



Complex STB Voluntary Agreement



The link
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Consultation Forum meeting
Brussels

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- **Voluntary Agreements – setting the scene**
- **The Case of Complex STBs**
- **Benefits and Costs of Voluntary Agreements**
- **Ways to improve their efficacy**

Overview of Complex Set-Top Boxes

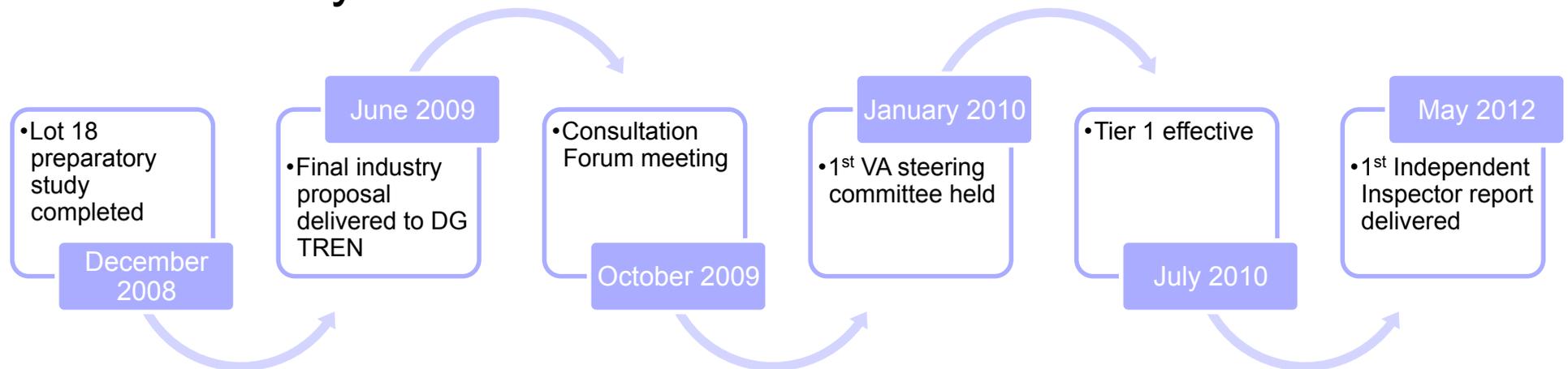
- What's a Complex STB (CSTB)?
 - A CSTB is a standalone device equipped to allow conditional access (CA) that is capable of
 - Descrambling and processing data from digital broadcasting streams and related services (primary function)
 - Typically used by vertical (pay TV) market
 - Connected and adapted to a service provider's pay TV network
 - Hardware and software specified by the pay TV provider and produced by designated manufacturers
 - Different types of CSTBs – DTT, satellite, cable, IPTV, hybrid
 - Different functionalities – zappers, return path, hard disk, multiple tuners, HD, 3D etc

The Complex STB VA - Background [1]

■ How was the VA developed?

- In 2008, the Pay TV Industry started developing a proposal prior to the end of the Lot 18 preparatory study

■ Summary timeline



- CSTBs VA is managed by the Industry Steering Committee
- Operating without legal certainty

The Complex STB VA - Background [2]

- Meeting Annex VIII of the Ecodesign Directive
 - The Commission explanatory notes to the 2009 CF meeting explained how the CSTBs VA met the criteria in Annex VIII of the Directive
- These provide a useful basis on which to assess the “price” of a VA

