SUMMARY: The Commission proposes conforming amendments to the Energy Labeling Rule ("Rule") to require a new Department of Energy (DOE) test procedure for televisions and establish data reporting requirements for those products.

DATES: Comments must be received by February 10, 2014.

ADDRESS: Interested parties may file a comment online or on paper by following the instructions in the Request for Comment part of the SUPPLEMENTARY INFORMATION section below. Write “Television Labels, Matter No. R611004” on your comment, and file your comment online at https://ftcpublic.commentworks.com/ftc/televisionlabels by following the instructions on the web-based form. If you prefer to file your comment on paper, mail or deliver your comment to the following address: Federal Trade Commission, Office of the Secretary, Room H–113 (Annex F), 600 Pennsylvania Avenue NW., Washington, DC 20580.


\[3084–AB15\]

\section*{I. Background}

The Commission’s Energy Labeling Rule (Rule) (16 CFR Part 305), issued pursuant to the Energy Policy and Conservation Act (EPCA), requires energy labeling for major household appliances and other consumer products to help consumers compare competing models. When first published in 1979, the Rule applied to eight product categories: Refrigerators, refrigerator-freezers, freezers, dishwashers, water heaters, clothes washers, room air conditioners, and furnaces. The Commission has since expanded the Rule’s coverage to include central air conditioners, heat pumps, plumbing products, lighting products, ceiling fans, certain types of water heaters, and televisions.

The Rule requires manufacturers to attach yellow EnergyGuide labels on many of these products, and prohibits retailers from removing the labels or rendering them illegible. In addition, the Rule directs sellers, including retailers, to post label information on Web sites and in paper catalogs from which consumers can order products. EnergyGuide labels for covered appliances must contain three key disclosures: Estimated annual energy cost (for most products); a product’s energy consumption or energy efficiency rating as determined from Department of Energy (DOE) test procedures; and a comparability range displaying the highest and lowest energy costs or efficiency ratings for all similar models.\footnote{\textsuperscript{1}} For energy cost calculations, the Rule specifies national average costs for applicable energy sources (e.g., electricity, natural gas, oil) as calculated by DOE. The Rule sets a five-year schedule for updating range of comparability and average unit energy cost information.\footnote{\textsuperscript{2}} The Commission updates the range information based on manufacturer data submitted pursuant to the Rule’s reporting requirements.

\footnote{\textsuperscript{1} Where no “applicable” DOE test exists for televisions, EPCA authorizes the Commission to use “adequate non-Department of Energy test procedures” to obtain information for energy disclosures. 42 U.S.C. 6294(a)(2)(B)(ii). During FTC’s television labeling proceeding, DOE announced plans to develop a new test procedure. 74 FR 53640, 53641 (Oct. 20, 2009).

\textsuperscript{2} 16 CFR 305.10.}
II. Proposed Amendments

The Commission now proposes conforming amendments to revise the Rule’s television testing and reporting requirements in response to a new DOE television test procedure published on October 25, 2013 (78 FR 63823). These amendments will ensure the Rule’s television labeling requirements are consistent with EPCA, which mandates that FTC labels reflect applicable DOE test procedures when available.3

When the Commission first issued labeling requirements for televisions in 2011 (76 FR 1038 [Jan. 6, 2011]), no DOE test procedure existed for such products. Accordingly, the FTC required manufacturers to use the Environmental Protection Agency’s (EPA’s) ENERGY STAR test procedure to measure television energy use. However, as discussed in several previous Federal Register Notices, the Commission has anticipated that amendments would be necessary after completion of the DOE test procedure.4 DOE’s recently completed test procedure supersedes the ENERGY STAR test procedure and triggers EPCA’s directive for manufacturers to begin using the new test procedures when available.5

To conform the labeling rule to the new DOE test procedure, the Commission proposes three amendments. First, consistent with EPCA’s mandate requiring DOE test procedures for labeling, the Commission plans to remove the Rule’s reference to the ENERGY STAR test in section 305.5 and replace it with the DOE procedure.6

Second, the Commission proposes a new reporting requirement for televisions consistent with requirements for most other labeled products, such as refrigerators and clothes washers.7

