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Abstract

This paper presents estimates of the key impacts of Federal energy and water conservation standards adopted from 1987 through 2015. The standards for consumer products and commercial and industrial equipment include those set by legislation as well as standards adopted by DOE through rulemaking.

In 2015, the standards saved an estimated 4.49 quads of primary energy, which is equivalent to 5% of total U.S. energy consumption. The savings in operating costs for households and businesses totaled $63.4 billion. The average household saved $320 in operating costs as a result of residential appliance standards. The estimated reduction in CO₂ emissions associated with the standards in 2015 was 238 million metric tons, which is equivalent to 4.3% of total U.S. CO₂ emissions.

The estimated cumulative energy savings over the period 1990-2090 amount to 216.9 quads. Accounting for the increased upfront costs of more-efficient products and the operating cost (energy and water) savings over the products’ lifetime, the standards have a cumulative net present value (NPV) of consumer benefit of between $1,627 billion and $1,887 billion, using 7 percent and 3 percent discount rates, respectively.

The water conservation standards, together with energy conservation standards that also save water, reduced water use by 1.9 trillion gallons in 2015 and estimated cumulative water savings by 2090 amount to 55 trillion gallons. The estimated consumer savings in 2015 from reduced water use amounted to $12 billion.
Introduction

The energy conservation program for consumer products and certain commercial and industrial products was established by the Energy Policy and Conservation Act of 1975 (EPCA). EPCA established a program consisting of test procedures, labeling, and energy conservation targets for 19 types of consumer products. The National Energy Conservation Policy Act of 1978 amended EPCA by replacing the energy conservation targets program and directing that energy conservation standards be set for the covered consumer products. With the passage of the National Appliance Energy Conservation Act (NAECA) in 1987, EPCA was further amended to establish the first national energy conservation standards for consumer products. Subsequent amendments in 1988, 1992, 2005, and 2007 further expanded the scope of coverage to include additional consumer products, certain commercial and industrial equipment, as well as water conservation standards for residential and commercial products. EPCA, as amended, requires the Department of Energy (DOE) to update or establish standards at levels that “achieve the maximum improvement in energy [or water] efficiency … which the Secretary determines is technologically feasible and economically justified.” EPCA defines “economically justified” standards as those for which benefits exceed the costs, given a number of factors, including impacts on consumers and manufacturers and the nation’s need to save energy or water.

This paper presents estimates of the key impacts of the energy and water conservation standards that have been adopted from 1987 through 2015. It updates the results presented in Meyers et al. (2014), which covered standards adopted through 2014. The standards covered include those set by legislation as well as standards adopted by DOE through rulemaking. The estimates cover both historic and projected impacts of these standards. The impacts cover primary energy savings and water savings, net present value of consumer benefits, and estimated reductions in CO₂ emissions.

Table 1 lists products covered by standards, the year(s) compliance was or will be required, and the legislation that initially authorized each standard. The standards that were adopted in 2015 cover the following products (compliance year in parentheses):

- ASHRAE Products (2017)
- Packaged Terminal Air Conditioners and Heat Pumps (2018)
- Single Package Vertical Air Conditioners and Heat Pumps (2019)
- Commercial Air-Cooled Air Conditioners and Heat Pumps (2018 and 2023)
- Commercial Warm-Air Furnaces (2023)
- Residential Boilers (2020)
- Ceiling Fan Light Kits (2018)

The term “consumer” as used in this report refers to all buyers and users of appliances and equipment covered by standards.
- Commercial and Industrial Pumps (2019)
- Refrigerated Beverage Vending Machines (2019)
- Pre-rinse Spray Valves (2019).