Openness of participation

Added value

Representativeness

Quantified and staged objectives

Involvement of civil society

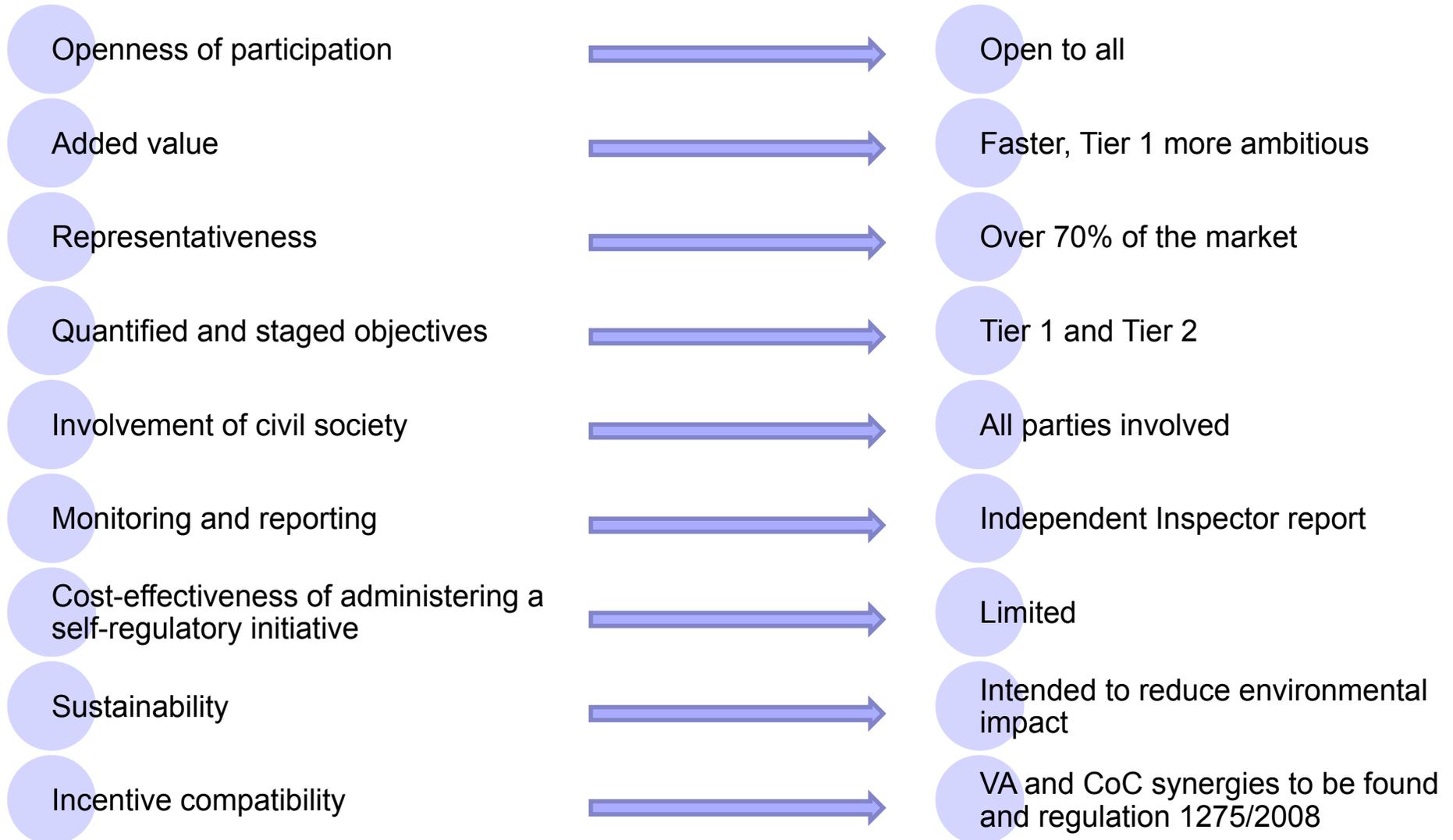
Monitoring and reporting

Cost-effectiveness of administering a self-regulatory initiative

Sustainability

Incentive compatibility

The Complex STB VA - Background [3]