1. TV Test Procedure

The current Rule contains recordkeeping, disclosure, and testing requirements that constitute information collection requirements as defined by 5 CFR 1320.3(c), the definitional provision within the Office of Management and Budget (OMB) regulations that implement the Paperwork Reduction Act (PRA). OMB has approved the Rule’s existing information collection requirements through February 29, 2016 (OMB Control No. 3084 0069). The Commission accounted for the burden of testing and labeling televisions when it first issued the labeling requirements (76 FR 1038 [Jan. 6, 2011]). However, the new DOE test procedure triggers EPCA’s requirement that manufacturers retest their televisions for any energy representations made 180 days after DOE publishes the test, including those on the FTC label. This creates an additional, one-time burden. In issuing the television labels, FTC staff estimated that 2,000 basic models exist in the marketplace, that manufacturers test two units per model, and that testing requires one hour per unit tested. Using these estimates, the Commission expects the new testing will require a one-time burden of 4,000 additional hours of burden. Annualized over a 3-year PRA clearance cycle, this one-time burden amounts to 1,333 hours. Assuming further that this testing will be implemented by electrical engineers, and applying an associated hourly wage rate of $44.14 per hour, labor costs for testing would annualized total of $58,839.11 In addition, the amendments would increase the Rule’s reporting requirements. Staff estimates that the average reporting burden for these manufacturers is approximately two minutes per basic model to enter information into DOE’s online database. Based on this estimate, multiplied by an estimated total of 2,000 basic television models, the annual reporting burden for manufacturers is an estimated 67 hours (2 minutes x 2,000 models x 60 minutes per hour). Assuming further that these filing requirements will be implemented by data entry workers at an hourly wage rate of $15.11 per hour, the associated labor cost for recordkeeping would be approximately $1,012 per year.12 Any non-labor costs associated with the amendments are likely to be minimal.

IV. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA), 5 U.S.C. 601–612, requires that the Commission provide an Initial Regulatory Flexibility Analysis (IRFA) with a Proposed Rule and a Final Regulatory Flexibility Analysis (FRFA), if any, with the final Rule, unless the Commission certifies that the Rule will not have a significant economic impact on a substantial number of small entities.13 The Commission does not anticipate that the Proposed Rule will have a significant economic impact on a substantial number of small entities. Consistent with past analysis (76 FR at 1049), the Commission estimates that these new requirements will apply to about 30 product manufacturers. Out of these companies, the Commission expects that no manufactures qualify as

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3 42 U.S.C. 6294(c).
4 For example, the Commission explained in 2011 that “[t]he Commission will issue conforming amendments consistent with EPCA’s requirements that the labels use information from DOE test procedures when such procedures are available.” 76 FR 1038, 1040 [Jan. 6, 2011]. See also DOE, 78 FR 6374, 6375 (July 23, 2013); 78 FR 1779, 1780 (Jan. 9, 2013).
5 Any energy representation, including those made on a label, for a covered product must fairly reflect the results of a new DOE test procedure 180 days after that test’s issuance. See 42 U.S.C. 6293(1)(c). In its October 25, 2013 Notice, DOE identified April 23, 2014 as the date for revised reporting requirements. See https://www.regulations.doe.gov/ccms. Section 305.17 contains the television ranges.
6 See 10 CFR 430.2 and App. H, sec. 1; 78 FR at 63825–63826. The proposed amendments also would delete note 5 § 305.17(h), which contains specific labeling directions for televisions of nine inches or fewer. The Commission will consider revisions to the ranges in § 305.17 once data based on the DOE test procedure becomes available.
small businesses. Furthermore, the Commission does not expect that the requirements specified in the Proposed Rule will have a significant impact on these entities. In addition, the Commission does not expect that the label design and other requirements specified in the Proposed Rule will have a significant economic impact on these entities.

Accordingly, this document serves as notice to the Small Business Administration of the FTC’s certification of no effect. To ensure the accuracy of this certification, however, the Commission requests comment on whether the Proposed Rule will have a significant impact on a substantial number of small entities, including specific information on the number of entities that would be covered by the Proposed Rule, the number of these companies that are “small entities,” under the RFA, and the average annual burden for each entity. Although the Commission certifies under the RFA that the Rule proposed in this Notice would not, if promulgated, have a significant impact on a substantial number of small entities, the Commission has determined, nonetheless, that it is appropriate to publish an IRFA in order to inquire into the impact of the Proposed Rule on small entities. Therefore, the Commission has prepared the following analysis:

A. Description of the Reasons That Action by the Agency Is Being Taken

The Commission is proposing amendments to conform the Rule to a recently published DOE test procedure for televisions.

B. Statement of the Objectives of, and Legal Basis for, the Proposed Rule

The objective of the Proposed Rule is to provide television energy use information to consumers. EPCA provides the Commission with authority to require energy disclosures for televisions and other consumer electronics.