### Table 1. Federal Energy and Water Conservation Standards for Appliances and Equipment Adopted From 1987 Through 2015

<table>
<thead>
<tr>
<th>Product</th>
<th>Compliance Date for Original Standard and Updates</th>
<th>Authorizing Legislation*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RESIDENTIAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Room Air Conditioners</td>
<td>1990, 2000, 2014</td>
<td>NAECA 1987</td>
</tr>
<tr>
<td>Furnaces</td>
<td>1992, 2013</td>
<td>NAECA 1987</td>
</tr>
<tr>
<td>Cooking Products</td>
<td>1990, 2012</td>
<td>NAECA 1987</td>
</tr>
<tr>
<td>Pool Heaters</td>
<td>1990, 2013</td>
<td>NAECA 1987</td>
</tr>
<tr>
<td>Ceiling Fans</td>
<td>2007</td>
<td>EPACT 2005</td>
</tr>
<tr>
<td>Torchieres</td>
<td>2006</td>
<td>EPACT 2005</td>
</tr>
<tr>
<td>Dehumidifiers</td>
<td>2007, 2012</td>
<td>EPACT 2005</td>
</tr>
<tr>
<td>Microwave Oven Standby Power</td>
<td>2016</td>
<td>EISA 2007</td>
</tr>
<tr>
<td>Furnace Fans</td>
<td>2019</td>
<td>EISA 2007</td>
</tr>
<tr>
<td><strong>COMMERCIAL &amp; INDUSTRIAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warm Air Furnaces</td>
<td>1994, 2023</td>
<td>EPACT 1992</td>
</tr>
<tr>
<td>Packaged Boilers</td>
<td>1994</td>
<td>EPACT 1992</td>
</tr>
<tr>
<td>Automatic Ice Makers</td>
<td>2010, 2017</td>
<td>EPACT 2005</td>
</tr>
<tr>
<td>Clothes Washers⁺</td>
<td>2007, 2018</td>
<td>EPACT 2005</td>
</tr>
</tbody>
</table>
**Unit Heaters** | 2008 | EPACT 2005  
Refrigerated Beverage Vending Machines | 2012, 2019 | EPACT 2005  
Pumps | 2019 | EPACT 1992  

**LIGHTING PRODUCTS**

Medium Base Compact Fluorescent Lamps | 2006 | EPACT 2005  
Ceiling Fan Light Kits | 2007, 2018 | EPACT 2005  
Illuminated Exit Signs | 2006 | EPACT 2005  
Traffic Signal Modules and Pedestrian Modules | 2006 | EPACT 2005  
Mercury Vapor Lamp Ballasts | 2008 | EPACT 2005  

**PLUMBING PRODUCTS**

| **Faucets** | 1994 | EPACT 1992  
Showerheads | 1994 | EPACT 1992  
Urinals | 1994/1997 | EPACT 1992  
Pre-rinse Spray Valves | 2007, 2019 | EPACT 2005  

++ Water and energy conservation standard  
+++ Water conservation standard (but also saves energy in some cases)

### Analysis Method Overview

Different analytical methods were used for five sets of standards. For NAECA 1987 and NAECA 1988 standards and DOE updates of those standards issued before 2007, we utilized the analyses conducted by Lawrence Berkeley National Laboratory (LBNL) in 2007-2008. For EPACT 1992 standards, we developed new estimates for this study. For EPACT 2005 standards, we reviewed and utilized an analysis conducted by Nadel et al. and added information from DOE analyses where available. For most of the EISA 2007 standards, we drew upon an analysis conducted by DOE. For the other EISA 2007 standards, we used unpublished national impact analyses that were prepared by LBNL for DOE. For standards adopted by DOE in 2007-2015, we drew on the national impact analyses performed for the rulemakings for each of the standards.

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b Dishwashers, residential boilers and dehumidifiers.
and adapted the results for the framework of this study. Appendix A further describes the use of the above sources in this study.

It is important to note that the analyses performed for the rulemakings for each of the standards adopted by DOE in 2007-2015 were highly detailed and were carefully reviewed by stakeholders. All of the other sources used for this study were much less detailed in their approach and less extensively reviewed.

The most challenging aspect of estimating the impacts of standards is characterizing what would have happened without new or amended standards. We call this counterfactual against which impacts of standards is measured the “base case.” The sources used for this study vary in how they characterized the base case. The LBNL analysis of the NAECA standards and DOE updates of those standards before 2007 estimated a dynamic base case in which the energy efficiency of the products improves somewhat even without standards. The analyses performed for DOE’s rulemakings also consider how the market might change in the absence of new or amended standards. In contrast, the analyses used for EPACT 1992, EPACT 2005, and EISA 2007 standards used simple assumptions (in many cases, no change in efficiency) regarding the base case.

We focused on three key impacts associated with standards: (1) primary energy savings; (2) additional installed costs; and (3) operating cost savings. Beginning with standards adopted in 2014, the accounting considers full-fuel-cycle energy use, which includes the energy consumed in extracting, processing, and transporting primary fuels (i.e., coal, natural gas, petroleum fuels), and thus presents a more complete picture of the impacts of energy conservation standards.

Operating cost savings primarily consist of energy cost savings. Energy cost savings were estimated using various combinations of historical national-average annual energy prices and price projections in the analyses for the first four sets of standards. These were then adjusted (scaled) using historical national-average annual energy prices through 2014, and the latest projections of average annual energy prices after 2014. For standards adopted by DOE in 2007-2015, we directly used the energy cost savings estimated for each rulemaking, but we then scaled the savings to reflect actual historical national-average annual energy prices through 2014, and the latest projections of average annual energy prices after 2014.

