

# Framework for energy efficiency labelling

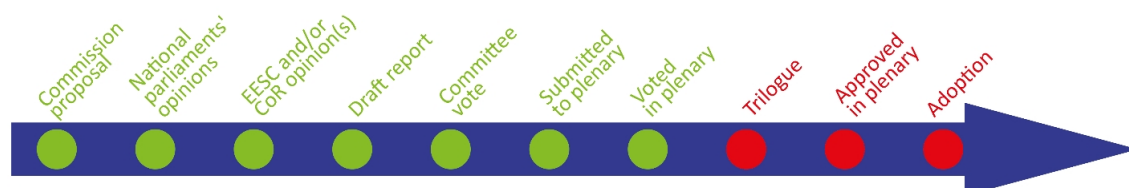
## SUMMARY

On 15 July 2015, the Commission proposed a new regulation on energy efficiency labelling as part of its summer energy package. The 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 subsequently be adopted in the form of 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 both producers and consumers, acting as a disincentive to greater energy efficiency.

The Council adopted a general approach in November 2015. The Parliament approved a set of legislative amendments in July 2016. Several trilogue meetings were held at political and technical level in autumn 2016. Ongoing institutional dialogue to resolve the remaining areas of disagreement may see further trilogue negotiations.

## 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

<i>Committee responsible:</i>	Industry, Research, Energy (ITRE)	COM(2015) 341
<i>Rapporteur:</i>	Dario Tamburrano (EFDD, Italy)	of 15.7.2015
<i>Next steps expected:</i>	Further round of trilogue negotiations with view to securing agreement	<i>procedure ref.:</i> 2015/0149(COD) Ordinary legislative procedure



This briefing updates an earlier edition, of September 2016: [PE 589.773](#).

<p><b>In this briefing:</b></p> <ul style="list-style-type: none"> <li>• Introduction</li> <li>• Existing situation</li> <li>• The changes the proposal would bring</li> <li>• Preparation of the proposal</li> <li>• Stakeholders' views</li> </ul>	<ul style="list-style-type: none"> <li>• Advisory committees</li> <li>• European Council</li> <li>• National parliaments</li> <li>• Parliamentary analysis</li> <li>• Legislative process</li> <li>• References</li> </ul>
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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](#) on 15 July 2015, the Commission proposed a [new regulation](#) on energy labelling to replace Directive 2010/30/EU. 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 Member States. A 2015 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. For those product groups where no models currently allowed on the market belong to energy classes D-G (due to the implementation of ecodesign requirements), the redundant energy classes would no longer be shown on the label. 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 (initial establishment) and €150 000 in the following years (maintenance), all resources which would be drawn from the existing EU budget. The Commission proposes to assess the functioning of the regulation within eight years of its entry into force.

## 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 when presented 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 may be more efficient but nevertheless 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.

## 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 adopted an [opinion](#) (TEN/576) on 20 January 2016 broadly supporting the Commission proposal but including further recommendations. The Committee of the Regions chose not to issue an opinion.

## 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 its energy efficiency goals.

## National parliaments

Parliaments in more than half of the Member States [examined](#) the proposal. No reasoned opinions were received but some parliaments issued correspondence on the proposal.

## 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.

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. Dario Tamburrano (EFDD, Italy) was later appointed rapporteur. The ENVI committee adopted a supporting opinion (28 April 2016).

The ITRE rapporteur produced a draft report on 9 March 2016. Over 500 amendments were tabled and the final report was approved on 14 June 2016 (63 votes in favour, none against). However, the proposal to give the rapporteur a mandate to enter trilogue negotiations did not enjoy the required support of an absolute majority in ITRE (32 votes in favour, 31 votes against). The legislative amendments were instead submitted for a vote in plenary and approved on 6 July 2016 (580 votes in favour, 52 votes against, 79 abstentions). The plenary unanimously decided to refer the report back to ITRE, in order to enter into interinstitutional negotiations (trilogue) with the Council and Commission.