C. Small Entities To Which the Proposed Rule Will Apply

Under the Small Business Size Standards issued by the Small Business Administration, television manufacturers qualify as small businesses if they have fewer than 1,000 employees (for other household appliances the figure is 500 employees) or if their sales are less than $8.0 million annually. The Commission estimates that no manufacturers subject to the Proposed Rule qualify as small businesses. The Commission seeks comment and information with regard to the estimated number or nature of small business entities for which the Proposed Rule would have a significant economic impact

D. Projected Reporting, Recordkeeping, and Other Compliance Requirements

The Commission recognizes that the proposed rule will involve some increased costs related to reporting these products, and maintaining test records. All of these burdens and the skills required to comply are discussed in the previous section of this document, regarding the Paperwork Reduction Act, and there should be no difference in that burden as applied to small businesses. The Commission invites comment and information on these issues.

E. Duplicative, Overlapping, or Conflicting Federal Rules

The Commission has not identified any other federal statutes, rules, or policies that would duplicate, overlap, or conflict with the Proposed Rule. The Commission invites comment and information on this issue.

F. Significant Alternatives to the Proposed Rule

The Commission seeks comment and information on the need, if any, for alternative compliance methods that would reduce the economic impact of the Rule on such small entities. As one alternative to reduce burden, the Commission could delay the proposed Rule’s reporting date to provide additional time for small business compliance. If the comments filed in response to this Notice identify small entities that would be affected by the Rule, as well as alternative methods of compliance that would reduce the economic impact of the Rule on such entities, the Commission will consider the feasibility of such alternatives and determine whether they should be incorporated into the final rule.

V. Request for Comments

You can file a comment online or on paper. For the Commission to consider your comment, we must receive it on or before February 10, 2014. Write “Television Labels, Matter No. R611004” on your comment. Your comment—including your name and your state—will be placed on the public record of this proceeding, including, to the extent practicable, on the public Commission Web site, at http://www.ftc.gov/os/publiccomments.shtm. As a matter of discretion, the Commission tries to remove individuals’ home contact information from comments before placing them on the Commission Web site.

Because your comment will be made public, you are solely responsible for making sure that your comment does not include any sensitive personal information, such as anyone’s Social Security number, date of birth, driver’s license number or other state identification number or foreign country equivalent, passport number, financial account number, or credit or debit card number. You are also solely responsible for making sure that your comment does not include any sensitive health information, such as medical records or other individually identifiable health information. In addition, do not include any “[t]rade secret or any commercial or financial information which is . . . privileged or confidential,” as discussed in §6(f) of the FTC Act, 15 U.S.C. 46(f), and FTC Rule 4.10(a)(2), 16 CFR 4.10(a)(2). In particular, do not include competitively sensitive information such as costs, sales statistics, inventories, formulas, patterns, devices, manufacturing processes, or customer names.

If you want the Commission to give your comment confidential treatment, you must file it in paper form, with a request for confidential treatment, and you have to follow the procedure explained in FTC Rule 4.9(e), 16 CFR 4.9(e). Your comment will be kept confidential only if the FTC General Counsel, in his or her sole discretion, grants your request in accordance with the law and the public interest.

Postal mail addressed to the Commission is subject to delay due to heightened security screening. As a result, we encourage you to submit your comments online. To make sure that the Commission considers your online comment, you must file it at https://ftcpublic.commentworks.com/ftc/televisionlabels, by following the instruction on the web-based form. If this Notice appears at http://www.regulations.gov, you also may file a comment through that Web site.

If you file your comment on paper, write “Television Labels, Matter No. R611004” on your comment and on the envelope, and mail or deliver it to the following address: Federal Trade Commission, Office of the Secretary, Room H–113 (Annex F), 600 Pennsylvania Avenue NW., Washington, DC 20580. If possible, submit your paper comment to the Commission by courier or overnight service.

See also 78 FR at 63838 (DOE’s conclusion that no television manufacturers qualify as small businesses).
Visit the Commission Web site at http://www.ftc.gov to read this NPRM and the news release describing it. The FTC Act and other laws that the Commission administers permit the collection of public comments to consider and use in this proceeding, as appropriate. The Commission will consider all timely and responsive public comments that it receives on or before February 10, 2014. You can find more information, including routine uses permitted by the Privacy Act, in the Commission’s privacy policy, at http://www.ftc.gov/ftc/privacy.htm.

Because written comments appear adequate to present the views of all interested parties, the Commission has not scheduled an oral hearing regarding these proposed amendments. Interested parties may request an opportunity to present views orally. If such a request is made, the Commission will publish a document in the Federal Register stating the time and place for such oral presentation(s) and describing the procedures that will be followed. Interested parties who wish to present oral views must submit a hearing request, on or before January 15, 2014, in the form of a written comment that describes the issues on which the party wishes to speak. If there is no oral hearing, the Commission will base its decision on the written rulemaking record.

