



EUROPEAN COMMISSION
Impact Assessment Board

Brussels,
D(2015)

Opinion

Title **DG ENER– Impact Assessment on a Review of the Energy Labelling and Ecodesign Directives.**
(draft version of 8 May 2015)*

(A) Context

The Energy Labelling and Ecodesign Directives aim to address the basic problem that products can have a negative impact on the environment depending on how they are made, used and disposed of. The Ecodesign Directive "pushes" the market by banning the least efficient products. The Energy Labelling Directive encourages consumers to buy more energy efficient products by informing them about the energy use of products through an energy label. The Energy Labelling Directive requires the Commission to review the effectiveness of the Directive and its delegated acts by 2014. The Ecodesign Directive required the Commission to review the effectiveness of the Directive and its implementing measures by 2012. That review concluded that no immediate revision was necessary, but that the Directive could be reviewed again along with the review of the Energy Labelling Directive, since the effects of ecodesign implementing regulations and energy labelling delegated regulations applicable to the same energy-related products are often linked and complementary. This impact assessment supports the limited review of only certain aspects of the Energy Labelling Directive and the Ecodesign Directive (i.e. energy label, compliance).

(B) Overall opinion: NEGATIVE

The report provides evidence to support a decision on how to address issues such as the reduced effectiveness of energy labels or partly weak enforcement. However, it does not analyse the effectiveness and efficiency of the Energy Labelling and Ecodesign Directives, and if/how their continuation can be justified. These elements are also not addressed in the ex-post evaluation which presents very limited evidence to support the problem analysis, in particular regarding the performance of the current legislation and the energy saving per product.

The IA Report should clarify the following key aspects:

- 1) What is the intended scope of the review (and how does it fit with other related initiatives such as the ecodesign workplan and circular economy)? What are the future monitoring arrangements to ensure a more comprehensive evaluation to be conducted in the future?**
- 2) How cost-effective are energy labelling/eco-design measures compared to other**

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

initiatives contributing to reaching energy efficiency targets (e.g. on passenger cars, buildings)?

3) What is the estimated additional energy saving potential from considering new products within the scope of the Directives as well as the savings still to be achieved through the existing implementing regulations? At what cost would this additional energy saving potential be delivered?

4) Whether the proposed measures would work equally well in addressing the identified problems for all products, given their different characteristics, lifetime/durability and consumers' behaviour?

5) To what extent is the new Market Surveillance Regulation expected to already improve compliance with the two Directives? What additional improvements can the mandatory product registration database bring and at what cost?

Once revised, the IA must be resubmitted to the Board on which it will issue a new opinion.

(C) Main recommendations for improvements

(1) Clarify the context and the scope of the review. The report should explain the wider policy context of the Energy Labelling and Ecodesign Directives, particularly in relation to EU Emissions Trading System and Effort Sharing Decision. It should inform about the cost-effectiveness of energy labelling/eco-design measures (what quantity of energy savings can be achieved and at what cost) compared to other initiatives contributing to reaching energy efficiency targets, such as CO₂ and cars or energy performance of buildings. In the absence of such information in the evaluation, the report should explain (1) what energy saving potential is already realised through existing implementing regulations for specific products, (2) how much savings can measures on additional new products bring and (3) at what cost. Furthermore, it should clarify the apparent contradiction in the evaluation report stating that it is hard to quantify certain benefits delivered by the two Directives and yet providing quantified estimates of energy savings. The assumed link between instances of labelling deficiencies (25%) and the non-delivery of expected energy savings (10%) should be explained. In addition, the report should clarify and justify the scope of the review, i.e. that it seems limited to addressing specific problems related to effectiveness of energy labels and enforcement rather than aiming at the comprehensive review of the effectiveness, efficiency, coherence, relevance and EU added value of the two directives.

(2) Better describe the options. The report should explain why the measures proposed in the different options would work equally well for all products. For example, how does the assumed relationship between purchase price and subsequent energy savings (least life cycle cost) take into account different durability of the products and consumers' behaviour, i.e. that some products such as TVs are more likely to be replaced before the end of their lifetime than other products such as washing machines. It should explain why more emphasis on the absolute energy consumption on the label (measure 2) is part of only one option. The report should better explain why changing the least life-cycle cost requirements to a break-even point (measure 8) could negatively impact the effectiveness of energy labelling. The report should also explain why extending both Directives to all products is proposed in one of the options taking into consideration that a range of environmental impacts are already addressed through other legislation. It should elaborate further on how the mandatory product registration database will work in practice. In addition, it should

clarify how the problem of incoherence between the two Directives (notably resulting in 'empty' energy classes) will be addressed and why an option to merge the two is not considered.

(3) Better present the impacts. The modelling results should in general be accompanied by a qualitative explanation, given the scale of different outcomes. In particular, the report should better explain the significant differences of environmental (energy use, CO₂ emissions) and social impacts (jobs) between different types of energy labels (A-G, numeric, reverse numeric) and how these compare with improvements in compliance. Social impacts should include an assessment of impacts on the lower income groups and clarify the robustness of the job creation estimate. The modest impacts of option 3 that is considered to be very ambitious also need to be explained better.

The report should explain to what extent the new Market Surveillance Regulation will address the problem of weak enforcement and explain why it is not considered a part of the baseline scenario, given that it is close to being agreed by the Legislator. Furthermore, the report should explain by how much compliance is expected to improve from a mandatory product registration database, at what cost and borne by which party. In addition, the report should explain how the population of the database will be ensured given that the Commission has no power to compel manufacturers to do so and that Member States have historically not undertaken sufficient enforcement activity.

The report should also explain why it is assumed that changing the labelling directive into a regulation will address the problem of weak enforcement and why it has not been considered to merge the ecodesign and labelling instruments. Finally, the report should clarify what additional energy savings can potentially be achieved by revising the current energy labelling, i.e. the expected additional benefits of inciting consumers to what is now A+++ as compared to A+ in different product groups.

(4) Clarify the future monitoring and evaluation arrangements. The evaluation report presented in support of the impact assessment presents very limited information about the performance of the current legislation. The report should specify, therefore, the main indicators that will be used to monitor the extent to which the different objectives are achieved in order to permit a more comprehensive evaluation in the future. The report should set out the scope, purpose and timing of the future evaluation.

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 all essential information for decision making in the main report, such as what is expected to achieve with different measures proposed.

(E) IAB scrutiny process

Reference number	2013/ENER+/036
External expertise used	No
Date of IAB meeting	3 June 2015