The Complex STB VA – Signatories

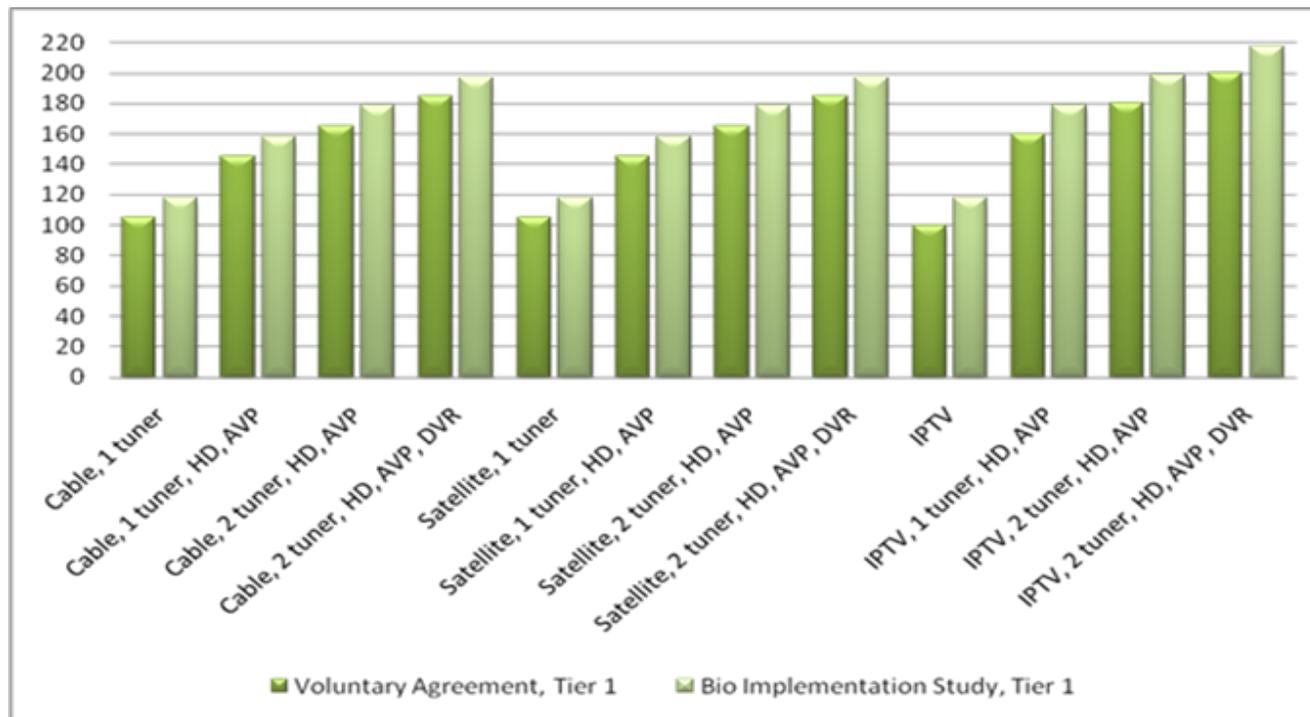
- Holistic approach: involves all players in the pay TV CSTB chain



- Flexibility and scope for innovation

The Complex STB VA – Level of Ambition [1]

