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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
setting a framework for energy efficiency labelling and repealing Directive 2010/30/EU

(Text with EEA relevance)

{SWD(2015) 139 final}

{SWD(2015) 140 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

1.1. Reasons for and objectives of the proposal

On 25 February 2015, the Commission announced in its Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy a review of the Energy Labelling Directive in order to further exploit the potential of energy efficiency for the moderation of energy demand and consequent reduction of the energy dependency of the European Union.

Energy labelling is favourable for the environment because customers can obtain accurate, relevant and comparable information on the energy efficiency and consumption of energy-related products wherever they are in the Union, allowing them to take informed cost-effective and environmentally friendly purchasing decisions that are both good for the environment and save money.

1.2. Consistency with existing policy provisions in the policy area

For 2030 the European Council set in October 2014 an indicative target at EU level of at least 27% for improving energy efficiency which will be reviewed by 2020, having in mind an EU level of 30%. The European Council also set the target of reducing greenhouse gas emission by 40% by 2030.

This proposal follows up on the Energy Union Framework Strategy and intends to replace Directive 2010/30/EU on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products. This proposal is made now following the evaluation of the Directive¹. Product specific regulations made under the Directive remain in force but will be reviewed.

This initiative is in line with the Union's energy and climate policy as it updates and makes more effective the existing acquis on energy labelling.

1.3. Consistency with other Union policies

Energy efficiency labelling improves the free movement of products by ensuring that no national energy labels are introduced in Member States. This serves to enhance the competitiveness of European companies by encouraging them to innovate, offering a first-mover advantage, ensuring a level playing field with third country manufacturers via increased market surveillance, and allowing an increase in profit margins on energy efficient products that are more expensive at purchase but bring net savings to end-users over the life cycle.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

2.1. Legal basis

The proposal is based on Article 194(2) of the Treaty on the Functioning of the European Union, which is the legal basis for measures on energy. While it would seem possible for Energy Efficiency Labelling to have Article 114 as legal basis (the 1992 Energy Labelling Directive² had, in absence of a provision for energy in the Treaty, such a legal basis), there is

¹ COM(2015) 143

² Council Directive 92/75/EC

a risk that this could unintentionally limit Member States legislating on provision of information on energy-related products that may be complementary to the energy label³. Energy efficiency labelling is limited to energy and resources in the use phase of the product. Finally, as the Treaty contains a specific energy legal basis it is considered appropriate to use it.

2.2. Subsidiarity

The instruments on energy efficiency adopted at EU level reflect the growing importance of energy as a political and economic challenge and its close interrelation to the policy areas of security of energy supply, climate change, sustainability, environment, internal market, and economic development. Energy efficiency objectives could so far not be sufficiently achieved by Member States alone, and action at Union level is needed to facilitate and support the uptake of activities at national level.

It is essential to ensure a level playing field for manufactures and dealers in terms of the energy consumption information supplied to customers in respect of a particular product that is for sale across the EU internal market. For this reason EU wide legally binding rules are necessary.

As regards market surveillance, this is an activity which is carried out by the authorities of the Member States of the European Union. In order to be effective, the market surveillance effort must be uniform across the European Union otherwise the internal market is undermined and there is a disincentive to businesses that invest resources in designing, making and selling energy efficient products. The creation of a product database will help make market surveillance more effective.

2.3. Proportionality

In accordance with the principle of proportionality, the proposed modifications do not go beyond what is necessary to achieve the objectives set. The modifications introduced by the Regulation to the existing legislative framework will improve its clarity and workability. Suppliers will be required to enter various information into the new product database but this is information which they currently already have to provide to national market surveillance authorities on request, so any additional burden is considered minimal and proportionate to the benefit to enforcement and transparency that the product database is expected to bring. Further discussion of the proposal's proportionality is provided in Chapter 8 of the Impact Assessment.

2.4. Choice of the instrument

The proposed change from a Directive to a Regulation takes into account the Commission's general objective to simplify the regulatory environment for the Member States and economic operators and the need to ensure a uniform application and implementation throughout the Union of the proposed legislation.