For standards that save water, we also included water cost savings where possible. In some cases (primarily the DOE rulemakings in 2007-2015), the operating cost savings also include changes in maintenance and repair costs associated with the standards.

From (2) and (3) we derived net cost or savings for each year. We also estimated annual reductions in CO₂ emissions associated with the standards. For standards other than those adopted by DOE in 2007-2015, we used the annual electricity and natural gas savings and annual average CO₂ emissions factors for the electricity generation sector (historic and projected) and
for natural gas. For standards adopted by DOE in 2007-2015, we directly used the reductions in CO$_2$ emissions estimated for each rulemaking.

For each standard we developed a time series of annual impacts, with economic impacts expressed in constant dollars. For the NAECA standards and DOE updates of those standards before 2007, and for standards adopted by DOE in 2007-2015, we estimated annual impacts for each standard for 30 years worth of shipments. For most of the other standards, for which the base case often assumed no change in efficiency, we used a shorter period of shipments as a way of compensating for the lack of a dynamic base case, which might tend to overstate the savings from standards. For all standards, we estimated annual energy savings and operating cost savings until products installed in the final year considered are retired from the stock. Retirement is based on the average lifetime for each product.

Using the annual economic impacts, we derived a net present value (NPV) by discounting future impacts to the present (defined as 2016 for this report). For economic impacts occurring after 2016, we used discount rates of 3% and 7%, which are the rates used by DOE in its analyses of national impacts, in accordance with guidance from the Office of Management and Budget to Federal agencies on the development of regulatory analysis.\(^5\) For economic impacts occurring before 2016, we derived estimates of their present value using interest rates of 3% and 7%. This approach reflects the view that the present value of the past stream of benefits should reflect the returns to those “profits” had they been invested elsewhere in the economy.

We estimated a monetary value of the reductions in CO$_2$ emissions using the most recent mid-range series for the global Social Cost of Carbon (SCC) developed by a Federal interagency working group.\(^c\) The series used begins in 2010 and has a value of $40.0 per metric ton (2014$) in 2015.\(^d\) The SCC increases over time.

**Product-Level Impact of Standards: The Case of Refrigerator-Freezers**

Figure 1 illustrates how standards have had an important effect on the energy efficiency of new products, in this case refrigerator-freezers. The average new refrigerator-freezer in 2010 used only 44% of the energy per year as an average new unit in 1985. Total energy use for these products has declined even as shipments increased and the average size of new units grew. Nationally, in 2010 refrigerator-freezers used one-third less total energy than in 1985 even though there were 70 million more units in use.\(^e\)

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\(^d\) To estimate SCC values before 2010, we extrapolated backwards from the working group’s data series.

\(^e\) The increase in total energy use depicted after 2025 is due to growth in purchases of refrigerator-freezers. If the standard is updated as required by EPCA, the declining trend would continue.
Figure 1. Refrigerator-Freezer Energy Use Trends: Average Energy Use for New Products and Total Energy Use for Refrigerator-Freezers

National Impacts
In 2015, the energy and water conservation standards saved an estimated 4.49 quads of primary energy, which is equivalent to 5% of total U.S. energy consumption. The savings in operating costs totaled $63.4 billion.

As shown in Table 2, the cumulative primary energy savings through 2015 amount to 45.5 quads. Residential sector standards account for 62 percent of the total energy savings.

Over the entire time period considered (1990-2090), the cumulative primary energy savings amount to 216.9 quads and the cumulative consumer NPV is between $1,627 billion and $1,887 billion (Table 3). Residential product standards account for more than half of the total cumulative primary energy savings. In addition to energy cost savings from energy conservation standards, the consumer NPV includes water cost savings from those standards that affect both

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g Additional results, including impacts by each standard, are available upon request from the authors.

h All monetary values reported are in 2015 dollars unless noted otherwise.

i The results for residential products includes impacts from lighting product standards that are estimated to occur in homes. Similarly, the results for commercial and industrial products includes impacts from lighting product standards that are estimated to occur in the commercial and industrial sectors.
energy and water use (such as standards on clothes washers), as well as energy cost savings from water conservation standards that save hot water (i.e., standards on faucets and showerheads).

The cumulative energy savings achieved through 2015 are only 21 percent of the total cumulative energy savings. Thus, most of the savings from standards already adopted will occur in the future. Furthermore, future savings will grow as new standards are adopted.

