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June 22, 2021

Mr. Ryan Fogle
Office of Air and Radiation
United States Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, D.C. 20460

Topic: EPA ENERGY STAR® Small Network Equipment Sunset Proposal

Dear Mr. Fogle:

This letter comprises the comments of the Pacific Gas and Electric Company (PG&E), San Diego Gas and Electric (SDG&E), and Southern California Edison (SCE) in response to the United States (U.S.) Environmental Protection Agency (EPA) proposal to sunset the ENERGY STAR® Small Network Equipment (SNE) Specification.

The signatories of this letter, collectively referred to herein as the California Investor-Owned Utilities (CA IOUs), represent some of the largest utility companies in the Western U.S., serving over 32 million customers. As energy companies, we understand the potential of appliance efficiency standards to cut costs and reduce consumption while maintaining or increasing consumer utility of products. We have a responsibility to our customers to advocate for standards that accurately reflect the climate and conditions of our respective service areas, so as to maximize these positive effects.

We appreciate the opportunity to provide the following comments regarding the proposal to sunset the ENERGY STAR SNE Specification. Version 1.0 of the specification has been effective since 2013 but has experienced little uptake by manufacturers. After exploring test method updates designed to reduce test burden and increase participation,¹ EPA proposed to sunset the specification in a memo released on May 11, 2021.² EPA's cited rationale for sunsetting the specification was (1) the SNE Voluntary Agreement (VA) serves to provide a backstop for efficiency gains in the market, and (2) additional cost-effective efficiency may be constrained by growing SNE functionality. Although we recognize EPA's finding that updating the specification is not the best use of EPA resources due to low interest and uptake, we disagree with the rationale cited in the sunsetting proposal memo, particularly that the VA is analogous to a regulation in achieving energy efficiency improvements. We expand on our comments below:

¹<https://www.energystar.gov/sites/default/files/ENERGY%20STAR%20Version%202.0%20Small%20Network%20Equipment%20Discussion%20Guide.pdf>

²<https://www.energystar.gov/sites/default/files/ENERGY%20STAR%20Small%20Network%20Equipment%20-%20Sunset%20Proposal%20Memo%20.pdf>

1. We understand EPA’s preliminary finding that updating the ENERGY STAR specification for SNE is not the best use of EPA resources.

We acknowledge that Version 1.0 of the SNE Specification has experienced low uptake since its effective date in 2013. At the time of this letter was submitted, only two SNE models are listed on the Qualified Products List. Updating the specification and test method appeared to be a significant effort given the lack of consensus about test method updates. Given the historic lack of interest in the specification, we understand that EPA’s position that significant updates are not the best use of EPA resources.

2. We disagree with the implication that the SNE VA is playing a role analogous to a standard.

The SNE VA is a voluntary program, and it applies only to internet service providers and manufacturers who choose to sign on. The VA has been shown to address a smaller portion of the market than that typically addressed by an energy efficiency standard. EPA estimates that the VA covers about 60 percent of the U.S. SNE market.³ Recent research by the CA IOUs indicates that this number may be even lower. We found that VA signatories accounted for 80 to 89 percent of wide area network (WAN) equipment (modems and integrated access devices), and about half of U.S. local area network (LAN) equipment (e.g., routers, access points, Wi-Fi mesh systems) shipments in 2018.⁴ Since then however, NETGEAR, which comprised 26 percent of LAN equipment shipments in 2018, is no longer participating in the VA. We expect the VA, therefore, covers less than 25 percent of LAN equipment shipments. Because the VA does not address the majority of the market, it should not be considered to take the place of a mandatory standard.

3. We disagree that growing SNE functionality constrains efficiency gains.

EPA cites growing functionality—such as increased range, speed, and the ability to support more clients—as a reason that efficiency gains may be constrained. We agree that SNE are increasing functionality and performance, and a new specification would likely need to include more adders to credit new functions. We, however, disagree with the rationale that efficiency gains are not available for products with more functionality and higher performance. In fact, SNE energy use continues to increase due to increased functionality and stock – more reason to ensure that products are designed and operated to be efficient. CA IOU research found examples of products with the same feature set but different measured power, indicating that at least some market differentiation exists.⁵

³ <https://www.energystar.gov/sites/default/files/ENERGY%20STAR%20Small%20Network%20Equipment%20-%20Sunset%20Proposal%20Memo%20.pdf>

⁴ <https://efiling.energy.ca.gov/GetDocument.aspx?tn=235563&DocumentContentId=68495>

⁵ <https://efiling.energy.ca.gov/GetDocument.aspx?tn=235563&DocumentContentId=68495>

In conclusion, while we appreciate that updating a specification with very low market uptake may not be the best use of EPA's resources, we disagree with the EPA's implication that the VA serves the same purpose as a standard and that growing functionality constrains efficiency in SNE. We thank EPA for the opportunity to be involved in this process.

Sincerely,



Patrick Eilert
Manager, Codes & Standards
Pacific Gas and Electric Company



Karen Klepack
Senior Manager, Building Electrification and
Codes & Standards
Southern California Edison



Kate Zeng
ETP/C&S/ZNE Manager
Customer Programs
San Diego Gas & Electric Company