³ E.g. France's consumer protection law on the provision of information on availability of spare parts

3. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

3.1. Ex-post evaluation of existing legislation

The Commission carried out an ex-post evaluation of the Energy Labelling Directive and specific aspects of the Ecodesign Directive in a Staff Working Document accompanying this proposal (SWD(2015) 143). The main findings are the following:

1. The ecodesign and energy labelling measures in place are effective in that they bring tangible and substantial energy and cost savings.⁴
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.⁵ Energy labelling is a principal driver for innovation, alongside consumer demand and competitive positioning. The more ambitious the requirements are for the top classes, the more they give businesses the opportunity to positively differentiate their products, thereby stimulating innovation.
4. The majority of consumers 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.⁶ Some of the pictograms used to represent other parameters in the label are also difficult to understand.
6. There is a trend towards the 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.

⁴ 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 are estimated to save end-users of products 100 billion euro per year by 2020 through lower utility bills.

⁵ While 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.

⁶ The design amendment that uses additional plusses 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. 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.*

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.⁷
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. 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.
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 Directive⁸.
18. From media coverage in recent years, it is clear that the benefits of the policy have not been sufficiently communicated.

3.2. Stakeholder consultations

A public consultation ran from 31 August to 30 November 2013 on the 'Your voice in Europe' web page. A longer version of the survey targeted interest groups, government bodies and experts whilst a shorter survey targeted consumers and individual retailers and manufacturers. 138 Responses were received to the longer survey, of which 58 from manufacturers and their interest groups, 20 from government bodies, 13 from environmental interest groups and 9 from consumer interest groups. 197 Responses were received to the shorter survey, of which 127 from consumers, 40 from retailers and 30 from manufacturers. A detailed summary of the respondents and responses was published in February 2014⁹.

Three stakeholder meetings were organised: on 27 June 2013, 14 October 2013 and 18 February 2014. In conjunction with the last contractors' meeting, the Commission organised a

⁷ E.g. on aspects of reusability, recyclability, and recoverability, recycled content, use of priority materials, hazardous substances, and durability

⁸ Directive 2012/27/EU, OJ L315 of 14.11.2012, p.1

⁹ https://ec.europa.eu/energy/sites/ener/files/documents/Background_document_II_-_Survey_results.pdf

stakeholder meeting on 19 February 2014 on the results from testing a preliminary set of energy label designs and the proposed energy label designs for further testing.

3.3. Collection and use of expertise

Two studies were specifically commissioned to prepare the review:

- A study concerning the evaluation of the Energy Labelling Directive and specific aspects of the Ecodesign Directive, completed in June 2014;
- A study on the impact of the energy label – and of potential changes to it – on consumer understanding and on purchase decisions, completed in October 2014.

Both studies were published on the Commission's Europa website¹⁰.

3.4. Impact assessment

The Impact Assessment (SWD(2015) 139) accompanies this proposal and is published on the Commission's Europa website¹¹ together with the favourable opinion of the Regulatory Scrutiny Board (SEC(2015) 323) adopted on 16 June 2015.

As a follow up to the above mentioned evaluation, the impact assessment looks at both a number of issues with the current Directive and some specific items concerning the Ecodesign Directive. It favours no legislative follow up for the latter at this stage.

The two most important issues concerning the Energy Labelling Directive were reduced effectiveness of the energy label and non-compliance due to weak enforcement. Long rulemaking processes, leading to outdated technical and preparatory work, were also identified.

The final option chosen was to improve the existing regulatory framework on energy labelling, to require labelled products to be registered in a new database, improve the legal structure by changing the current Energy Labelling Directive to a Regulation, to align it with the market surveillance regulation¹², and to fund EU joint market surveillance actions.

This proposal implements the legislative part of the option selected in the Impact Assessment. Further non-legislative actions planned to implement that option are outlined in the Report to the European Parliament and Council accompanying this proposal.

3.5. Regulatory fitness and simplification

The positive impact on revenues (estimated to be €34 billion/year in 2030) affects larger businesses, SMEs and micro sized enterprises in the same way. A different regime for micros/SMEs cannot be justified. All retailers should be subject to the same rules, as energy labels are only useful for consumers if all products are labelled in all retail outlets. Few SME manufacturers are impacted and no micros. The same rules should apply to all to ensure fair competition in the single market and coherent and consistent information to consumers. Consumer savings are estimated at € 10-30 billion / year in 2030 (depending on assumptions on future development of energy prices).

