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ENERGY EFFICIENCY LABELLING PROPOSAL

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INTRODUCTORY REMARKS

*RESCALING:
HOW TO MAKE SURE THAT THE CONSUMER CAN TRUST THE LABEL?*



Viktor SUNDBERG, Vice President Environmental & EU Affairs, Electrolux

“Rescale: How to make sure that the consumer can trust the E-label?”

I will split this question in three parts:

1. Confusion among consumers can ruin trust. How to avoid confusing the consumer?

The label has not been rescaled since its introduction in 1995.

This very long stability has provided credibility and is one of the major reasons for its success, however we have now come to a stage where a revision is highly needed as, for some products such as washing machines, differentiation is currently lacking with a majority of the products in the top energy efficiency class, or even outside the top class. Each rescaling will create confusion. Minimize the number of rescalings over time.

It is proposed to construct the new A-G scales so that further rescaling should not be needed more often than every 10 years. This will provide stability and secure future success.

The proposed legal text additionally specifies that energy class A and B should be unpopulated just after a rescaling. This is partly contradicting the overall objective for 10-year stability. For some product categories leaving only one class empty may be sufficient, while for some other product category class A, B and C may have to be left empty. This part of the legal text needs to be modified. For the legal text to be consistent it needs to say: to achieve the 10-year stability one or more of the top class(es) should be left empty when a new A-G scale is created.

2. Trust can also be ruined by arguing that the Energy label anyway does not show the real energy consumption

Can an E-label show the consumption that I will have when I use a specific appliance at home?

No, it cannot. Even so we should explain that the E-label is a good tool to identify the most efficient appliances, instead of creating unnecessary doubts on the E-label.

Every consumer is using the appliances differently, but the E-label can only describe the consumption for a fixed scenario. These scenarios are specified in the measurement standards and to some extent in the legislation.

One example: For washing machines, external factors such as the incoming water temperature, influence the energy consumption (the colder the incoming water, the more energy the washing machine will consume as more energy will be needed to heat the water). The measurement standard specifies that the measurement for the E-label is done with 15°C incoming water temperature. Water in homes is not always 15°C.

The measurement standards aim to reflect the average use of most consumers. The standards are updated if the general user behavior changes or if there is a need to improve some parts. That work needs to continue to ensure the credibility.

An E-label relies on having a measurement standard to evaluate the products. Removing the standard means the E-label does not function at all.

There will always be assumptions and generalizations of the measurement standards that can appear absurd and attract attention.

This applies even if the standards are improved.

3. Trust is provided by preventing that E-labels are incorrect

The Commission has proposed to introduce an EU database where producers should enter the technical documentation and performance data for each model sold in the EU. It is argued that such a database would improve the compliance of E-label declarations. We strongly doubt this and consider that the database may instead become counterproductive with the objective of improving E-label declarations.

What happens if:

- an actor does not register his product in the database at all?

(while the appliance is anyway sold in the shops)

- an actor deliberately enters misleading data in the database?

(the numbers in the database all look ok, but in reality the product has different performance)

If future compliance control will be performed by reviewing data in the database (which is the purpose of the database according the Commission), the introduction of the database risk to become a further competitive advantage for unserious actors. By entering incorrect data in the database, or not at all registering your product in the data base, actors can avoid further controls of the products. This ruins the overall trust in the E-label.

We doubt if any data indicating non-compliance would be found in such a database. Most likely all data in such a database will appear as correct.

Only testing of products taken from the market can verify real compliance.

This is the role of National enforcement authorities

This provides trust in the label.

A different EU database could probably be a helpful tool: A database for the enforcement authorities, where they can share results of their compliance controls and coordinate their compliance control activities, to better use the available National resources.

In the EU product declarations are based on producer self-declarations. Thirds party certification, which is used e.g. in the US, can verify if a product prototype is correctly labelled, but it does not prevent that the ongoing production delivers incorrectly labelled products.

