

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 1202

(Delegate McMillan, *et al.*)

Environmental Matters

Energy Efficiency Standards - Ceiling Fans - Effective Dates

This emergency bill extends the date through which ceiling fans that do not meet certain energy efficiency standards may be sold and installed in the State until October 1, 2006.

Fiscal Summary

State Effect: The bill should not materially affect State finances. Any ceiling fans installed by the State before October 1, 2006 could result in cost savings.

Local Effect: None. Any ceiling fans installed by local governments before October 1, 2006 could result in cost savings.

Small Business Effect: Potential meaningful. Ceiling fan vendors and construction contractors will experience cost savings in the temporary reprieve from energy efficiency standards for ceiling fans.

Analysis

Current Law: The Maryland Efficiency Standards Act, Chapter 5 of 2004, provides for minimum energy efficiency standards for: (1) torchiere lighting fixtures; (2) unit heaters; (3) certain types of low-voltage dry-type distribution transformers; (4) ceiling fans and ceiling fan light kits; (5) traffic signal modules; (6) illuminated exit signs; (7) commercial refrigeration cabinets (excluding walk-in refrigerators or freezers); (8) large packaged air-conditioning equipment; and (9) commercial clothes washers. For most of the covered products, including ceiling fans, the Act provides that no new product may be sold or

offered for sale in the State on or after March 1, 2005 or installed in the State after January 1, 2006, unless the product meets the specified standards.

Under the Act ceiling fans and ceiling fan light kits must meet the tier 1 criteria of version 1.1 of the product specification contained in the “Energy Star Program Requirements for Residential Ceiling Fans,” developed by the U.S. Environmental Protection Agency that took effect on January 1, 2002.

Background: Chapter 5 of 2004 was based on model legislation developed by the American Council for an Energy-Efficient Economy (ACEEE). ACEEE advised that the products included in the model legislation were chosen based on a variety of factors, including that:

- the products are significant users of energy;
- State action is not preempted by existing federal standards;
- standards for incorporation by reference exist; and
- the products are available in the national market.

According to ACEEE, the per-unit incremental product costs of the model legislation on a national basis and the per-unit energy and dollar savings in Maryland (measured in kilowatt-hours (kWh) for most of the products covered by the proposed standards are estimated as follows:

<u>Product</u>	<u>Per Unit Incremental Cost (nationwide)</u>	<u>Annual Per Unit Energy Savings in MD (kWh)</u>	<u>Annual Per Unit Economic Savings in MD</u>
Ceiling fans	\$29	159	\$12
Commercial refrigerators	29	532	32
Exit signs	30	223	14
Traffic signals	125	431	26
Torchiere lamps	40	288	22
Packaged large HVAC	1,813	11,211	684
Commercial clothes washers (electric)	<u>137</u>	<u>197</u>	<u>12</u>
Total		13,041	\$814

Source: American Council for an Energy-Efficient Economy (November 2002)

ACEEE further advised that the estimated per-unit incremental costs are based on the price differential between existing equipment that meets the proposed standards and the baseline price of all existing products on a national basis. Estimated per-unit incremental costs for products specific to Maryland are not available.

According to ACEEE, the model legislation is anticipated to reduce peak summer electric use in Maryland by 260 megawatts in 2010, or enough energy to meet the usage of over 95,000 typical Maryland households.

Small Business Effect: Small businesses selling and/or installing ceiling fans will receive another six months' reprieve from the Energy Star efficiency requirements, imposed by Chapter 5 of 2004. A provision in Chapter 5 of 2004 allowed the Maryland Energy Administration (MEA) to delay the implementation date for the ceiling fan efficiency standards, if MEA found that technology meeting the standards was unavailable. Under this provision MEA extended the implementation date to March 1, 2006. Vendors will not have to change over inventory to Energy Star-compliant fans by March 1, 2006, as provided by the MEA action.

Additional Comments: HB 1030 of 2005 exempts hugger fans, and fans less than 52 inches in diameter, from the requirements of Chapter 5 of 2004.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of General Services, Maryland Energy Administration, Maryland Department of Transportation, Department of Legislative Services

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ncs/hlb

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