

December 15, 2009

To: Mr. Jon Leibowitz, Federal Trade Commission Chairman

From: John Vranich

Subject: "Proposed Lamp Labeling Amendments, P084206", Federal Register
Volume 74 Number 216

Dear Federal Trade Commission:

I believe these new light bulb labeling amendments will effectively provide consumers with better information that they can use to make a wiser light bulb purchase. The new label category of "Energy Cost" will allow light bulb purchasers to see the long-term cost of operating different types of bulbs. The energy cost of Energy Star certified compact fluorescent light bulbs (CFLs) is much less than that of incandescent bulbs, as a CFL will save about \$30 in energy costs over its lifetime over its incandescent counterpart.¹ Since the new labels will visually show lower energy costs for CFLs, I believe consumers will be more likely to purchase an energy-efficient CFL based on its financial benefits.

Per this rule's comment request, I have looked at potential financial costs that can come with a label redesign, specifically those that will fall to the light bulb companies. In 2003, the FDA published a report on the costs to companies of new label requirements on food products as it was proposing new label regulations.² Although the label changes for food products would be different than adding new information requirements to light bulb packages, the costs are comparative enough to get a general idea of the cost of the light bulb label redesign to light bulb producers.

Using the numbers in the FDA report, I chose the simplest type of label change they offered, a one-color change, and used their "medium" cost estimate to get a rough idea of cost per product model. Assuming these guidelines, a label change for one product model would have one-time costs of \$280 for administration and \$450 for graphic design.³ The most common type of printing on carton-style packaging, like that of most light bulbs, was offset lithography. Using this printing method, it would cost \$215 to change the prepress equipment and \$290 for the switch in engraving for each model.⁴ Companies also do analytical testing to gather response to new labels. These tests cost an average of around \$100.⁵ By far the largest cost, however, was that of discarded inventory, since companies will have to scrap any old packaging they've already printed once the new guidelines take over. Light bulb packaging would fit in the report's category of "high bulkiness" which, according to quantitative studies in the report, would have discarded inventory

¹ "Compact Fluorescent Light Bulbs". Energy Star. http://www.energystar.gov/index.cfm?c=cfls.pr_cfls.

² "FDA Labeling Cost Model". RTI International.
http://www.foodrisk.org/exclusives/FDA_LCM/downloads/labeling_cost_model.pdf.

³ "FDA Labeling Cost Model", p. 4-27.

⁴ "FDA Labeling Cost Model", p. 4-29.

⁵ "FDA Labeling Cost Model", p. 4-30.

costs of \$20,000.⁶ All of this adds up to a one-time total redesign cost of \$21,355 per product model for a simple label change.

That number doesn't seem to be that great until you consider that each company has multiple models of light bulbs. For example, Sylvania's website lists 48 different models of in-home light bulbs on their website, not including outdoor flood lights, etc.⁷ If each of those models had to get a new label, the total cost based on the numbers calculated above would be \$1,025,040. Then consider all of the different brands of light bulbs, and the total financial cost to the business sector will be quite high. However, the benefits of this rule have the potential to outweigh the costs.

There will be a financial gain to the consumers, since they will be able to save on energy costs by reading the energy cost section of the label. The new labels' energy cost section will make CFLs look more attractive financially. If the average household in the United States were convinced to buy one Energy Star-labeled CFL to replace an incandescent bulb due to the new label, this would lead to a savings of over \$600 million in energy costs annually.⁸ There are also environmental benefits. This one light bulb switch per household would reduce greenhouse gas emissions equal to the removal of over 800,000 cars from the road.⁹ This rule's continuation of the Energy Star label on environmentally friendly light bulbs will enable consumers to take their purchase's environmental impact into account.

Light bulb companies might still oppose this rule, though, since they will get handed the majority of the costs. In order to help aid them in the adjustment process, I would suggest allowing a fairly long compliance period for the new labels. With a longer compliance period the major cost to the companies, discarded inventory, would be cut down dramatically. The longer period would allow companies to use up more of the old packaging they've already produced before they would trash it.

Thank you for the proposition of this rule, as I believe it can truly have a positive effect on both the environment and Americans' financial situation. Thank you for your time.

Sincerely,

John Vranich

⁶ "FDA Labeling Cost Model", p. 4-32.

⁷ "Products". Sylvania. <http://www.sylvania.com/ConsumerProducts/LightingForHome/Products/>.

⁸ "Compact Fluorescent Light Bulbs". Energy Star. http://www.energystar.gov/index.cfm?c=cfls.pr_cfls.

⁹ "Compact Fluorescent Light Bulbs". Energy Star. http://www.energystar.gov/index.cfm?c=cfls.pr_cfls.