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07-9-3

Air Cleaner Ozone Emissions

Presentation to ARB

September 27, 2007



1

Air Cleaners

- The U.S. Market for Air Cleaners is approximately \$400 million
- AHAM represents 39 manufacturers of portable appliances, including 19 manufacturers of portable air cleaners
- This represents a significant share of the U.S. market.

2

ARB Proposal, August 2007

The Association of Home Appliance Manufacturers has been supportive of this regulation from the beginning.

We worked with Legislature, ALA-California, and ARB to craft a good bill (AB 2276) that would be fair to all.

We remain supportive of the ARB regulation, but are concerned with a few elements.

3

ARB Proposal, August 2007

- The ARB Proposed Regulation might restrict the sale of violative devices in California, but
- It would have severe repercussions on the manufacturers of legitimate air cleaners, whose products comply with the regulations.

4

ARB Proposal, August 2007

- The current proposal before the Board would require all companies who make air cleaners to register and certify their products with the ARB by 12 months after the effective date, likely by 1/1/09.
- Several problems:

5

Problems with Effective Date

- Currently the test procedure is under revision.
Today: No finished test procedure.
 - Test procedure went out for ANSI ballot on 9/21 for 45 days minimum. Not likely to be finished until end November 2007.
- Currently there are no testing labs anywhere in the US able to meet these requirements. They would have to be constructed and audited by ARB staff.
- There currently are no ARB lab audit procedures.
- AHAM believes there may be as many as 200 models that would need to be tested. ARB Staff estimate is ~150 units. Split difference=175 units.

6

Problems with Effective Date

- The tests take between 5 and 9 days to conduct on each model.
- According to one testing agency the earliest they will have chamber constructed and available for ARB audit is 3/1/08. Testing might commence 4/1/08. A second chamber is not due until summer 2008, earliest and worst case 9/1/08.
- Chambers operate about 250 testing days/year, rate is 4.2 units/month/chamber.
- If there were 2 test chambers available, and there are 184 models, it will take 24 months (if all goes perfect) to clear backlog.
- This does not allow for any new models coming onto the market in 2009-10. Typically, manufacturers add 15-20 new models a year.
- Total 25 months minimum—JUST FOR TESTING.

7

Timeline

- Test procedure finalized 11/31/07
- Test Labs begin construction 11/31/07
- ARB develop lab audit criteria 1/1/08
- 1 Test lab ready for audit 2/28/08 (BC-best case)
- Lab Audit #1 complete 4/1/08 BC
- Certification Testing Begins 4/1/08 BC
- Chamber #2 ready for audit 6/1/08 BC, 9/1/08 WC
- Lab Audit #2 complete 7/1/08 BC, 10/1/08 WC
- Lab rate increases from 4.2 to 8.4 units/month on 7/1/08 BC
- Existing 184 unit backlog complete 4/1/10 BC (no chamber maintenance time, no hiccups)
- New unit testing (15-20 units/year) = ~4 weeks additional
- ~2 months additional for ARB paperwork review

8

Timeline

- Keep in mind that out of the 175 models needing testing, over 100 models are from AHAM members and utilize technologies and construction known to meet the ARB 50ppb limit.
- All AHAM members are prepared to meet the ARB requirement, which they already believe they already do.
- AHAM members are likely to be most disadvantaged by this regulation.

9

Timeline

- Packaging artwork changes need to be made, minimum 30 days.
- Current ARB regulation says this must be accomplished by 1/1/09.
- Staff is considering an effective date of 4/1/08 with 24 months to complete testing.
- This is highly speculative and risk-laden.

10

Testing Sequence

| | | | | | | | | | | | | |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------------|
| J 08 | F 08 | M 08 | A 08 | M 08 | J 08 | J 08 | A 08 | S 08 | O 08 | N 08 | D 08 | Total |
| No Lab | No Lab | No Lab | 4.2 units | 8.4 units | 8.4 units | 8.4 units | 50.4 units |
| J 09 | F 09 | M 09 | A 09 | M 09 | J 09 | J 09 | A 09 | S 09 | O 09 | N 09 | D 09 | Total to date |
| 8.4 units | 151.2 |
| J 10 | F 10 | M 10 | A 10 | | | | | | | | | Total to date |
| 8.4 units | 8.4 units | 8.4 units | 8.4 units | | | | | | | | | 184.8 |
| | | | | | | | | | | | | |

11



Risks

- UL Standard must pass ballot with no comments
- There will be no problems with chamber construction
- All chambers are able to conduct testing from first day—no problems, no maintenance
- All chambers pass ARB audit first time
- No chamber down time
- There really are 2 chambers minimum, and both available by summer 2008
- All units tested require only 5 day test, no re-test

12

Retail Completion

- ARB regulations for 9 month sell-through at retail are based on consumer specialty products. These typically move through retail much faster.
- Appliances move through retail slower.
- Typical time is 12-18 months minimum, and is dependent on seasons.
- Making this provision effective April 1, would be right in the middle of the peak selling season.
- We understand that ARB staff will not consider a 12 month sell-through. This will not work.

13

Questions

- Are we betting all our efforts on too much that must occur in perfect sequence?
- Are we ready to make this decision at this time?
 - No test procedure
 - No labs available
 - No labs audited to meet ARB requirements



14

Economic Impact

- According to ARB Staff estimates, the testing will cost \$10,000 per unit.
- AHAM members will make an investment of \$ 1 million to test units that will likely all pass.
- This does not count disruption in customer relations with retailers, inventory issues, packaging changes, etc.

15

Suggestion

- Based on this, we believe ARB should
 - Work toward an effective date of April 1, 2008
 - Plan toward a manufacturers testing completion date of April 1, 2010
 - Require that the Staff report to Board in September 2008 on status of implementation
 - Allow a full 12 months of sell through time

16

Thank you for your time and efforts on this important matter.

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17