Thank you for your attention.



Kai LÜCKE, Vice President External Affairs, Governmental and Political Relations, Bosch

The EU Commission is currently reviewing the Energy Label Framework Directive. The review is supposed to set cornerstones for the (re)design of the EU energy label. The Bosch Group is strongly affected, notably with heating and household appliances.

1. Rescaling

Bosch strongly supports the energy label as it pushes innovation and energy efficiency. The label has introduced transparency and allows the consumer to choose the most innovative product.

Bosch sees the necessity to act in specific product groups, but does not support a general rescaling approach. Every rescaling decision has to be based on a case-by-case decision.

If a rescaling is inevitable, according to defined conditions, the following is proposed:

- When a label is introduced or rescaled the estimated time within which a majority of models falls into class A should be at least ten years
- If a label is rescaled, +-classes should be abolished

2. No one-size-fits-all-solution

For some household appliances a rescaling and a return to an A-G scale is supported, as washing machines for instance range only in +-classes.

For heating products a rescaling is counterproductive for energy efficiency. A rescaling would result in condensing boilers drop to the orange or red scale (labelled 'C' or worse) and therefore hamper the replacement of inefficient installations – the state-of-the-art condensing boiler will save up to 30% energy

in comparison to the vast majority of installed appliances. Furthermore, the energy label was introduced for heating products only in September 2015 and there are roughly only 20%¹ ranging in +-classes.

Alike, the rescaling for products such as vacuum cleaners and ovens is not supported as the current labels have been recently introduced (2014 and 2015) and provide planning certainty and are designed to function effectively.

3. Database

Bosch is convinced physical testing of market surveillance authorities is key.

Hence, Bosch has strong concerns about the planned database and believes confidential and commercially sensitive data should not be included.



Martin DIERYCKX, General Manager, DAIKIN Europe NV

Trust is a complex phenomenon and trust of a wide public like consumers even more. As Industry we are of the opinion that the trust in the label is most important for us. If there is any doubt about the label all the effort done is lost. If Europe can create a trustful system without waste of resources then we have a good chance that this is followed by other parts in the world. And as we wish to become the most competitive region in the world this is very important.

In the following part I focus on a limited number of aspects of the trust in the label.

One of the basics of trust is not to change too frequently the opinion, system or idea. Changing the idea or system is a perfect tool for the market players who wish to discredit the label. If the energy label classes are changed it will be the perfect opportunity for some market players that cannot benefit from the label. These players will inform the consumer that the changes are creating confusion and it is any way not so trustful as there are many changes ongoing.

So one of the basics should be to create stability and proper communication. To assure trust stability is more important than the format of the label. There will always be different opinions about the format. It is not wise to follow always these changes in opinions as it is just an opinion. Stability is more important to create trust. Stability will also avoid the creation of waste and waste is an important item to avoid as we all speak about resource efficiency.

Resource efficiency is one of the natures of the industry and it is also the basic principle to become the most competitive region in the world.

Also for the label we should set up the system that avoids waste. Every method that obviously creates waste is not a good sign towards consumers as the aim of the label is mainly to save resources. If a label that aims savings wishes to create trust to the consumer, then the system for that label should not show that it creates waste.

Today's system allows for some products to put the label in the box. For complex products a limited label in the box and additional labels on a website are required but the consumer does not get the product box at all. The new system should give proper flexibility for complex products in order to give accurate information and avoid waste in printing. It will help to trust the system of the label and not undermine its own principles.

Another important item for trust is that the consumer can differentiate the important characteristics based on the label classes. For that purpose there should be sufficient classes for each product group. Today all classes are used for the heating products. Simple reducing the number of classes will reduce the differentiation and consequently the value of the label. If the label cannot be perceived as the trustful information for differentiation then it loses the value and it becomes waste. So we should keep sufficient classes.

