

December 30, 2022

California Energy Commission
1416 9th Street
Sacramento, CA 95814

Re: 22-AAER-02 – SUPPORT

Dear Commissioners:

On behalf of the California Retailers Association and the entities listed below, I write in strong support of the Commission's draft proposal to repeal the Title 20 requirements for portable luminaires.

In 2019, the Commission updated Title 20 to prohibit the sale of incandescent general use and specialty use bulbs in California after January 1, 2020. With that action, existing Title 20 requirements for portable luminaires became obsolete. Those rules effectively mandated manufacturers and retailers to include a high-efficiency bulb within the package of any portable luminaire sold within the state of California. As a result, this mandate no longer serves to promote the energy efficiency goals of Title 20 as lower-efficiency bulbs simply are no longer available on store shelves.

Moreover, while the mandate remains in place it creates significant supply chain challenges and inefficiencies for retailers and suppliers, raises prices for consumers, limits consumer choice with respect to portable luminaire products, and results in unintended, unnecessary product waste. Given the cost to consumers, lack of remaining benefit to energy efficiency, and environmental consequences such as unnecessary landfilling, the Title 20 requirements on portable luminaires should be eliminated.

Our experience with the Title 20 requirements reveals the following impacts:

Significantly higher purchase prices in California than other states. Individual store data collected by CRA shows that California consumers are paying a significant price for this regulation:

- For traditional, free-standing floor lamps, CRA's member retailers report an average price increase of approximately \$6 for those sold in California relative to other states. This price difference compares to an average cost of about \$3 each for a standard LED specialty bulb.
- According to supplier data, retail prices across product lines for household lamps can range from 15% to more than double prices elsewhere in the country.

Supply chain complications harm consumers and the environment. As California is the only state with the "bulb in the box", portable luminaires bound for California must be boxed specifically with the additional bulb. This diminishes the flexibility of supply chains for those California-specific product lines. For one, national retailers cannot purchase California luminaires in the same bulk as the bulb-free lines, raising the per-unit purchase price overall. Many processes such as purchase orders, promotional

materials, etc., must be done separately for California-specific products, all with additional cost implications for consumers.

Moreover, those supply chains are inherently less responsive to unexpected surges or declines in the popularity of certain items. Popular products run out of stock faster and more frequently in California as products cannot be shifted as easily from other states. Likewise, surplus California product lines are less marketable in other states as those items are priced well above market in those states.

As a result, retailers are far more likely to take a loss on their California lines of luminaire products – costs which again may find their way down to consumers. These supply chain challenges also have consequences for the environment. For instance, portable luminaires not sold at a markdown tend to be landfilled more frequently in California. One major retailer reports its overall product waste stream generated by portable luminaire product lines is approximately two-thirds greater in California than in other states.

Limited choice, higher dissatisfaction with available luminaire products. It is important to note how different the market for light bulbs is today than it was in 2010 when these Title 20 requirements were adopted. Both the consumer and the technology today are far more sophisticated. Light bulbs increasingly are viewed as a part of home décor and not just a means of illuminating a room. Bulbs today come in a much wider variety of functions, styles, and colors. The sheer number of varieties of specialty bulbs have soared over the past decade.

Consequently, satisfaction with the very basic bulb provided in luminaire packages appears to have dropped significantly. As an example, one major retailer reports that their return/defect rates on household lamps range from 40-150% higher in California than other states depending upon the product line. It is believed this trend is largely a result of improved technology compounding the customer's dissatisfaction with the provided bulb.

The “bulb in the box” requirement also limits the number of product lines available in California. To ensure that the bulb provided in the box matches the luminaire socket, retailers offer much more limited catalogs of portable luminaires: As an example, one major retailer reports that for one of their luminaire product lines with six different options, just one of those options is available in California.

Given these significant economic trade-offs and limited remaining benefit from the existing Title 20 requirements, we strongly support the proposal to eliminate portable luminaires from Title 20.

Thank you for your consideration of our comments. If you have any questions, please feel free to contact via Ryan Allain at Ryan@calretailers.com or via phone at (916) 443-1975.

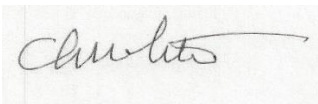
Sincerely,

A handwritten signature in blue ink, appearing to read "Rachel Michelin".

Rachel Michelin, President & CEO
California Retailers Association

A handwritten signature in black ink, appearing to read "Jack Monger".

Jack Monger, CEO
Industrial Environmental Association

A handwritten signature in black ink, appearing to read "Chuck White".

Chuck White, Senior Advisor
Manatt, Phelps and Phillips, LLP