

TESTIMONY OF
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Good morning, Chairman Kerry and members of the Committee. Thank you for the opportunity to testify on behalf of the Environmental Protection Agency. My name is Bill Wehrum and I am Acting Assistant Administrator for EPA's Office of Air and Radiation. Today, I would like to provide you with an update on our work with small businesses to help them gain recognition for their energy saving products and save energy and reduce greenhouse gas emissions through energy efficiency. Specifically, I will highlight the efforts of our voluntary programs and will provide an update on our progress in implementing the provisions of the Energy Policy Act of 2005 that apply to EPA and small business.

Overview

At EPA, we manage a suite of programs that are cost-effectively reducing greenhouse gas emissions through energy efficiency as well as other clean energy strategies. These programs are delivering results across the country and they are projected to contribute significantly to the reductions necessary to meet the President's greenhouse gas intensity goal in 2012.

We have long recognized that energy efficiency offers one of the lowest cost solutions for reducing our energy bills, improving our energy security, preventing air pollution, and addressing the important issue of global climate change – all while helping to grow the economy. Small businesses have tremendous opportunity to cost-effectively reduce energy use, which is critical to keeping their energy costs manageable and making significant contributions that benefit the environment.

Energy Star

Many of you may be familiar with the blue ENERGY STAR label on home appliances and office equipment. You may not be aware of its steady growth in the marketplace, in terms of the number of products that it covers, its growing influence with consumers, and the breadth of organizations that it benefits. Over the last fifteen years it has become a guide post for energy efficiency for businesses and consumers and has delivered remarkable results:

- It now includes products in more than 50 product categories; these products can offer savings of as much as 90 percent relative to standard models.

- EPA estimates that Americans have purchased approximately 2 billion ENERGY STAR qualifying products.
- EPA estimates that more than 65 percent of the public is aware of the ENERGY STAR label.
- EPA estimates that one in four households knowingly purchased an ENERGY STAR qualified product in 2006, and more than 60 percent of those households credited the label as an important factor in their decision.

The ENERGY STAR program, managed jointly by EPA and the Department of Energy, assists small businesses in two ways. First, it helps small businesses that manufacture and sell energy efficient products get those products recognized in a crowded marketplace where they otherwise might go unnoticed. Small businesses manufacture, sell, and service many of the more than 50 types of ENERGY STAR products, such as high-efficiency windows, reflective roof products, and residential lighting fixtures. The ENERGY STAR label makes it easy for consumers and businesses to find and purchase energy efficient products, and the ENERGY STAR program allows small businesses to leverage the public awareness of the ENERGY STAR label in marketing their products.

Second, the ENERGY STAR Small Business Program helps small businesses reduce their own energy use, thereby resulting in lower costs and fewer greenhouse gas emissions. The ENERGY STAR Small Business program maintains a comprehensive website that provides in-depth information on a wide variety of topics to aid small business in learning about and implementing energy efficiency measures. In 2006, there were more than 130,000 visits to the ENERGY STAR small business web site, making it one of the most highly visited sections of the ENERGY STAR site.

Through the ENERGY STAR Small Business Program, EPA:

- Provides tailored energy efficiency information for a variety of small business sectors on the ENERGY STAR web site. Small businesses have diverse sets of energy issues, depending on their industry or facility type. Restaurants, auto dealerships, convenience and grocery stores, hotels, and retail establishments all have very different energy use profiles, different challenges, and different opportunities. Furthermore, a large number of small businesses are home-based. To address this diversity, we have developed unique sections within the ENERGY STAR web site for each of these small business types. Small businesses can also access additional support through ENERGY STAR's toll-free telephone hotline, 1-888 STAR YES.
- Provides small businesses access to recorded and live web-based trainings on a variety of energy efficiency topics. EPA is currently developing trainings that focus specifically on small businesses.
- Provides recognition, through the annual ENERGY STAR Small Business Awards, to small businesses for outstanding and/or innovative energy efficiency projects. Recipients of the award are presented with a plaque, are highlighted in press releases, and often receive significant media coverage in their local markets.

