2014’s major trends has been the steady pace of major efficiency rules. DOE efficiency standards now account for 8 out of the 26 rulemakings exceeding $1 billion in published costs this year. They also account for half of the ten most expensive regulations.

The top-line cost figures also stand in stark contrast to those for the 2012 iteration of dishwasher efficiency standards. The total costs of this proposal are eight times higher than the previous rule. While DOE notes that the Energy Policy and Conservation Act of 1975 (EPCA) requires the agency to “publish either a notice of determination that amended standards are not needed or a NOPR including new proposed standards,” it is unclear why: 1) they are doing so this soon, and 2) why the newly proposed version has to be so much more expensive.

Such a dramatic increase is particularly curious when this proposal sets a compliance window of four years – 2019 is the first year requiring compliance – as opposed to the one year window that the previous rule established. Generally, longer compliance periods yield lower costs, as affected entities can update their practices and procedures more gradually. An eight-fold increase, even with more a more generous compliance period, suggests a particularly stringent set of requirements.

There are other trends beyond just the macro-level impact. As with so many of the recent efficiency rules, the top-line price finds its way into the sticker price consumers must pay. DOE justifies such price hikes under the

rationale that savings from reduced energy consumption will eventually exceed the original price increase.

Under this proposal, consumers could see the price of a “standard” dishwasher increase by $99 per unit; a “compact” machine would see an $11 increase. While the latter figure is relatively minor, the former represents a roughly 20 percent increase in costs. Furthermore, DOE admits that 53 percent of “standard” machine consumers will see a net cost increase even after including the estimated efficiency savings.

In terms of further analysis, DOE finds that the rule would trigger the Unfunded Mandates Reform Act, but not the Regulatory Flexibility Act (RFA). However, under the RFA analysis, DOE notes that the affected industry would be: “Other Major Household Appliance Manufacturing.” Using Census data, the following states could bear the following cost shares.

MOST AFFECTED STATES

State	Total Cost Share ($ Million)
Tennessee	$1,380
California	$788
Massachusetts	$788
Michigan	$788
North Carolina	$591