



A Tale of Light Bulb Technology, Jobs and Energy Policy

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This is a screwy story about a light bulb—no kidding.

One Republican looking to lead the powerful [House Energy and Commerce Committee](#) in the next Congress wants to take on a law that some say costs American jobs and limits consumer light bulb choice.

But the lighting industry – and the American consumer – seems to have already moved on.

“We’ve introduced (legislation) which repeals the ban on the incandescent bulb that has been turning back the night ever since Thomas Edison ended the era of a world lit only by fire in 1879,” [Rep. Joe Barton](#) (R-TX) wrote in a [post](#) on the conservative blog [RedState.com](#).

Barton, currently the panel's ranking GOP member, was referring to a rule in the 2007 Energy Independence and Security act that could make current incandescent bulb technology obsolete in California by January 2011 and a year later in the rest of the country.

But calling it a “ban” on incandescents is misleading, say lighting industry pros.

Like fuel efficiency standards for cars, the rule sets levels for energy use in the most common light bulbs, requiring a 30 percent increase in efficiency in the most widely used incandescent bulbs.

“A lot of people like to use ‘ban’ but that’s false,” says Justin Neumann, manager of government relations at the [National Electrical Manufacturers Association](#), NEMA, a lighting industry trade group.

“It raises the efficiency of light bulbs, so if someone develops an [efficient] incandescent technology, it can be sold,” he says.

CEO Mike Connors of [Bulbs.com](#), an 11-year-old lighting products website with around 80,000 commercial, industrial and government clients, points out it also doesn’t affect all incandescent bulbs.

“There will be several bulb types that have no energy efficient equivalent so those will still be available,” he says, including the three-way bulbs that many consumers use.

“Barton’s office wouldn’t comment on the story, referring CNBC.com to the Republican staff on the Energy and Commerce Committee.

But the target of Barton’s ire, based on a recent [speech to the conservative Heritage Foundation](#), is the the widely available replacement for the incandescent bulb—the compact fluorescent light, CFL, bulb, which he referred to as the “little, squiggly, pig-tailed ones” .

He blames cheap, foreign-made CFLs for the September closure of a [GE](#) incandescent bulb factory in Winchester, Va., which left 200 out of work. (GE is the parent company of CNBC.)

“Turns out the CFL...can’t be produced cheaply enough in America so we’ve turned to China, where virtually every CFL is produced,” Barton wrote in [RedState.com](#). “The unanticipated consequence of the ‘07 act – Washington-mandated layoffs in the middle of a desperate recession—is one of many examples of what happens when politicians and activists think they know better than consumers and workers.”

Labor costs are a big part of plant closures like the one in Winchester, an issue affecting the country’s beleaguered manufacturing sector overall.

“Almost all current lighting [manufacturing] has moved offshore,” says Bulbs.com’s Connors. “Mexico, China, India, Eastern Europe, that’s where the manufacturing is being done.”

But Ohio-based lighting firm [TCP Inc.](#) is bucking that trend.

Based in the Cleveland area, but with manufacturing facilities in China itself, the firm will set up the first American CFL manufacturing plant by mid-2011.

The move will add 350 employees to the current 200 the firm has in marketing, R&D and engineering at its Ohio head office.

A breakthrough in the glass-bending technology necessary for the CFL manufacturing made the move possible—allowing them to automate the manufacturing process to build more consistent and higher quality bulbs.

Rising labor costs in China—as that country grows—have also made the repatriation of this manufacturing more cost-effective, says Jim Crowcroft, TCP’s vice president of marketing.

He admits their “Made in America” CFL bulbs could cost a little more—perhaps as much as 50 cents more—over cheaper imports currently, but says expects economies of scale should bring that price down over time.

“It’s in your best interest to be close to your biggest market,” says Crowcroft about the US.

Higher upfront costs of CFLs are one strike against them, according to detractors.

Past Vs. Future

In his Heritage Foundation speech, Barton mentioned a recent [Wal-Mart](#) shopping trip he’d made in search of light bulbs. He found a pack of 4 incandescents for \$1.99 and a single CFL for \$9.99, and concluded that “while Al Gore could afford” that price, the average consumer may not.

A search of Bulbs.com shows 60W incandescent bulbs selling for 59 cents per bulb, while a 60W “incandescent-equivalent” CFL sells for 99 cents per bulb, although CEO Connors says that price is “promotional” and that \$1.29 per CFL bulb may be more “realistic” normally.

But CFLs aren’t just more efficient, they last longer than incandescents.

According to New York-based research firm Cleantech Approach, CFLs consume roughly one quarter of the electricity of incandescents, while the CFL’s bulb lifetime is three times longer.

That means the premium consumers pay for CFLs is recouped in less than one year—“often in a matter of months,” Cleantech Approach says—because of cheaper operating costs.

No matter what regulations are in place, CFLs may already have the momentum to overtake incandescents.

A recent NEMA industry report showed CFL market share at a new of 27 percent, while the share of “A-line” incandescents—was down for second consecutive quarter at 73 percent.

Incandescent bulb shipments had decreased 3 percent on a year-over-year basis and were at less than 60 percent of their 2006 production levels.

TCP’s Crowcroft says the domestic political wrangling doesn’t really matter in the end because every other lighting market—including those of developing economies—is moving beyond incandescents.

“If [Congress] wants the US to go into the dark ages, we will still be manufacturing [CFLs] for the rest of the world,” he says.

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