Table 2. Cumulative Primary Energy Savings Through 2015 for all Standards

<table>
<thead>
<tr>
<th>Product type</th>
<th>Primary energy savings (quads)</th>
<th>Share of primary energy savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential*</td>
<td>28.2</td>
<td>62%</td>
</tr>
<tr>
<td>Commercial &amp; Industrial**</td>
<td>13.0</td>
<td>29%</td>
</tr>
<tr>
<td>Plumbing Products</td>
<td>4.3</td>
<td>9%</td>
</tr>
<tr>
<td>Total</td>
<td>45.5</td>
<td>100%</td>
</tr>
</tbody>
</table>

* Includes lighting products in residential application.
** Includes lighting products in commercial and industrial application.

Table 3. Cumulative Primary Energy Savings and Consumer NPV for All Standards (1990-2090)

<table>
<thead>
<tr>
<th>Product type</th>
<th>Cumulative primary energy savings (quads)</th>
<th>Share of total cumulative primary energy savings</th>
<th>Cumulative NPV (billion 2015$)*</th>
<th>Share of total cumulative NPV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential**</td>
<td>117.0</td>
<td>54%</td>
<td>821 - 1,016</td>
<td>50 - 54%</td>
</tr>
<tr>
<td>Commercial &amp; Industrial†</td>
<td>93.1</td>
<td>43%</td>
<td>407 - 546</td>
<td>25 - 29%</td>
</tr>
<tr>
<td>Plumbing Products</td>
<td>6.9</td>
<td>3%</td>
<td>398 - 324</td>
<td>24 - 17%</td>
</tr>
<tr>
<td>Total</td>
<td>216.9</td>
<td>100%</td>
<td>1,627 - 1887</td>
<td>100%</td>
</tr>
</tbody>
</table>

* The first value refers to the NPV using 7% discount or interest rate, while the second value refers to the NPV using 3% rate.
** Includes lighting products in residential application.
† Includes lighting products in commercial and industrial application.
Table 4 presents the annual and cumulative water savings from standards, which include water savings from water conservation standards as well as from energy conservation standards that also save water (such as standards on clothes washers and dishwashers). The annual savings of 1.9 trillion gallons in 2015 are equal to 12 percent of the total water withdrawals for public supply in 2010. The estimated dollar savings from reduced water use in 2015 amounted to $12.3 billion.

Table 4. Annual and Cumulative Water Savings for All Water-Conserving Standards

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual</th>
<th>Cumulative through</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1.9</td>
<td>22.8</td>
</tr>
<tr>
<td>2030</td>
<td>1.2</td>
<td>47.6</td>
</tr>
<tr>
<td>2050</td>
<td>0.003</td>
<td>55.3</td>
</tr>
</tbody>
</table>

As shown in Table 5, the estimated reduction in CO₂ emissions associated with the standards in 2015 was 238 million metric tons of CO₂, which amounts to 4.3% of total U.S. energy-related CO₂ emissions in 2011. The estimated economic (present) value of reductions in CO₂ emissions associated with the standards through 2050 is $416 billion.

Table 5. Annual and Cumulative Reduction in Carbon Dioxide Emissions for All Energy Conservation Standards

<table>
<thead>
<tr>
<th>Year</th>
<th>CO₂ Emissions Reduction (million tons CO₂)</th>
<th>Present Value (billion 2015$)*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual</td>
<td>Cumulative through</td>
</tr>
<tr>
<td>2015</td>
<td>238</td>
<td>2,576</td>
</tr>
<tr>
<td>2030</td>
<td>318</td>
<td>7,049</td>
</tr>
<tr>
<td>2040</td>
<td>183</td>
<td>9,544</td>
</tr>
<tr>
<td>2050</td>
<td>89</td>
<td>10,853</td>
</tr>
</tbody>
</table>

* The present value was calculated using a discount rate of 3%, in keeping with the method used by DOE in recent rulemakings. See discussion in appendix A.

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1. Note that water savings estimates are not available for standards on commercial plumbing products (water closets, urinals, and faucets). Thus, the results in Table 4 understate the true savings from standards.
2. USGS estimates that water withdrawals for public supply were 42 billion gallons/day in 2010. [http://water.usgs.gov/watuse/wups.html](http://water.usgs.gov/watuse/wups.html)
3. Using an average water plus wastewater price of $7.17 per 1000 gallons (2010$).
Figure 2 shows the annual total (primary or FFC) energy savings for each sector, and Figure 3 shows the annual undiscounted net consumer impact. The impacts peak in the 2025-2030 period as purchases of products subject to standards increase. The decline in impacts reflects the analytical convention of counting impacts for 25-30 years of shipments for each standard. As current standards are revised and new standards are adopted, the impacts from all standards will likely not decline.

