

Revised Energy-Efficiency Labeling System: Clearer and More Effective

On March 21, the European Parliament and the Council of the European Union reached a provisional agreement on a revised Energy Efficiency Labeling Regulation. The system was proposed by the Commission in July 2015, as part of its Energy Summer Package.

The revised system requires manufacturers to label household appliances by a clear and easy to use A to G scale, replacing the current cumbersome labeling system that has been in use since 1995 (which went up to A+++). For products sold online, an electronic label, instead of a physical label, can be used. The new labeling system will be accompanied by two databases, operational in 2019.

A product registration database will contain technical documentation and aim at more efficient surveillance and, therefore, enforcement by Member States. The Commission estimates that, due to weak enforcement, currently 10-25 percent of products on the market do not comply with energy-efficiency labeling requirements. Through the information provided in this database, Member States will now be able to check if the energy-efficiency calculations behind the labels match with those declared by the manufacturers.

Then there will be a database meant to provide publicly available information to the consumer. This database will give the consumer an efficient tool to compare the energy efficiency of household appliances. User-friendliness will be one of its main focuses. Furthermore, the proposal contains clearer rules on promotional campaigns and national incentives to encourage higher energy efficiency.

The revised system hopes to bring

to an end the excessive use of higher efficiency classes, which can be experienced with the current system, as most modern household appliances tend to be graded “A” or higher. This aim will be reached through a complicated, staggered rescaling process, taking into consideration the different market and technical conditions between product groups.

The rescaling will take place according to three product categories: full implementation in 6 years (combined with 18 additional months after which the labels will appear in shops), 15 months for dishwashers, refrigerators, and washing machines (combined with 12 additional months after which the labels will appear in shops) and 9 years for heaters and boilers. A further rescaling will be triggered — roughly every 10 years — by a surplus in the top classes and carried out through Delegated Acts. At the time of rescaling, the top two classes are to be left empty, which will act as an incentive for more innovation. Non-efficient products, on the other hand, will be pushed out of the market.

Through this new labeling system, consumers will be able to make informed purchase decisions, which should lead to savings on their energy bill of up to 500 euros per household per year.

The Commissioner for Climate Action and Energy, Miguel Arias Cañete, estimates that manufacturers and retailers will experience an increase in overall revenue by over 65 billion euros per year, due to the reduced risk of confusion, reduced administrative burden (thanks to product registration and the digitized label), and the wide acceptance of the labeling system. It is estimated



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that 85 percent of consumers in the European Union take energy labels into consideration when making a purchase.

Another positive aspect to the new system is that enhanced energy efficiency leads to a reduction in the dependency on the import of fossil fuels while contributing to the achievements of the EU’s 2020 and 2030 energy-efficiency targets, and, therefore, to a better climate.

Despite all the potential financial and environmental benefits of the new system, one must not forget the downsides of the proposal: the newly gained transparency on the market can also be used for unfair trade practices, which might result in a loss of confidential business data and technological know-how. Besides, it is unclear if the system will, indeed, lead to more transparency, and, hence, more energy efficiency, or if it will have the opposite effect — i.e., more confusion for the consumers who must become used to yet another labeling system. The transition periods during the rescaling processes must also be considered.

The current political agreement has to be formally approved by the European Parliament and the Council. Once it is endorsed, the revised Energy Efficiency Labeling Regulation will be published in the *Official Journal of the European Union*. This is expected to happen at the end of the year.