REGULATORY SCRUTINY BOARD OPINION


and


{C(2019) 1796 final}
{C(2019) 2122 final}
{SWD(2019) 354 final}
{SWD(2019) 355 final}
Title: Impact Assessment / Ecodesign and energy labelling: Displays and televisions
(version of 28 July 2018)*

Overall 2nd opinion: POSITIVE WITH RESERVATIONS

(A) Context

The EU has put in place an Energy Union Framework Strategy. One objective is to make energy use more efficient. This can take place by pushing industry to improve energy efficiency of products and to remove poor performers from the market. The result is less energy used lower energy bills for consumers and manufacturers that are more competitive. Setting rules at EU level supports single market objectives.

This report considers ways to improve on existing requirements for televisions and other displays. Electricity consumption related to televisions and other displays is slowly decreasing but still significant. Potential gains are reportedly large. Existing energy label and efficiency requirements date from 2009 and are arguably outdated. There are reportedly also no requirements related to recycling and the circular economy.

The initiative would take the form of implementing legislation.

(B) Main considerations

The Board acknowledges the improved coverage of circular economy aspects and a better description of the consultation process.

However, the report still contains significant shortcomings that need to be addressed. As a result, the Board expresses reservations and gives a positive opinion only on the understanding that the report shall be adjusted in order to integrate the Board's recommendations on the following key aspects.

(1) The report does not sufficiently distinguish between energy savings from technological changes that were the result of the current regulation and those that would likely have happened without it. Because of a similar issue in the analysed future scenarios, the effects of the proposed measures is likely to be overestimated.

(2) There are inconsistencies and errors in data in the report and annexes. Although this does not undermine the choice of preferred option, it puts into doubt the evidence supporting the intervention.

* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted.
(C) Further considerations and adjustment requirements

(1) The report should present more evidence or analysis to distinguish the effects of autonomous technological progress from those of the current regulation. This is also of importance to establish an appropriate baseline. The current baseline assumes that energy savings for monitors will stop in 2018 and for televisions in 2027. The report should justify this assumption in a sector with strong technological progress (which is the argument to leave classes A and B of the proposed energy label empty).

(2) Numerical errors persist. The energy saving potential and greenhouse gas reductions presented in the graphs in the report are not consistent with the data in annex 4. Moreover, the corrected figures in the annex are not internally coherent. This should be fixed with adequate explanation for the non-expert reader to understand. Solid justification for the initiative depends on robust energy savings estimates.

(3) The report presents the options in more detail. However the report should be clearer on the rationale between the ecological option ('Eco') and the ambitious option ('Ambi'). The report should be more transparent on the implications on health and safety of maintaining flame retardants in the 'Eco' option, despite their serious toxicity, ecotoxicity and threat to the health of workers in the recycling industry. The report should explain the necessity of an option excluding signage displays from the scope of Energy labelling given the large consensus among stakeholders on the need to address signage displays.

(4) More specific indicators have been identified regarding monitoring. The report should provide information on how often progress will be assessed and it should also refer to the next review or evaluation planned or required by the parent legislation.

(5) The attached quantification tables of the various costs and benefits associated to the preferred option of this initiative need to be adjusted to reflect changed estimations of costs and benefits.

Some more technical comments have been transmitted directly to the author DG.

(D) RSB scrutiny process

The lead DG shall ensure that the report is adjusted in accordance with the recommendations of the Board prior to launching the interservice consultation.

The attached quantification tables may need to be further adjusted to reflect any changes in the choice or the design of the preferred option in the final version of the report.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Reference number</td>
<td>2013/ENER/066, 2014/ENER/011</td>
</tr>
<tr>
<td>Date of RSB meeting</td>
<td>13/06/2018</td>
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ANNEX: Quantification tables extracted from the draft impact assessment report submitted to the Board on 28 July 2018

(N.B. The following tables present information on the costs and benefits of the initiative in question. These tables have been extracted from the draft impact assessment report submitted to the Regulatory Scrutiny Board on which the Board has given the opinion presented above. It is possible, therefore, that the content of the tables presented below are different from those in the final version of the impact assessment report published by the Commission as the draft report may have been revised in line with the Board’s recommendations.)

For the preferred option, Table 3.1 and 3.2 present the costs and benefits that were identified and assessed during the impact assessment process.

