



of State Energy Officials

ENERGY'S WASHINGTON VOICE

October 18, 2006

Dr. Samuel W. Bodman
Secretary
United States Department of Energy
1000 Independence Ave. SW
Washington, DC 20585

**RE: Docket Number: EE-RM/STD-00-550
RIN 1904—AB08**

Dear Secretary Bodman:

We are writing to express the National Association of State Energy Official's (NASEO's) support for strengthening the Energy Department's transformer standard proposal. NASEO represents the energy offices in the States, Territories, and the District of Columbia. A key objective of the state energy offices is to promote the efficient use of energy consistent with a growing economy. NASEO supports efforts to increase energy-saving appliance and equipment standards, consistent with the Energy Policy Act of 2005. However, we are concerned that the Department's proposal for transformers fails to achieve the maximum level of energy savings that is technically feasible and economically justified. We strongly urge you to reconsider this proposal and, in its place, establish a final standard that will save more energy and money.

Transformers are a fundamental piece of hardware in our electric system. Some 40 million transformers are in service across the U.S. By requiring that new transformers meet efficiency standards, DOE will ensure that more of the power that is generated reaches consumers, rather than being dissipated in the electric distribution system. In its analysis for this rulemaking, DOE identified a potential standard level, termed Trial Standards Level 4 (TSL 4), which was designed to minimize life-cycle costs. DOE found that this standard would save about 3.63 quads of energy (459 billion kilowatt hours) over 28 years and result in net savings of between \$2.26 billion and \$11.12 billion, depending on the discount rate chosen. DOE also found that the TSL 4 standard would cause little disruption for the manufacturers of liquid immersed transformers. In light of the Department's own analysis, DOE is

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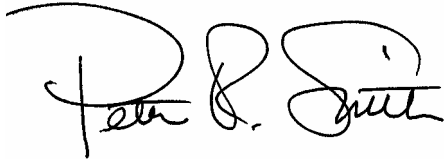
General Counsel

JEFFREY C. GENZER

obligated by law not to adopt TSL 2, but must adopt a standard at least as stringent as TSL 4. *See* 42 U.S.C. §§ 6295(o)(2)(A), 6316(a) and 6317(a) and (c); *see also NRDC v. Herrington*, 768 F.2d 1355, 1405 (D.C. Cir. 1985). To do otherwise would cost businesses, citizens and consumers almost \$2 billion dollars and lead to the consumption of an additional 1.24 quads of energy through 2038. We urge DOE to adopt the TSL 4 standard that will minimize life-cycle costs for transformers. We oppose the TSL 2 standard as insufficient.

We also note that the National Association of Regulatory Utility Commissioners (NARUC), a number of States and ten major utility companies also have asked DOE to strengthen this proposed standard. State officials and the largest purchasers of transformers have joined together on this issue and demonstrating that the stronger standards are not only achievable, but also desirable for improving the efficient distribution of electricity.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Peter R. Smith". The signature is written in a cursive style with a large initial "P" and "S".

Peter R. Smith
Chairman

cc: State Energy Offices