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**COMMISSION STAFF WORKING DOCUMENT**

*Accompanying document to the*

Proposal for a

**DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

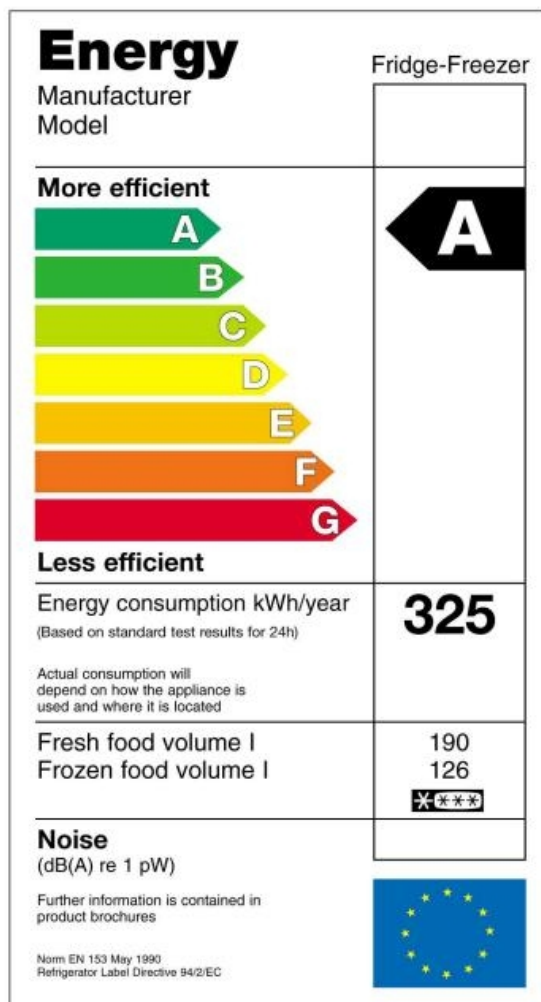
**on the indication by labelling and standard product information of the consumption of  
energy and other resources by energy-related products**

**SUMMARY OF THE IMPACT ASSESSMENT**

{COM(2008) 778 final}  
{SEC(2008) 2862}

## EXECUTIVE SUMMARY

This Impact Assessment accompanies the proposal for the recast of the 92/75/EEC “Energy Labelling Directive for Household Appliances”<sup>1</sup> (hereafter ELD). The recast of the ELD is one of the elements of the Action Plan on Sustainable Consumption and Production and on Sustainable Industrial Policy (SCP/SIP).



The ELD, which was adopted in 1992, requires retailers to display a comparative label showing the level of energy consumption of household appliances to consumers at the point of sale. It is estimated that energy labelling has contributed to annual energy savings in the order of 3 Mtoe<sup>2</sup> corresponding to emission reductions of some 14 Mt of Co2 annually over the period 1996-2004.

The energy label is compulsory for those products covered by implementing measures under the framework ELD. The energy labelling scheme has been successful in contributing to pull the market of household appliances towards more energy efficient products. It provides useful

<sup>1</sup> Council Directive 92/75/EEC of 22 September 1992 on the indication by labelling and standard product information of the consumption of energy and other resources by household appliances.

<sup>2</sup> This does not take into account energy savings from related self commitments by Ceced (white goods) and Eicta (TVs)

and comparable information to consumers, allowing them to consider investing in better performing appliances in order to realize savings in taking into account the running costs (mainly energy consumption in use).

It also helps manufacturers to position their products on the market and get some payback on their investments for introducing better and more innovative appliances. The scheme is therefore considered as a win-win instrument for consumers, industry and the environment.

As announced in the Action Plan on Sustainable Consumption and Production and on Sustainable Industrial Policy (SCP/SIP), the ELD together with the Ecodesign Directive could deliver more savings in energy and reduction of environmental impacts, if extended to all energy-related product groups (products that have an impact on energy consumption during use).

The current ELD is a framework that mandates the Commission (assisted by a Regulatory Committee) to adopt labelling implementing measures for specific household appliances<sup>3</sup>. For these, an upgrade of the existing labels is being prepared for adoption in 2009 and 2010.

