

# Priorities for the improvement of the EU Ecodesign & Energy Labelling policies

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**This paper provides detailed recommendations from environmental NGOs on the improvement and revision of the EU Ecodesign and Energy Labelling Directives.**

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## Overview

The implementation of the Ecodesign and Energy Labelling policies has experienced delays and difficulties in the last two years. Improvements can be brought to the process. The revision of the two Directives also needs to be envisaged.

The priority is to increase the delivery rate and clear the backlog of pending product measures. A review of several existing measures is also tabled in the coming years. Dealing with all these measures is only possible if improvements are brought to the set up.

- Resources and staffing need to be increased
- More engaging deadlines and streamlined consultation should be used
- A market monitoring instrument is required, to better develop and revise measures
- Market surveillance should be more coordinated and lead to higher sanctions

In addition, there is evidence that the ambition and dynamism of the first adopted measures has often not been optimal. Greater and quicker impact is possible.

- Ecodesign measures should reach the least life-cycle cost for consumers earlier in time
- A middle-term target at the level of best available techniques should be systematically added to send the right signal to the market
- Measures should ensure that large high consuming models are not unduly promoted
- Other environmental aspects (beyond energy use) should be progressively subject to effective requirements, based on agreed measurement methods

As regards the legal revision of the two Directives, we suggest the following sensible steps.

- The two Directives should be revised jointly. The political debate could be prepared in 2012 and 2013, with a final decision in 2014 (before the European elections).
- The revision should cover the scope, ambition, dynamism of the instruments. A better solution for the Energy Label layout will also be needed, as there are already A+++ products on the market in some categories.
- Sufficient time should be taken to prepare the revisions and reach acceptable compromises. In any case the current implementation process should not be disrupted.

## Background

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There is ample evidence that the implementation of the EU Ecodesign and Energy Labelling policies – despite a very large energy saving potential - is currently suffering from delays and difficulties. This leads to substantial missed opportunities. The fact is documented for instance in the draft Ecodesign Evaluation study commissioned to CSES in 2011<sup>1</sup>.

Environmental NGOs have been actively involved in this process (through technical contributions and our *coolproducts for a cool planet* campaign<sup>2</sup>). In May 2011, we issued a first discussion paper suggesting a number of recommendations and ideas.

The European Commission has agreed to organise a consultation meeting in April 2012 to discuss horizontal issues. In order to prepare this meeting, we reiterate and further develop in this paper some recommendations. It is important to be sufficiently detailed and specific in order to introduce pragmatic and tangible actions beyond good intentions.

In addition, the legal revision of the two Directives is a matter to be considered and investigated. The debate on the extension of the scope to new product categories will be an important topic. The timing and preparation of these revisions are also essential aspects, in order to avoid disrupting the current process and its priorities.

## Immediate improvements to the implementation process

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### ➤ *More staff and resources*

Most of the delays and difficulties originate from a lack of resources. The level of staffing and budget allocated is very scarce compared to similar countries in the world. Ideally, the EU should spend as much as the US on comparable policies, i.e. ten times more. As this will not happen in a day, we suggest the following first steps:

**The number of staff in the European Commission allocated to these policies should at least double.** Priority of the new staff should be the development and adoption of pending and new implementing measures. Other horizontal aspects (legal issues, communication, standardisation, etc.) should be dealt with by specific staff separately or through delegation.

**Commission desk officers should be better supported throughout the development and adoption of implementing measures.** Experience has shown that the preparatory studies are often not sufficient to come quickly to a decision. Vicious circles can be created as additional delays lead to obsolescence of the study data, making their recommendations even more questionable. A part of the budget should be allocated to long-term in-house support, for instance to the European Commission's Joint Research Centre (JRC) to provide background and continuous support.

**In addition, Member States could get more involved in the preparation of measures.** A task sharing between their experts, and more direct support to the Commission could accelerate the development of some of the implementing measures.

### ➤ *More engaging deadlines*

**The Commission should set clearer and more engaging deadlines** to the development of implementing measures. Stakeholders should have a clear signal when the end of negotiations takes place. This will speed up the process and ensure more reactivity from concerned stakeholders.

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<sup>1</sup> [http://www.cses.co.uk/ecodesign\\_evaluation/](http://www.cses.co.uk/ecodesign_evaluation/)

<sup>2</sup> [www.coolproducts.eu](http://www.coolproducts.eu)

**The latency between the end of a preparatory study and the first consultation should be limited to 6 months maximum, and the finalisation stage should not take more than 18 months.**

A monitoring system should be put in place where stakeholders can be informed of the real-time progress on the implementing measures. The Commission could present a status quo every 6 months to the Consultation Forum, with clear indication of priorities and deadlines. Deviations from the initial timing could be clarified and discussed.

