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## Government-subsidized green light bulb carries costly price tag

By [Peter Whoriskey](#), Published: March 8

The U.S. government last year announced a \$10 million award, dubbed the “L Prize,” for any manufacturer that could create a “green” but affordable light bulb.

Energy Secretary Steven Chu said the prize would spur industry to offer the costly bulbs, known as LEDs, at prices “affordable for American families.” There was also a “Buy America” component. Portions of the bulb would have to be made in the United States.

Now the winning bulb is on the market.

The price is \$50.

Retailers said the bulb, made by Philips, is likely to be too pricey to have broad appeal. Similar LED bulbs are less than half the cost.

“I don’t want to say it’s exorbitant, but if a customer is only looking at the price, they could come to that conclusion,” said Brad Paulsen, merchant for the light-bulb category at Home Depot, the largest U.S. seller of light bulbs. “This is a Cadillac product, and that’s why you have a premium on it.”

How the expensive bulb won a \$10 million government prize meant to foster energy-efficient affordability is one of the curiosities that arise as the country undergoes a massive, mandated turnover

from traditional incandescent lamps to more energy-efficient ones.

[Energy legislation signed by President George W. Bush in 2007](#) introduced a ban on inefficient incandescent light bulbs, covering traditional 100-watt bulbs this year. Sales of traditional 75-watt incandescents will be prohibited next year, and 60-watt incandescents will go after that.

When replacing a bulb, consumers must now go out and buy energy-efficient incandescent, compact fluorescent and LED (light-emitting diode) bulbs, in a compulsory transition that has prompted some conservatives to characterize the law as an [unfair burden](#) on consumers and an “issue of freedom,” as Rep. Michele Bachmann (R-Minn.) put it.

The L Prize was meant to ease this transition by enticing manufacturers to create affordable bulbs to replace the most common type, the traditional 60-watt.

A Philips spokesman declined to talk in detail about the bulb or its price because the product has yet to be formally launched. It is expected to hit stores within weeks and is available online. But the spokesman said the L Prize bulb costs more because, as the contest required, it is even more energy-efficient, running on 10 watts instead of 12.5 watts. It is also brighter, renders colors better and lasts longer.

Still, the contest set price goals. According to the L Prize guidelines, manufacturers were “strongly encouraged to offer products at prices that prove cost-effective and attractive to buyers, and therefore more successful in the market.” The target retail price, including rebates from utilities, was to be \$22 in the first year, \$15 in the second year and \$8 in the third year.

Energy Department officials defended the award, saying that they expect the cost of the L Prize bulbs to drop over time. “The L Prize competition played a critical role in driving manufacturing and engineering innovations in the U.S. lighting industry and helping to make the next generation of energy-saving LED lighting options more affordable for consumers,” said department spokeswoman Niketa Kumar.

Officials added that they are working with utilities to provide rebates for consumers. That could lower the price of the L Prize bulbs. But existing rebates, which max out around \$10, are too small to take a big slice out of the \$50 price tag. By comparison, the typical 60-watt bulb that it would replace, an old-fashioned energy hog, can cost as little as \$1.

Some utilities are not offering anything yet. Pepco offers Maryland customers \$10 incentive per bulb. In Virginia, Dominion Power has proposed to give consumers a discount of \$1.41 per bulb.

“Are there many consumers who will say a \$50 bulb is affordable? I don’t think so,” said one retailer familiar with the new bulbs. Many retailers said they were reluctant to speak on the record for fear of endangering their relationship with Philips, a major supplier.

Two other manufacturers, General Electric and Lighting Science Group, announced last year that they were developing entrants to the competition. But before they could submit, the prize was awarded and the competition closed. The contest also required that at least some of the manufacturing be done in the United States, where costs can be higher. The Philips bulb will be assembled in Wisconsin, and the chips will be made at a Philips plant in San Jose, the company said.

In many ways, however, the

L Prize may have been irrelevant. According to retailers, consumers are embracing LEDs, which were the focus of the prize, and CFLs, or compact fluorescent lights, faster than many in the industry expected. The new bulbs can cut energy costs by more than 75 percent.

CFLs already outsell incandescents in terms of dollars, Paulsen said. And he predicted that the percentage of LED bulbs sold would rise from 5 percent to 35 percent over the next three years. "The adoption wave has already begun," Paulsen said.

In part, that's because manufacturers are offering LED bulbs for far less than the L Prize bulb.

For example, at Home Depot, one can find LED bulbs to replace the 60-watt incandescent for much less than \$50. Lighting Science Group, under the EcoSmart label, offers another for \$23.97. It is assembled in Mexico. And another Philips LED bulb on sale costs \$24.97. It was made in China.

"This is a very interesting time in light bulbs, believe it or not," Paulsen said.

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