¹⁰ http://ec.europa.eu/energy/en/studies?field_associated_topic_tid=45

¹¹ http://ec.europa.eu/smart-regulation/impact/ia_carried_out/cia_2015_en.htm

¹² In particular with Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93

The competitiveness of EU companies is enhanced by encouraging them to innovate, offering a first-mover advantage, ensuring a level playing field with third country manufacturers via increased market surveillance, and allowing an increase in profit margins on efficient products that are more expensive at purchase but bring net savings to end-users over the life cycle.

In terms of administrative costs the total cost for dealers to replace all labels on all products is estimated at 10 million euro over a period of ten years for the EU as a whole. For manufacturers the costs are estimated at 50 million euro over a period of ten years. Together that means a cost of 2 eurocent per labelled product sold. The administrative costs for registering products are estimated at 1.5 million euro per year for the entire industry; about 0.5 eurocent per product sold. The actual cost as a result of requiring registration of products will in fact be less or zero, because manufacturers are no longer required to keep technical documentation available for market surveillance authorities for five years after the last product was manufactured.

Manufacturers and dealers can pass these administrative costs on to consumers, for whom they are more than offset by the energy savings of the more efficient products they buy as a result of the Regulation.

The proposal is Internet ready as it includes the setting up of an online product database, which will simplify, accelerate and enhance the transmission of product information between manufacturers, retailers, market surveillance authorities and the final consumer.

4. BUDGETARY IMPLICATIONS

This proposal replaces an existing Directive on energy labelling and the administrative impact and costs to the Member States is therefore estimated to be moderate as they already have the majority of the necessary structures and rules in place.

This initiative does not require additional EU budgetary resources. The costs of setting up a products database (1.500.000 EUR in 2016 and 150.000 EUR yearly maintenance cost in subsequent years) and for consumer understanding studies for labels for specific product groups (300.000 EUR per year from 2017) are financed through reprioritisation of existing budget for the implementation of the policy on energy efficiency of products which includes technical assistance and/or studies to assess aspects of product groups necessary for delegated acts and support to standardisation. This budget falls under the market uptake and innovation parts of the societal challenges of Horizon 2020.

5. OTHER ELEMENTS

5.1. Monitoring, evaluation and reporting arrangements

The next evaluation of the Energy Labelling framework is foreseen in 8 years. It should build on the ex-post evaluation in product-specific studies reviewing delegated acts adopted under this framework, and it should evaluate the effectiveness of the framework in ensuring the free movement of goods (e.g. Did the Member States refrain from proposing national energy labelling legislation for products?). The reduction of energy consumption and other significant environmental impacts of products should be assessed, especially with regard to improvements achieved in the rate of market transformation by rescaled labels. Improvements in the rate of market surveillance and of compliance thanks to the product database can be assessed through reporting by Member States on the result of market surveillance under the market surveillance regulation.

5.2. Detailed explanation of the specific provisions of the proposal

In the proposal, the objectives and main principles of the current Energy Labelling Directive are retained but the proposal clarifies, strengthens and extends the scope of the current Directive's provisions by:

- Updating the label and allowing for rescaling
- Improving enforcement
- Creating a database of products covered by energy labelling obligations
- Making clearer the obligations of the various parties
- Improving the link between energy labelling and measurement standards

5.2.1. *Updating the label and allowing for rescaling*

The success of energy labelling in encouraging the production of ever more energy efficient products, means that the label is running into its limits. For many product groups, most models are now in the top energy classes, making it difficult to distinguish between models. Although A+ to A+++ energy efficiency classes were added in 2010, for some product groups, all models are already in those new classes and there are no longer any models in the lower classes. There is a systematic need to 'rescale' products and to go back to the original A to G energy label scale, which studies suggest is the one best understood by consumers. Although the current Directive allows for the possible reclassification of products through specific delegated acts, the current proposal deals with the need to rescale the energy labels in a much more systematic manner. It also makes clear the obligations on suppliers and dealers during the rescaling and replacement phase.

The existing labels will be reviewed by the Commission within five years of the entry into force of the Regulation, with a view to rescaling them. The product groups to be addressed first will be those where products on the market are concentrated in the top classes. Rescaling itself would take place several years after the date of the review.

