Mercury
Policy Project

January 26, 2022

Dear Madame Chair and Members of the Committee,

Thank you for the opportunity to testify on H.500. My name is Michael Bender and I am the director of the Mercury Policy Project and also international coordinator of the Zero Mercury Working Group. Our global coalition includes over 100 nongovernmental organizations from more than 50 countries working to phase out mercury globally, including supporting a new legally binding treaty on mercury, the Minamata Convention on Mercury.

But my roots working on reducing mercury pollution and exposure started in Vermont.

Vermont has a long history of raising awareness, reducing use and phasing out mercury, when safer and affordable alternatives are available. In 1998, the state passed legislation that created an Advisory Committee on Mercury Pollution (ACMP.) The ACMP was charged with providing recommendations to the Legislature by January 15th of each year on methods to reduce contamination and health risk of mercury to Vermonters.[1]

ACMP recommendations often resulted in the passage of legislation, as in the case of Act 36.[2] ACMP focused on disallowing sales of mercury-added lamps "on technically and economically feasible mercury-free alternatives," as reflected in the ACMP November 2010 meeting minutes:

> *"The Committee agreed to a recommendation on lamps similar to the recommendations in the 2010 report, including mercury content restrictions, sustainable funding for mercury lamp recycling that includes shared responsibility and a mechanism for phasing out mercury lamps when technically and economically feasible mercury-free alternatives are available."*[3]

This recommendation was further reinforced in the 2011 ACMP report:

> *"As energy efficient non-mercury lighting products become readily available in the marketplace and are demonstrated to be cost-effective alternatives to mercury-containing lamps, the Committee recommends that a mechanism be put in place to phase out the distribution and sale of these mercury lamps."*[4]

From legislative recordings, there is documentation of several discussions of the Senate Natural Resources Committee related to phasing out mercury-containing lamps. Here is one exchange:

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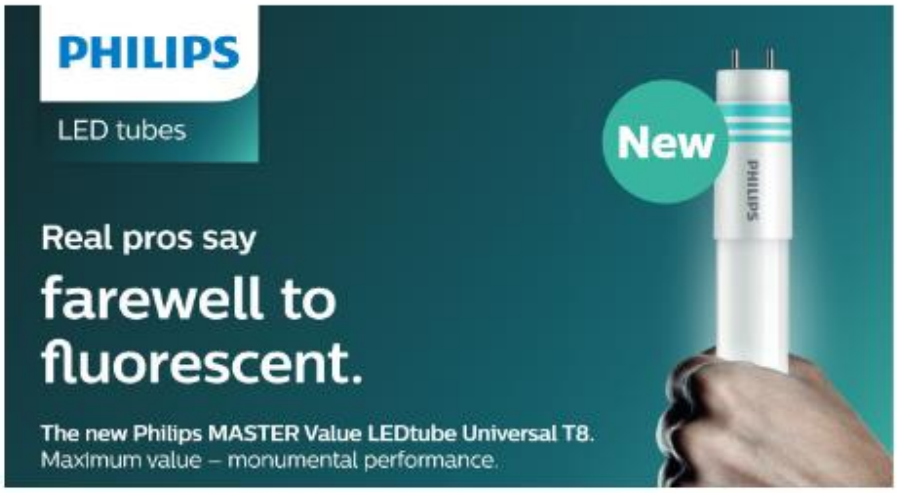
[1] https://dec.vermont.gov/waste-management/solid/product-stewardship/mercury/resources/acmp
[2] https://legislature.vermont.gov/Documents/2012/Docs/ACTS/ACT036/ACT036%20As%20Enacted.pdf
[3] https://anrweb.vt.gov/DEC/mercury/acmp/minutes/2010/ACMP-102minFINAL.pdf
[4] https://dec.vermont.gov/sites/dec/files/wmp/SolidWaste/Documents/ACMP_Report_2011.pdf

Sen. Lyons: Except by eliminating incandescents and then having an elimination of the hazardous materials, really putting pressure to eliminate these, I think manufacturers are going to be working like gangbusters. Look what's happening with LEDs over the past few years… I was at Efficiency Vermont in, I don't know, December, and they're putting LEDs in businesses everywhere…in affluent residences, but these are good lights that are coming that are not hazardous.