Figure 2. Annual Total Energy Savings for all Standards by Sector
Figure 3. Annual Undiscounted Net Consumer Benefit for all Standards by Sector

**Consumer (Residential) Impacts**

In 2015, we estimate that the typical household saved $320 in operating costs as a result of residential appliance standards. By now, most U.S. households use one or more appliances that were subject to Federal energy or water conservation standards. On average, the primary energy savings from residential and plumbing standards in 2014 amounted to 28 million Btu per household, which is equivalent to 15 percent of the average total energy use of 185 million Btu per household.

**Sources of Uncertainty**

The estimates made by this study are subject to considerable uncertainty. A major source of uncertainty is the assumed base case against which the impacts of standards are measured. In principle, a base case should reflect how the market for a given product will evolve without the standards under consideration. Estimating the consumer demand for higher efficiency products and the marketing decisions of product manufacturers is difficult. Even more difficult is estimating what other policies, either Federal or State, might be implemented if there were no Federal efficiency standards for a given product. For the standards adopted by DOE in the past five years, a good amount of consideration and stakeholder input went into the construction of the base case. For many of the other standards included in this report, the base case reflects simple assumptions.
The estimates of per-unit energy savings and additional cost in the sources used for this study are also subject to uncertainty. Most of the sources assume that the incremental costs of higher efficiency remain constant over time. This assumption likely overstates the true costs for two reasons. First, manufacturers of appliances and equipment often find ways to reduce the cost of producing higher efficiency products when forced to adapt to standards. Second, inflation-adjusted prices of many types of appliances and equipment have trended downward in recent decades. To the extent that this trend continues, it means that the incremental cost of higher efficiency products may decline over time.

The estimates of primary energy savings in the sources we used are based on estimates of “site” energy savings (i.e., savings where the product is in operation). Most of the sources we used convert site savings to primary savings using an average multiplier. In contrast, the National Impact Analysis spreadsheets from the DOE rulemakings incorporate marginal site-to-primary energy conversion factors. These factors represent the response of the electricity system to an incremental decrease in consumption associated with appliance standards. DOE uses annual site-to-source conversion factors based on a version of the Energy Information Administration’s National Energy Modeling System (NEMS). The marginal factors are lower than average site-to-source conversion factors and are likely more accurate. If we had been able to apply marginal site-to-source conversion factors to all of the standards included, the estimated primary energy savings (and also the reductions in CO₂ emissions) would be lower.

For consumer cost savings that occurred in the past, there is some question as to whether the compounding of past savings used in this study is appropriate. We have not found clear guidance in the literature, but there is some precedent for the practice of compounding past savings to estimate their present value. There is uncertainty regarding the extent to which the savings from appliance standards were invested elsewhere in the economy, and what the appropriate interest rate should be. Without compounding, the cumulative consumer NPV for all standards through 2010 would be around 15 percent less than reported here.

There is some evidence that consumers use higher efficiency appliances more intensively due to the reduction in operating cost. The extent of this so-called direct rebound effect varies among products. In recent years DOE has accounted for a rebound effect in many of its rulemakings. Thus, the energy savings estimates for many standards adopted by DOE since 2008 include an adjustment (subtraction) for a rebound effect. The other sources used for this study do not include such an adjustment. The lack of this adjustment means that the savings may be overestimated by 5%-10%.

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Footnotes:
- m In 2011 DOE began to account for change in product prices in its forecasts.
- n See for example: http://www.dalemarsden.ca/docs/publications/Marsden_etal_2006.pdf
- o DOE does not adjust the energy cost savings for the rebound effect because it believes that, if it were able to monetize the increased value to consumers associated with the rebound effect, this value would be similar to the foregone energy savings.
Conclusion
We estimate that energy and water conservation standards for appliances and equipment adopted from 1987 through 2015 have saved a total of 45.5 quads through 2015, an amount equal to 46 percent of total annual U.S. energy use. In 2015, the standards saved an estimated 4.49 quads of primary energy, which is equivalent to 5% of total U.S. energy consumption. The savings in operating costs for households and businesses totaled $63.4 billion. The average household saved $320 in operating costs as a result of residential appliance standards. The estimated reduction in CO₂ emissions associated with the standards in 2015 was 238 million metric tons of CO₂, which is equivalent to 4.3 percent of total U.S. CO₂ emissions.

