

Framework for energy efficiency labelling

SUMMARY

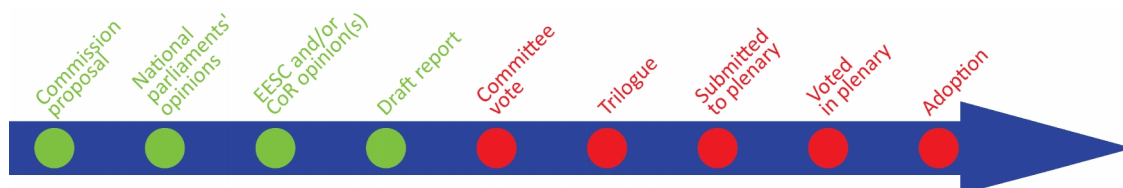
On 15 July 2015 the Commission proposed a new regulation on energy efficiency labelling as part of its summer energy package. The new regulation would contribute towards meeting the EU target of improving energy efficiency by 27% by 2030.

The proposed regulation seeks to restore the A-G scale for energy labelling; create a mechanism for rescaling products that can accommodate further improvements in energy efficiency; establish a product database on energy efficiency; and introduce a safeguard procedure to improve national market surveillance. Detailed legislation on energy labelling of household appliances would be adopted as delegated acts.

While the proposal is supported by consumer and environmental groups, industry groups are concerned that a major change in energy labelling could have a negative impact on producers and consumers and act as a disincentive to energy efficiency. The Parliament has in the past supported a closed A-G scale on energy labelling as a way to provide a stronger incentive for consumers to buy more efficient products.

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

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| <i>Committee responsible:</i> | Industry, Research, Energy (ITRE) | COM(2015) 341 |
| <i>Rapporteur:</i> | Dario Tamburrano (EFDD, Italy) | of 15.07.2015 |
| <i>Next steps expected:</i> | Consideration of amendments to draft report | <i>procedure ref.:</i> 2015/0149(COD) Ordinary legislative procedure |



This briefing updates an earlier edition, of October 2015, [PE 568.360](#).

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Introduction

In the [Energy Union strategy](#) announced on 25 February 2015, the European Commission proposed to review the energy efficiency framework for products, consisting of Directive 2010/30/EU (energy labelling) and Directive 2009/125/EC (ecodesign requirements). As part of the [Summer Energy Package](#), announced on 15 July 2015, the Commission proposed a [new regulation](#) on energy labelling to replace Directive 2010/30/EU. The new regulation is consistent with the objectives of the 2010 Directive but would overcome some weaknesses identified in a [review](#) and accompanying [impact assessment](#), as well as technological improvements in energy efficiency. The Commission proposes to restore the original A-G scale for classifying the energy efficiency of products and establish a mechanism for rescaling products, as well as creating a new product database and taking measures to improve national market surveillance. By replacing a directive with a regulation, the Commission wishes to simplify the regulatory environment and ensure market rules are applied more consistently across the Member States. A complementary EPRS briefing on [understanding energy efficiency](#) provides an overview of EU actions in this area.

Existing situation

The principal EU legislation that relates to energy labelling is [Directive 2010/30/EU on energy efficiency labelling](#) and [Directive 2009/125/EC on ecodesign requirements](#), which are complementary in their objectives. Whereas the 2009 Ecodesign Directive encourages industry to produce more energy-efficient products, by banning the least efficient products from sale, the 2010 Energy Labelling Directive encourages consumers to buy more efficient products, by informing them about the relative energy use of products. Detailed requirements for specific energy-related products (e.g. dishwashers, fridges, televisions) are established through **delegated acts** (for energy labelling) or **implementing regulations** (for ecodesign). To date there have been 24 ecodesign implementing regulations and 12 delegated acts on energy labelling, ensuring a wide range of consumer products are now sold with an EU energy label. The first EU legislation on energy efficiency labelling was [Council Directive 92/75/EEC](#), later replaced by Directive 2010/30/EU. The latter introduced new product classes (A+, A++, A+++), to reflect technological advances made in improving the energy efficiency of household appliances. Most products sold on the market now tend to be A grade or higher.

In 2012 the Commission reviewed the 2009 Ecodesign Directive and concluded that legislative revision was not required, but some aspects could be revisited in a future review of the 2010 Energy Labelling Directive. The latter review was published on 15 July 2015 and concluded that the Energy Labelling Directive had been effective in enhancing the energy efficiency of household appliances, but legislative revision was now required for the EU to continue meeting the same objectives.