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

In its general approach, the Council proposes that there should only be **one empty top class** of products after rescaling (the Commission proposes two empty top classes), but supported the proposal for a reduced scale (either 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 proposes indefinite conferral, subject to revocation at any time). **Reviews of existing labels** would only occur after the Commission has carried out a preparatory study and one of **two 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 legislative amendments [adopted](#) by the European Parliament on 6 July 2016 recommend several changes to the Commission proposal, diverge in several respects from the approach of the Council, but nevertheless indicate some areas for potential agreement. The Parliament insists the regulation should specifically *not* apply to second-hand products or transport machines such as elevators, escalators and conveyor belts. The Parliament supports the Commission's proposal to use **delegated acts** to introduce and rescale labels (but also for educational and promotional information campaigns). The right to adopt delegated acts would be conferred on the Commission for six years (rather than indefinitely, as in the Commission proposal) but with the possibility of tacit extension. The Parliament maintains that all product groups should be **reviewed and rescaled within five years** after entry into force of the regulation (the Commission proposes a review within five years, the Council proposes a variable timeframe depending on the product group). The Parliament supports the Commission proposal that any future rescale should aim for a validity period of at least 10 years, yet additionally proposes two **automatic trigger criteria** for future rescales: either when 25% of products sold in the EU market fall into energy efficiency class A; or when 50% of products sold in the EU market fall into classes A and B. The Parliament supports leaving only the top **A class empty** after rescaling, to encourage efficiency improvements (in line with the Council position), but would leave both A and B class empty for product groups that show rapid technological progress (closer in this respect to the Commission proposal).

The Parliament supports the Union **safeguard procedure** proposed by the Commission, but would shorten the period of objection to only 28 days (as opposed to 60 days in the Commission proposal). The Parliament supports an **A-E scale** in cases where no F and G class models exist on the market because of ecodesign requirements, but would display the F and G classes in grey rather than using a shortened or alternative label. The Parliament stipulates that the new label should contain information not only about the energy class but also the **absolute consumption in kWh** of that product over a defined period of time. In order to avoid confusion of consumers, the Parliament believes that all energy labels should be **replaced in a short timeframe after rescaling**, and the visual appearance of the rescaled label should be easily distinguishable from the old one. This process would be assisted by consumer information campaigns in the Member States, to be coordinated by the European Commission.

The Parliament provides detailed specifications about the operation of the **product database**, including its accessibility and security requirements. Most importantly, the database would be free of use to consumers, facilitated by a dynamic quick response (QR) code, and should come into operation by 1 January 2018 (i.e. earlier than the Commission proposal of 1 January 2019). The Parliament supports **stronger market surveillance**, and insists that national authorities should also perform compliance monitoring through **physical product testing** covering at least one product group per year. The Commission should set up an online portal with detailed product information for market surveillance authorities, and by 1 January 2018 the Member States should implement a **market surveillance plan** for monitoring enforcement of the regulation. These national plans should be reviewed and adapted every three years. According to the Parliament, the Commission should **review the new regulation within six years** of its entry into force (whereas the Commission proposal supports a review within eight years).

Three rounds of informal trilogue negotiations were held under the Slovak Presidency (July, September, October 2016), together with a series of technical meetings. According to an [information note](#) from the Council Presidency (23 November 2016), provisional agreement was reached on most issues. However, disagreement remained on three core issues, namely: the timetable and rules for rescaling (including the number of product classes left empty); functioning of the product database (scope of technical documentation, safeguards and security requirements); and the delegation of powers (Parliament insists firmly on the use of delegated acts, the Council proposes a hybrid of delegated and implementing acts). These disagreements remain unresolved.

Progress in negotiations was discussed in the [Energy Council meeting of 5 December 2016](#). Technical meetings have taken place in early 2017. Ongoing dialogue between institutions is seeking to address the remaining areas of disagreement, with both the Council and the Parliament proposing compromise texts. If there is sufficient progress in reconciling their positions, a fourth round of informal trilogue negotiations will take place in March 2017.

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