

COMMENTS ON PROPOSED ENERGY STAR LABELLING
SEASONAL LED SETS

CARILLON DECORATIVE PRODUCTS INC.
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1. Firstly I must formally express my concern at the manner in which we became aware of this initiative. Our former company, Alderbrook Industries Limited, was the first to offer series wired seasonal LED light strings to the Canadian market, in 1997. They were distributed under the Forever Bright name between 1998 & 2001 when lack of demand required their removal from our offering. As Carillon, we once again sold LED sets under the Forever Bright name on a national basis in 2004 & 2005. Despite this we were never contacted to see whether we would wish to participate in BC Hydro's promotional activities, neither were we appraised of the Energy Star initiative nor invited to participate in the consultative process. We became aware of the March 6 meeting in Toronto purely by chance and because of our contacts within the industry. Any serious attempt to locate stakeholders, with input from anyone knowledgeable about the Christmas lighting industry in Canada, would surely have resulted in notification to us.
2. I am equally concerned about the lack of representation from any Hydro utility other than BC Hydro. I understand they were invited and did not respond, however I believe greater effort should be made to bring them to the table.
3. It must be appreciated that Christmas lighting is a very small line in most retailers' sales budgets. The people most likely to be interested in Energy Star labelling for seasonal LED sets are the category managers / buyers, as evidenced by the fact that the only two representatives from the retail community on March 6 were both Christmas category buyers. We asked a number of our buyers (from large chain retailers) if they were aware of the Energy Star initiative and all responded in the negative. I believe it is important that you obtain input from as wide an audience as possible, or at the very least ensure they have the opportunity to provide input even if they choose not to, and should therefore direct any communication to the retail community to the seasonal buyer. If I can be of assistance in this process I would be pleased to help.
4. This is, I now understand, a North American initiative. This was not immediately apparent to a lay person reading the advance documentation that was provided. I was myself under the impression that this was a purely Canadian initiative, which was being considered by the US authorities for possible future implementation. Given that, I am not surprised only one US based manufacturer (other than the one who appears to be driving the process) attended the meeting. I would strongly suggest additional meetings in the USA, perhaps one on the east coast and one on the west, to recap what was reviewed in Canada and gain an American perspective. I am sure Navigant have access to data on US based seasonal lighting companies, but if not we might once again be able to assist.

5. We are not opposed to energy conservation, and no doubt every little helps. However I think it is important that you clarify exactly what type of energy savings we are looking for in the Christmas lighting segment. If I understand the figures presented by BC Hydro correctly, their highly successful promotion of LED seasonal lights resulted in an estimated peak electricity saving of 80 megawatts, vs a peak system usage at that time of year of 5 gigawatts. This is a rather small percentage saving, achieved for only one month of the year, and personally I would have thought a greater “bang for the buck” could be achieved elsewhere.
6. I have questioned the logic and arithmetic in your economic payback analysis, and provided more realistic figures (at least for Canada) to Navigant. Payback time on replacing a 7 watt C9 set with LED’s is definitely short (2 – 3 years), on a C7 set modest at around 5 years, and not justifiable on economic grounds for mini sets. When (e.g.) a 100 count clear mini icicle light set retails at \$4.99 and a 70 light white LED icicle set at \$19.98, and a consumer needs an absolute minimum of 200 lights for the front of their house, I do not believe this meets the Energy Star requirement for purchasers to recover their investment in a reasonable period of time.
7. It must always be remembered that the Christmas lighting industry is a low margin business that has a profile beyond its economic impact for a very short time period. We are not selling stoves, dishwashers or televisions here, we are selling relatively inexpensive goods which occupy significant shelf space for only 8 – 10 weeks of the year. Distributors of LED sets have enjoyed better than normal margins during the introductory phase, but this will be very short lived as more manufacturers recognize there are opportunities and competition increases. Retailers are also very price conscious, as there is heavy advertising during the brief selling season, and they do not want to be undercut by the competition. Regrettably therefore, the history of our industry is such that in the mass market higher quality has always taken a back seat to lower price. Well known brands such as GE, Westinghouse or Sylvania have never had an impact in the Canadian market because the market would not allow them to generate an adequate economic premium for their “quality” brands. Assuming this will be a continuing fact of life, imposing unduly strict requirements for Energy Star labelling will likely prove counter-productive, as retailers will shy away from the higher cost, better quality, branded product. If a minimum brightness level must be established it should be a relatively low threshold, and the market should be allowed to determine which products are successful.

8. I believe the requirement that all packaging must be submitted for approval is unnecessary. Most retailers now sell Christmas lights under their own brands, and may or may not provide the artwork to manufacturers. 3 different styles of lights sold to 4 different retailers would require 12 different boxes for approval.
9. The testing protocol described by Powertech labs is largely redundant. Any safety issues should be left to the appropriate certification agencies which are CSA or UL, as additional testing to obtain Energy Star certification is just another added cost. Please remember that in the case of most major retailers, a manufacturer or distributor not only has to pay for CSA certification of the product, but also for CSA factory inspection, for separate independent testing by a 3rd party inspection lab working on behalf of the retailer, and in many cases for a “social responsibility” audit by the retailer. The addition of more testing fees should be kept to an absolute minimum.
10. Any additional testing for Energy Star approval should be restricted to energy consumption, and possibly brightness (light output).
11. There must be a provision for DC powered lights running off an adaptor to receive the Energy Star label.
12. The Canadian market has indoor only sets, outdoor only, and indoor/outdoor. In general the latter are intended primarily for use outdoors as the outdoor 18AWG wire is much thicker than 20AWG indoor product. In the US market, Christmas lights are almost exclusively marketed as indoor/outdoor since 22AWG wire is acceptable for either use. In the event additional performance testing remains a part of the Energy Star protocol, then it must be made clear that any tests which are specifically for outdoor use (such as corrosion) do not apply to sets approved and marketed for indoor use only. I believe this to be the intent, but it is not clarified in the proposed eligibility criteria.
13. Retail buyers we have discussed the recommendation with would support a maximum three-year warranty. They believe, and we agree, that five years is excessive and would result in a very difficult system to manage. Given that there is no universally accepted means of assessing useful life for seasonal LED sets, no claims of lifetime hours should be permitted on any Energy Star packaging since this cannot be substantiated.
14. Attempting to initiate this programme for the 2006 selling season is not realistic.

Charles Parker
Vice President, Carillon Decorative Products Inc.
Richmond Hill, Ontario.