I would now like to share with you two specific examples of the work that we do to help small businesses become more energy efficient.

Starting in the summer of 2005, we worked with officials from the National Automobile Dealers Association (NADA) to develop a tailored energy efficiency program for auto dealers. Auto dealerships, with their need to provide comfortable showrooms and to maintain security in external lots, consume a lot of energy.

On January 23 of this year at the Washington Auto Show, I had the pleasure of announcing the NADA Energy Stewardship. Through this initiative, NADA is challenging each of its more than 20,000 member dealers, which operate 43,000 individual stores, to reduce their energy use by at least 10 percent using ENERGY STAR tools and resources.

This partnership has provided EPA with a new model for cooperative initiatives with national small business associations. It is now being adapted for use with other small business and similar associations.

I would also like to highlight our work with the commercial kitchen equipment and food service industry, which includes a wide variety of restaurants, retail stores, clubs, lodging and many other small businesses. This industry includes many of the most energy-intensive commercial buildings, which consume roughly 2.5 times more energy per square foot than other commercial buildings, and as much as 10 times more energy than a typical office building. Restaurants alone are now paying in the neighborhood of \$20 billion a year for electricity, natural gas, and water.

By addressing technologies related to cooking, refrigeration, and sanitation, significant energy and water savings can be achieved. These three combined end uses represent roughly 60 percent of the energy consumed in a typical food service facility. The total savings potential from a more efficient commercial kitchen can vary from 10-30 percent, depending upon the technologies installed.

Through the ENERGY STAR program we have already developed specifications for energy efficient commercial refrigerators and freezers, hot food holding cabinets, and a variety of cooking equipment. We are in the process of developing ENERGY STAR specifications for ice machines and commercial dishwashers and expect to have these complete by the end of this year. A number of utilities and other energy efficiency program sponsors are offering rebates to encourage the purchase of this ENERGY STAR qualified equipment, and we expect to see this trend grow.

Other EPA Voluntary Programs Supporting Small Business Efforts

In addition to ENERGY STAR, EPA implements several other programs that offer small businesses opportunities for saving energy and reducing greenhouse gas emissions. The **SmartWay Transport** program, an innovative public-private partnership between EPA and the transportation industry, promotes fuel conservation and diesel emission reductions. At the

same time, the program could result in fuel savings of up to 150 million barrels of oil annually. SmartWay reaches out to trucking companies of all sizes to participate in the program. Currently, small companies with less than 50 trucks comprise 95% of the carriers and 37% of the capacity in the trucking industry. SmartWay seeks to encourage greater participation from these small businesses and help them reduce fuel consumption and emissions.

A wide variety of technologies are available to help these trucking companies save on fuel costs. However, many companies lack the required up-front investment capital. To help more companies start saving fuel and money while reducing the emissions produced by their trucks, EPA has partnered with the Small Business Administration (SBA) to reach out to the small trucking companies with financial assistance. On November 14, 2006, [deleted: EPA and] SBA began making loans available to help small trucking companies finance the purchase of SmartWay Upgrade Kits. The kits include idle-reduction devices, low rolling resistance tires, aerodynamic equipment, and exhaust after-treatment devices. SmartWay is also collaborating with the Owner Operator and Independent Drivers Association to reach out to the owner operators and encourage greater awareness of energy-saving strategies.

EPA's Green Power Partnership provides its Partners with a comprehensive package of technical resources to facilitate the purchase of green power as a way to reduce the carbon footprint of their electricity use. Currently, nearly 300 of the total 673 Green Power Partners are small businesses.