The majority of the savings attributable to the standards adopted thus far are still to come, as products subject to the standards enter the stock. The standards are projected to achieve cumulative energy savings of 216.9 quads. Accounting for the increased upfront costs of more-efficient products and the operating cost (energy and water) savings over the products’ lifetime, the standards have a past and projected cumulative net present value (NPV) of consumer benefit of between $1,627 billion and $1,887 billion, using 7 percent and 3 percent discount rates, respectively.

The water conservation standards, together with energy conservation standards that also save water, reduced water use by 1.9 trillion gallons in 2015, and estimated cumulative water savings by 2090 amount to 55 trillion gallons. The estimated consumer savings in 2015 from reduced water use amounted to $12 billion.
Appendix A: Methods for Estimating National Impacts from Standards

General Methods

The energy cost savings were first taken from each of the sources described below. These sources used combinations of historic energy price data and forecasts from specific versions of EIA’s Annual Energy Outlook (AEO). We adjusted the original energy cost savings estimates using historical average annual energy prices through 2014 (where applicable), and projected average annual energy prices after 2014. The historical prices were taken from DOE Energy Information Administration (EIA) sources. The projected prices are based on EIA’s Annual Energy Outlook 2015. The method involved scaling the original energy cost savings estimates using multipliers that relate the historical energy prices and the energy prices in the most recent AEO to the same-year values that were used in the original source, after expressing both in same-year dollars.

We converted dollars from the year given in the various sources to 2014$ using the GDP implicit price deflator.

For all of the standards adopted before 2009, the reductions in CO₂ emissions related to electricity savings are calculated using annual average CO₂ emissions factors for the electricity generation sector. These are derived for each year through 2011 from EIA statistics on total CO₂ emissions from the electric power sector and total primary energy consumption by the electric power sector. For each year in 2012-2040, they are derived from similar outputs in EIA’s Annual Energy Outlook 2015. The values after 2040 are based on the trend seen in the 2020-2040 period.

For DOE standards adopted in 2009 and later, the reductions in CO₂ emissions, which are based on estimated marginal impacts for electricity savings, are taken from the final rule documentation for each rulemaking.

The social cost of carbon (SCC) values from 2010 onward are from the mid-range series developed by a Federal interagency working group. This series is based on the average SCC derived from the three integrated assessment models that were examined, using a 3-percent discount rate. Because the SCC values are based on a 3-percent discount rate, we used the same discount rate to discount the future annual estimates of the value of reduced CO₂ emissions. SCC values prior to 2010 were estimated based on the post-2010 trend.

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Footnote:

NAECA 1987 and 1988 Standards and DOE Updates before 2007

For all of the standards except one, we used the data developed by Meyers et al.\textsuperscript{1} That study developed a spreadsheet accounting model to calculate energy savings and consumer costs and savings for each product. The model tracks the energy use of products sold in each year, beginning in the late 1980s. The model uses historic and projected data on annual shipments of each product and subtracts units from the stock using a retirement function based on the estimated average lifetime of each product.

The key feature of the model is that it associates a specific average energy consumption and average product price for each vintage of a given product. (A vintage refers to the products shipped in a given year.) Both of these variables are a function of the energy efficiency assigned to each vintage. In most cases, the actual energy efficiency for each vintage of a product is assigned based on industry sources.

The approach for estimating the impacts of standards involves deriving a base case scenario for average energy efficiency and product price that assumes no standards were or will be implemented. In principle, the base case assumes energy efficiency increases over time as a result of all factors that shape energy efficiency other than Federal standards. For further discussion, see section 2 of Meyers et al.

For the commercial heating, air conditioning, and water heating standards with compliance dates of 2003 and 2004, we started from the following data reported by Belzer and Winiarski:\textsuperscript{7} (1) primary energy savings cumulative through 2030 and (2) net economic impacts at a 7-percent discount rate cumulative from units shipped through 2030. We used an average lifetime for these products of 15 years.

We assume that units retire uniformly over the lifetime and that the annual energy savings will go up after the effective date until it stabilizes when all the pre-standard units have been replaced by units meeting the standards. This period that it takes for the annual energy savings to reach its maximum is equal to the lifetime of the product. Using these assumptions, we calculate the annual site and primary energy savings that will match the given cumulative energy savings from 2003 to 2030. Then we used the Excel Solver to solve for the unit energy saving and incremental equipment cost per unit that will give a net present value (NPV) that closely matches the given NPV at a 7-percent discount rate. We then extended the time series to include shipments through 2032 to yield a 30-year analysis period.

