



## Environmental NGO views on the Commission's proposal for the revision of the Energy Labelling Directive

September 2015

We would like to hereunder express our views and recommendations for further improvement of the recent proposal for a Regulation of the European Parliament and of the Council setting a framework for energy efficiency labelling and repealing Directive 2010/30/EU.

The European Commission issued on 15 July 2015 a proposal to revise and improve the EU Energy Labelling Directive [COM (2015) 341]<sup>1</sup>. This EU instrument has been a significant success for years both for consumers and, the European industry, as well as the environment. It has gained worldwide recognition, and all evaluations point to the benefits of a mandatory, categorical, and clear energy label to pull the market towards more energy efficient products. It will play a significant role for the EU to meet its energy saving and climate goals, expected to contribute an additional 17 Mtoe<sup>2</sup> to the already existing 175 Mtoe (including savings generated from energy labelling measures)<sup>3</sup>. In addition, according to the Commission, total savings for consumers will increase to €480 annually per household and €10billion more revenue for manufacturers and retailers is expected.

**A revision of this policy is now indispensable** as current energy labels are undermined by growingly detrimental flaws:

<sup>1</sup> [http://ec.europa.eu/energy/sites/ener/files/documents/1\\_EN\\_ACT\\_part1\\_v6.pdf](http://ec.europa.eu/energy/sites/ener/files/documents/1_EN_ACT_part1_v6.pdf)

<sup>2</sup> 17 Mtoe are equivalent to the annual primary energy consumption of Estonia, Latvia & Lithuania combined.

<sup>3</sup> <http://ec.europa.eu/energy/sites/ener/files/documents/Infographic%20Energy%20label.pdf>

- Many label scales are now obsolete and misleading, with no more room for differentiation (Figure 1), with a plethora of products achieving seemingly very good ratings (e.g. three quarters of Germans believe an A+ washing machine is efficient while currently it's the worst level on the market<sup>4</sup>).

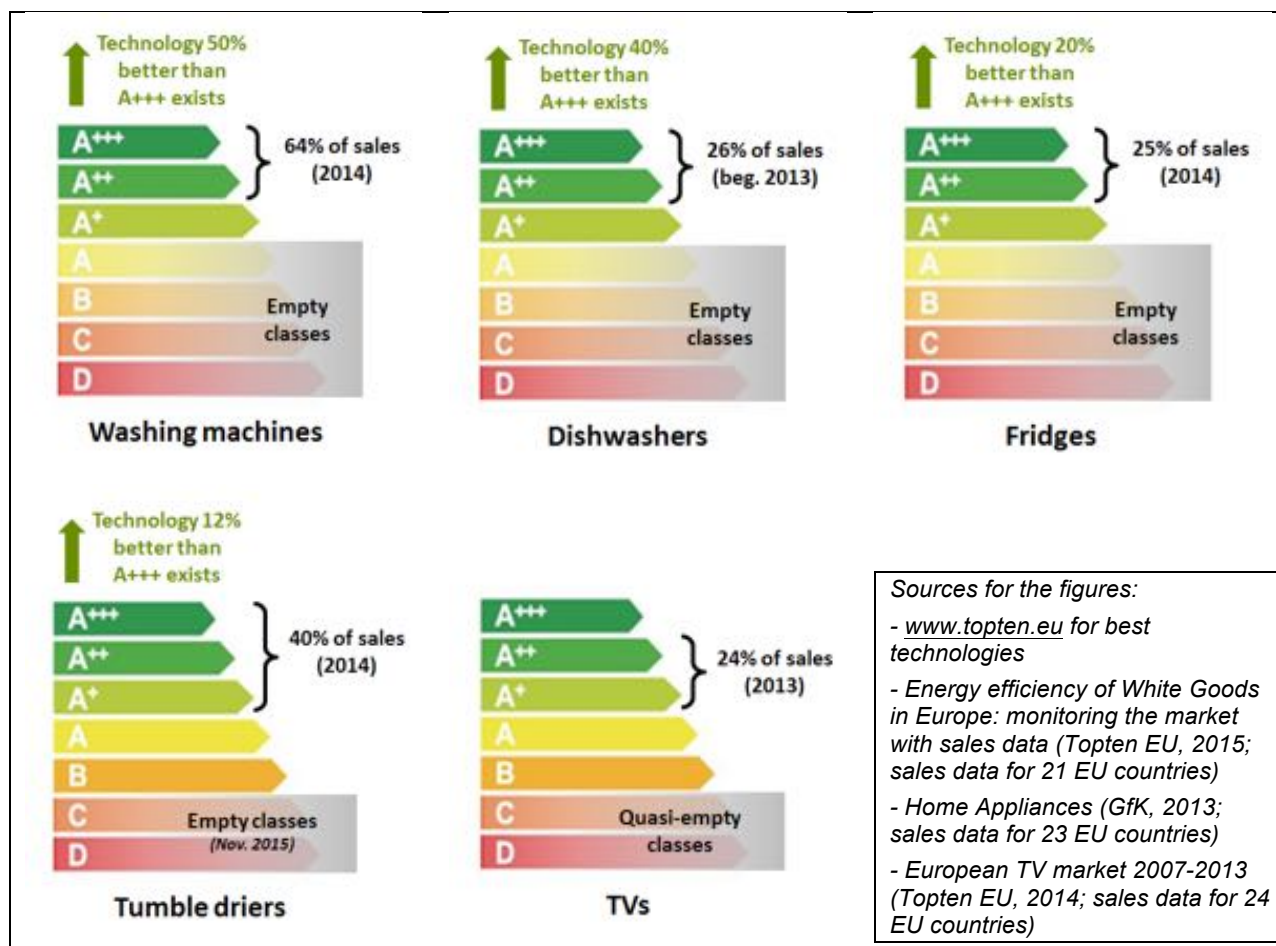


Figure 1. Concentration of products in the highest classes for various products groups

