



Brussels, 11 FEB. 2009
D(2009) 1064

Opinion

Title **Impact Assessment on: Commission Regulation implementing Directive 2005/32/EC with regard to Ecodesign requirements for circulators**

(draft version of 28 January 2009)

Lead DG **DG TREN**

1) Impact Assessment Board Opinion

(A) Context

The Ecodesign Framework Directive 2005/32/EC lists products which have been identified by the Council and the European Parliament as priorities for the Commission for implementation. The list is based on the European Climate Change Programme which has identified products offering a high potential for cost-effective improvements of energy performance and reductions of CO2 emissions (Article 16). In the EU Economic Recovery Plan the Commission committed itself to a quick delivery of measures concerning products which offer very high potential for energy savings, in the context of promoting a rapid take-up of "green products". The implementing measure will be subject to regulatory procedure with a right to scrutiny by the European Parliament.

(B) Positive aspects

Overall, the IA report includes all necessary elements of the analysis of impacts. The overview of the producers is particularly detailed and relevant. The IA to a large extent follows the analytical steps based on the requirements of the Directive and on earlier support from the Impact Assessment Board.

(C) Main recommendations for improvements

The recommendations below are listed in order of descending importance.

General recommendation: While the IA appears to contain all necessary elements for an analysis of proposed measures, they need to be presented with much greater clarity and coherence, in particular regarding the market failure argument used, the potential for CO2 emission reductions and impacts on consumer expenditure. The option for a voluntary

agreement is discarded without sufficient analysis. In case new information obligations are to be introduced, the administrative costs need to be assessed by the EU Standard Cost Model.

(1) Problem definition, baseline scenario and a number of methodological choices should be clarified. The market failure arguments made in the problem definition should be clarified with respect to original equipment manufacturers (OEMs) and installers; while they do not bear the usage costs, they might still be faced with consumers that demand energy efficient systems. Similarly, the split incentives argument should be better explained. Unless it is further justified, the "freeze" scenario should be taken out of the analysis. For each sub-option the IA should provide the marginal costs of reducing CO2 emissions (euro per tonne of CO2 reduced). A discount rate of 4% should be applied when calculating payback time for consumers, for all sub-options. All prices should be coherently presented throughout the IA (either constant or current). Assumptions regarding electricity prices should be clarified: firstly why a uniform tariff is applied for households and for business and secondly, what are the changes in electricity prices over time (table 2.5.1 suggests that the electricity price will fall between 2020 and 2025).

(2) Analysis of problems and of policy options should more closely relate to the objectives. In particular objectives referring to promoting competitiveness of the circulator industry through market consolidation and ensuring free movement of products do not seem to be analysed in the problem definition section, and should be either reformulated or dropped. At the same time, the comparison of options should more directly refer to the criteria listed in the directive (impact on consumer prices, on business competitiveness, etc).

(3) Voluntary policy options should not be discarded prematurely. Given the limited number of manufacturers in this field and the relative success of voluntary labelling under Europump, as well as some national initiatives (Denmark), the option of voluntary measures merits a deeper analysis than is currently the case.

(4) Assumptions regarding impacts on employment should be more transparent. The employment analysis (point 5.2) seems to be based on data from two dominant manufacturers (which together account for 80% of the circulator sales); the IA should make an effort to use more representative data. The IA assumes also that employment is dependent on both price and volume of sales of circulators. In this context a decrease in employment (5.2) appears to contradict the information in table 5.1.2 (where average price increases from 231 euro in 2010 to 234 euro in 2020). At the same time, the baseline scenario assumes an increase of 21% in circulator sales which would suggest an increase at least in installer jobs. In addition, as regards environmental impacts, additional information on potential impacts on waste (including hazardous waste) would be welcome.

(5) Compliance aspects need to be appropriately addressed. The IA should specify more clearly whether new information obligations are to be introduced. If it is the case, administrative costs, both for business and public authorities should be assessed by the EU Standard Cost Model. The IAB recalls that, in line with the IA guidelines, testing costs should not be counted as administrative burden. Additionally, the reason for not using ESTAT data on sales (annex 2) should be clarified, as it may affect monitoring arrangements.

(D) Procedure and presentation

It seems that most of the necessary requirements have been fulfilled. The IA should be shortened to meet the 30 page limit. The executive summary could usefully follow the structure required by the new IA guidelines.

2) IAB scrutiny process

Reference number	(Comitology item)
Author DG	TREN
Date of Board Meeting	Written procedure
Date of adoption of Opinion	11 FEB. 2009