➤ *Better streamlined consultations*

**The Commission could better structure consultation phases** by using harmonised templates for working documents and pre-defined feed-back forms (where clear questions would be asked and production of evidence harmonised). More coherence and synergy with other consultations such as eco-labelling and green public procurement should be sought.

**A guidance document should be developed to provide clarification and assistance on a number of recurrent horizontal issues.** This would avoid repeated debates and save time. These guidelines could develop templates for non-energy requirements, information requirements, user interface requirements, eco-mode requirements, etc.

**Discussions between manufacturers, NGOs and interested Member States on potential compromises should start as early as possible.** The current process of waiting for a first working document by the Commission and then subsequent versions creates bottlenecks. This will be particularly critical for the revision of existing measures. A clearer framework and conditions should be offered for early negotiations between relevant stakeholders. Robust proposals based on consensus could be adopted more quickly.

For transparency reasons, **Member States should be asked to publish written positions** ahead of votes in the Regulatory Committee and the list of stakeholders they consulted.

➤ *A market monitoring instrument*

A source of the current difficulties in developing implementing measures is the lack of market data (or lack of willingness from industrial stakeholders to provide up-to-date data). This could replicate when discussing the revision of existing implementing measures. This is why **a market monitoring instrument is urgently needed.** Such an instrument would greatly facilitate the development and revision of measures, as well as the introduction of market-conditioned clauses. There are two main options:

The first would be to impose **a mandatory registration of products put on the market.** This exists in Australia already or in the US for the Energy Star program. The main advantage is that one can have access to fresh and complete market data easily. With current IT tools, it does not entail excessive costs or administrative burdens for manufacturers (they could upload the relevant information in one click).

This could be done step by step. Instead of waiting for the Commission to design an ideal system that would fit all product groups in a row (which could take long years to prepare), the registration requirement could be **included progressively in every new or revised implementing measure for priority products.** As an example, the current Ecodesign implementing measure 244/2009 on domestic lighting foresees that a number of lamp characteristics shall be made available by manufacturers '*on the packaging and on free access websites*'. In practise, manufacturers are using many different formats and ways of displaying this information on the internet, which makes systematic comparison and market monitoring impracticable. The solution would be rather to **set a requirement imposing that the technical fiche (or a list of priority characteristics of the products) is uploaded**

**according to a predefined procedure.** The information would then be processed automatically and stored in a single database.

The second option would be to rely on **existing market monitoring organisations**. The company GfK for instance is compiling data about products placed on the EU market. Their current credentials do not allow for tracking many environmental characteristics, and this information is sometimes missing. The Commission would need to sign a partnership with GfK or tender them a service for providing relevant information to the Commission.

In both cases a final processing will be needed to derive a useful information from the raw database or raw files. Some adjustments, regrouping of similar products and correction of discrepancies are always needed before the final data can be exploited. This may be outsourced by the Commission to the JRC or consultants on a yearly or product basis.

➤ *More coordinated market surveillance and higher sanctions*

We are satisfied to see that more attention is paid to market surveillance, and the EU is supporting testing and market surveillance projects under its Intelligent Energy Europe program. More coordination activities and centralisation of test results should be planned. We are still disappointed by the very shy sanctions for free riders. Apart from few exceptions, Member States do little when they spot non-compliant products.

**Fines and sanctions for non compliance should be raised and harmonised in the EU.** In addition, when an inaccurate energy labelling rating has been made, the manufacturer should reimburse the excess in energy consumption to all customers of the model. When a product is not compliant with Ecodesign rules, the manufacturer should collect all the models and reimburse customers.

**Results of tests should be publicised and circulated** to the press and civil society organisations.

## **Higher ambition and dynamism**

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Due to the delays and insufficient market data, several Ecodesign and Energy Labelling measures have been sub-optimal. Some improvements should be considered to increase the impact and dynamism of the measures.

➤ *Targeting the least life-cycle cost earlier*

The Ecodesign Directive currently aims at reaching the least life-cycle cost for the consumer. This level is usually calculated during the preparatory study phase based on data one or two year older. If this level is not implemented relatively quickly, there can be a gap of more than 5 years between the calculation and the implementation. The calculation becomes outdated and there is a risk that the Ecodesign requirement brings much less savings than expected. There is also evidence that the first tiers of Ecodesign measures have so far usually been practically ineffective, because of their very low ambition.

**For these reasons, the first tier of Ecodesign measures should be set directly at the level of the least life-cycle cost** (as calculated in the preparatory study).