Rescaling requires a transition period during which old (before the rescaling) and new rescaled labels for the same products would both be present in shops. To minimise any risk of confusion for consumers, reduce compliance costs and ensure maximum legal certainty for suppliers and dealers, the following approach is envisaged in the draft Regulation:

1. A delegated act for the rescaled label would be published and come into force 20 days later (as is already the case). The delegated act would set the energy requirements so that no products currently on the market would fall into the top energy classes, to encourage technological progress and innovation and enable ever more efficient products to be recognised. The delegated act would contain a specific date by which the 'old' labels would have to be replaced with the rescaled label (the "replacement date").
2. For a period of six months after the coming into force of the delegated act but before the replacement date, suppliers would put the rescaled label in the box with the product, along with the existing label.
3. At the replacement date, dealers would be required to replace the old label with the new one on all products on display in shops. They would have one week to replace all labels with the new ones.
4. For products that were already in the shop before the 6 month transition period started, dealers would have to obtain a new label from the supplier (it could also be made available on-line for download from the suppliers' websites).

5. Member States would be required to run promotional information campaigns to inform consumers of the rescaling exercise.

This approach is intended to reduce as much as possible the coexistence of the old and new labels on products of the same type displayed in shops, making rescaling as practical as possible, which in turn increases the effectiveness of the label, saving energy and costs for consumers. It does not require substantial change compared to the current system in terms of the main distribution mechanism of the label, which has proved to work so far.

5.2.2. Improving enforcement by creating a database of products covered by energy labelling obligations

In terms of enforcement, overall non-compliance in the market is estimated at 20%, leading to some 10% of envisaged energy savings being lost. This weak enforcement results (at least partly) from the difficulty national market surveillance authorities have in accessing technical documentation in a timely manner and is exacerbated by a lack of clarity on different model numbers used for the same model in different Member States. The new product registration database will allow market surveillance authorities much quicker access to the necessary information.

In addition, a product database will provide up-to-date market data and energy efficiency information which will accelerate the preparatory/review studies and subsequent regulatory process, thus shortening the current long regulatory process for delegated acts.

The need for a registration database seems strong in the case of the Energy Labelling Directive, as energy labels mainly cover domestic appliances where the impact of the lack of sufficient market surveillance is more prevalent and the number of equivalent models is larger.

In addition to addressing the weaknesses of the current system, the database could in future also be used for new ways of distributing energy labels to dealers, since energy labels and rescaled labels would be available in such database. The proposal also updates the Directive's requirements in terms of providing for electronic supply of labels or for suppliers to make them available on their websites.

Compared to the existing product information requirements on suppliers, the product registration database only creates the new obligation to register the product model by uploading information that, under the current system, is already required under the different delegated acts.

The administrative burden for registering products is estimated at 1.5 million euro per year for the entire industry; about 0.5 eurocent per product sold. The actual cost will in fact be less or zero, because suppliers are no longer required to keep technical documentation available for market surveillance authorities for five years after the last product was manufactured. At present, market surveillance authorities have to request the technical documentation from suppliers, and dealers have to contact suppliers to obtain labels if they need one for some reason. The database will keep both the technical documentation available for market surveillance and the labels available for dealers in a central location.

5.2.3. Making clearer the obligations of the various parties

The proposal regroups the respective obligations on Member States, suppliers and dealers in order to make these more coherent and simpler.

The replacement of the Directive with a Regulation means less administrative burden for Member States (although they will still need to remove from their national law measures

taken to transpose Directive 2010/30/EU) and directly applicable requirements for suppliers and dealers which will ensure a complete harmonisation across the EU.

5.2.4. Improving the link between energy labelling and measurement standards

The proposal makes clear that a product which complies with the measurement and calculation methods set out in the relevant harmonised standard will be presumed to comply with the relevant provisions of the applicable delegated act.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

setting a framework for energy efficiency labelling and repealing Directive 2010/30/EU

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 194(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee¹³,

Having regard to the opinion of the Committee of the Regions¹⁴,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The European Union is committed to building an Energy Union with a forward looking climate policy. Energy efficiency is a crucial element of the European Union's 2030 Climate and Energy Policy Framework and is key to moderate energy demand.
- (2) Energy efficiency labelling allows consumers to make informed choices with regard to energy consumption of products and thereby promotes innovation.
- (3) Directive 2010/30/EU of the European Parliament and of the Council¹⁵ was evaluated for its effectiveness¹⁶. The evaluation identified the need to update the Energy Labelling framework to improve its effectiveness.
- (4) It is appropriate to replace Directive 2010/30/EU by a Regulation which maintains the same scope, but modifies and enhances some of its provisions in order to clarify and update their content. A Regulation is the appropriate legal instrument as it imposes clear and detailed rules which do not give room for divergent transposition by Member States and ensures thus a higher degree of harmonisation across the Union. A harmonised regulatory framework at Union rather than at Member State level brings down costs for manufacturers and ensures a level playing field. Harmonisation across the Union ensures the free movement of goods across the Single Market.
- (5) Moderating energy demand is recognised as a key action in the European Energy Security Strategy¹⁷. The Energy Union Framework Strategy¹⁸ further emphasised the

¹³ OJ C , , p. .