The changes the proposal would bring

The [proposed regulation](#) would be based on Article 194(2) of the Treaty on the Functioning of the European Union, the legal basis for energy legislation since ratification of the Lisbon Treaty in December 2009. The existing directives use a different legal basis, Article 114, and are justified on the basis of environmental and consumer protection. The use of a regulation (rather than a directive) on energy efficiency labelling is designed to reduce the regulatory burden on Member States and ensure more consistent application of EU law, especially since regulations (unlike directives) do not require transposition into national law. The new regulation would take effect from 1 January 2017 and Directive 2010/30/EU would then be repealed. No changes would be made to Directive 2009/125/EC on ecodesign requirements.

The proposed regulation would **restore the original A to G energy label scale** and, over time, abolish the A+, A++ and A+++ categories, while retaining the same green to red colour scheme for energy efficiency. All existing labels would be reviewed by the Commission within five years of entry into force of the regulation and rescaled in the years afterwards. Energy labels would be regularly rescaled (roughly every 10 years) to recognise and stimulate further advances in the efficiency of household appliances. Delegated acts would set the rescaled labels and no products on the market when these enter into force could fall into the top energy classes (A and B), in order to encourage further technological progress and set a higher level of ambition on energy efficiency. The proposed regulation sets a clear transition period of six months for introduction of new labels after approval of the relevant delegated act. For online sales, electronic labels could be used as a replacement for the physical label. The proposed regulation would oblige Member States to conduct information campaigns to make consumers aware of the new energy labelling for specific products.

The proposal establishes a **digital product registration database**, to provide up-to-date market data and information on energy efficiency. This would assist national surveillance authorities in their enforcement of the proposed regulation, shorten the regulatory process for delegated acts, make it easier for manufacturers to register product details, and provide a central location for technological documentation and energy labels. Other new measures would streamline and improve market surveillance of products, assisting national authorities in enforcing the regulation. A **safeguard procedure** would allow a Member State to withdraw non-compliant products from the market and communicate this information automatically to other Member States, which would be obliged to withdraw the same products from their national markets. The safeguard procedure would apply automatically if no objection was raised by another Member State or the European Commission within a period of 60 days. The Commission would adjudicate in disputes over application of the safeguard procedure.

The proposed regulation outlines the areas where the Commission can adopt **delegated acts**. These would enter into force if no objection is raised by either the Council or Parliament within two months of notification by the Commission. The delegation of powers to the Commission would be indeterminate in time, but could be revoked at any moment by a decision of the Parliament or the Council. However, any revocation would not affect the validity of delegated acts already in force. The new regulation would **enter into force on 1 January 2017**, but the product database would only take effect from 1 January 2019. The product database would require €1.5 million in 2016 (for initial establishment) and €150 000 in the following years (for maintenance), all resources which would be drawn from the existing EU budget.

Preparation of the proposal

The Commission ordered a [study by ECOFYS](#) evaluating the 2010 Energy Labelling Directive and specific aspects of the 2009 Ecodesign Directive, which included a [public consultation](#) that ran from 30 August to 30 November 2013. The ECOFYS study recommended moving from the current A+++ to D scale to an A-G scale for energy labelling of products; the establishment of a product registration database; and addressing weaknesses in national market surveillance, including through greater EU coordination. The Commission also financed a [study by London Economics – IPSOS](#) on the impact of the energy label on consumer understanding and purchasing decisions. This concluded that consumers understand an alphabetical scale much better than a numerical scale, with roughly equivalent understanding of the current A+++ to D scale and the proposed A-G scale. However, the study found evidence that consumers were more likely to choose energy efficient products with an A-G scale.

On 15 July 2015, the Commission completed a [review](#) of the energy labelling and ecodesign directives, which concluded that they are expected to save the EU around 175 Mtoe (million tonnes of oil equivalent) of primary energy on an annual basis by 2020, with around 15% of these savings due specifically to energy labelling measures. These policies will deliver almost half of the 20% energy efficiency target by 2020, significantly reduce EU dependence on imported energy (-23% for natural gas; -37% for coal), and save end-users €100 billion per year in 2020 through lower utility bills. The review concludes that the benefits of cost savings from reduced energy use significantly outweigh the costs to manufacturers and consumers of adapting to these requirements.

According to the review, some 85% of consumers recognise and understand the energy label and use it in their purchasing decisions, yet the introduction of new product classes (A+, A++, A+++) under the 2010 Directive had somewhat reduced the effectiveness of the energy label in motivating consumers to buy more efficient products, especially when compared to the original A-G scale. The lower energy efficiency classes of products are now relatively unpopulated, and for some categories (e.g. washing machines) only appliances of A or above can be sold on the market because of ecodesign requirements. The review also highlights a trend towards purchase of larger products, which have become more efficient but lead to higher absolute energy consumption. Another concern is weak enforcement by national authorities, which contributes to non-compliance and is estimated to reduce energy savings by around 10%. For some products the review noted that the levels of ambition in terms of energy efficiency savings remain too low compared to what may be feasible. The rulemaking process for delegated acts on some products was considered too long (on average 49 months), and this was partly due to delays in obtaining product information.

