



Lighting Industry Update
Business Lighting Program
Tuesday, January 18, 2022



Agenda

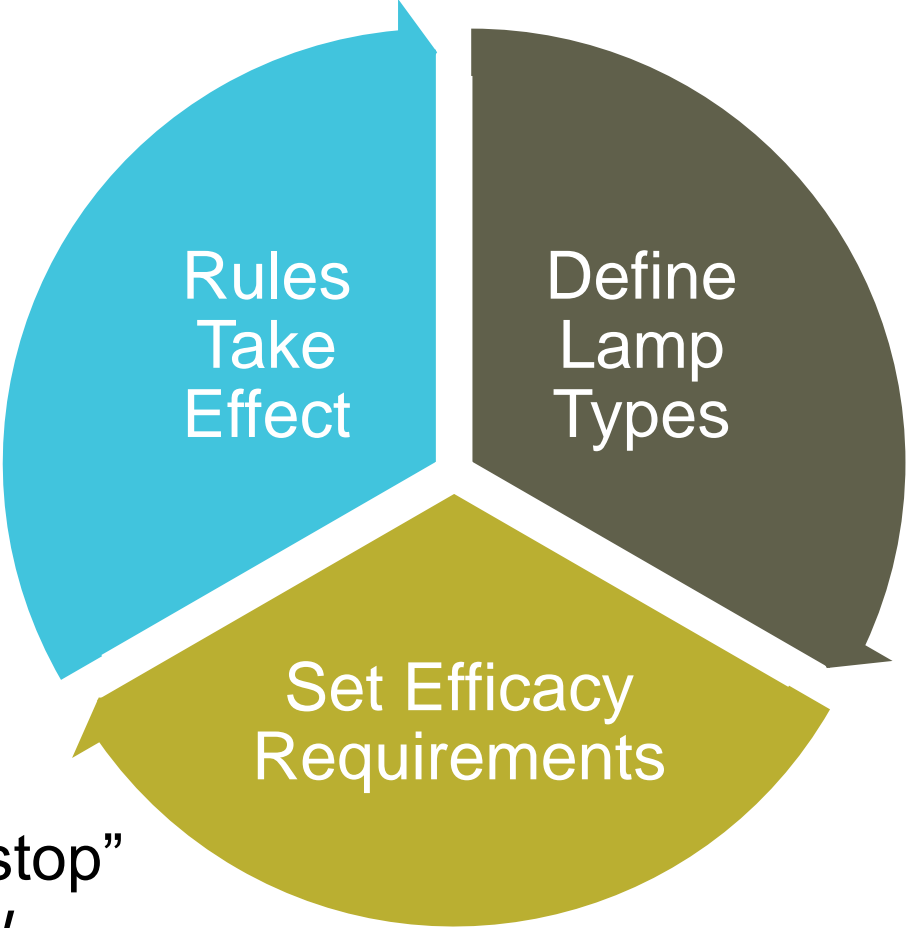
- DLC Version 5.1
- EISA and Energy Star Lamps
- Supply Chain Impacts
 - Pricing and Availability Outlook
- Federal Infrastructure and Reconciliation Bills
- Measure Savings and Saturation Trends
 - Program Example
- Takeaways

DLC Version 5.1

- Quality of Light & Controllability Requirements
 - Standard
 - Controllability
 - Dimming – added exterior and TLED products
 - Other controls reporting
 - Color Quality – Chromaticity, Rendition & Maintenance
 - Premium
 - Color Quality – Tighter Chromaticity Requirements
 - Discomfort Glare
- Timeline
 - DLC de-listing scheduled for June 30, 2022, BUT...
 - Program discussing how to smooth transition – Updates in Q1/early Q2
- For Now
 - Evaluate remaining v5.0 stock and evaluate bid/proposal specifications

EISA Update

3) Proposed 60-day effective date; Some sell-through flexibility expected



2) Proposed “Backstop” Rule at 45 lm/W Sales Prohibition

1) Expanded Definition beyond A-line

+ Reflector, Decorative and Other Specialty

COVID and the Supply Chain Impacts

- Ripple Effects from COVID
- Issues in several related areas
 - Supply and Shipping
 - Labor
 - Pricing for all the above
- Weakest Links Dictating
- Manufacturer/Distributor Interviews:
 - > 90% don't expect pricing/availability to improve in Q1/Q2 2022
 - > 60% don't expect pricing/availability to improve in Q3/Q4 2022
 - New variants and demand surges don't help