VI. Communications by Outside Parties to the Commissioners or Their Advisors

Written communications and summaries or transcripts of oral communications respecting the merits of this proceeding, from any outside party to any Commissioner or Commissioner’s advisor, will be placed on the public record. See 16 CFR 1.26(b)(3).

List of Subjects in 16 CFR Part 305

Advertising, Energy conservation, Household appliances, Labeling, reporting and recordkeeping requirements.

Proposed Rule Language

For the reasons set out above, the Commission proposes to amend 16 CFR Part 305 as follows:

PART 305—ENERGY AND WATER USE LABELING FOR CONSUMER PRODUCTS UNDER THE ENERGY POLICY AND CONSERVATION ACT (“ENERGY LABELING RULE”)

1. The authority citation for Part 305 continues to read as follows:

Authority: 42 U.S.C. 6294.

2. In § 305.3, revise paragraph (y) and add paragraph (z) to read as follows:

§ 305.3 Description of covered products.

(y) Television means a product that is designed to produce dynamic video, contains an internal TV tuner encased within the product housing, and is capable of receiving dynamic visual content from wired or wireless sources including but not limited to:

1. Broadcast and similar services for terrestrial, cable, satellite, and/or broadband transmission of analog and/or digital signals; and/or

2. Display-specific data connections, such as HDMI, Component video, Svideo, Composite video; and/or

3. Media storage devices such as a USB flash drive, memory card, or a DVD; and/or

4. Network connections, usually using Internet Protocol, typically carried over Ethernet or Wi-Fi.

(z) The requirements of this part are limited to those televisions for which the Department of Energy has adopted and published test procedures for measuring energy use.

3. In § 305.5, remove paragraph (d), redesignate paragraph (e) as paragraph (d), and revise newly redesignated paragraph (d) to read as follows:

§ 305.5 Determinations of estimated annual energy consumption, estimated annual operating cost, and energy efficiency rating, water use rate, and other required disclosure content.

(d) Representations for ceiling fans under § 305.13 and televisions under § 305.17 must be derived from applicable procedures in 10 CFR parts 429, 430, and 431.

4. In § 305.8, revise paragraph (a)(1); redesignate paragraph (a)(3) as paragraph (a)(4); add new paragraph (a)(3); and revise newly redesignated paragraph (a)(4) and paragraph (b)(1) to read as follows:

§ 305.8 Submission of data.

(a)(1) Except as provided in paragraphs (a)(2) through (4) of this section, each manufacturer of a covered product subject to the disclosure requirements of this part and subject to Department of Energy certification requirements in 10 CFR part 429 shall submit annually a report for each model in current production containing the same information that must be submitted to the Department of Energy pursuant to 10 CFR part 429 for that product, and that the Department has identified as publicly information pursuant to 10 CFR part 429. In lieu of submitting the required information to the Commission as required by this section, manufacturers may submit such information to the Department of Energy via the Compliance and Certification Management System (CCMS) at https://regulations.doe.gov/ccms as provided by 10 CFR 429.12.

(b)(1) All data required by § 305.8(a) except serial numbers shall be submitted to the Commission annually, on or before the following dates:

<table>
<thead>
<tr>
<th>Product category</th>
<th>Deadline for data submission</th>
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<tbody>
<tr>
<td>Refrigerators</td>
<td>Aug. 1</td>
</tr>
<tr>
<td>Refrigerators-freezers</td>
<td>Aug. 1</td>
</tr>
<tr>
<td>Freezers</td>
<td>Aug. 1</td>
</tr>
<tr>
<td>Central air conditioners</td>
<td>July 1</td>
</tr>
<tr>
<td>Heat pumps</td>
<td>July 1</td>
</tr>
<tr>
<td>Dishwashers</td>
<td>June 1</td>
</tr>
<tr>
<td>Water heaters</td>
<td>May 1</td>
</tr>
<tr>
<td>Room air conditioners</td>
<td>July 1</td>
</tr>
<tr>
<td>Furnaces</td>
<td>May 1</td>
</tr>
<tr>
<td>Pool heaters</td>
<td>May 1</td>
</tr>
<tr>
<td>Clothes washers</td>
<td>Oct. 1</td>
</tr>
<tr>
<td>Fluorescent lamp ballasts</td>
<td>Mar. 1</td>
</tr>
<tr>
<td>Showerheads</td>
<td>Mar. 1</td>
</tr>
<tr>
<td>Faucets</td>
<td>Mar. 1</td>
</tr>
<tr>
<td>Water closets</td>
<td>Mar. 1</td>
</tr>
<tr>
<td>Ceiling fans</td>
<td>Mar. 1</td>
</tr>
<tr>
<td>Urinals</td>
<td>Mar. 1</td>
</tr>
<tr>
<td>Metal halide lamp fixtures</td>
<td>Sept. 1</td>
</tr>
<tr>
<td>General service fluorescent lamps</td>
<td>Mar. 1</td>
</tr>
<tr>
<td>Medium base compact fluorescent lamps</td>
<td>Mar. 1</td>
</tr>
<tr>
<td>General service incandescent lamps</td>
<td>Mar. 1</td>
</tr>
<tr>
<td>Televisions</td>
<td>Mar. 1</td>
</tr>
</tbody>
</table>