As part of its review, the Commission carried out a detailed [impact assessment](#) on reforming energy labelling legislation (see also its [executive summary](#)). The impact assessment recommended some changes to the energy labelling directive (as outlined above) as well as some non-legislative actions, but without requiring changes to the ecodesign directive. Since the environmental impact of non-energy products is being addressed through separate legislation, the impact assessment indicated that it would not be advisable to broaden the scope of energy labelling legislation. A more comprehensive reform of energy labelling could also create disproportionate obstacles to international trade by requiring third-party certification for all products.

Parliament's starting position

The European Parliament (EP) [resolution of 6 May 2009](#) on the draft Commission directive implementing and amending Council Directive 92/75/EEC with regard to energy labelling of televisions, called for a return to the closed A-G scale of energy efficiency labelling, and criticised the creation of product classes above A as well as the presence of empty classes of products at the bottom of the scale. The [legislative procedure](#) that led to the adoption of Directive 2010/30/EU on energy efficiency labelling saw the EP again express its support for a closed A-G scale. But on second reading the Parliament accepted some of the changes proposed by the Commission and supported by the Council in its [position](#) on first reading, including the introduction of product classes A+, A++, and A+++.

Stakeholders' views

ANEC, a body representing consumers in standardisation issues, strongly [supports](#) the Commission proposal for enhancing clarity, comparability and simplicity for consumers. ANEC and BEUC, the main EU level consumer organisation, have issued a [joint position paper](#) in which they criticise the introduction of A+ classes and above under the 2010 Directive. They argue that these had much less of a motivational effect on consumers than the original A-G scale and have proven much less ambitious, since most products are now graded A or above. These organisations fully support the return to a closed A-G scale. But they also make other recommendations: restoring the use of national languages on labelling; introducing alternative graphic effects to ensure consumers understand the label is new; guaranteeing a short transition to the new scheme with a coordinated and simultaneous adjustment of existing labelling measures to the new format (under the Commission proposal these could take place at different times for different products, possibly leading to confusion among some consumers); and calling for the European Commission to lead a communication campaign on the new labelling.

The European Partnership for Energy and the Environment ([EPEE](#)), a body representing industry, [cautions](#) that the proposed regulation could actually discourage energy efficiency improvements and distort consumer choices by downgrading the current classification of products with considerable potential for energy saving. The example is given of an A grade product that, under the proposed system, could automatically become an E grade product. Similar concerns are expressed by other industry groups including the Association of the European Heating Industry ([EHI](#)) and [Lighting Europe](#).

The European Council for an Energy Efficiency Economy (ECEEE), a membership-based NGO, [supports](#) the Commission proposal and recommends its implementation in formal legislation. The ECEEE highlights the value of the new A-G energy labelling scale, the digital database for new energy efficient products and improved market surveillance. [CoolProducts](#), a coalition of environmental NGOs backing energy efficiency, [supports](#) the proposal but also highlights areas for improvement, notably the need to consider lifetime running costs of appliances when assessing energy efficiency.

Advisory committees

The European Economic and Social Committee (EESC) adopted an [opinion](#) (TEN/576) on 20 January 2016. The EESC broadly supports the Commission proposal; agrees with the use of a regulation rather than a revised directive; supports a product database and stricter market control; and endorses the decision to revert to the A-G energy scale. The EESC makes further proposals, including standardised EU training courses for staff involved in surveillance and monitoring of products; a new graphic design for the energy

label to combat counterfeiting and avoid confusion among consumers, especially during the transitional period; and including other relevant information in the new label (e.g. minimum life expectancy and life-cycle energy consumption of products). The EESC is concerned that the system of penalties is left to the choice of individual Member States, resulting in uneven enforcement of the rules and defeating the purpose of using a regulation. The Committee of the Regions did not issue an opinion on the regulation.

European Council

The [European Council conclusions](#) of 23-24 October 2014 set an indicative minimum target of 27% improvement in energy efficiency by 2030 (compared to projections of future energy consumption). This target will be reviewed by 2020, having in mind a potential EU level of 30%. The proposed regulation on energy labelling is an important part of the broader EU strategy towards meeting these energy efficiency goals.