¹⁴ OJ C , , p. .

¹⁵ OJ L 153, 18.6.2010, p. 1.

¹⁶ COM(2015) 143

¹⁷ COM/2014/330

energy efficiency first principle and the need to fully implement existing Union energy legislation. Its Roadmap provided for a review of the energy efficiency framework for products in 2015. This Regulation will improve the legislative and enforcement framework for energy labelling.

- (7) Improving the efficiency of energy-related products through informed consumer choice benefits the Union economy overall, drives innovation and will contribute to the achievement of the Union's 2020 and 2030 energy efficiency targets. It will also allow consumers to save money.
- (8) The conclusions of the European Council of 23 and 24 October 2014 set an indicative target at Union level of at least 27% for improving energy efficiency in 2030 compared to projections of future energy consumption. This target will be reviewed by 2020 having in mind an Union level of 30%. They also set a binding EU target of at least 40% domestic reduction in greenhouse gas emissions by 2030 compared to 1990, including a 30% reduction of emissions in non-ETS sectors.
- (9) The provision of accurate, relevant and comparable information on the specific energy consumption of energy-related products facilitates the customer's choice in favour of those products which consume less energy and other essential resources during use. A standardised mandatory label is an effective mean to provide potential customers with comparable information on the energy consumption of energy-related products. It should be supplemented with a product information sheet. The label should be easily recognisable, simple and concise. To this end the existing dark green to red colour scale of the label should be retained as the basis to inform customers about the energy efficiency of products. A classification using letters from A to G has shown to be most effective for customers. In situations where because of ecodesign measures under Directive 2009/125/EC products can no longer fall into classes 'F' or 'G', those classes should not be shown on the label. For exceptional cases this should also be extended to the 'D' and 'E' classes, although this situation is unlikely to occur given that the label would be rescaled once a majority of product models falls into the top two classes.
- (10) Advances in digital technology allow for alternative ways of delivering and displaying labels electronically, such as on the internet, but also on electronic displays in shops. In order to take advantage of such advances, this Regulation should allow the use of electronic labels as replacement of or complementary to the physical energy label. In cases where it is not feasible to display the energy label, such as certain forms of distance selling and in advertisements and technical promotional material, potential customers should be provided at least with the energy class of the product.
- (11) Manufacturers respond to the energy label by creating ever more efficient products. This technological development leads to products populating mainly the highest classes of the energy label. Further product differentiation may be necessary to allow customers a proper comparison, leading to the need to rescale labels. For the frequency of such rescaling a timescale of approximately ten years would be appropriate, taking into account the need to avoid over burdening manufacturers. This Regulation should therefore lay down detailed arrangements for rescaling in order to maximise legal certainty for suppliers and dealers. A newly rescaled label should have empty top classes to encourage technological progress and enable ever more efficient products to be developed and recognised. When a label is rescaled, confusion to customers should be avoided by replacing all energy labels within a short timeframe.