EPACT 1992 Standards

We developed new estimates for this study, as described below. We assumed no change in base case efficiency over time. To compensate for potential overstatement of savings, we counted impacts for only 20 years worth of product shipments. Further details may be found in spreadsheets that are available from the authors.
Commercial furnaces and boilers, air conditioners and heat pumps, and water heaters
We modified the analytical structure and some of the data developed by Rosenquist et al. for the 2004 study for the National Commission on Energy Policy (NCEP).8

We estimated base case efficiencies and unit incremental costs for these products using PNNL (2000). This report presents average efficiencies in 1999 and costs for both an EPACT 1992 baseline product and an average product in 1999. We applied these differentials to derive an approximate pre-EPACT 1992 baseline efficiency and contractor cost for each product.

Electric motors
We developed a simplified NIA model to estimate the impacts of the EPACT 1992 standards for electric motors, using one “average motor” as the basis for the calculations.

The “average motor” energy use was calculated in the base case and in the standards case, using market-weighted averages across the covered horsepower (hp) ranges, pole configurations, and enclosure type to determine the following parameters: operating hours, load, lifetime, horsepower, and efficiency. All inputs were derived from the draft preliminary analysis from DOE’s 2011 rulemaking for electric motors.

The base-case efficiency is estimated assuming 30% of shipped motors are at pre-EPACT standard efficiency levels, 30% are already at the EPACT 1992 efficiency levels, and 40% are at National Electrical Manufacturers Association (NEMA) premium efficiency levels. The standards-case efficiency is estimated using a “roll-up” scenario, which leads to assuming 60% of motors are at the EPACT 1992 efficiency levels and 40% are at the NEMA premium efficiency levels.

Motor equipment costs (includes the repair costs) for the “average motor” in the base case and standards case were estimated by extrapolating price and weight data from the preliminary analysis. Repairs are assumed to occur after 5 years of usage and once in a motor’s lifetime.

Shipment data were obtained from the preliminary analysis and are assumed to be the same in the base-case and in the standards-case. The market-weighted average lifetime (12 years) was used to calculate the affected stock.

National site energy savings were obtained from multiplying the affected stock by the difference in energy use between the base case and standards case for the “average motor”. National equipment incremental costs were calculated using the affected stock multiplied by the difference in equipment costs between the base case and standards case for the “average motor”.

Fluorescent lamps and incandescent reflector lamps

Fluorescent lamps
We calculated savings for full-wattage T12 lamps covered by the standards sold after the effective dates of the standards: April 30, 1994 for 8-foot T12 and 8-foot T12/HO lamps and October 31, 1995 for 4-foot lamps. To calculate fluorescent lamp shipments, we adapted the spreadsheet used to analyze the impacts of the NAECA fluorescent ballast standards by Meyers et al. The base-case forecast assumed that 60 percent of lamp shipments in 1994 were full-wattage lamps, while 40 percent were reduced-wattage lamps already complying with the EPAct 1992 standards, according to a 1989 report on Massachusetts’ lamp standards by Nadel et al.9

Since the lamps covered by the EPAct 1992 lamp standards (“covered lamps”) were used with magnetic ballasts, and very few T12 lamps used electronic ballasts, we assumed that lamp shipments tracked the pattern of magnetic ballast shipments. When the fluorescent ballast standards came into effect in 2005 for ballasts in new luminaires, there was a corresponding substantial decrease in T12 lamp shipments. By 2010, when the ballast standards took effect for the renovation market as well, very few T12 lamps were sold.

The shipments of covered fluorescent lamps for 1994 were based on estimates by Geller and Nadel.10 For 1995 - 2010 we scaled this 1994 shipment value to decline according to the annual decrease in magnetic ballast shipments projected in the NAECA ballast standards analysis. Beginning in 2011 we made the simplifying assumption that T12 lamp shipments ceased.

Assumptions for unit wattage savings, product service lifetime, operating hours, and market shares by lamp type and by new vs. renovation market are from DOE’s 2000 fluorescent lamp ballast standards analysis. Lamp prices are from the 1992 Lighting Policy Analysis by Atkinson et al.11

Incandescent reflector lamps

We estimated the impacts of the incandescent reflector lamp standards from 1996 – 2015. (The standards took effect on November 1, 1995, so we assumed that savings began in 1996.) We used shipments data from past and recent analyses to estimate the annual shipments of lamps complying with the standards. For the commercial sector, complying shipments were derived for 1996 - 2000 from the 1992 Lighting Policy Analysis (Atkinson et al.), for 2006 - 2015 from DOE’s 2009 incandescent reflector lamp standards NIA spreadsheet (DOE 2009),4 and for 2001 – 2005 by linear interpolation. For the residential sector, we estimated complying shipments for 1995 as 10 percent of total shipments, for 2001 – 2015 from DOE 2009, and for 1996 to 2000 by linear interpolation.