Another important item we need to consider for trust is the long term aim of the label. In order to have trust in the label, the consumer should see the positive effect on long term. For some it is important to see the positive impact on the reduction of energy use and the reduction in carbon emission. For others it is most important to see the financial benefit. Also for the industry it is important to see the benefit. For the industry it is also most important to be the most competitive region in the world. To be so we have to avoid all kind of waste and we are optimising the resources. Here also the energy label can play an important role.

The consumer should get the right message about the label to assure the trust.

Recently there were studies showing that it is better for the consumer to buy an equipment with an energy label B or C instead of A or A+ as there is no payback at all for the A or A+ equipment. It is known that the best economical buy is the one with the least life cycle cost. All that is invested more never show a payback and is actually not in line with resource efficiency principle and gives the perception of waste.

In the new proposal the least life cycle cost may not be the A, B or C label. To create trust as a society we should try to avoid all kinds of waste. This is also the case for investment decision as this is an aspect of resource efficiency. To keep the trust in the label the proper message is required to assure that the better energy label will be better for the society on socio-economical level. Otherwise the trust in the label will disappear.



Henna VIRKKUNEN, Member of the European Parliament

Importance of the energy efficiency labelling

- Energy efficiency is important for lowering the CO₂ emissions.
- Energy efficiency labelling is one factor that helps to reach the EU energy efficiency target of 27 % by 2030.

The Commission has estimated that the labels and standards will result energy saving of around 175 Mtoe (Million Tonnes of Oil Equivalent) by 2020. This is "roughly equivalent to the annual primary energy consumption of Italy".

Energy efficiency measures will create 55 billion euros in extra revenue for European companies.

For consumers, the saving is 465 euros per year on household energy bills.

- Energy efficiency labelling has been used for 20 years and the results have been good.

The labelling has guided the consumers to choose more energy efficient products. Especially good the improvement has been on the cooling appliances.

Half of the households think that the information given in the energy efficiency label helps them to compare the products and choose the product that is best for their own needs. (Taloustutkimus Oy)

The labelling system has encouraged the manufacturers to innovate and to develop more energy efficient household products.

10 % out of the washing machines and dishwashers that were sold in 1998 were in A category. In 2005 90 % of them were in the A category.

Re-scaling

The development on energy efficiency has been so good that today most of the products are already in the A category, which makes it difficult to compare the products. There are also empty categories in the lower classes.

In 2010 A+, A++ and A+++ categories were added. There are now different label scales in use (from A to G, A+++ to D, etc.), which has made the system too complicated.

Therefore, there is a clear need for re-scaling.

The Commission proposes a return to a single A to G label scale. The A-G scale has been good and it is worth restoring: it is clear and the consumers are familiar with it.

All the products that are already in the markets will be re-scaled. The commission is planning to leave the top classes empty in some product categories, where the development is fast. This can be confusing for consumers, but it leaves room for further development of the energy efficiency of these products and also gives an incentive for the manufacturers to continue the product development.

It is wise to do the re-scaling, when it is needed, not in fixed periods, since the pace of the development is different in different product categories.

Re-labelling

Information campaigns and time are needed to make the customers realize the change.

Re-scaling period for dealers should be extended to 1 month (instead of one week as the Commission proposed). There should be no ban for dealers to show new label earlier.

Also electronic label should be approved besides of stickers.

Advertising

There should not be obligations to tell the energy efficiency information in advertisements. Advertising guides consumers to the stores or to the internet pages, where the energy efficiency information will be available.

MARKET SURVEILLANCE: IS A DATABASE REALLY THE WAY TO GO?



Alexander EISENBERG, Senior Expert EU Technical & Governmental Affairs, BSH

Good tools for market surveillance are the best consumer protection

The EU Energy Label is a success because the consumer can trust in it to find the most energy efficient appliance thus creating innovative competition in industry.

Effective market surveillance of the label as well as of the players is thus the best consumer protection.

Tools that support market surveillance authorities in their work are essential for the success of the Energy Label, today and in future.