- (12) In the case of a rescaled label, suppliers should provide both the old and the rescaled labels to dealers during a certain period. The replacement of the existing labels on products on display, including on the Internet, with the rescaled labels should take place as quickly as possible after the date of replacement specified in the delegated act on the rescaled label. Dealers should not display the rescaled labels before the date of replacement.
- (13) It is necessary to provide for a clear and proportionate distribution of obligations corresponding to the role of each operator in the supply and distribution process. Economic operators should be responsible for compliance in relation to their respective roles in the supply chain and should take appropriate measures to ensure that they only make available on the market products which are in conformity with this Regulation and its delegated acts.
- (14) In order for customers to retain trust in the energy label, other labels that mimic the energy label should not be allowed to be used for energy-related products. Additional labels, marks, symbols or inscriptions that are likely to mislead or confuse customers with respect to the consumption of energy should not be allowed either.
- (15) In order to ensure legal certainty, it is necessary to clarify that rules on Union market surveillance and control of products entering the Union market provided for in Regulation (EC) No 765/2008 of the European Parliament and of the Council¹⁹ apply to energy-related products. Given the principle of free movement of goods, it is imperative that the market surveillance authorities of the Member States cooperate with each other effectively. Such cooperation on energy labelling should be reinforced through support by the Commission.
- (16) In order to facilitate the monitoring of compliance and to provide up-to-date market data for the regulatory process on revisions of product-specific labels and information sheets, suppliers should provide their product compliance information electronically in a database established by the Commission. The information should be made publicly available to provide information for customers and to allow for alternative ways for dealers to receive labels. Market surveillance authorities should have access to the information in the database.
- (17) The penalties applicable to infringements of the provisions of this Regulation and delegated acts adopted under it should be effective, proportionate and dissuasive.
- (18) In order to promote energy efficiency, climate mitigation and environmental protection, Member States should be able to create incentives for the use of energy efficient products. Member States are free to decide on the nature of such incentives. Such incentives should comply with Union State aid rules and should not constitute unjustifiable market barriers. This Regulation does not prejudice the outcome of any future State aid procedure that may be undertaken in accordance with Articles 107 and 108 of the Treaty on the Functioning of the European Union in respect of such incentives.
- (19) Energy consumption and other information concerning the products covered by product-specific requirements under this Regulation should be measured by using reliable, accurate and reproducible methods that take into account the generally recognised state-of-the-art measurements and calculation methods. It is in the interests of the functioning of the internal market to have standards which have been

¹⁹ OJ L 218, 13.8.2008, p. 30.

harmonised at Union level. In the absence of published standards at the time of application of product-specific requirements the Commission should publish in the Official Journal of the European Union transitional measurement and calculation methods in relation to those product-specific requirements. Once a reference to such a standard has been published in the *Official Journal of the European Union* compliance with it should provide a presumption of conformity with measurement methods for those product-specific requirements adopted on the basis of this Regulation.

- (20) The Commission should provide a working plan for the revision of labels of particular products including an indicative list of further energy-related products for which an energy label could be established. The working plan should be implemented starting with a technical, environmental and economic analysis of the product groups concerned. This analysis should also look at supplementary information including the possibility and cost to provide consumers with information on the performance of an energy-related product, such as its absolute energy consumption, durability or environmental performance, in coherence with the objective to promote a circular economy. Such supplementary information should improve the intelligibility and effectiveness of the label towards consumers and should not lead to any negative impact on consumers.
- (21) In order to establish product-specific labels and information sheets and operational details relating to the product database, the power to adopt acts in accordance with Article 290 on the Treaty on the Functioning of the European Union should be delegated to the Commission. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level and with the Consultation Forum.
- (22) This Regulation should be without prejudice to the obligations of the Member States relating to the time-limits for transposition into national law and application of Directive 2010/30/EU.
- (23) Directive 2010/30/EU should therefore be repealed.

HAVE ADOPTED THIS REGULATION:

Article 1

Subject matter and scope

1. This Regulation lays down a framework on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products during use and supplementary information concerning energy-related products in order to allow customers to choose more efficient products.
2. This Regulation shall not apply to:
 - (a) Second hand products;
 - (b) Means of transport for persons or goods other than those operated by a stationary motor.

Article 2

Definitions

For the purposes of this Regulation the following definitions apply:

- (1) 'Customer' means any natural or legal person who buys or hires a product covered by this Regulation for his own use whether or not acting for purposes which are outside his trade, business, craft or profession;
- (2) 'Placing on the market' means the first making available of a product on the Union market;
- (3) 'Making available on the market' means any supply of a product for distribution or use on the Union market in the course of a commercial activity, whether in return for payment or free of charge;
- (4) 'Putting into service' means the first use of a product for its intended purpose on the Union market;
- (5) 'Supplier' means the manufacturer in the Union, the authorised representative of a manufacturer who is not established in the Union, or the importer, who places products covered by this Regulation on the market within the Union;
- (6) 'Manufacturer' means any natural or legal person who manufactures an energy-related product or has a product designed or manufactured, and markets that energy-related product under his name or trademark;
- (7) 'Authorised representative' means any natural or legal person established in the Union who has received a written mandate from the manufacturer to act on his behalf in relation to specified tasks;
- (8) 'Importer' means any natural or legal person established in the Union who places an energy-related product from a third country on the Union market;
- (9) 'Dealer' means a retailer or other person who sells, hires, offers for hire purchase or displays products to customers;
- (10) 'Distance selling' means sale, hire or hire purchase by mail order, catalogue, Internet, telemarketing or any other method where the potential end user cannot be expected to see the product displayed;
- (11) 'Energy-related product' means any good or system or service with an impact on energy consumption during use, which is placed on the market and put into service in the Union, including parts to be incorporated into energy-related products which are placed on the market and put into service;
- (12) 'Harmonised standard' means a European standard as defined in Article 2(1)(c) of Regulation (EU) No 1025/2012²⁰;
- (13) 'Label' means a graphic diagram including a classification using letters from A to G in seven different colours from dark green to red in order to show consumption of energy;
- (14) 'Model' means a version of a product of which all units share the same technical characteristics relevant for the label and the product information sheet and share the same model identifier;
- (15) 'Model identifier' means the code, usually alphanumeric, which distinguishes a specific product model from other models with the same trade mark or supplier's name;

