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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

**Review of Directive 2010/30/EU of the European Parliament and of the Council of 19
May 2010 on the indication of labelling and standard product information of the
consumption of energy and other resources by energy-related products**

{SWD(2015) 143 final}

1. PURPOSE OF THE REPORT

The Energy Labelling Directive (2010/30/EU)¹ requires the Commission to evaluate the effectiveness of the Directive and submit a report to the European Parliament and Council by 31 December 2014. The Directive also requires a report on the delegation of powers by 19 June 2015, and a synthesis of the national market surveillance reports that the Member States have to submit every four years.

The 2012 report² on the review of the Ecodesign Directive (2009/125/EC)³ concluded that an immediate revision of that Directive was not necessary, but that specific aspects for which insufficient information was available at the time of the review could be reassessed in the review of the Energy Labelling Directive in 2014, such as the effectiveness of implementing measures and harmonised standards and a closer coordination between the implementation of two Directives.

This report fulfils these requirements.

2. ASSESSMENT OF EFFECTIVENESS, EFFICIENCY, COHERENCE, EU ADDED VALUE AND RELEVANCE

The objectives of the Energy Labelling and Ecodesign Directives are:

- Increasing energy efficiency of products and the level of protection of the environment
- Free movement of energy-related products in the European Union
- Providing consumers with information that allows them to choose more efficient products

Evaluation of the policy⁴ reveals that:

1. The ecodesign and energy labelling measures in place are effective in that they bring tangible and substantial energy and cost savings. Ex-post evaluation during the reviews of specific energy labelling measures in place since the 1990's showed rapid market transformation towards more efficiency in most labelled product groups. The implementation of the two Directives is estimated to save 175 Mtoe primary energy per year by 2020 (around 15% of these savings are due to energy labelling measures, bearing in mind that around half of product groups are only covered by ecodesign). This corresponds to 19% savings with respect to business-as-usual energy use for those products. These policies will deliver almost half of the 20% energy efficiency target by 2020. Dependency on imports of energy would be reduced by 23% and 37% for natural gas and coal, respectively. In total, the ecodesign and energy labelling measures in place to date

¹ OJ L153 of 18.6.2010, p. 1

² COM(2012) 765 final

³ OJ L285 of 31.10.2009, p.10

⁴ See Evaluation Report by the Commission (SWD(2015) 143)

are estimated to save end-users of products 100 billion euro per year in 2020 through lower utility bills (translated to 400-500 euros yearly savings in each household).

2. There are no obstacles to the free movement of energy-related products in the European Union internal market.
3. Benefits outweigh the costs, both for businesses and for society as a whole. While the costs of requirements and labelling will fall on manufacturers in the first instance, these are then passed through to the end-users (households and other businesses) who benefit from cost savings from reduced energy use, which considerably outweigh the upfront purchase costs. Detailed data for the EU as a whole are not available. For the UK the benefit to cost ratio has been estimated at 3.8 for the regulations in place in 2012.⁵
4. The vast majority of consumers (around 85%) recognise and understand the energy label, and use it in their purchasing decisions.
5. The introduction of A+ and higher classes under the 2010 Energy labelling Directive reduced the effectiveness of the energy label in motivating consumers to buy more efficient products. The design amendment that uses additional pluses to indicate higher efficiency classes beyond the A class is less effective in motivating the purchase of higher efficiency products than the original A to G scale. While consumer research shows that the new label scale is understandable for consumers, it has reduced their willingness to pay more for more efficient products, because they are less motivated by a difference between A+ and A+++ than by a difference between C and A.⁶ Some of the pictograms used to represent other parameters in the label are also difficult to understand, for example the 'switch logo' on the television label and the drying efficiency on the dishwasher label.⁷
6. There is a trend towards purchase of larger products, which are efficient and thus achieve a high energy class, but have much higher absolute energy consumption than smaller appliances of the same type.
7. Weak enforcement by national market surveillance authorities contributes to non-compliance, reducing the envisaged energy savings by an estimated 10%. See also Section 3.

⁵ Compared to an average of 3.0 for a range of 17 environmental policies. The ratio includes the costs for manufacturers of producing labels and meeting the requirements, the costs for enforcement and the financial savings to final consumers from reduced energy consumption. It does not include benefits that are hard to quantify, such as the higher profit margins on more expensive efficient products, the stimulation of innovation, the contribution to energy security, and removing competition from poor quality cheap products from the market through a level playing field. UK Department for Environment, Food and Rural Affairs, Emerging Findings from Defra's Regulation Assessment First update covering 2012, February 2015.