What is a good tool in this context?

It ensures that customers get valid information for their buying decision

This means the data on the label, in the product information sheet and ultimately in the data base has to be correct. The appliance itself has to fulfill the efficiency criteria. This can ultimately and conclusively be done by physical test in labs.

It ensures fair competition of suppliers

This means for a data base that the data has to be complete, i.e. all appliances on the market have to be registered. In economic areas which mainly have import, customs can do this control. In the EU with significant internal production appliances have to be screened and verified on the market whether they are registered in the data base or not.

It has to prove sufficient quality to serve its purpose

In the context of limited resources it is important that any new tool for market surveillance has an added value corresponding to the necessary cost and effort. A tool that does only do half the job is usually worse than no tool.

Conclusion

BSH Home Appliances is convinced that the European Parliament, the Council and Commission will find appropriate ways to strengthen market surveillance and create beneficial tools.

The know-how of all stakeholders and a constructive exchange of opinions will support the quest for the best tool(s). BSH is happy to contribute constructively to this process.



Leendert Jan DE OLDE, Senior Manager Sustainability, Philips

The Energy Labelling Framework has been a success so far in guiding consumers towards more efficient products and allowing innovative manufacturers to market their energy efficient products

Providing correct data is key to maintain the success of the Energy Label. Consumers need to be able to rely on the completeness and correctness of the information provided at the moment of purchase, either online or a physical shop floor. Correctness and completeness of the data is also crucial for manufacturers to ensure that the level playing field is maintained and free riders do not get a chance to take advantage of providing incorrect data.

Market Surveillance authorities play a pivotal role in maintaining the energy label success. Carrying out the compliance verification task in an efficient way requires a combination of manufacturers timely providing the legally requested information and actual compliance verification testing.

Whether a database will positively contribute to strengthening market surveillance has to be seen. Data provided in the database would have to be verified, reducing the amount of resources available for actual product testing.

It is not clear what additional information consumers will be able to find about products in addition to the information that is already provided online and on the shop floor.

Philips welcomes a transparent and constructive process where European Commission, European Parliament and Council come to a solution that will further contribute to the success of the Energy Label framework



Ari Kahrola, Product Development Manager, Porkka – Huurre Compact Refrigeration

Below are the bullet points raised by Mr Ari Kahrola

Professional chiller and freezer storage cabinets will be marked with EEI-labels.

It is a 3-phase project:

- phase 1 starts 1st July 2016
- phase 2 starts 1st January 2018
- phase 3 starts 1st July 2019

If a rescaling will take place during this ramp up period, it might cause lots of confusion and decrease customers trust to the EEI-labels. It will increase the burden of industry as well.

Energy Labelling- Product Database

For whom is it made for?

Market surveillance is important

Physical checks are needed – but where are the resources to help customers or market surveillance authorities?

It would be a great tool to collect basic data to compare different products

Basic data shown on EEI-marking

- technical facts – easy to measure, repeatable

The size of the data base – how to use it in an efficient way?

- how many products? (Our company do have 6 000 product versions)

how to filter product searches: local availability?

Risks of the data base

Who will be in charge of the contents?

The database has to be controlled by market surveillance authorities - increases work load of market surveillance authorities

Consequences of misleading or faulty data?

Data security? Technical files may contain confidential business information and trade secrets - never to be made public

The data base does not exclude free-riders - how to identify free-riders?

Physical checks needed

Increases the burden for industry

Sustainable the data base

It should contain only measured values that does not alter if a rescaling takes place

Today:

misleading data already on the market

different interpretations



Merja KYLLÖNEN, Member of the European Parliament

Dear participants to today's discussion,

Firstly, I would like to thank the European Forum for Manufacturing, Secretary General, Mr. Fell and Ms. Matagne, for inviting me here today.