EPA's Climate Leaders Program, which provides technical assistance to companies to help them develop credible greenhouse gas emissions inventories and management plans, currently has a number of small businesses as participants in addition to many large corporations. As participants, these small businesses agree to develop a greenhouse gas inventory and set an aggressive greenhouse gas emissions reduction goal. EPA has developed several tools and services to help these companies on a voluntary basis develop their greenhouse gas inventories, report emissions reductions, set and track reduction goals, and promote their successes.

Progress Implementing the Small Business Requirements of the Energy Policy Act of 2005

I would now like to update you on our progress with implementing the small business requirements of the Energy Policy Act of 2005, which instructs EPA to provide special outreach to small businesses in building awareness of the ENERGY STAR label and to develop a government-wide program building on the ENERGY STAR Small Business Program. I am pleased to inform you that significant progress has been made.

As I described earlier in my testimony, the Energy Star Small Business Program is successfully reaching out to small businesses to enhance their awareness of the Energy Star label. Just as public awareness of the ENERGY STAR label has increased from 40 percent in 2000 to 65 percent in 2006, a similar increase in awareness has occurred in the small business community. The National Small Business Association 2006 Energy Survey independently reported that 60 percent of small businesses surveyed indicated that they are familiar with the ENERGY STAR and technical support program.

EPA has also made strides in providing consumer education on proper maintenance for heating, ventilation, and air conditioning (HVAC) equipment. Through ENERGY STAR, EPA has been working to inform small businesses of the financial and environmental benefits of properly maintaining HVAC systems. We currently highlight HVAC maintenance as a key strategy in our primary technical resource for small businesses titled “Putting Energy Into Profits: ENERGY STAR Guide for Small Business.”

We have also developed several web pages including guidance, checklists, and tips for finding HVAC contractors, and we disseminate all of this information through monthly electronic Partner updates, press releases, and other avenues. In addition, we have mounted two annual campaigns – in summer and winter – to educate consumers about the importance of proper maintenance of heating and cooling equipment. These campaigns garner large amounts of media coverage by national, regional, and local publications. In total, these campaigns resulted in over 45 million media impressions and generated hundreds of thousands of visits to the ENERGY STAR web site.

EPA has similarly made progress in developing, with help from the Small Business Administration, a government-wide program building on the Energy Star Small Business Program. The goals of the program are: 1) to assist small business in becoming more energy efficient; 2) to sell their ENERGY STAR qualifying products to the federal government; 3) to identify financing options for energy efficiency upgrades; and 4) to establish a “Small Business Energy Clearinghouse” with the technical information and advice necessary to help increase energy efficiency and reduce energy costs.

EPA has participated in meetings with the Department of Energy, the Small Business Administration, and a number of key small business associations to discuss a clearinghouse for all information related to energy efficiency that might be needed by small businesses. Associations that have participated in these discussions include the National Small Business Association, National Restaurant Association, National Association of Food Equipment Manufacturers, Association of Small Business Development Centers, and the National Automobile Dealers Association. As detailed earlier in my testimony, small businesses currently have access to a wealth of information on a wide variety of topics related to energy efficiency through the ENERGY STAR Small Business Program. They are also able to receive information and have questions answered through the ENERGY STAR telephone hotline, via a set of Frequently Asked Questions on the web site, or through an on-line form. The website also offers information on eligibility for Federal tax credits and a directory of energy efficiency programs so that small businesses can learn about utility-sponsored programs and available rebates for energy efficiency products.

Conclusion

EPA recognizes the important role of small business in helping our nation address the challenges of global climate change and energy security. Small businesses make and sell energy efficient products and have a strong incentive to reduce their own energy use and costs. EPA’s voluntary programs have been instrumental in helping this large and diverse segment of our economy gain recognition for their energy-saving products and become more energy

efficient, save money on their utility bills, and reduce their emissions of greenhouse gases. The response of small businesses to our efforts continues to grow. Moving forward, EPA will continue to partner with small businesses to meet the growing demand for information and provide opportunities for small businesses to save energy and reduce greenhouse gases.