- There is a huge disparity and lack of homogeneity, with some labels still ranging from A to G and others using A+, A++, and A+++. Some manufacturers have even started using illegal super-declarations, such as "A+++ - 50%" (Figure 2).

<sup>4</sup> <http://www.conpolicy.de/en/news/news/article/vzbv-veroeffentlicht-befragungsergebnisse-energielabel-muessen-verstaendlicher-werden.html>



Figure 2. Energy performance declaration of washing machines beyond the A+++ class

- There is a lack of instruments and rules to monitor the market and be able to update the labels sufficiently in time with market evolution, as already exist in all major economies. In addition, the procedures for a potential rescaling (notably the role of retailers) have not been defined so far.
- Last, although some recent progress is to be noted, the level of control and enforcement by Member States is still poor. There is little pressure on market players to comply, and clearly insufficient level of implementation (e.g. as shown by the *MarketWatch* project<sup>5</sup>).

In this context, the European Commission proposal is welcome. It is **a robust basis**, taking stock of the current issues and providing practical solutions. It builds largely on the evaluation study carried out in 2014 through a thorough analysis and consultation process<sup>6</sup>.

In particular, the proposal will greatly improve:

- **The transparency of energy labels**, through reverting to a simple A to G scale, where A really stands for the best, drives innovation and does not mislead consumers.
- **The dynamics and effectiveness of the scheme**, by clearly outlining how labels are to be rescaled regularly by manufacturers and displayed by retailers, in order to remain consistent with the market (both in terms of encouraging the best products and flagging out the worst).
- **Market knowledge**, thanks to the implementation of an EU product registration database that will provide much better data to decision makers, facilitate market surveillance and ease digital tools (e.g. apps) to enhance the promotion and effectiveness of the label.
- **Deterrence of free riders**, by improving Member State collaboration and sanction procedures over the 28 Member States.

**All these substantial steps forward should be maintained.**

In addition, there are other key areas where the proposal is currently silent or too shy, and where we believe improvements are also needed:

<sup>5</sup> <http://www.market-watch.eu/>

<sup>6</sup> <http://www.energylabelevaluation.eu/>

- **The importance of absolute energy consumption:** Focusing on energy efficiency only hides the impact of products becoming bigger and bigger, with more and more energy consuming features. It undermines the aforementioned policy impact<sup>7</sup>. Hence the importance to better raise consumer awareness and draw them towards not only efficient but also genuinely low consuming solutions. The proposal is disappointing: it just opens a vague and non-binding possibility to consider the case of larger appliances.
- **Grasp the potential for resource efficiency:** We question that the proposal restricts labelling to energy and resources in the use-phase of products. However, this should not limit opportunities to contribute more to the EU resource efficiency agenda, e.g. through informing consumers about durability, legal warranty period, reparability etc., were displaying such information on the label would benefit consumers. This would also align with expectations put forward by the European Parliament in their resolution on the circular economy<sup>8</sup>.
- **Stricter planning for Energy Labelling (as well as Ecodesign) acts:** A recurrent issue in the last years has been the delays in the development and adoption of Energy Labelling (as well as Ecodesign) acts, allowing sufficient room for delaying tactics. We welcome the introduction of a Working Plan for the Energy Label, which should however have its content sufficiently prescribed and be linked to the Ecodesign Working Plan. It should also be made clear that it shall include a precise planning and deadlines for the completion of product measures. The Commission has to be made accountable for meeting these deadlines.
- **Credibility of measurements methods:** Measurement conditions are key to ensure the reliability of the way the energy rating of products is established. The proposal does not include any safeguard in this respect, for example the need to avoid that manufacturers test their products in artificial modes (e.g. reduced functionalities or 'eco-modes'<sup>9</sup>) that would give them a too favourable rating.
- **More on market surveillance:** A number of useful improvements could be added to the provisions on enforcement, such as: clearer sanctions for non-compliant retailers and definition of a minimum level for these, a public disclosure of free-riders, the need for surveillance authorities to consider civil society alerts, the obligation for Member States to set up market surveillance plans and issue annual reports.
- **Need to consistently label ads and promotion materials:** Energy labels should be prominent not only in shops but also on all manufacturer promotion materials. At present the proposal expects each product measure to specify the details of this. This means the case would be reopened and fiercely debated over and over. It would be much better to set overall rules within the framework.

ENDS

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<sup>7</sup> <http://www.coolproducts.eu/policy/white-goods-spin>

<sup>8</sup> <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P8-TA-2015-0266>

<sup>9</sup> <http://www.coolproducts.eu/blog/eco-button-loophole>