Expected Boost from Congressional Spending

Infrastructure and reconciliation bills would impact lighting and other energy efficiency offerings

Infrastructure Bill (\$1.2 Trillion)

\$1.2 Billion + \$1 Billion expected to reach OR

- ... to rebuild roads and bridges, modernize public works systems and improve infrastructure

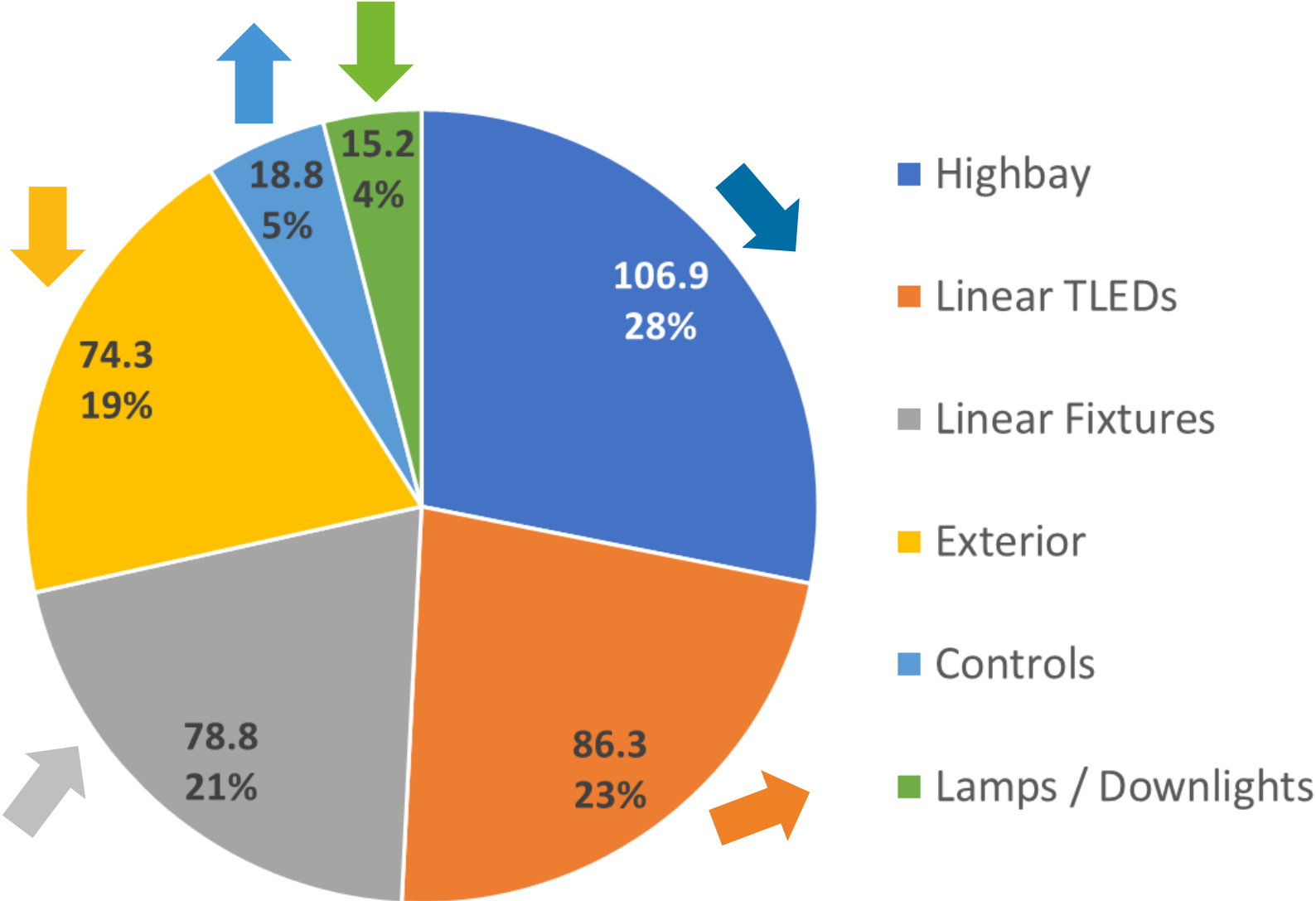
Reconciliation Budget Bill (\$1.9 Trillion was in House bill)

Largely social spending w/ \$570 billion Climate Change portion

- ... that includes tax credits and investments aimed at combating climate change with tax credits and other support mechanisms for solar/wind, weatherization, electric vehicles, etc.