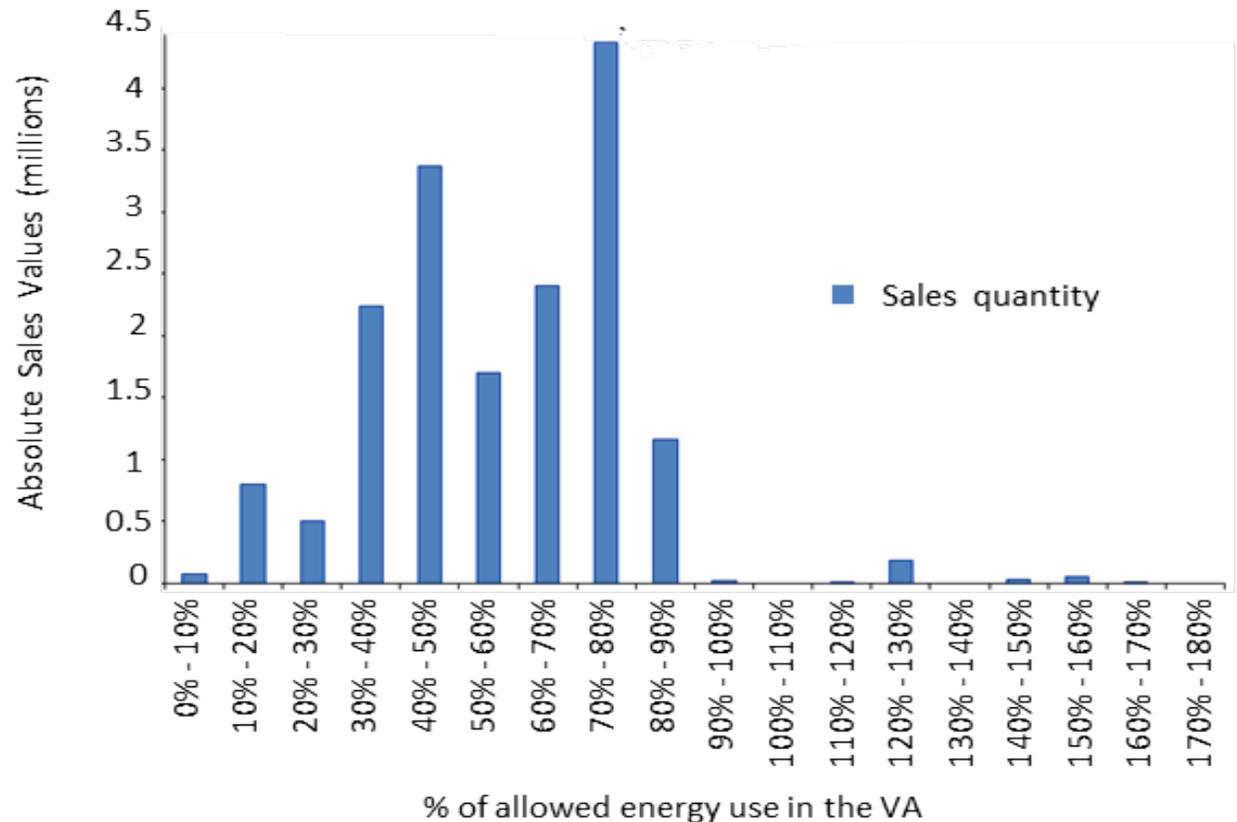
- Environmental ambition
- Higher than Lot 18 study



- Independent Inspector Report confirms even more was achieved

The Complex STB VA – Level of Ambition [2]

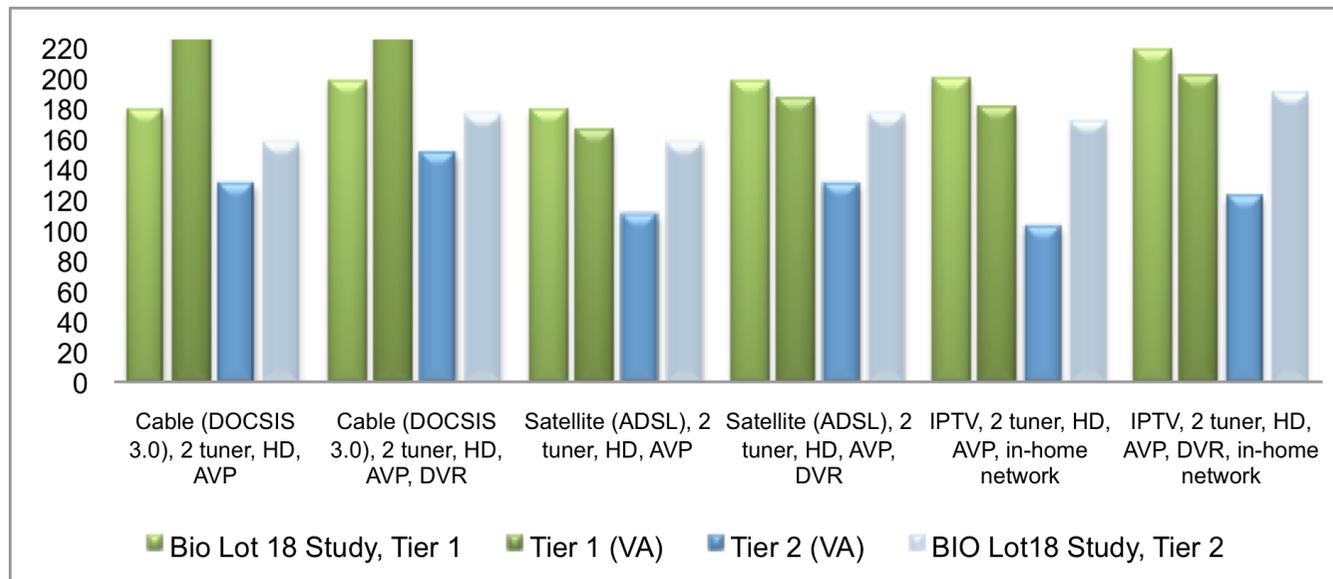
- The Independent Inspector Report for the 1st reporting period was published in May 2012
- It shows that the vast majority of CSTBs consume 80% or less of the energy allowed.
- This level of information is not available for an IM and a special survey or study to review the effectiveness of an IM would be required to obtain it.



