

**BEFORE THE
U.S. DEPARTMENT OF ENERGY
Washington, D.C. 20585**

In the Matter of:)
)
Hefei Midea Laundry Appliance Co. Ltd.) Case Number: 2016-SEW-20004
(clothes washers))
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)
)

NOTICE OF PROPOSED CIVIL PENALTY

Date issued: June 11, 2020
Number of alleged violations: 2,375
Maximum possible assessment: \$1,111,500
Proposed civil penalty: \$1,111,500

The U.S. Department of Energy (“DOE”) Office of the General Counsel, Office of Enforcement, alleges that Hefei Midea Laundry Appliance Co. Ltd. (“Midea”) has violated certain provisions of the Energy Policy and Conservation Act, 42 U.S.C. § 6291 *et seq.* (“the Act”), and 10 C.F.R. Parts 429 and 430.

Legal Requirements

Clothes washers are covered products subject to federal energy conservation standards set forth at 10 C.F.R. § 430.32(g). *See* 42 U.S.C. §§ 6292(a)(7), 6295(g).

Top-loading, standard clothes washers manufactured¹ on or after March 7, 2015, and before January 1, 2018, must have an Integrated Modified Energy Factor (“IMEF”) of at least 1.29 cu.ft./kWh/cycle and an Integrated Water Factor of no greater than 8.4 gal/cycle/cu.ft. 10 C.F.R. § 430.32(g)(3).

Distribution in commerce² by a manufacturer or private labeler of any new covered product that is not in compliance with an applicable energy conservation standard constitutes a prohibited act. 10 C.F.R. § 429.102(a)(6). Each unit of the covered product distributed in the United States

¹ “Manufacture” means to manufacture, produce, assemble, or import. 42 U.S.C. § 6291(10).

² “Distribute in Commerce” or “Distribution in Commerce” means to sell in commerce, to import, to introduce or deliver for introduction into commerce, or to hold for sale or distribution after introduction into commerce. 42 U.S.C. § 6291(16).

constitutes a separate violation, and each such knowing violation currently is subject to a maximum penalty of \$468. 42 U.S.C. § 6303; 10 C.F.R. § 429.120.

Allegations

DOE alleges:

1. Midea has manufactured clothes washer basic model MAE50-S1102GPS/M-13-K4 (the “subject model”).
2. The subject model is a top-loading, standard clothes washer manufactured on or after March 7, 2015, and before January 1, 2018.
3. DOE’s testing of four units of the subject model, conducted in accordance with the DOE test procedure for clothes washers (10 C.F.R. Part 430, Subpart B, Appendix J2), resulted in an IMEF of 1.17, 1.18, 1.18, and 1.11 cu.ft./kWh/cycle, respectively.
4. The minimum integrated modified energy factor (IMEF) for the subject model is 1.29 cu.ft./kWh/cycle.
5. As DOE found in a Notice of Noncompliance Determination issued on September 24, 2018, when evaluated in accordance with 10 C.F.R. § 429.110(e) and 10 C.F.R. Part 429, Subpart C, Appendix A, the subject model does not comply with an applicable energy conservation standard set forth at 10 C.F.R. § 430.32(g).
6. Midea has distributed in commerce in the United States at least 2,375 units of the subject model.
7. Midea knowingly distributed in commerce 2,375 new covered products that were not in conformity with an applicable energy conservation standard.

The following information is provided in question and answer format to help explain your legal obligations and options.

What do I do now?

DOE is offering a settlement if you submit the signed Compromise Agreement within thirty (30) calendar days of the date of this Notice. As part of that settlement, you must fulfill all obligations of the Compromise Agreement, including payment of the fine within thirty (30) calendar days after DOE issues an order adopting the Agreement (“Adopting Order”). If you do not choose to settle the case, DOE may seek as much as the maximum penalty (\$1,111,500) authorized by law. You have other options as described below.

What are my other options?

If you do **not** agree to DOE’s settlement offer, then you must notify DOE whether you select Option 1 or Option 2 below within thirty (30) calendar days of the date of this Notice.

Option 1: You may elect to have DOE issue an order assessing a civil penalty. Failure to pay the assessed penalty within sixty (60) calendar days of the order assessing such penalty will

result in referral of the case to a U.S. District Court for an order affirming the assessment of the civil penalty. The District Court has the authority to review the law and the facts de novo.

Option 2: You may elect to have DOE refer this matter to an Administrative Law Judge (ALJ) for an agency hearing on the record. Upon a finding of violation by the ALJ, DOE will issue an order assessing a civil penalty. This order may be appealed to the appropriate U.S. Court of Appeals.

When must I respond?

You must submit a signed compromise agreement within thirty (30) calendar days of the date of this notice to pay the lowest fine. If you do not wish to settle AND you wish to choose Option 1 as described above, you must notify DOE in writing within thirty (30) calendar days of the date you received this notice of your selection of Option 1. Otherwise, if you do not settle the case, DOE will refer to the case to an ALJ as described in Option 2.

How should I submit my response?

To assure timely receipt, DOE strongly encourages you to submit your response by e-mail. DOE accepts scanned images of signed documents (such as PDFs). Responses may be sent by either of the following methods:

By email to: steven.goering@hq.doe.gov

By mail to: Steven J. Goering
U.S. Department of Energy
Office of the General Counsel (GC-32)
1000 Independence Ave., SW
Washington, DC 20585

What happens if I fail to respond?

If you fail to respond within thirty (30) calendar days after receiving this notice, or by the time of any extension granted by DOE, DOE will refer the case to an ALJ for a full administrative hearing (Option 2, above).

What should I include in my response?

- 1) If you wish to accept DOE's settlement offer, submit the signed compromise agreement. If you do not wish to accept DOE's settlement offer, notify DOE in writing if you wish to elect Option 1; otherwise, DOE will proceed with Option 2, as described above.
- 2) Provide your Taxpayer Identification Number ("TIN"). The Debt Collection Improvement Act requires all Federal agencies to obtain the TIN in any case which may give rise to a debt to the government.

How did DOE calculate the maximum possible assessment?

Federal law sets a maximum civil penalty for each unit of a covered product or equipment that does not meet an applicable energy or water conservation standard that is distributed in commerce in the U.S. 10 C.F.R. § 429.102(a)(6). In the maximum penalty calculation in this notice, DOE has calculated a maximum penalty of \$468 per unit for 2,375 units distributed in commerce in the U.S. in the last five years. This number may be adjusted to include any additional information obtained and any increase in the maximum penalty per violation. The

maximum penalty increases each year and is determined based on the date of any final order assessing a penalty.

If you have any questions, please contact Steven Goering by email at steven.goering@hq.doe.gov or by phone at (202) 586-5691.

Issued by:

Laura L. Barhydt
Assistant General Counsel for
Enforcement