



EUROPEAN COMMISSION
Impact Assessment Board

Brussels,
D(2013)

Opinion*

Title

**An EU initiative on a draft Commission Regulation implementing Directive 2009/125/EC of the European Parliament and of the Council with regard to small, medium and large power transformers
(draft version of 17 April 2013)**

(A) Context

The Directive 2009/125/EC of the European Parliament and of the Council establishing a framework for the Commission to set ecodesign requirements for energy-related products is to be implemented by the European Commission through regulations dealing with the product groups identified in the Ecodesign Working Plans. The Ecodesign Working Plan for 2009-2011 identified "transformers" as one of the ten priority product groups.

(B) Overall opinion: POSITIVE

The report should be improved in a number of respects. First, it should better place the initiative in the context of existing national regulatory frameworks in order to better assess its added value and its impacts on different stakeholders in different Member States. Second, the report should clarify why an adaptation of existing US standards, or of single-value efficiency thresholds, are not regarded as feasible options despite their use in other jurisdictions. Third, it should strengthen the analysis of impacts, particularly as regards costs, innovation, competitiveness and SMEs. Against this background the superior efficiency of the preferred option should be better justified. Finally, the report should better integrate the results of stakeholder consultations, explaining how critical remarks have been taken into account.

In their written communication with the Board DG ENTR accepted to amend the report along the lines of these recommendations.

(C) Main recommendations for improvements

(1) Better explain the added value of the initiative relative to existing national regulatory frameworks. The report should better place the analysis in the context of the existing varying regulatory frameworks at the national level. This refers to the

* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted

identification of the problems, the justification of the objectives and the analysis of the impacts. In doing so, the report should better demonstrate the value added of the proposed regulation relative to existing national incentives to reduce network losses. Describing in greater detail how the proposed regulation and the existing regulatory frameworks would interact, the report should explain more convincingly why the proposed EU regulation would create an incentive for a wider introduction of national incentive mechanisms (or qualify such argument).

(2) Better design and present the options. The report should clarify the difference between the proposed EU standard and the similar standard already introduced by the US and adopted by other third countries. In so doing, the report should discuss in greater depth why an EU specific standard would be preferable. Similarly, the report should better justify why the option of adopting a general minimum efficiency level is discarded despite the different experience of other jurisdictions. Alternatively, the report should explicitly consider such an option. More generally, options should be presented in full and the need and content of parallel efforts to develop efficiency standards explicitly discussed. Finally, the report should clarify whether stakeholders made alternative suggestions, and if so, why they were discarded.

(3) Strengthen the assessment of impacts and the comparison of the options. Against the background of a more detailed analysis of the different national regulatory frameworks, the report should explain in greater detail how the benefits of reduced transmission losses could be distributed across stakeholders. In so doing, the report should either better justify the expectation that gains will be passed on to consumers through reduced prices or qualify such a conclusion. The report should also describe in greater details the reasons behind the EU loss of competitiveness and better show which ones would be affected by the proposed regulation, how and to what extent. The discussion of impacts on innovation should be supported by greater evidence. Furthermore, the report should specify whether there could be an impact on employment, as well as on SMEs as users, by explaining why the possible technological shift towards amorphous steel is considered as the only potential impact on SME producers. The report should also give a broad idea of the relative magnitude of the impact that increasing transformers prices would have on buyers suffering from limited access to capital. Benefits in terms of CO2 reduction should be monetized and detailed under which assumptions this is done. Finally, the report should better justify the superior efficiency of the preferred option given the lack of any estimate on costs but apparent stakeholder concerns. In so doing, the report should better differentiate between effects in the short and longer term.

(4) Better present stakeholder views. The report should better differentiate stakeholders' views and integrate them throughout the analysis. In particular, it should explain how the rather negative statements made during the 2012 public consultation were taken into consideration.

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report

(D) Procedure and presentation

The two-page summary should be integrated into the IA report directly after the table of contents. Template instructions should be removed.

(E) IAB scrutiny process	
Reference number	2012/ENTR/026
External expertise used	No
Date of IAB meeting	Written procedure (15 May 2013)