The Complex STB VA – Level of Ambition [1]

Environmental ambition

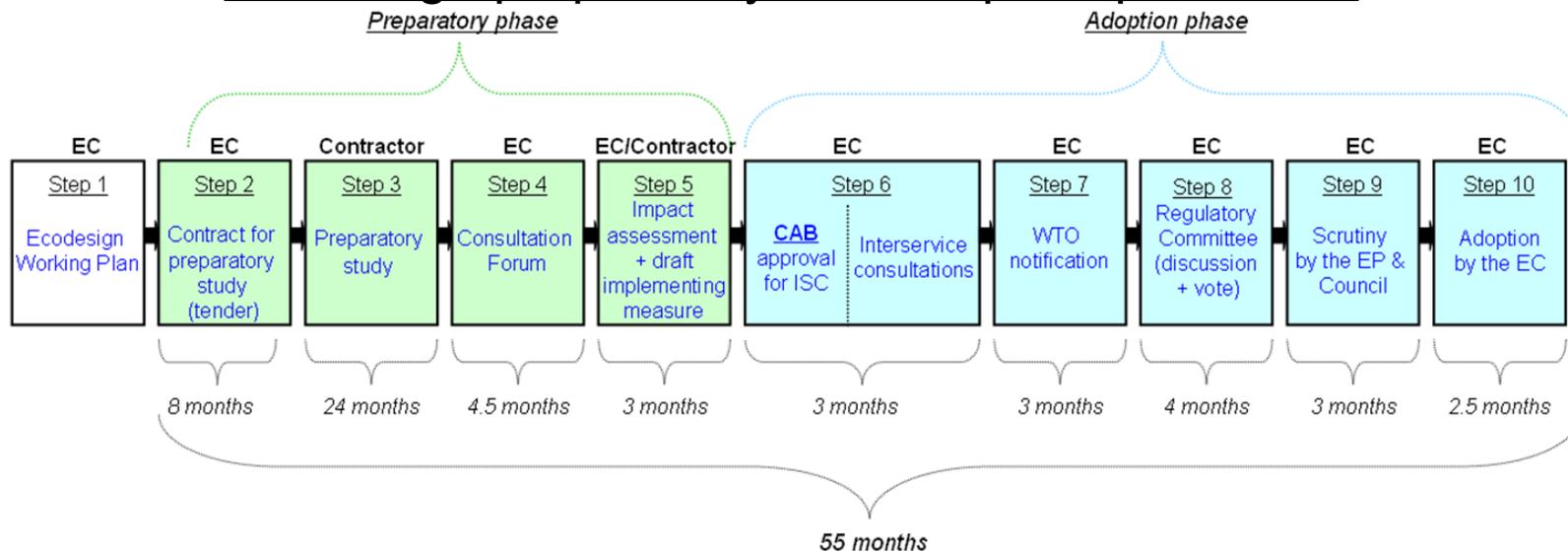
Tier 2 July 2013



The Complex STB VA – Speed of Implementation

- Tier 1 of the VA came into force about 1 year from delivery of the industry proposal to the Commission. In contrast, an Implementing Measure is likely to take more than 2.5 years before coming into force

Ecodesign preparatory and adoption procedure



The Complex STB VA – Market Coverage and Compliance [1]

