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April 5, 2006

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Ms. Brenda Edwards-Jones
U.S. Department of Energy
Building Technologies Program
Mailstop EE-2J, Room 1J-018
1000 Independence Avenue, SW
Washington DC 20585-0121

Re: "California Preemption Exemption Petition, Docket Number EE-RM-PET-100

Consolidated Smart Systems strongly encourages the U.S. Department of Energy (DOE) to approve the Petition to Exempt from Preemption California's Water Efficiency Standards for Residential Clothes Washers (the Petition).

Consolidated Smart Systems is an operator of multi-family laundry equipment in California, with laundry facilities in over *10,000* locations throughout the State.

The federal Register, Vol. 71, No. 24 (dated February 6, 2006) listed a number of issues on which the DOE desired comments. While in our judgment as informed Californians and commercial water and energy rate payers, the Petition correctly represents the comparatively dire and unique aspects of the California water and energy situation, we are most qualified to speak to certain specific questions raised in the Federal Register notice regarding impacts on industry and market implications. We therefore focus our comments on impacts industry, costs, and disadvantages to smaller industry stakeholders.

We support the waiver because it allows California to proceed with its plan to level the playing field for in-home residential laundry versus coin-operated laundry. This is not just a competitive business issue--coin laundry is inherently far more energy and water efficient than in-home laundry as has been shown in numerous analyses.

For the past several years, California has treated commercial and residential washing machines unequally, despite the reality that the commercial and residential washers are mechanically almost identical. In 2007, the second tier of the California's appliance efficiency regulations (Title 20) for commercial clothes washers take effect. This second tier sets a maximum water factor. In fact, commercial washing machines have historically been based on the same platforms as residential washing machines. As a result of the States commercial washer standards, equipment costs have and will continue to increase in cost relative to otherwise similar residential in-home washers.

Higher purchase prices for California commercial machines are inevitably passed along to the users of those commercial machines, who are predominantly lower-income families and college students. Increases in the costs of using commercial machines have,

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in turn, accelerated migration toward the use of in-home, residential clothes washers. Again, this phenomenon has been entirely counter-productive to the State's efforts to save water and electricity, because users of residential machines routinely wash smaller and more frequent loads than users of commercial machines.

Granting the Petition will level the playing field. Based on our thorough knowledge of laundry equipment and technology, we agree with the Petition that the residential washer standard would increase the costs of residential in-home washers. This will no doubt cause the consumer segment on the margin that we lost in the last few years to migrate back to coin laundry. Thus, the *3,000* small businesses in California that are active in coin laundry will receive an opportunity to reclaim the more solid economic conditions prior to the implementation of the Commercial washer standards. A small percentage point shift back toward coin laundry usage represents a substantive recovery in the coin laundry business. We believe the small shift would have a comparatively small impact on the residential in-home laundry business in California.

Manufacturers on down to retailers of residential in-home washers already sell a large proportion of residential washers that comply with the State residential standards. Their distribution channels and process are already in place. Despite the small shift toward coin laundry, we would expect that the revenues of residential in-home laundry equipment distributors/retailers will increase as a result higher priced products needed to meet the residential washer water factor requirements. Common sense and DOE research suggests that the ~20% price increases will cause net revenues to grow despite minor shifts to coin laundry and other price elasticity responses. Thus, the coin laundry industry's "gain" is not at the expense of those in residential in-home laundry.

Inconsistent and inequitable regulation of the laundry industry are distorting the market and disadvantaging commercial laundry distributors and service companies as well as consumers in California. The DOE should allow California to move in the direction of greater regulatory consistency. Finally, it is important for the DOE to hear that even-handed regulation of residential and commercial washing machines are essential to achieving water- and energy-efficiency objectives without disproportionately impacting lower-income households.

Please feel free to contact me with any questions, and please notify me of any public workshops or additional comment periods regarding the California Petition.

Sincerely,
CONSOLIDATED SMART SYSTEMS

Daniel Terheggen
President