



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

MAR - 1 2011

THE INSPECTOR GENERAL

**MEMORANDUM**

**SUBJECT:** Acceptance of Corrective Action Plan for *ENERGY STAR Label Needs to Assure Superior Energy Conservation Performance*, Report No. 11-P-0011


**TO:** Gina McCarthy  
Assistant Administrator for Air and Radiation

This memorandum serves to acknowledge the receipt and acceptance of the revised corrective action plan dated February 9, 2011 for the OIG report, *ENERGY STAR Label Needs to Assure Superior Energy Conservation Performance*.

In accordance with EPA Manual 2750, you provided a written response to the findings and recommendations presented in the final report. We agree your revised final corrective action plan meets the intent of the recommendations. We appreciate your constructive approach to the issues raised in our report.

With this memorandum, we are closing out this evaluation. As a reminder, we anticipate receiving regular updates of your corrective actions and that you notify us once you complete the corrective action plan and inactivate the assignment in MATS.

If you or your staff have any questions regarding this memo, please contact Wade Najjum, Assistant Inspector General for Program Evaluation at (202) 566-0827 or Jeffrey Harris at (202) 566-0831.

  
Arthur A. Elkins, Jr.

**Attachment:** Final Corrective Action Plan, Submitted February 9, 2011

cc: Beth Craig, Office of Air and Radiation  
Ann Bailey, Office of Air and Radiation  
Margaret Guerriero, EPA Region 5  
David LaRoche, OAR Audit Liaison  
Mark Bialek, Deputy IG  
Wade Najjum, AIG for Program Evaluation  
Jeffrey Harris, OIG




UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
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FEB 9 - 2011

OFFICE OF  
AIR AND RADIATION

**MEMORANDUM**

**SUBJECT:** Response to Evaluation Report: ENERGY STAR Needs to Assure Superior Energy Conservation Performance – A Summary Report – Report No. 11-P-0010

**FROM:** Gina McCarthy  
Assistant Administrator 

**TO:** Jeffrey Harris, Director  
Cross Media Issues, Office of Program Evaluation  
Office of the Inspector General

Thank you for the opportunity to respond to the Evaluation Report: ENERGY STAR Label Needs to Assure Superior Energy Conservation Performance – A Summary Report (Summary Report). We appreciate and share your interest in making the ENERGY STAR program as effective as possible. Accordingly, we are moving forward to implement the recommendations provided in your draft report as outlined below.

**Recommendation 1:** Develop a strategic vision and program design that assures that the ENERGY STAR label represents superior energy conservation performance.

**Corrective Action Plan**

The September 30, 2009 MOU between EPA and DOE reflects a mutually agreed upon strategic vision for the ENERGY STAR Products Program. Specifically, the agreement states:

*Program Design. The ENERGY STAR label will identify energy efficient products that offer meaningful energy savings (at an individual and/or national level) over those products typically purchased.*

- *Specifications will be established which overlay the consumer perspective and the need to consistently identify top performing products.*
- *Specifications will be set to recognize products that are cost-effective from the purchaser standpoint; offer at least equivalent functionality and features as standard products; and are proven and broadly available. Cost-effectiveness in terms of payback periods will be defined on a case-by-case basis, taking into account both the expected useful life of the product and the general desirability of shorter payback periods, but will in general be 3-5 years.*

- *To identify top performing products, ENERGY STAR specifications will be set to identify approximately the top 25% most efficient of models within a product class under the ENERGY STAR specification at the time that specification becomes effective, with consideration of expected improvements in product efficiency and market penetration trends of those products that will take place between establishing a specification and the specification becoming effective.*

This vision was subsequently integrated into the Enhanced Program Plan for ENERGY STAR Products in early December 2009 as the first important step in advancing the partnership between EPA/DOE and program stakeholders and in engaging with interested parties in a discussion of the key program enhancements outlined in the MOU.

EPA's ENERGY STAR Program will coordinate with DOE and other appropriate offices within EPA to develop a more comprehensive explanation of the strategic vision and program design for ENERGY STAR, consistent with the longstanding intent and purpose of the program, as well as the relevant statutory provisions.

Milestone	Date
Reach agreement with DOE on basic elements of strategic vision and program design.	Completed
Share basic elements with stakeholders through Enhanced Program Plan for ENERGY STAR Products	Completed
Draft expanded discussion – ENERGY STAR Products Program Strategic Vision: 2011 and Beyond	June 2011
Consult with internal/external interested parties	September 2011
Finalize - ENERGY STAR Products Program Strategic Vision: 2011 and Beyond (including refinements to ENERGY STAR program design, as appropriate)	December 2011

**Recommendation 2:** Develop a set of goals and valid and reliable measures that can accurately inform shareholders and the public of the benefits of the program.

**Corrective Action Plan**

Consistent with recommendations made through a recent peer review of the model used to document ENERGY STAR products benefits, EPA is in the process of enhancing its approach to accounting for program savings. An important aspect of this is better articulation of program goals and documentation of a market model for key product areas. (A market model is similar to program logic but adapted to the unique aspects of market transformation programs.)

Milestone	Date
External Peer Review on ENERGY STAR Products Benefits Calculations	Completed
Refined Benefits Model Removing Market Transformation Effects and Improving Consistency	Completed
Enhanced Documentation of Market Model	December 31, 2011
Phase I Migration of Benefits Model to Nationally Accepted Platform	June 30, 2012
Phase II Reassessment of Baselines for Core Products	December 31, 2012
Finalize new goals and measures	December 31, 2012

cc: Margaret Guerriero  
Beth Craig  
Ann Bailey  
David LaRoche