

# FAQ

## ENVIRONMENTAL STANDARDS FOR CERTAIN PRODUCTS

HB23-1161 | Reps. Kipp & Willford; Sen. Cutter

### 1. How were these specific products selected?

The covered products were specifically chosen because upgrades to their efficiency standards or environmental performance met the following criteria:

- Cost-effective (i.e., any incremental price increase more than recouped through utility bill savings)
- Wide product availability from multiple manufacturers and through multiple major retailers (no significant reduction in consumer choice)
- Identical standards already in place in other states
- Not federally pre-empted
- ENERGY STAR, WaterSense, or another trusted standard available

Note: most typical household appliances are not covered by this bill (refrigerators, dishwashers, washing machines, dryers, etc.) since these are already regulated at the federal level.

### 2. Do we have to dispose of and replace existing products?

No, the standards only apply to new products for sale; existing products are not impacted in any way.

### 3. Do these standards apply to used or resale products?

No, the standards only apply to new products for sale.

### 4. Do retailers have to throw out products not meeting the standards?

No, the bill allows retailers to sell out existing inventory after the effective date.

### 5. When will the new standards take effect?

Standards from the 2014 and 2019 bills are already in effect. The new standards take effect Jan. 1, 2026.

### 6. Do these standards apply to online sales?

Yes, online sales are included.

### 7. Do other states have these standards in place?

Thirteen states have adopted essentially the same package of appliance efficiency standards, with four more in progress. Two states have adopted the clean lighting policy (VT and CA) with another dozen in progress. Three states have adopted NOx emission standards for heating and water heating (UT, TX, and CA).

### 8. How does this affect product availability and consumer choice?

As noted, the covered products were specifically chosen because they already have a wide variety of available, cost-effective, compliant products from multiple manufacturers and through multiple retailer channels.

### 9. How are small businesses impacted?

Small businesses that use these products will save on utility bills month after month. Small businesses that sell these types of products can still sell them – they will just be the more efficient versions. Small businesses that compete against major online retailers will see greater enforcement towards major online retailers.

### 10. How is housing affordability impacted?

This bill has little to no impact on the price of housing, and a positive impact on monthly utility bills. First, housing prices are largely determined by location, amenities, school districts, neighborhoods, walkability, job availability, and supply and demand; energy and water efficiency are not major factors.

Second, only a few of the products covered in the bill are installed in new residential construction, and they are generally required by most building energy codes in place in Colorado and are already widely selected by builders and homebuyers (lighting, programmable or smart thermostats, and more efficient windows). Half of all new homes in Colorado are already installing high-efficiency furnaces and/or water heaters. For all the items, any added costs are recouped through savings on utility bills. Indeed, having lower, ongoing utility bills is an important but often overlooked component of total housing affordability.

### 11. How are low-income households impacted?

These products are less expensive to own and operate over the product's lifetime, saving low-income families on their monthly utility bills – often the second-largest household bill after rent or mortgage.

## 12. What about supply chain issues?

In general, supply chain issues are gradually improving. Also, current supply chain issues apply to all products, not just high-efficiency, cleaner, or safer products specifically.

## 13. Can't the "free market" take care of this?

Most consumers don't have the time or informational resources to research, evaluate, and compare the energy or water efficiency of multiple product versions and calculate total lifecycle cost, and thus they end up buying products that look cheaper upfront but cost many times more over the long run. The free market also doesn't properly incorporate "externalities" like toxic mercury pollution or smog-causing NOx pollution.

Appliance standards have been adopted by states since the 1970s, states have been phasing out mercury-containing products for 20 years, and states have been taking action on smog and air quality since the 1950s. States have an interest in making sure the products for sale are safe, healthy, and efficient. State leaders are also interested in making sure their state doesn't become a "dumping ground" for lower-quality, inefficient products that manufacturers can't sell elsewhere.

## 14. What about new construction projects already under development?

For most of the products, you can easily swap in the more efficient version without any design modifications. All the standards have a phase-in period (2.5 years), and noncompliant products can still be delivered after that date, so long as they are ordered before that date.

## 15. [Air purifier-specific] Isn't a federal standard already underway?

It's uncertain when or if the federal process will ever be complete, so states are moving forward in the meantime. With respiratory viruses and infections on the rise and with increased use of air purifiers, it's more important than ever to make sure these systems are effective and not wasting energy or money.

## 16. [Lighting-specific] Do LEDs work in existing fluorescent fixtures?

Yes, there are lines of LEDs now designed to work in existing fluorescent ballasts. These are sometimes called Universal LEDs or InstaFit (depending on manufacturer).

## 17. [Lighting-specific] Would ALL fluorescent light bulbs be phased out?

No, just what are called general-purpose, white light fluorescents – the kind commonly found in the ceilings of office buildings or sometimes in kitchens or basements. Specialty bulbs are not affected.

## 18. [Lighting-specific] Why are we regulating "lamps?"

"Lamp" is the lighting industry technical term for "lightbulb."

## 19. [Water heater and furnace-specific] Are these standards federally preempted?

No. The standards are based on emissions, which states are allowed to regulate. ENERGY STAR systems are deemed to be in compliance with the emission standards, since these too result in overall lower emissions.

## 21. [Water heater & furnace-specific] What about complex systems for commercial buildings?

The bill only covers simple, smaller systems – the equivalent of five households combined.

## 22. [Water heater & furnace-specific] How readily available are the systems?

All of the major manufacturers make units that comply with the low-NOx standards. Also, all the major manufacturers make units that comply with the high-efficiency exemption (612 gas storage water heater models, 490 gas tankless water heater models, 527 boilers, and 4,269 furnace models). Finally, electric systems like heat pumps and heat pump water heaters produce no onsite emissions so they are automatically in compliance.

## 23. [Water heater and furnace-specific] What is the cost impact?

Ultra-low NOx gas tank water heaters cost \$90 more for an otherwise-similar model. Electric tank water heaters (not hybrid) cost \$30 more than a similar gas tank model. Ultra-low NOx furnaces cost \$600 more than a similar non-low-NOx model (and they may need a \$100-\$200 high-altitude conversion kit). High-efficiency furnaces cost \$400 more than an 80% efficiency model. An average household in Colorado could be saving \$334 per year with a more efficient gas furnace and gas water heater, based on recent gas prices.