Hopefully I am able to provide you with some practical experiences and views that I have gained as a consumer, then as parliamentarian in our national Parliament, later as Minister of Transport and now as one of the 751 members of the European Parliament.

In my childhood, choosing a fridge or a washing machine was relatively easy; the amount of money in my parent's wallets guided the whole process. When I set up my own household, the process was already more difficult, as for me it was not only the price, but it was also about the environmental impact I was going to make with my decision. I have spent a lot of time studying the differences between all the A's and the B's and the plusses and the prices of different household appliances.

And now we are changing the labelling system again in order to make them better suited for what we know about today's and can predict about tomorrow's world: the challenging future where we are faced with problems like raw material scarcity - especially with regard to critical minerals, lack of pure water, pollution and with all that follows as a consequence. We are trying to make the burden that we ourselves put on the environment easier to bear by setting targets, often more or less ambitious, and hard with meeting them.

Still, hopefully I am not alone, when I say that my biggest concern in this whole issue is the Consumer. I think it is quite a human thing to separate different aspects and roles in life just to have some sort of order in life. I have to admit that sometimes Merja the Politician forgets Merja the Consumer, and therefore it was a truly an eye-opening moment when, as the Transport Minister, and really excited about

the digital revolution in transportation, yet worried about the possible negative consequences with data protection, I started asking ordinary people what is the most important thing for them in all of that. And the answer that I repeatedly got was a question: is the end-customer really consulted or HEARD when digital services are developed? As for the end-customer the really important thing is not only the availability but most importantly the usability of the service.

Therefore I strongly encourage all of you who are working on the proposal for this regulation to keep the consumer well in your minds and close to your hearts. What does the consumer need and want from a database? While the principal idea of the energy efficiency labelling database is to make the market surveillance for the Member state authorities simpler, what kind of information the consumer finds necessary, and in which amount and form is it still easy to digest and utilize? How to make it easily enough available for them?

At the same time as we are now combatting on issues like what should the regulation consist of, how should the labels look like; where do the Commission and later the industry find the human resources to collect, handle and convert the necessary information into the database; how to protect product and trade secrets, etc., etc., we should also keep somewhere in the back of our minds that when this process have been finished, it is the consumers that are left to deal with the results.

One of the key points for the consumer should not be the energy efficiency of the electronic appliance in use. It is also the energy efficiency of the whole lifetime and the consumer should be informed about that, too. I am sure the label manufacturing industry would be happy to provide the appliance manufacturing industry with intelligent label-solutions, which easily connect the consumer with a database that has this information. I believe it would also change the consumer thinking from owning a washing machine or a fridge or a mobile telephone to leasing one thus truly enhancing the shift to circular economy-based business.

You, the industry representatives here today may find that this database - if marketed well - is another new competitive advantage for your products. You may well even want to add there information, because if we regulators cannot agree on the importance of adding the lifetime energy efficiency to the up-coming regulation, then maybe you want to tell that to your customers yourself. Remember: it is not only today's consumer whose thinking is still quite traditional regarding ownership, who is looking at the new labels with A to G classifications and nice colours in the shops, and maybe even going to the internet to find more detailed information about your products. It could also be different independent research organizations, who are doing their own testing to see that the authorities and industries are doing their jobs well and keeping their promises, as we have learned in the European Parliament's EMIS Committee, which is the committee, established to investigate Emission Measurements in the Automotive Sector.

And then there are also the kids who are now growing up having the latest smartphones "glued" into their hands, while their parents are desperately trying to make them do their homework. These kids are growing up into the world of Circular Economy, Sharing Economy, Energy Revolution and so forth, and that is why they are different as consumers. They have learned already in schools to look for information on the internet, and they want to find it fast, in innovative ways and easily digestible forms. And in many cases they influence on their parents' choices already today.

So let us not combat whether a database is a way to go. Let's join our efforts to make it better and find out how we all can best utilize it, and in the process hopefully not look complete idiots in the eyes of the next generation consumers - and voters :)