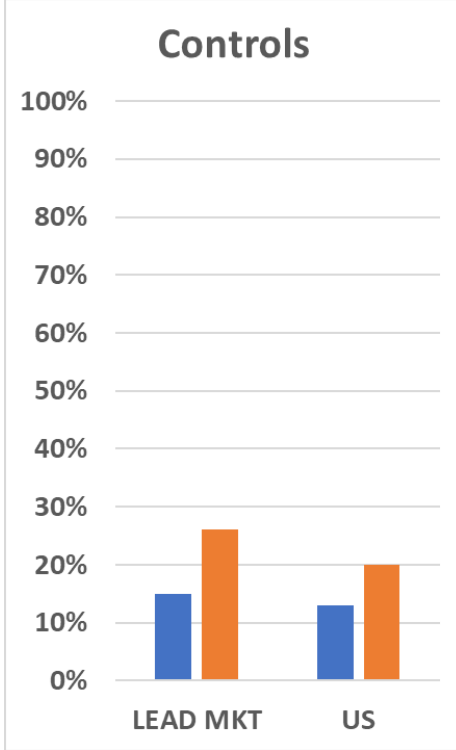
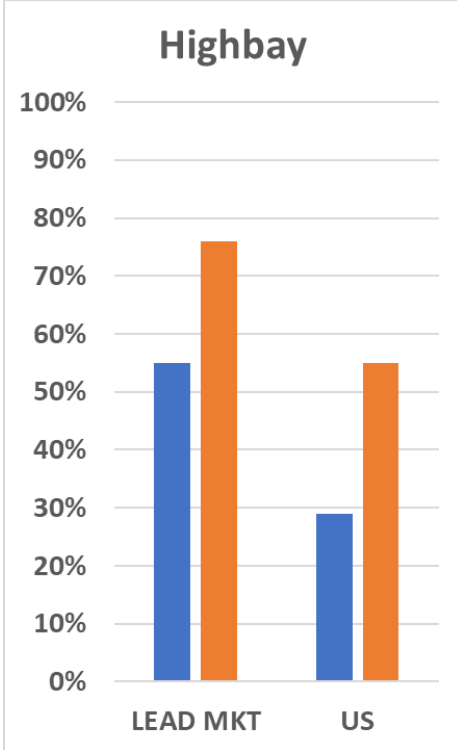
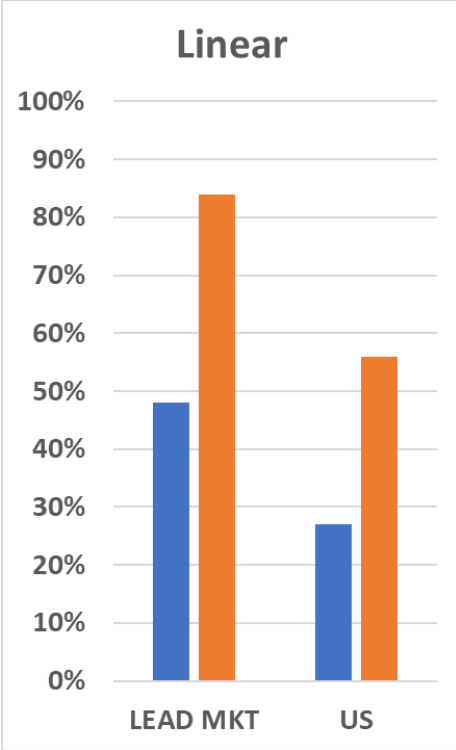
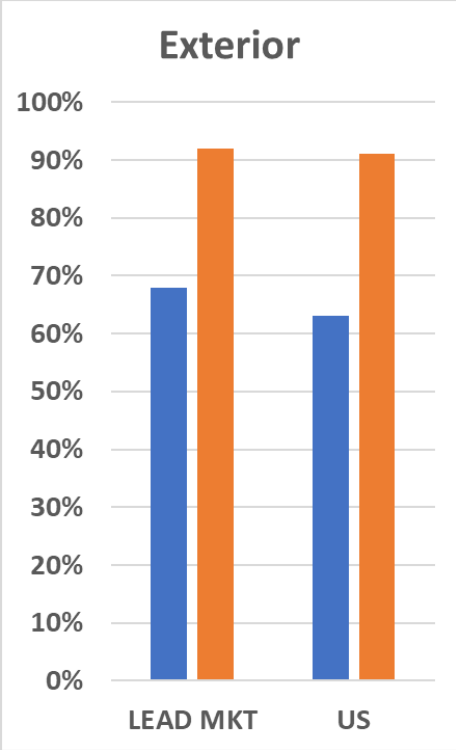
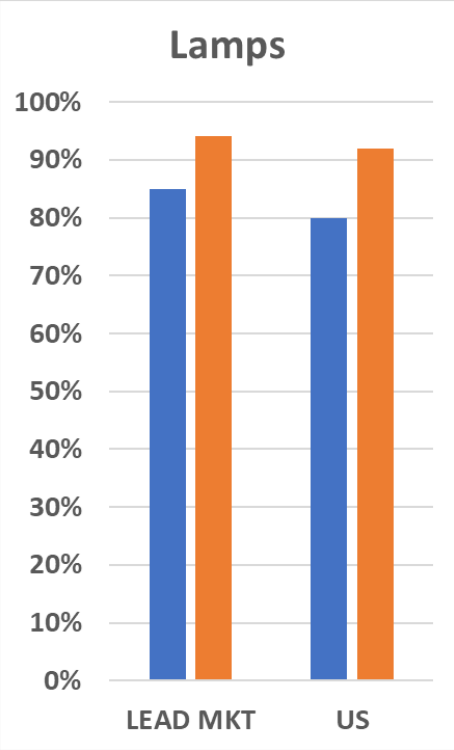
Measure Savings, 2018 – 2020 ... & Near-term Trends