⁶ More details in *London Economics & Ipsos Mori, A study on the impact of the energy label – and of potential changes to it – on consumer understanding and on purchase decisions, 2014.* <http://ec.europa.eu/energy/en/studies>

⁷ Ecofys, Evaluation of the Energy Labelling Directive and specific aspects of the Ecodesign Directive: Background report I: Literature review, December 2013.

8. Measures for some products have shown levels of ambition that are too low compared to what is technically and economically feasible.
9. Although some measures have addressed environmental impacts other than energy in the use phase, potential for further reduction of such impacts exists, for example on aspects of durability, reparability, reusability, recyclability, and recoverability, recycled content, use of priority materials, hazardous substances.
10. In terms of efficiency, the rulemaking process is too long (on average 49 months), sometimes leading to outdated technical and preparatory work at the time of policy decisions, especially for fast developing electronic products.
11. The two Directives are complementary and their implementation is largely done in a coherent way.
12. For a number of products, the lower classes of the energy label are unpopulated, because ecodesign measures have banned low-performing models and manufacturers have responded to technological progress by making ever more efficient products. For a number of product categories, the problem also relates to higher classes. In the most extreme cases of washing machines, fridges and dishwashers the energy label currently displays A+++ to D classes, but only A+++, A++ and A+ appliances can still be placed on the market. Without a full A-G comparison the relevance of the label to consumers is undermined.
13. EU-added value derives from the harmonised regulatory framework bringing down costs for manufacturers and making the EU a trendsetter in international regulatory and standardisation efforts.
14. The policy has continued relevance in reaching the EU's energy efficiency target beyond 2020. It can also contribute to resource efficiency and the circular economy.
15. Consumer information remains essential in the digital era. The energy labelling regulations have recently been adapted to show the energy label also on the internet.⁸
16. As regards the contribution of the requirement for advertisements to contain a reference to the energy class (article 4(c)), this effect could not be quantified but the evaluation found that it did address an information failure in the market.
17. The requirements for public procurement (article 9(1)) were already evaluated in 2011 and, as a result were deleted from the Energy Labelling Directive and taken up in modified form in the Energy Efficiency Directive⁹.

⁸ Commission Delegated Regulation (EU) No 518/2014 of 5 March 2014 amending Commission Delegated Regulations (EU) No 1059/2010, (EU) No 1060/2010, (EU) No 1061/2010, (EU) No 1062/2010, (EU) No 626/2011, (EU) No 392/2012, (EU) No 874/2012, (EU) No 665/2013, (EU) No 811/2013 and (EU) No 812/2013 with regard to labelling of energy-related products on the internet - OJ L 147, 17/05/2014 – p 1-28

⁹ Directive 2012/27/EU, OJ L315 of 14.11.2012, p.1

18. From media coverage in recent years, it is clear that the benefits of the policy have not been sufficiently communicated.

3. SYNTHESIS REPORT ON MARKET SURVEILLANCE

Member States submitted reports to the Commission in 2014 on their market surveillance activities 2009-2013, based on a template provided by the Commission.

The information submitted shows that in 2009 and 2010, about a third of the Member States undertook little or no market surveillance activity on energy labelling and ecodesign. The Commission has engaged with Member States on this issue and the number of Member States with low activity is decreasing.

The number of inspections and the number of product models inspected has significantly increased in the period 2009-2013, as ecodesign and energy labelling measures have covered more and more product groups during those years. The number of Member States testing products in laboratories increased from only a handful to almost half of them. Although product testing is only one way to check compliance, it is an essential instrument as it is ultimately the only way to establish whether a product meets the minimum ecodesign requirements and/or indicates the correct energy label class. One reason that not all Member States test products in laboratories is that it is expensive. That is probably also the reason why a large share of tests concern smaller appliances such as external power supplies and lamps, and compliance with standby and off-mode requirements.

The level of compliance found by market surveillance authorities varies by Member State, by product and by year. 5% to 40% of products are found to be offered for sale without the energy labels or with the label displayed incorrectly (e.g. not clearly visible, wrong label, indications on the label not matching laboratory test). In the case of ecodesign, typically 10-50% of products inspected and/or tested are found to be non-compliant. However, the level of non-compliance found by authorities is usually higher than the overall level of non-compliance in the market, because market surveillance targets brands and shops with a known history of or a suspected high non-compliance. Overall, non-compliance in the market can be estimated at 20%, leading to some 10% of envisaged energy savings being lost (16 Mtoe primary energy per year).