§ 305.17 [Amended]

5. In § 305.17, remove paragraph (h).

SUPPLEMENTARY INFORMATION: On July 27, 2012, the Copyright Office published a notice of proposed rulemaking (“NPRM”) and request for comments concerning new regulations that would amend the requirements for reporting Monthly and Annual Statements of Account for the making and distribution of phonorecords under the compulsory license, 17 U.S.C. 115, to bring the regulations up to date to accommodate certain rates and terms proposed by the Copyright Royalty Judges (“Judges”) that provided for a multi-step process for calculating royalties for certain new services, including limited offerings, mixed service bundles, paid locker services and purchased content locker services. Mechanical and Digital Phonorecord Delivery Compulsory License; Notice of proposed rulemaking, 77 FR 44179, July 27, 2012.

The NPRM noted that the existing regulations addressing Statements of Account are designed to address flat penny rates, such as those that are still applicable for the making and distribution of physical phonorecords, permanent digital downloads and ringtones. The Office also observed that the current regulations do not specifically accommodate the more complex methods for calculating the royalties contained in the Judges’ May 17, 2012 proposed rule, announced in the context of the Judges’ royalty rate adjustment proceeding in Docket No. 2011–3 CRB Phonorecords II. See, 77 FR 29259, May 17, 2012. In order to address this concern, the Copyright Office, acting under the authority set forth in 17 U.S.C. 115(c)(5), initiated a rulemaking to amend the Statement of Account provisions. In large part, the proposed regulations incorporate by reference the methodology adopted by the Judges in their 2009 determination, which are mirrored in the regulations adopting new rates and terms for the current licensing period. However, the NPRM identified a number of issues associated with the new rate structure that require careful consideration before adoption. See, 77 FR at 44181–185.

In response to joint motions by several parties requesting more time to provide input, the Office decided to extend the comment and reply comment periods. Mechanical and Digital Phonorecord Delivery Compulsory License; Notice of proposed rulemaking; Extension of comment and reply comment periods, 77 FR 55783, Sept. 11, 2012; Mechanical and Digital Phonorecord Delivery Compulsory License; Extension of reply comment periods. 77 FR 68075, Nov. 15, 2012. The Office withheld further action in this rulemaking pending the Judges’ adoption of final rates and terms.

On November 13, 2013, the Judges issued final rates and terms for the section 115 license. Adjustment of Determination of Compulsory License Rates for Mechanical and Digital Phonorecord, Final rule. 78 FR 67938, Nov. 13, 2013. The final rates and terms differed from the 2012 proposed rates and terms in certain respects, due in part to actions taken by the Judges. Specifically, the Judges referred material questions of law to the Register of Copyrights concerning their authority to adopt certain terms relating to statements of account. Order Referring Material Questions of Law and Setting Briefing Schedule (March 27, 2013). The Judges also referred novel material questions of substantive law to the Register concerning their authority to adopt certain terms. Order Referring Novel Questions of Law and Setting Briefing Schedule (May 17, 2013). In light of the Register’s timely responses to these referred questions, the Judges declined to adopt certain terms contained in the May 17, 2012 proposed rule. Adjustment of Determination of Compulsory License Rates for Mechanical and Digital Phonorecord. Final rule. 78 FR 67938, Nov. 13, 2013.

The Office finds that the conclusion of the current proceeding and adoption of new rates and terms for the current licensing period may be pertinent to the issues raised in this rulemaking. Likewise, due to the passage of time since the issuance of the NPRM, marketplace developments and changes in business models may be relevant to the amendment of the regulations. Consequently, the Office has decided to extend an opportunity for such additional comments and supporting information. Interested parties are strongly encouraged to offer information and/or documentation to support arguments or conclusions offered in their comments. Any additional comments must be received in the Office of the General Counsel of the Copyright Office no later than January 30, 2014, and reply comments no later than February 14, 2014.

Dated: December 17, 2013.

Maria A. Pallante,
Register of Copyrights.

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