GWh Savings and Percentage



Market Saturation

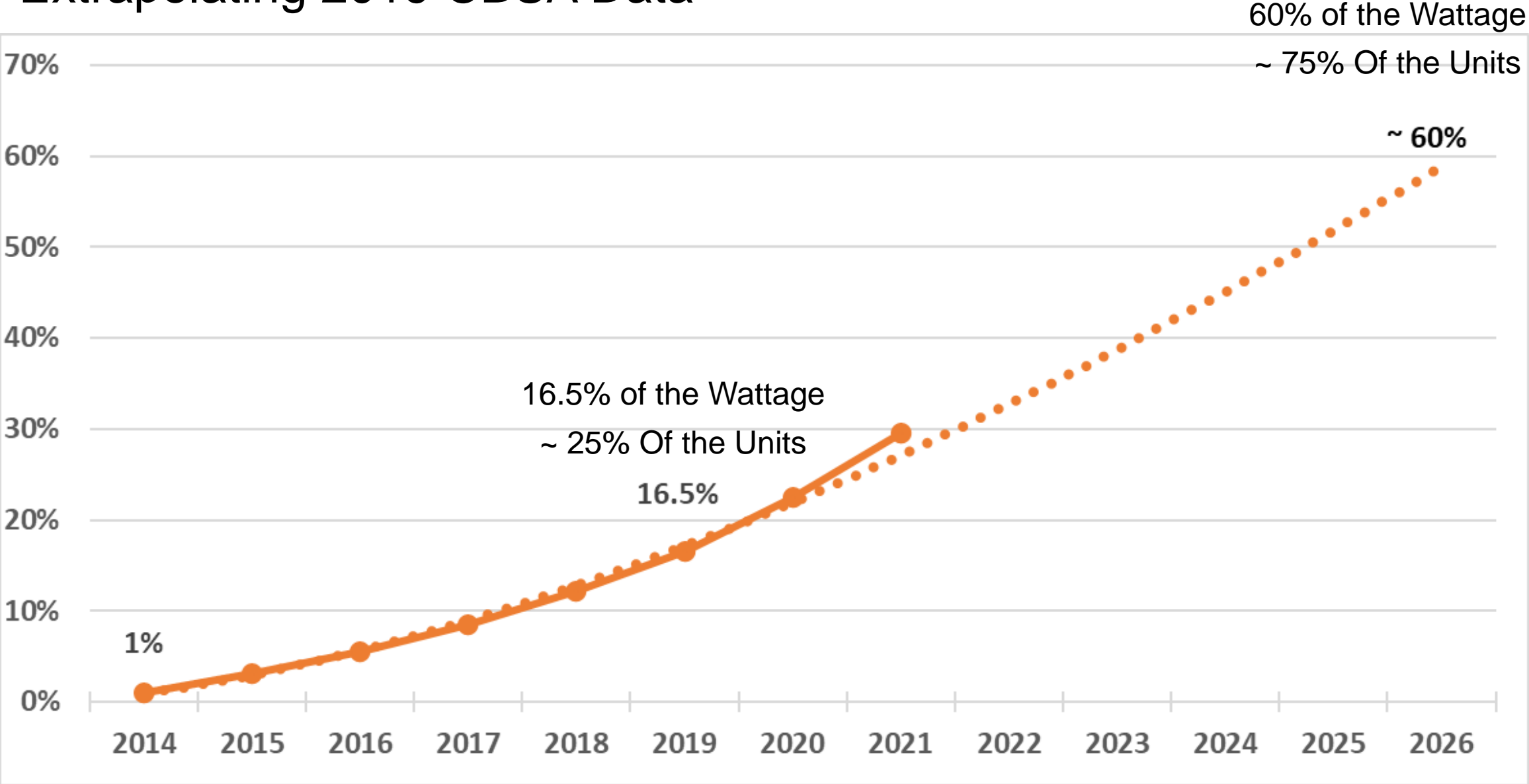
Measure Market Saturation Accelerating Rapidly