- IHS Screen Digest study January 2012
 - CSTB VA signatories accounted for 77% of the total market for CSTBs forecast to be shipped in the EU in 2012
 - Coverage exceeds the 70% stipulated in the Commission Guidelines
 - Since January, 2 major CSTBs manufacturers have signed the VA, potentially taking the market coverage to about 80%
- The Ecodesign Evaluation Report undertaken for the Commission reveals that “the level of non-compliance [for an IM] is in the range of 10 – 20%”
 - Refutes the common misconception that the existence of a legal instrument means 100% compliance

Thus, the VA for CSTBs is at least as effective in compliance terms as an IM, despite concerns which are expressed to the contrary

The Complex STB VA – Market Coverage and Compliance [2]

- Effectiveness of market surveillance versus Independent Inspector
 - The Evaluation Report and many Member States acknowledge that market surveillance of IMs and enforcement action is hampered by lack of resources
 - Contrasts with the VA, where signing means reporting of information and, therefore, surveillance and transparency of compliance is automatic
 - With the report being publicly available non-compliance creates immediate potential damage to corporate reputation.
 - Companies can be identified readily because the signatories, together with information on compliant models of CSTBs, are made public

Thus, it can be argued that a VA gives a greater, and more accessible, level of transparency about compliance

The Complex STB VA – Harmonisation of Enforcement

- The Ecodesign Directive does not provide for harmonisation of enforcement, including sanctions, and while the requirements of an IM may be the same across all 27 Member States, the enforcement process and penalty for non-compliance may differ

The VA offers industry a distinct advantage in that it has one harmonised enforcement and sanctions process

Disadvantages of a VA [1]

- The Commission's view of the non-legal status of a VA gives rise to disadvantages
 - Not a Single Market instrument
 - Potential risk of regulatory intervention by individual Member States

Disadvantages of a VA [2]

- Requirement to comply with the horizontal Regulation 1275/2008
 - Significantly constrains the flexibility available in the total energy consumption approach used in the VA
 - It states that it is the manufacturer who is responsible for claiming „inappropriate for intended use“ with the CE marking
 - There are differences – sometimes significant – between the energy consumption of the same CSTB made available by a manufacturer and by a service provider
 - This reflects the fact that, in deploying a CSTB, service providers include functionality to enhance their products and compete for customers

Results in a lack of consistency and clarity, leading to confusion

Costs of a VA

- The costs for the industry are higher
 - Annual maintenance fees
 - Resources to maintain document, attend meetings and provide the information for the report
- The costs for the Commission of maintaining a VA may be lower
 - It does not involve the costs associated with the review of an IM as it is structured as an evolutionary self-regulatory mechanism

Thus, the resource demands now being placed on the Commission as it embarks upon the review of IMs can be avoided

Ways to Improve Efficacy [1]

- Experience with VAs is so far limited, but some lessons can still be drawn
 - The task of extending market coverage could be supported by the Commission and Member States through publicity on websites, local contacts, etc
 - Better communication to minimise or eliminate the confusion about the primary ecodesign instrument, which is the VA, and not the JRC CoC
 - Some clarification of reporting requirements, including timescales for reporting, is required

Ways to Improve Efficacy [2]

- Experience with VAs is so far limited, but some lessons can still be drawn
 - The path finding nature of the VA for CSTBs and the participation of many companies from different countries with different approaches to regulatory and environmental matters has required a more flexible, ad hoc approach to the management of the VA for CSTBs than may be desirable
 - it could be helpful for stakeholders in other VAs or potential VAs to be able to avail themselves of the CSTBs VA experiences and vice-versa. The Commission or the industry could facilitate exchanges
 - The extent to which non-industry requests can be accommodated has to be decided by the Steering Committee which is ultimately responsible for the success of the VA

- The VA for CSTBs exceeds Commission Guidelines
- Giving the VA quasi-legal status would remove uncertainty and conflicts
 - Leading to improved market coverage and
 - Environmental benefits
- Voluntary Agreements are not an easy ride!
 - It can be onerous for the industry



Thank you!

David Daniels,
CSTB VA Chairman