

December 2015

Position Paper
**A framework for energy
efficiency labelling and
repealing**

Eurogas is the association representing the European gas wholesale, retail and distribution sectors. Founded in 1990, its members are 44 companies and associations from 24 countries.

Eurogas represents the sectors towards the EU institutions and, as such, participates in the Madrid Gas Regulatory Forum, the Gas Coordination Group, the Citizens Energy Forum and other stakeholder groups.

Its members work together, analysing the impact of EU political and legislative initiatives on their business and communicating their findings and suggestions to the EU stakeholders.

The association also provides statistics and forecasts on gas consumption. For this, the association can draw on national data supplied by its member companies and associations.

For further information contact:
Tracey D'Afters – Communications Manager
tracey.dafters@eurogas.org

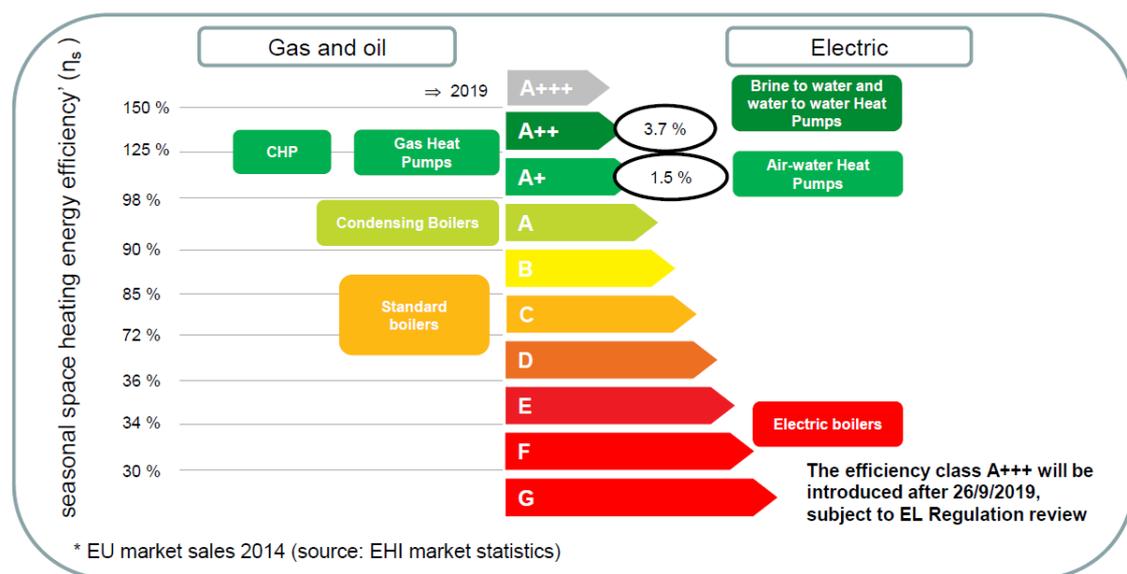
© Eurogas 2015 – Position Paper no. 15PP498
www.eurogas.org

A framework for energy efficiency labelling and repealing

Background

The European Commission (EC) has published a legislative proposal for energy labelling updating the current energy labelling Directive (2010/30/EU). Energy labelling is intended to allow customers to get accurate, relevant and comparable information on the energy efficiency and consumption of energy-related products on sale anywhere within the European Union. This is to allow customers to take informed purchasing decisions. At the same time, this should encourage manufacturers to continually innovate to deliver more efficient products.

The original grade scale for energy labelling introduced by the Commission featured grades from A to G, whereby the most efficient product fit into a class A. Over time, due to innovation, most products on the market moved into the highest class A, which led to the creation of additional classes, namely A+, A++ and A+++.



Source: EHI

Heating makes up 80% of a building's energy use and is therefore the most important sector for labelling. The labelling system was introduced to the heating category in September 2015 (excl. solid fuels, which will enter the system in 2017). It now provides a signal for customers to transition to the highly efficient condensing boiler (approx. 93% efficient) or even combine it with a solar thermal panel on the rooftop. Heat pumps and combined heat and power can be found higher on the scale, although these are considerably more expensive. The majority of European customers (65%) currently use the inefficient standard boiler, which means that significant energy efficiency progress is possible. The energy label is a very important tool to incentivise customers to make this transition.

Overview of EC Proposal

The EC legislation proposes rescaling all the energy labelling classes within five years of its introduction, by carrying out the following:

(i) Removing the “+” categories

Revert back to the original A to G system, on the basis that consumers are less motivated by a difference between A+ and A++ than by a difference between C and A. Furthermore, if the lower classes become empty over time, because of minimum Ecodesign requirements, they shall be removed from the label.

(ii) Keeping the top classes free

Upon rescaling, no products on the market should fall into the top two energy classes (A and B), to encourage technological progress and innovation and enable more efficient products to be recognised. In some categories, products are quickly transitioning to the top energy classes, thus making distinguishing between models difficult.

The proposal limits the extent to which Member States can provide incentives for appliances in the top classes to the top class (A) only.

Eurogas Views on the Energy Labelling Proposal

Eurogas welcomes the legislative proposal on energy labelling. In general, the legislation should seek to find an appropriate balance between the incentive for customer to purchase efficient products and industry’s ability to innovate. The current proposal seems to underestimate the incentive it can generate for customer’s behaviour in purchasing efficient products. **Eurogas notes the position developed by the European Council on this proposal and support their proposed amendments.**

1. First rescaling

The trigger for commencing the first rescaling should not be based on the arbitrary figure of five years, but on the basis of “overpopulation” of the top classes and further technological development expected to contribute to more energy-efficient products being manufactured. Otherwise, the rescaling risks putting all appliances towards the bottom of the scale, as they may be in the ‘middle’ classes when the rescaling is done.

This is particularly the case for the heating sector label just introduced in September 2015, where rescaling in the near future based on the legislative proposal would put highly efficient appliances (i.e. condensing gas boilers) as low as an F class. Such a low rating will provide the wrong signal to customers and will result in a perverse incentive to repair existing standard boilers rather than replacing them with a more efficient product.

2. Subsequent rescale

Any subsequent rescaling should be carried out when there is an “overpopulation” in the top classes and further technological development expected in the near future contributes to more energy-efficient products being manufactured.

3. Approach to rescaling

Upon rescaling, the movement to A-G classes is appropriate (i.e. remove plus classes). However, for those technologies with slower innovation cycles, only one class (A) should be kept free. This will avoid moving all products so low in the scale so as dilute the signal to the customer to purchase efficient products.

4. Removal of bottom classes

Furthermore, it is not clear that the removal of lower classes which are empty is necessary. Removing these classes will contribute to placing efficient products at the bottom of the scale and this in turn will not motivate customers to buy these lowest scale products. A full scale helps to create a perception of progress from the old appliance they have at home to a new one they are considering to buy.

5. Incentives

Allowing Member States to only incentivise appliances in the top class will rule out options and limit customer choice. Member States should be allowed to incentivise appliances in the top ‘classes’, to help them meet their energy efficiency targets and allow consumers a real choice for a better product.

6. Appliance performance

The testing to assess which class an appliance is labelled with, should seek to reflect real-life operating conditions as much as possible.