Sen. Brock: They were saying that what- in three to five years- that was possible. So what you could do is that you simply delay the end of the incandescent lamp for call it not more than five years and that any replacement must be mercury-free."[5]

Unfortunately, the conversion to mercury-free LEDs is not as far along as hoped for in 2011. As you will hear from my colleagues, the technology is there, it is available and affordable, reduces environmental impacts and provides tremendous savings. In fact, from a marketing standpoint the major US lamp makers actively advertise the availability of LEDs and encourage conversion.

Website calls for an end to fluorescent



https://www.assets.signify.com/is/content/Signify/Assets/philips-lighting/global/20200525-master-value-ledtube-universal-t8.pdf

[5]LEG-006-LC-00963_SNaturalResources_S34_11-072_20110311_Track3.mp3: https://app.box.com/s/z3awedmpgm9vz29peafw3mss23h9zxw8/file/905737168948

However, on a policy level, they sometimes say the opposite.

But shareholder reports discuss strategy to be the "last company standing selling conventional lighting" – a "cash engine"

- Philips 2017 Annual Report, p20: "The performance of Lamps in 2017 reflected the successful implementation of the company's last man standing strategy to continue to extract value from the conventional business. A continued reduction of the manufacturing footprint and cost base supports the objective to maintain an Adjusted EBITA margin of at least 16% until 2019."

- Signify 2018 Annual Report, p24: "2019 and beyond: The performance of Lamps in 2018 reflected the successful implementation of the 'last man standing' strategy to continue to extract value from the conventional business,"

- Signify 2019 Annual Report, p28: "Lamps' focus is on winning market share in key segments and markets to remain the 'the last company standing'. … As a **cash engine**, Lamps continues to deliver on its 'last company standing' strategy, which resulted in further market share gains and strong free cash flow generation of EUR 222 million in 2019."

And their profit margins indicate where their priorities are for selling certain lamps are.

Signify Q3 2021 shows 48% higher EBITA margin for Conventional Products compared to Digital Products (LED)

Signify

Press Release

October 28, 2021

Link to Signify 2021 Q3 Report

Conventional lighting products (incl. fluorescent) earned 19.4% EBITA margin in the first 9 months of 2021 while Digital products (LED) earned 13.1% over the same time period. That's **48% more margin** earned in Conventional products compared to Digital.

Digital Products

Third quarter			*in millions of EUR, unless otherwise indicated*	Nine months		
2020	2021	change		2020	2021	change
		2.5%	Comparable sales growth			12.2%
575	588	2.1%	Sales	1,577	1,715	8.8%
76	76	1.0%	Adjusted EBITA	167	224	34.4%
13.1%	13.0%		Adjusted EBITA margin	10.6%	13.1%	
73	73	0.4%	EBITA	154	212	37.1%
71	72	0.5%	Income from operations (EBIT)	149	206	38.8%

Conventional Products

Third quarter			*in millions of EUR, unless otherwise indicated*	Nine months		
2020	2021	change		2020	2021	change
		-13.2%	Comparable sales growth			-5.3%
233	202	-13.3%	Sales	701	642	-8.4%
42	38	-9.2%	Adjusted EBITA	124	124	0.3%
17.9%	18.8%		Adjusted EBITA margin	17.7%	19.4%	
35	32	-8.0%	EBITA	119	121	1.4%
35	32	-8.0%	Income from operations (EBIT)	119	121	1.4%

Finally, consistent with the ACMP recommendations, Act 36 called for mercury lamp content standards consistent with the standards set by California. While not explicit in the law, the Committee discussions recognized the market influence of the European Union content standards that California used.

Similarly, now that the EU has, in effect, adopted a zero mercury content standard that phases out most general purpose fluorescent lamps by 2024,[6] Vermont can once again follow the EU's lead by transitioning to more energy efficient, widely available mercury-free LED lamps. Doing so will not only reduce mercury pollution and exposure risks[7] when bulb breakage occurs in the home but will also cut electric bills.

However, there is still a need for passage of H.500, to ensure that lamp makers cover lamp recycling costs, consistent with Act 36, in section 4a of the bill, as proposed.

Thank you again for the opportunity. I would be happy to answer any questions you may have.

[6] https://ec.europa.eu/environment/news/clean-and-circular-electronics-commission-ends-use-mercury-lamps-mercury-free-alternatives-prevail-2021-12-16_en

[7] https://cleanlightingcoalition.org/resources/mercury-in-fluorescent-lighting-report/