➤ *Benchmarks as a middle-term signal to the market*

Benchmarks (i.e. best available technologies) should play a stronger role in driving the market. **Ecodesign measures could systematically include a middle or long-term target at the level of the benchmarks** (so-called 'Top-Runner approach'). Sending such a clear

signal to the market would increase visibility for market players. It would also provide much higher encouragement to reducing the cost of top performing products and stimulating the design of innovative products. Revision and safeguard clauses could be included to revisit the timing of the implementation of this tier or bring adjustment if the benchmarks do not progressively match the least life-cycle point.

➤ *Efficiency versus sufficiency*

Ecodesign requirements and Energy Labels have so far mostly focused on the efficiency of a product within its specific size, load, volume range or level of functionality. This increases the relative efficiency but does not address the absolute consumption level of the product. As the eceee report 'is efficient sufficient?' has shown<sup>3</sup>, we need to do more to achieve a truly sustainable economy. This suggests that Ecodesign regulations and Energy Labels should ensure that large high-consuming products are not unduly promoted (even if they are efficient in their range). The bar should be more difficult to pass for them. There are at least two options to achieve this:

On the energy labels, **the annual absolute consumption should be more prominently used to rank and compare products**. Consumers should not be only driven by efficiency.

For products performing a main indivisible functionality (e.g. fridges, TVs, washing machines, tumble driers, air-conditioners...), **Ecodesign requirements and labels should be designed in a way that passing the bars becomes increasingly difficult for high consuming products**.

➤ *Greater focus on non-energy aspects*

Reasons for neglecting non-energy environmental aspects in Ecodesign and Energy Labelling measures have been largely discussed. One side of the story is the debate on the 'significance' of environmental aspects. The other side is the difficulty to set requirements on aspects that have been poorly documented or insufficiently investigated in the past. After years of complains and suggestions, we are satisfied to see that some (still shy) activities are considered.

The work from the JRC commissioned by DG Environment on resource efficiency metrics for products is an interesting first step to develop a proper tool to set information and minimum requirements in the future. **We encourage all DGs of the Commission and Member States to support this work and help securing a quick implementation.**

Other ideas should be considered:

**The use of horizontal measures for non-energy aspects should be investigated and included in the next Ecodesign Working Plan.** For instance a horizontal Ecodesign measure covering electronics and IT products could set requirements on the recyclability, recoverability of critical material, easy dismantling, and use of chemicals such as flame retardants. There is some sense in considering these aspects horizontally across one sector.

Ecodesign preparatory studies should analyse in more details the **main drivers of the lifetime of products** (e.g. metal connectors for lightbulbs, bearing for washing machines, etc.). Bonus/malus mechanisms and mention on labels could be used to reward those manufacturers making specific efforts to reinforce the critical parts/components of their products or facilitate reparability in order to increase product lifetime.

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<sup>3</sup> <http://www.eceee.org/sufficiency>

Technical advisory committees open to stakeholders should be established to develop **measurement standards and metrics to help decision-makers move forward with non-energy aspects**. This could be the role of the in-house or JRC experts supporting the development of implementing measures. Standardisation could be involved: the horizontal Ecodesign mandate M/495 to CEN and CENELEC could already include related work for a list of agreed non-energy aspects.

## **Revision of the Ecodesign and Energy Labelling Directives**

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On top of the aforementioned immediate improvements, the discussion should start on the revision of the Ecodesign and Energy Labelling Directives.

For many reasons it seems relevant to **revise the Energy Labelling and Ecodesign Directives jointly. This revision should be prepared in 2012 and 2013, with a final decision by 2014**. The review and revision process should be launched sufficiently early in 2013 to avoid disruption with the European elections in June 2014.

As regards the specifics of these revisions, three main objectives will be to:

- discuss the extension of the scope to non-energy related products
- further secure a faster, more ambitious and more dynamic process for the setting and revision of Ecodesign requirements.
- find a better and longer-term solution for the Energy Labelling, avoiding the multiplication of classes with pluses. There are already A+++ products on the market in some categories.

This will require in particular:

- additional provisions to reinforce the '*Top-runner approach*', for instance **a stronger and more usable definition of benchmarks** that can be systematically used for setting longer-term Ecodesign tiers and Energy Labelling references.
- **clearer targets assigned to these Directives**, in order to better structure and monitor the implementation process.
- With respect to the scope, the Energy Labelling and Ecodesign policies have been so far focused primarily on energy-related products and energy consumption in the use stage. **The extension of the scope to non-energy products is a pertinent objective, however it should not disrupt the current implementation process and should be matched with appropriate resources in the Commission.**

Environmental NGOs will provide more detailed recommendations on the revision of the Directives when the political process is launched.

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