



EUROPEAN COMMISSION
Impact Assessment Board

Brussels,
D(2013)

Opinion

Title **DG ENER - Impact Assessment on Ecodesign requirements for local space heaters - Energy labelling for local space heaters**
(draft version of 7 January 2013)*

(A) Context

The report assesses the impacts of different policy options for energy efficiency, emission and labelling requirements for local space heaters ('LSH') in the context of the Ecodesign Directive 2009/125/EC and the Energy Labelling Directive 2010/30/EU. The preparatory studies covering these products concluded that LSH comply with the criteria in Art. 15, sub 1, of the Ecodesign Directive and with the criteria in Art 10, sub 2 of the Energy Labelling Directive and are therefore a candidate for measures under both Directives. The scope of the impact assessment covers LSH whose maximum rated capacity depends on its fuel: (1) solid fuel local space heaters up to 50 kW rated capacity (heat output); (2) gaseous/liquid fuel fired local space heaters for residential applications up to 70 kW rated capacity; (3) electric local space heaters up to 12 kW rated capacity (heat output); (4) gaseous fuel fired local space heaters for commercial applications (tube radiant and luminous radiant heaters) up to 120 kW input/output.

(B) Overall assessment: POSITIVE

The report should be improved in a number of respects. First, it should strengthen the problem analysis and baseline scenario by clarifying the scope of the initiative, and better substantiating the identified market and regulatory failures. The report should better explain the need for EU action in light of the actions already taken by some Member States and the apparent response of the industry to these requirements. Second, the report should better explain the rationale behind discarding all but one of the options. Third, the report should strengthen the analysis of impacts in particular by better explaining the cost and benefit calculations, including the assessment of compliance and administrative costs, as well as the impacts on employment, consumers and sector competitiveness. Fourth, the report should assess and compare the options against the criteria of effectiveness, efficiency and coherence and enhance the consistency with the assessment of impacts and the objectives. Finally, the report should include a more transparent overview of the stakeholders' views and should limit the use of technical language so that it becomes more accessible to the non-expert reader.

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

* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted
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(C) Main recommendations for improvements

(1) Improve the problem definition and the baseline scenario. The report should improve the problem analysis by clarifying the scope of the initiative, including an explanation for the inclusion/exclusion of certain product categories in the context of other Ecodesign/Eco labelling initiatives (such as solid fuel boilers or warm air units). It should better explain the causal relationship between the identified drivers (such as negative externalities, myopia, etc.), the evidence collected, stakeholders' views and the main problem. The report should also better describe and substantiate the market and regulatory failures and provide an overview of the market structure. This should include the profiles of the market players (with a particular attention on SMEs), i.e. the manufacturers, wholesale/retail sector, suppliers and customers. The report should present an overview of the existing national requirements on local space heaters and integrate it into the baseline scenario. In doing so, it should explain why and how the lack of harmonisation is detrimental to the smooth functioning of the single market. It should better explain the need for EU action in light of the action already taken by some Member States and the apparent positive industry response. The market assumptions and forecasted trends (for example, on development of sales, stock, acquisition cost, technological 'readiness' of the manufacturers, etc.) should be explained and better linked to the problem analysis.

(2) Clarify the objectives and better present the policy options. The report should redraft the objectives in a S.M.A.R.T. way, ensuring they are well embedded in the problem analysis and the overall intervention logic, and should provide concrete monitoring indicators. It should better substantiate the logic behind discarding all but one of the options at an early stage (prior to any analysis), making it difficult to make an informed judgement whether the retained option (with sub-options) is indeed the only viable one. The report should enhance the understanding of the proposed option by explaining the systems of 'tiers', the conversion rates, the labelling requirements (including the efficiency classes), etc.

(3) Better explain and assess impacts. The report should clarify how it arrives at the costs and benefits estimates and give a better overview of administrative and compliance costs for each of the sub-options. This assessment should include assumptions behind the model used and data sources, as well as improved estimations of the compliance costs for all categories of market players. The assessment should include greater consideration of the trade dimension and of the financial and competitiveness impacts of product testing, in particular on SMEs. The report should improve its assessment of economic impacts as well as the consequences for the different market players related to their production cycle, stock and readiness to take up new technologies. Given that some Member States have already developed even more stringent standards for local space heaters, the analysis should explain how particular sub-options will affect them. Furthermore, the report should link this analysis to the potential social impacts, stemming for example, from less/more intensive labour production. In this context, the report should be more explicit about its assumptions and conclusions on the impacts on employment. The report should better explain the underlying assumptions and support the conclusions with regard to the expected economic and environmental benefits which should be presented, to the extent feasible in monetary terms. In particular, it should express these relative to the overall cost of the initiative and demonstrate at which stage these effects are expected to materialise in light of the life cycle of the products and the replacement rates of the existing models. The report should also improve its assessment of impacts on consumers and sector competitiveness. It should better integrate the views of different stakeholders' groups, e.g. manufacturers, SMEs, national authorities, etc. throughout the text.

(4) Provide a clearer comparison of the options. The report should compare each option against the criteria of effectiveness, efficiency and coherence. The link between the attributed scores vis-à-vis the baseline scenario and the analysis of impacts should be made stronger and more evident.

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 report should provide a glossary of abbreviations and explain key technical terms in the text in order to make it more accessible for a non-expert reader. The report should provide adequate references for all figures throughout the text. The executive summary should be revised in order to meet the standards required in the IA Guidelines. In particular, it should include subsidiarity analysis and monitoring and evaluation arrangements as well as indicate criteria for comparing the options.

(E) IAB scrutiny process

Reference number	2013/ENER/010, 2013/ENER/012
External expertise used	No
Date of IAB meeting	30 January 2013 (Written Procedure)