National parliaments

Parliaments in more than half of the Member States have [examined](#) the proposal. No concerns about subsidiarity have been raised and no reasoned opinions received, with the subsidiarity deadline having passed on 19 October 2015. The Czech Senate issued a statement which criticised the additional cost for consumers involved in moving to a new scale, and felt the proposed regulation gave too much scope for the Commission to adopt delegated acts in an excessive number of cases. The German Bundesrat and the Italian Senate recommended further measures to improve the proposed regulation, while the Romanian Chamber of Deputies recommended that further consultation of specialists in the field would help to enhance the legislation.

Parliamentary advice

The European Parliament's Policy Department A (Economic and Scientific Policy) commissioned a detailed [study](#) in 2010 on EU Energy Efficiency Policy, which also touched on the issue of energy labelling. The study concluded that consumers are confused by additional grades (A+, A++, A+++), so the introduction of a new labelling system without + would be welcome. Instead of introducing new higher grades, the study recommends that existing labels be rescaled to take account of improvements in energy efficiency, with 'A' labels always the most efficient on the market. Japan is given as an example of ambitious energy labelling with automatic rescaling of products.

The European Parliamentary Research Service published an [initial appraisal](#) of the Commission's impact assessment on the proposed regulation, concluding that the research and analysis carried out is 'reasonable and comprehensive', but noting that 'further details of SME input and implications would have been helpful'.

Legislative process

On 7 September 2015 the [proposal](#) was referred to the Industry, Research and Energy (ITRE) Committee, and on 20 October 2015 Dario Tamburrano (EFDD, Italy) was appointed rapporteur. A draft report was issued on 25 January 2016 and amendments could be tabled up until 3 March 2016. The amendments will be considered in forthcoming ITRE meetings, with the final ITRE vote expected on 24 May 2016. The ENVI committee is also to issue an opinion on the file (rapporteur for opinion: Aldo Patriciello, EPP, Italy).

On 26 November 2015 the Council agreed a general approach on the Commission proposal, which recommended a number of changes that are discussed below. Only Bulgaria registered an objection to the general approach of the Council.

The Council proposes that there should only be **one empty top class** of products after rescaling (the Commission proposes two empty top classes) and the possibility of a reduced scale (A-E or A-C) where no products on the market fall into the lower categories due to ecodesign requirements. Member States should be allowed to maintain (or introduce) **national schemes for labelling of products**, so long as these are additional to the EU energy label and do not mislead or confuse customers on the issue of energy consumption. The Council supports the use of **implementing acts** (rather than delegated acts) for most aspects of the proposed regulation including the product database, market surveillance procedures, harmonised standards, rescaling of labels and labelling requirements. It would retain **delegated acts** only for the specification of product groups. The Council proposes that the powers of the Commission to adopt delegated acts are conferred for five years from when the regulation enters into force, and tacitly extended for a similar period unless the Council or Parliament choose to revoke it (the Commission proposed indefinite conferral, subject to revocation at any time). The Council's general approach specifies the precise conditions under which the Commission can adopt delegated acts and rescale existing labels. Reviews of existing labels would only occur after the Commission has carried out a preparatory study and one of two potential sets of conditions are met: either 30% of existing products in the EU market fall into the top energy class and further technological development is expected soon, or the existing label has been in operation for at least eight years and the Commission can demonstrate that the 30% threshold is likely to be exceeded over the next seven years. The Council proposes to remove the obligation for all labels to be rescaled within five years of the regulation entering into force. The Council would also impose a more specific obligation on the Commission to carry out consultation with Member State experts before adopting delegated acts.

The EP's draft report recommends numerous changes and clarifications to the Commission proposal, starting with stronger definitions of the terms used. Energy labels should be **displayed prominently** (not just visibly, as in the Commission proposal) and national authorities must respond swiftly (within three weeks) to all complaints about non-compliance. Market surveillance processes are strengthened to include a special **customer protection procedure**. Software updates that significantly increase energy performance should lead to rescaling of an existing product. The Commission should be allowed to propose different **scaling options**, depending on the share of the market taken up by products in the highest energy classes, as well as expected technological evolution in that product group. Leaving the top two energy classes empty when rescaling product groups would remain the default option (the Commission proposal indicates this should apply in all cases), but in duly justified and exceptional circumstances only one energy class would remain empty (the Council position suggests this should be the norm), and in some instances there could be no empty top classes (i.e. an existing product could receive an A classification under the new scale). The draft report suggests all product groups should **be rescaled within five years** of the regulation coming into force (the Commission suggests all product groups must be reviewed within five years; the Council position seeks to remove the five year obligation entirely from the proposal). The new product database should be **free of charge for consumers** to access. The power to adopt **delegated acts** should be conferred on the

Commission for six years, and possibly renewed for a **maximum eight more years**. The regulation should be **evaluated within six years** of entering into force (Council and Commission converge on eight years as the time limit for evaluating the regulation).

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eprs@ep.europa.eu

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