4. DELEGATED POWERS

Ecodesign and Energy Labelling are both framework Directives that set out general rules and principles, empowering the Commission to adopt more detailed acts in coordination with the Member States. Both Directives set out the conditions for the exercise by the Commission of this power. Under the Energy Labelling Directive these acts take the form of delegated acts¹⁰ which are discussed by the Member States in an expert group, whilst for ecodesign these are implementing measures adopted under the 'comitology' procedure with majority voting by the Member States in a Regulatory Committee. A delegated act on energy labelling of a particular product is usually adopted in parallel with an ecodesign implementing measure laying down minimum energy efficiency requirements for the same product group to ensure a coherent impact of the two measures.

¹⁰ Article 290 TFEU

The Expert group on Energy Labelling was established by the Commission in December 2012¹¹, replacing the Regulatory Committee on the Energy Labelling of Energy-using products which existed under the original energy labelling Directive 92/75/EEC. The expert group discussed all the energy labelling measures adopted so far under Directive 2010/30/EU, thus ensuring the Member States are properly consulted. To date, 12 delegated acts¹² on energy labelling have been adopted. After the adoption of energy labelling delegated acts by the Commission neither the European Parliament nor the Council has to date issued any objection to the delegated act within the four-month objection period. The delegated acts were then published in the Official Journal of the European Union and came into force soon after.

The Commission considers that the delegation of powers with respect to energy labelling effectively contributes to the establishment of the necessary detailed rules on the energy labelling of products and appliances. Moreover, it deems that it has exercised its delegated powers under the energy labelling Directive correctly.

5. CONCLUSIONS

Based on the outcome of the evaluation, the Commission considers that a revision of the Energy Labelling Directive is appropriate. A legislative proposal for the revision of the Energy Labelling Directive accompanies this report, in particular to address the decreased effectiveness of the label (points 5 and 12 of Section 2) and the weak enforcement (points 5 and 7 of Section 2, Section 3).

With respect to the Ecodesign Directive, addressing the issues identified during the evaluation requires no legislative changes. In particular, addressing environmental impacts other than energy in the use phase (e.g. durability, recyclability, reparability) can be taken up more systematically under ecodesign measures without the need for changing the legislative framework.

To improve the understanding of the energy label (Section 2, point 5), the Commission intends to carry out consumer testing when developing product-specific energy labels, in particular to ensure any pictograms and the label as a whole are comprehensible.

To improve enforcement (Section 2, point 7), the Commission also intends to facilitate further cooperation between national market surveillance authorities through the Administrative Cooperation ('ADCO') groups on ecodesign and on energy labelling and through dedicated joint projects, such as the EU funded project 'EEpliant'¹³.

To address the challenge of the long rulemaking process identified in Section 2 (point 10), the Commission intends to notify draft delegated regulations to Members of the

¹¹ Expert group code E02854

¹² https://ec.europa.eu/energy/sites/ener/files/documents/list_of_energy_labelling_measures_3.pdf. Note that one further energy labelling measure has been adopted amending the existing regulations as regards showing the energy label on the internet.

¹³ http://www.prosafe.org/images/Documents/EEPLIANT/EEPPLIANT_Press_release_v2.pdf

World Trade Organisation pursuant to the Agreement on Technical Barriers to Trade at an earlier stage in the process, in parallel with consulting the Consultation Forum.¹⁴

For electronic products, the challenges related to the fast development of the market (Section 2, point 10) and the absence of a clear relationship between purchase price and energy efficiency merit a specific in-depth review. The Commission plans to carry out this review in the context of the upcoming evaluation of the EU Energy Star programme in 2016, by addressing also electronic equipment not covered by the programme.

Finally, the Commission will continue with enhanced communication activities around the product-specific ecodesign and energy labelling measures in an effort to improve public knowledge and acceptance of the policy.

¹⁴ Currently, the WTO is notified following the inter-service consultation in the Commission. Invitations to the regulatory committee and to the Energy Labelling expert group cannot be sent before the end of the 60-day WTO notification period. The process is thereby effectively placed on hold for three to four months due to the WTO notification.