2020	
2024	

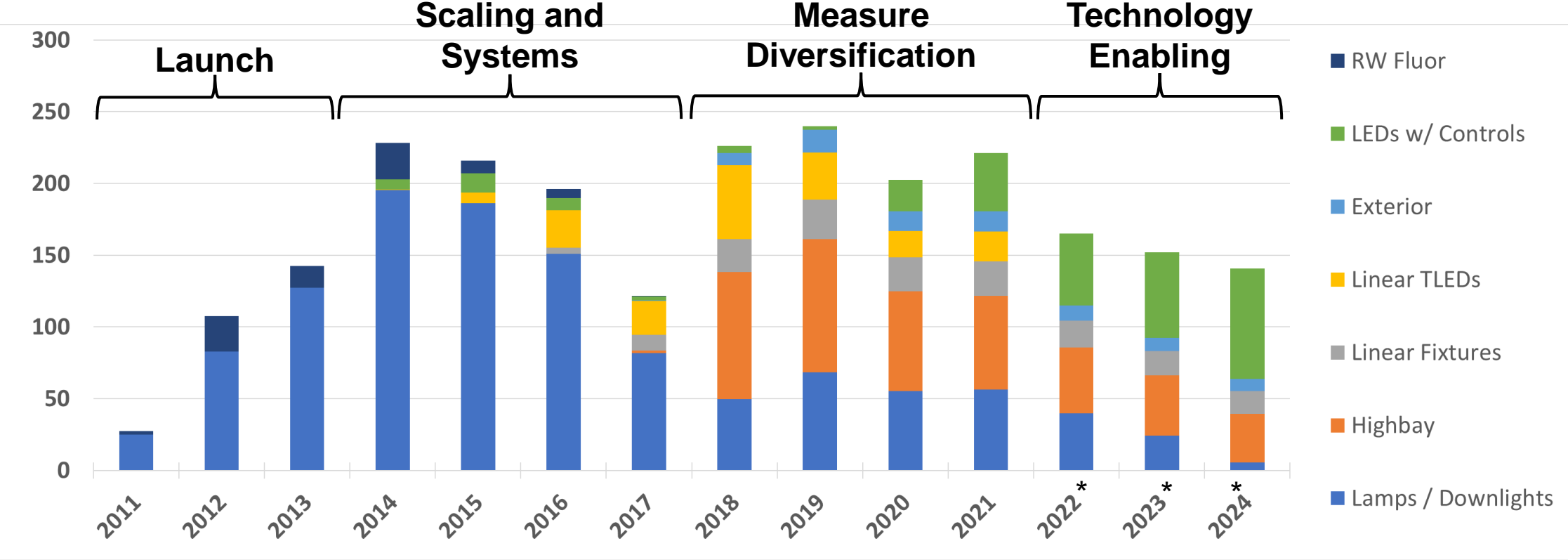
Northwest LED Market Saturation

Extrapolating 2019 CBSA Data



Northeast Program Phases Example

Annual Lighting Savings (GWh)



* Estimated based on market trends

Takeaways

- Next 2-3 years look good – market data perspective
 - Ripple effects from COVID complicate matters
- Medium Term (4-5 years) impacted by lighting saturation
- Preparing for changing realities
 - Market and technology targeting more important
 - Progressive shift to more control, operational and non-lighting savings
 - Embrace more advanced controls and related energy and non-energy benefits
 - Look closely at evolving training and staffing needs
 - Look to diversify products, services and business models

Q&A