WAL★MART®

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Milton Brown
Office of the Chief Counsel
National Telecommunications and Information Agency
1401 Constitution Avenue
Room 4713
Washington, DC 20230

Mr. Brown:

Wal-Mart Stores, Inc. is pleased to have this opportunity to respond to National Telecommunications and Information Agency's (NTIA) solicitation for input[1] on the issue of federal government's consumer rebates for Digital Television Adapters (DTAs), and the opportunity to link this rebate to energy performance of the products.

In summery, we strongly support the inclusion of energy efficiency as a requirement of the NTIA administered incentive program.

Below, we provide some background on this issue, as well as our strong support for adding energy efficiency requirements to the NTIA administered incentive program.

Background

In early 2009, the United States will shift from analog to digital only television broadcasts. As a result, consumers with analog televisions that do not subscribe to television service, such as cable or satellite, will be required to purchase a new digital television or a DTA set-top box to have continued access to television broadcasting.

Industry estimates are that roughly 15% of US households currently rely on free, "over-the-air" broadcast television programming, and that approximately 20-to-30 million DTAs will be employed to serve this customer base as consumers adapt to new digital broadcasting standards. Many of these products will be purchased by consumers who are economically challenged by rising energy costs and unable to purchase new, digital televisions.

As Wal-Mart is expected to be one of the top sellers of DTAs in the US, we have a great interest in the process NTIA develops to implement the $40 per DTA incentive.

DTA Energy Use

Wal-Mart is an agent of the customer. As such, we advocate "Every-Day Low Prices" by employing an "every-day low cost" model. The Company's focus on business sustainability and life-cycle costs has helped us realize that this low-cost model should be applied beyond initial purchase costs, and include the costs of ownership associated with energy consumption of the products we sell.

[1] Federal Register/Vol 71, No. 142/Tuesday, July 25, 2006, page 42067-74.

The annual energy use for a DTA is based on three factors:

1. **"On-mode" power use** – power consumed when the DTA box is "on";
2. **"Standby-mode" power use** – power consumed when the DTA box is in standby mode (AKA "passive standby" or "sleep"; and
3. **Amount of time the DTA is turned off** – Estimates are that more than 50% of the time, consumers fail to turn off the peripherals, such as DTAs, when they turn off the television. In doing so, the DTA remains fully powered, 24 hours per day, even though the user may only be watching television for a short period.

At the July 21, 2006 EPA ENERGY STAR stakeholder meeting for DTAs, the EPA presented a case for DTA power use of 17 W during "On-mode" and 8 W during "standby-mode." This translates to a worst case energy use scenario of 150 kWh per year if the box is always left on and a five-year operating cost of approximately $75.**Policy Options and Recommendation**

The California Energy Commission has established a mandatory standard for DTAs sold in CA of 8W while on, and 1W while in Standby-mode. EPA is in the process of developing a specification for DTAs that is likely to include "On-mode" and "Standby-mode" power limits and an Auto Power-down requirement, requiring the DTA to automatically power down to Standby-mode after extended periods of user inactivity. In addition, the Consumer Electronics Association (CEA), which represents DTA box and component manufacturers, recently created their own industry standard for DTAs, which includes a 2W "Standby-mode" power requirement.

Given the NTIA's mission of assuring a smooth transition to the nation's shift to digital broadcasts, we encourage NTIA to consider the following set of energy requirements as part of its incentive program. These requirements may be implemented easily by the DTA industry, and will dramatically reduce consumers' electric costs, and eliminate millions of tons of global warming emissions from our nation's power plants. Simply instituting auto power down and setting a moderate standby level (2W) has the potential to reduce the DTA's annual energy use by up to 50%.

> 1. All DTAs shall include an auto power down function that would automatically put the DTA into standby power mode after a period of user inactivity of 4 hours. The DTA must be shipped with this function enabled. The manufacturer may choose to offer an override feature to accommodate the needs of the small percent of users who program their VCRs to record a show, etc.
>
> 2. The DTA must meet a maximum allowable standby level of 2W. (This is consistent with the CEA level).

While Wal-Mart Stores, Inc. is very supportive of efforts to reduce the "On-mode" power use due to the additional energy savings they can provide, we are deferring such discussions to other policy forums such as ENERGY STAR and state standard setting processes.

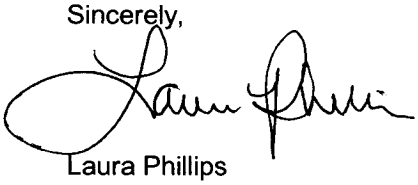
Summary

We estimate that the recommendations outlined above can reduce the energy costs of US consumers, many of whom are economically challenged by increasing energy costs, by as much as $500 million compared to the current base case.

On behalf of our customers, we encourage the NTIA to link the estimated $1 billion in taxpayer subsidies of DTAs to be employed in a manner that promotes reduced energy costs for US consumers, helps to limit the production of global warming gases, and reduces the demand of our nation for power, thereby contributing to the goal of US energy independence.

We thank the National Telecommunications and Information Agency's (NTIA) solicitation for input on the issue of federal government's consumer rebates for Digital Television Adapters.

Sincerely,



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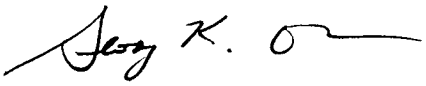

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