Assumptions for unit wattage savings are from Atkinson et al. Product service lifetime and operating hours are from DOE 2009. Lamp prices are from Atkinson et al.

**Plumbing products**
For showerheads and faucets, we started with product lifetime, 2010 site energy savings (from reduced hot water use), and 2010 water savings from Koomey et al.\textsuperscript{12} For toilets, we used product lifetime and 2010 water savings.

From the energy savings for 2010, we estimated both the site and source energy savings over a 20-year period starting from the compliance date, assuming that shipments retire uniformly over the lifetime and are replaced (constant annual sales). Based on this uniform retirement function, the energy savings from units surviving beyond the 20-year period are also calculated. We performed this same estimation for the annual time series of water savings.

We derived operating cost savings by applying annual time series of average fuel prices and water prices to the site energy and water savings.

We estimated that there is zero unit incremental cost for these products because when manufacturers first started to comply with EPACT 1992, they generally did not make significant changes to the products.

The estimates only cover residential use because no data were available to estimate commercial sector impacts.

**EPACT 2005 Standards**
For all of the standards except commercial air conditioners (AC) and heat pumps, we started from the following data reported by Nadel et al.\textsuperscript{3} for each standard: (1) site energy savings in 2020 and 2030, (2) cumulative energy savings through 2030, (3) NPV for products sold through 2030, (4) lifetime, (5) unit annual energy saving, and (6) unit incremental equipment cost. Nadel et al. used a constant efficiency base case, but they also did not model any increase in shipments; these two factors would counteract to some extent.

From the energy savings for 2020 and 2030, we estimated both the site and source energy savings for 25 years of shipments starting from the compliance year. Using the energy savings per unit and the annual energy savings, we calculated the shipments in each year. Once we derived the shipments, we could calculate the total incremental equipment cost.

We accounted for impacts to shipments through 2030. The number of years of shipments ranges from 21 to 25, depending on the particular standard.

For commercial AC and heat pumps, DOE National Impact Analysis spreadsheets were available. For these products, we followed the methods described in the DOE Standards 2007-2010 section.
**EISA 2007 Standards**

For most EISA 2007 standards, we started from the following data for each product reported by DOE in its technical report: (1) cumulative energy savings (through 2038), (2) NPV at 3-percent and 7-percent discount rates. From other relevant DOE sources, we obtained the lifetimes of the products. The DOE report used a constant efficiency base case, which may tend to somewhat overestimate the savings from the standards. To compensate, we used 25 years of shipments instead of 30 years.

We assumed that units retire uniformly over the lifetime and that the annual energy savings will go up after the compliance date until it stabilizes when all the pre-standard units have been replaced by units meeting the standards. The period that it takes for the annual energy savings to reach its maximum is equal to the lifetime of the product. Using these assumptions, we calculated the annual site and source energy savings that will match the given cumulative energy savings. Then we used the Excel Solver to solve for the unit energy savings and incremental equipment cost per unit that will give an NPV that closely matches the given NPV at a 7-percent discount rate. We then adjusted the calculations to account for 25 years of shipments.

For a few EISA 2007 standards (residential boilers, dishwashers, and dehumidifiers), DOE National Impact Analysis spreadsheets were available. For these products, we followed the methods described in the following DOE Standards 2007-2010 section.

**DOE Standards 2007-2014**

We used the Final Rule NIA spreadsheets from the DOE rulemakings for each of these standards. We set up the spreadsheets for the compliance year and standard levels that were selected in the Final Rules. This gave the annual time series for primary energy savings, additional installed cost, and operating cost savings. In some cases, the time series presented in the spreadsheets were by individual product classes, so we summed them to arrive at totals for the product category or categories in question. In some cases we also made modifications to the spreadsheets to arrive at consistent results across products—for instance, always using 30 years of shipments and extending energy cost savings and energy savings to the end of the lifetime of the units shipped in the 30th year.

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The NIA spreadsheets and associated documentation may be found under the product name at the DOE Appliance and Equipment Standards web site: [http://energy.gov/eere/buildings/standards-and-test-procedures](http://energy.gov/eere/buildings/standards-and-test-procedures).
REFERENCES


