

# **THE FACTS:** California Energy Commission's Proposed TV Regulations

*Response to NRDC's Briefing for Key  
California Policy Makers*

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Californians for  
Smart Energy 

[www.CASmartEnergy.com](http://www.CASmartEnergy.com)

# Two Light Bulbs of Energy

- TVs today are energy efficient due to competition, innovation and the success of the ENERGY STAR program
- These trends ensure that TVs in California are energy efficient while enabling innovation, consumer choice and economic growth
- TVs account for about 5% (*not* 10%) of residential electricity use (Source: *Energy Consumption by Consumer Electronics in U.S. Residences*, K. Roth & K. McKenney, TIAX, December 2007)
- On average, TVs use the power of a couple of light bulbs; the most popularly-selling TV size (32" class) uses about one light bulb's worth of electricity

# Digital TV: Innovative Products

- Center of consumer home entertainment, information and education – the “hearth” of the home
- About 30 million TVs sold in U.S. annually, with about 4 to 5 million TVs sold annually in California alone
- A history of innovation:

*High Definition CRT*

*Plasma TV*

*DLP*

*LCD*

*OLED*

*3D*

*2011 -- ??*

*2013 -- ????*

*2022 -- ???????*

# TV Innovation Boosts Other Markets

- Retailers
- Installers
- Broadcasters
- Motion picture industry
- Television production
- Professional and commercial users

# The Good News

- Voluntary efforts already are succeeding without regulation

## Energy Saved (Billion kWh)

ENERGY STAR Product Category	2005	2006	2007
Consumer Electronics	9.3	12.3	14.7
Residential Office Equipment	9.5	6.3	8.5

Source: ENERGY STAR Annual Reports, 2005-2007

# The Good News

- The latest ENERGY STAR specification requires TVs to be 40% more energy efficient than conventional models
- ENERGY STAR compliance, manufacturing advances, and industry actions reduce consumption, *without* losses to public interests (tax revenue, local jobs, consumer choice, innovation, etc.)
- ENERGY STAR keeps pace with intensely competitive, dynamic, rapidly-evolving TV marketplace

# Regulatory Limits Undercut Innovation

- Consumers want innovative features in TVs –enhanced picture quality, Internet access, 3D (and who knows what else in the future); digital TV technology is just beginning
- Neither the CEC nor PG&E nor industry knows the future or impact of new display technologies in a highly innovative industry
- Product development requires flexibility, not regulatory limits
- Product development requires time, not timetables
- Regulatory energy use limits harm consumers, TV manufacturers, CE makers, retailers, and the entertainment industry

# Regulatory Limits Undercut Innovation

- If the CEC regulations had been in place in 2001:
  - No plasma TV introduction
  - No LCD TV introduction
  - No money for R&D investment
  - No consumer demand for products
- What happens to the next DTV technology?

# What Are the Consequences?

CEC intends to remove 20-25% of TV models from store shelves in California by mandating an arbitrary limit on TV energy use. What are the consequences?

- Destroys 4,600 California jobs
- Costs \$50 million a year in lost tax revenues
- Banned TVs will still be available for purchase online and across state lines –sending sales, tax revenues and jobs with it
- Such artificial limits could stifle unforeseen future innovations for home entertainment

\*\*California is facing over 12 percent unemployment – the highest since WWII.

# Alternatives Exist That Can Save More

Alternatives exist that would save more energy –without harming California’s economy, small businesses and consumers

1. Account for the contributions of ENERGY STAR for TVs
2. Require auto-off function for all TVs
3. Require forced menu function (lower power-consuming mode) for all TVs
4. Initiate an ad campaign to lower preset viewing modes in the millions of TVs already in California homes
5. Initiate a “DTV acceleration program” to replace less-efficient analog TVs with energy efficient digital TVs

# Who Opposes the CEC's Regulations?

Comprised of consumers, small businesses, trade groups and associations, **Californians for Smart Energy** is dedicated to having a real discussion about meeting California's energy needs –without job-killing regulations that are harmful to California's economy.

## Small Business Members

- Alpine Technical Services, Inc. (Lake Tahoe)
- Andrews Electronics (Valencia)
- Audio Video Dimensions (American Canyon)
- AVAD, LLC (Van Nuys)
- AV Partners (Thousand Oaks)
- B.I.S. Technologies (Bakersfield)
- Creative Touch (Sacramento)
- Elk Grove Home Theater (Elk Grove)
- Evolution Home Theatre, Inc. (San Diego)
- Gale Enterprises (Sacramento)
- Gills Corporation (Sacramento)
- J. Smith and Sons (Sacramento)
- Kingsley Audio Video Inc. (Irvine)
- Mission Audio Video Inc (Santa Barbara)

- North Bay AVS Design (Santa Rosa)
- Paradyme Sound and Vision (Sacramento)
- RSP Solutions (Calabasas)
- The Appropriate Connections, Inc (Gilroy)
- Wilshire Home Entertainment (Los Angeles)
- Wilson Home Theater Systems (Sherman Oaks)

## Association Members

- California Hispanic Chambers of Commerce
- Citizens for California Reform
- Custom Electronic Design & Installation Association (CEDIA)
- California Retailers Association (CRA)
- Digital Entertainment Group (DEG)
- Consumer Electronics Association (CEA)
- Consumer Electronics Retailers Coalition (CERC)
- Plasma Display Coalition

**\*\*The coalition SUPPORTS energy efficiency and conservation, but OPPOSE this standard as a flawed approach based on bad science.**

# What Others Are Saying...

## **Best Buy letter to the CEC:**

“The...proposal...will remove a significant portion of televisions from the assortment available in California and will only add additional pressures to the supply chain and suppliers, limiting consumer choice and adding to retail prices.”

“Unfortunately, this move will have drastic financial implications for small and independently owned California retailers, distributors and installers of these electronics—not to mention consumers.”

**-Leon SooHoo, Paradyme Sound and Vision (Sacramento)**

## **Los Angeles Times editorial:**

“We're strong supporters of energy conservation, but we don't see why the state should impose performance standards on an industry that is making so much progress on its own. The risk is that it will block new technologies that gain efficiency over time, deterring innovation and undermining its own goals... The consumer electronics industry is fiercely competitive and responsive to consumer demand. The commission should take advantage of those forces, rather than imposing mandates that it hasn't justified.”

“One would think that the last thing state government would want to do during difficult economic times is impose additional regulations on an industry that is already tackling and increasing energy efficiency, creating jobs, generating state revenue, and providing a convenient and affordable entertainment option for families.”

**-Steve Caldero, Ken Crane's Home Entertainment**

“What we need during times like these is for the state to remove road blocks for small businesses like mine, not add more.”

**-Shawn Worst, Evolution Home Theatre, Inc (San Diego)**

## **San Diego Union Tribune**

**editorial:** “We certainly support making household electronics more efficient. But less-drastic federal rules have yielded steady gains on this front. The California approach of demanding a quick forced transition is completely ignorant of how electronics manufacturing works and of the time it takes to develop new technology and sell off existing inventory.”

**FOR MORE INFORMATION**

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