The impact assessment of the SCP/SIP has shown that the limited scope of the ELD restricts its potential to further mitigate climate change and contribute to the EU-wide target of 20% energy efficiency gains by 2020 and achieve the goals of sustainable production and consumption. This impact assessment report therefore analyses further whether the scope and functioning of the ELD can be reinforced, how this can be done and what impacts it could have. However, as the ELD is a framework Directive with no direct impact on products, the environmental, economic and social impacts can only be quantified in detail for those implementing measures to be adopted on specific products. Accordingly, the potential advantages and disadvantages of the possible revision are considered in the light of a number of selected priority product groups with significant environmental impacts and for which labelling appears to be a relevant policy instrument.

For the functioning of the ELD, the aim is to seek increased effectiveness of the ELD and its implementing measures while reducing the administrative burden, and explore the use of ELD as a framework for harmonised mandatory public procurement and incentives in the Internal Market.

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<sup>3</sup> Refrigerators, freezers and their combinations, washing machines, driers and their combinations, dishwashers, ovens, water heaters and hot-water storage appliances, lighting sources and air-conditioning appliances.

Four policy options are considered as follows:

- (1) No policy change, with two sub-options:
  - (1a) BaU - business as usual,
  - (1b) BaU + 1 - full implementation of the current ELD scope.
- (2) Non-regulatory action.
- (3) Amend the Directive - full implementation of the current ELD scope, plus coverage of all energy-related products, excluding means of transport.
- (4) Repeal the Directive and implement its provisions within the Ecodesign Directive - full implementation of the current ELD scope, plus coverage of all energy-related products, excluding means of transport.

It is estimated that the policy option 1b (fully implement the current framework) could lead to, based on the considered priority appliances, savings of some 22 Mtoe by 2020, corresponding to emission savings of about 65 Mt of CO<sub>2</sub>. More than half of these savings would come from the heating and water heating appliances alone, which have not yet been addressed under the ELD. The rest of the savings would come from the upgrading of the existing eight measures, and from a new measure on televisions.

Policy option 2 (voluntary agreements/self commitments) would have advantages in adding little administrative burden to the business and administrations, depending on the way of implementing the non-regulatory action, but would fully rely on the feasibility and willingness from industry, which has rejected this option (CECED<sup>4</sup> and EICTA<sup>5</sup>). The capacity of this policy option to contribute to further energy savings was considered marginal at best.

Policy option 3 (fully exploit current framework and extend the scope to all energy-related products) involves some administrative burden for the recast but would save some €4 million in transposition costs for every upgraded or newly developed implementing measure if implementing Directives were replaced by implementing Regulations. It is estimated that broadening the scope of the ELD to energy-related products could lead to additional savings of some 27 Mtoe by 2020<sup>6</sup>, corresponding to emission reduction of close to 80 Mt of CO<sub>2</sub> in comparison to BaU. This represents additional savings of some 5 Mtoe against the policy option BaU +1 alone from the three priority product groups considered (commercial heating and refrigeration and windows). More precise knowledge on the savings potential of these products will be available from the Ecodesign preparatory studies followed by product specific impact assessments. Additional changes like introducing provisions on the legal protection of the use of the label, clarifying information requirements and introducing a framework for mandatory public procurement and incentives would further reinforce the effectiveness of the scheme as well as increase the savings.

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<sup>4</sup> European Committee of Manufacturers of Domestic Equipment

<sup>5</sup> European Information & Communications Technology Industry Association

<sup>6</sup> The figure is composed of the estimated 22 Mtoe savings by 2020 from the full implementation of the ELD and of some 5 Mtoe additional savings from the broadening on the scope, based on considerations on three priority product groups (windows, commercial refrigeration and heating appliances).

Policy option 4, repeal the ELD and implement energy labelling within the Ecodesign Directive, could lead in theory to the same level of savings as policy option 3 and would reduce the number of regulatory instruments, but could hardly be considered as simplification. This is due to the different nature of the legal instruments: the Ecodesign Directive bans the less performing products regarding their global environmental performance focusing on all environmental aspects throughout the lifecycle of the product. The ELD provides an energy label showing to consumers the energy efficiency performance of the product during the use phase (and relevant use of other resources (like water) where relevant).

The analysis and comparison of the policy options indicates that the options 1b and 3 are the most cost-efficient and suitable options with strongest stakeholder support to achieve the policy objectives.

Monitoring and evaluation is proposed in the framework of Action Plan on Sustainable Consumption and Production and Sustainable Industrial Policy in coordination with Ecodesign, Ecolabel and other related instruments.