Table 3.1: Overview of Benefits (total for all provisions) as compared to the baseline – Preferred Option

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct benefits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy efficiency savings</td>
<td>23 TWh by 2030</td>
<td>See Section 6.2.1</td>
</tr>
<tr>
<td>GHG-emissions savings</td>
<td>10 Mt CO₂eq/a by 2030</td>
<td>See Section 6.2.2</td>
</tr>
<tr>
<td>Circular economy improvements</td>
<td>Estimated additional 36 kt bulk-plastics and 40 kt technical plastics recycled</td>
<td>See Section 6.2.3</td>
</tr>
<tr>
<td>Additional business revenue</td>
<td>No quantification</td>
<td>See Section 6.3.1</td>
</tr>
<tr>
<td>Support of innovation, R&amp;D and improved competition</td>
<td>No quantification</td>
<td>See Section 6.3.2</td>
</tr>
<tr>
<td>Decreased consumer expenditure</td>
<td>EUR 8-10 billion less by 2030</td>
<td>See Section 6.4</td>
</tr>
<tr>
<td>Increased Employment</td>
<td>No quantification</td>
<td>See Section 6.6.3</td>
</tr>
</tbody>
</table>

Table 3.2: Overview of the additional costs as compared to the baseline – Preferred option

<table>
<thead>
<tr>
<th>What</th>
<th>Amount</th>
<th>Who</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the first 6 months provide a second label and supply extra labels on request to dealers</td>
<td>EUR 3300000 one-off</td>
<td>Suppliers</td>
</tr>
<tr>
<td>Relabelling of the products</td>
<td>EUR 600000 one-off</td>
<td>Dealers</td>
</tr>
<tr>
<td>----------------------------</td>
<td>--------------------</td>
<td>---------</td>
</tr>
<tr>
<td>Database</td>
<td>EUR 90000 annual</td>
<td>Supplier</td>
</tr>
<tr>
<td></td>
<td>EUR 90000 one-off</td>
<td>EU</td>
</tr>
<tr>
<td>Market surveillance</td>
<td>EUR 330000 annual</td>
<td>Member States</td>
</tr>
</tbody>
</table>
Opinion

Title: Impact Assessment / Ecodesign and energy labelling: Displays and televisions

(version of 16 May 2018) *

Overall opinion: NEGATIVE

(A) Context

The EU has put in place an Energy Union Framework Strategy. One objective is to make energy use more efficient. This can take place by pushing industry to improve energy efficiency of products and to remove poor performers from the market. The result is less energy used lower energy bills for consumers and manufacturers that are more competitive. Setting rules at EU level supports single market objectives.

This report considers ways to improve on existing requirements for televisions and other displays. Electricity consumption related to televisions and other displays is slowly decreasing but still significant. Potential gains are reportedly large. Existing energy label and efficiency requirements date from 2009 and are arguably outdated. There are reportedly also no requirements related to recycling and the circular economy.

The initiative would take the form of implementing legislation.

(B) Main considerations

The Board notes achieved energy savings on televisions and the scope for additional savings from signage displays.

However, the Board gives a negative opinion, because the report contains important shortcomings that need to be addressed particularly with respect to the following key aspects:

(1) The report does not clearly draw conclusions from the evaluation(s) to support the problem definition. It is unclear about the success of the previous measures and the discontinuity in projections.

(2) The report is not precise enough on the content of the options and does not sufficiently explain future developments in prices and energy savings. It contains

* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted.
factual and numerical errors which do not provide the necessary guarantees for the choice of the preferred option.

(3) The report does not integrate circular economy aspects comprehensively and in a way which is consistent across ecodesign products. It does not impact assess them either.

(C) Further considerations and adjustment requirements

(1) The report should clarify whether horizontal and/or product specific evaluations were conducted to prepare this initiative. In addition, it should clarify what the expectations were of the original legislation, to what extent the results deviate from them, and what are the lessons to draw for this. Key conclusions should directly feed the scope and problem definition. In particular, the report should explain very clearly why the predicted savings on energy consumption in 2025 are now 27% lower than what was predicted in previous impact assessment from 2007.

(2) The report should better explain the scope of the initiative and why it adds (only) signage displays. The description of the options should become more precise. The report should be clearer about what elements that have already been agreed upon and how stakeholder views shaped the options and influenced the choice of the preferred option. Any divisive issues between stakeholders should be better explained.

(3) The report should provide a more thorough analysis of the circular economy dimension of the initiative. The limits to the approach need to be more transparent. The report should in particular expand on the impacts on the health and safety of the use of flame-retardants. The report should present the views of the different stakeholders and explain how it addressed them.

(4) The report should explain the evolution of the baseline in more detail. In particular, it is currently not clear why the ongoing trend of increasing energy efficiency seems to stop in 2024. Errors in the impact analysis need to be corrected. In particular, inconsistencies across tables on the energy efficiency of the ambitious scenario need to be resolved. Assumptions around this scenario should be better substantiated. The international comparison of ecodesign limits gives the impression that the proposed EU ecodesign limits are less ambitious than those of US, India and Korea. This issue should be better explained and the figure, if necessary, revised.

(6) The monitoring and evaluation section should be strengthened to reflect how progress in this specific product group will be assessed.

(7) This report should be streamlined as far as possible with the impact assessments accompanying the other proposals in this package of proposals for implementing legislation regarding ecodesign and energy labelling. It requires in particular that the specific characteristics of the product come out more clearly in the different sections of the impact assessment.

Some more technical comments have been transmitted directly to the author DG.
The lead DG shall ensure that the report is revised in accordance with the above-mentioned requirements and resubmitted to the Board for its final opinion.

| Reference number | 2013/ENER/066, 2014/ENER/011 |
| Date of RSB meeting | 13/02/2018 |