²⁰ Regulation (EU) No 1025/2012 of the European Parliament and of the Council on European standardisation (OJ L 316, 14.11.2012, p.12).

- (16) 'Equivalent model' means a model placed on the market by the same supplier and with the same label and product information as another model, but with a different model identifier;
- (17) 'Product information sheet' means a standard table of information relating to a product;
- (18) 'Rescale' means a periodic exercise to make more stringent the requirements for achieving the energy class on a label for a particular product, which, for existing labels may imply the deletion of certain energy classes;
- (19) 'Rescaled label' means a label for a particular product that has undergone a rescaling exercise.
- (20) 'Supplementary information' means information on the functional and environmental performance of an energy-related product, such as its absolute energy consumption or durability, which is based on data that are measurable by market surveillance authorities, is unambiguous and has no significant negative impact on the clear intelligibility and effectiveness of the label as a whole towards customers.

Article 3

Obligations of suppliers' and dealers'

1. Suppliers shall comply with the following:
 - (a) they shall ensure that products placed on the market are provided, free of charge, with accurate labels and product information sheets in accordance with this Regulation and the relevant delegated acts;
 - (b) they shall deliver labels promptly and free of charge on request from dealers;
 - (c) they shall ensure the accuracy of the labels and product information sheets that they provide and produce technical documentation sufficient to enable the accuracy to be assessed;
 - (d) they shall, prior to placing a product model on the market, enter into the product database established in accordance with Article 8 the information detailed in Annex I.
2. Dealers shall comply with the following:
 - (a) they shall display in a visible manner the label provided by the supplier or otherwise made available for a product covered by a delegated act;
 - (b) they shall, where they do not have a label or a rescaled label;
 - (i) request the label or a rescaled label from the supplier;
 - (ii) print out the label from the product database established in accordance with Article 8 if that function is available for that product; or
 - (iii) print out the label or a rescaled label from the supplier's website if that function is available for that product.
 - (c) they shall make available to customers the product information sheet.
3. Suppliers and dealers shall comply with the following:
 - (a) they shall make reference to the energy efficiency class of the product in any advertisement or technical promotional material for a specific model of products in accordance with the relevant delegated act;

- (b) they shall cooperate with market surveillance authorities and take immediate action to remedy any situation of non-compliance with the requirements set out in this Regulation and its delegated acts falling under their responsibility, at their own initiative or when required to do so by market surveillance authorities;
- (c) they shall not, for products covered by this Regulation, provide or display other labels, marks, symbols or inscriptions which do not comply with the requirements of this Regulation and of the relevant delegated acts, if this is likely to mislead or confuse customers with respect to the consumption of energy or other resources during use;
- (d) they shall, for products not covered by this Regulation, not supply or display labels which mimic the label as defined in this Regulation.

Article 4

Obligations of Member States

1. Member States shall not prohibit, restrict or impede the placing on the market or putting into service, within their territories, of energy-related products which comply with this Regulation and its relevant delegated acts.
2. Member States shall take all appropriate measures to ensure that suppliers and dealers comply with the obligations and requirements of this Regulation and of the relevant delegated acts.
3. Where Member States provide any incentives for an energy-related product covered by this Regulation and specified in a delegated act, these shall aim at the highest class of energy efficiency laid down in the applicable delegated act.
4. Member States shall ensure that the introduction of labels including rescaled labels and product information sheets is accompanied by educational and promotional information campaigns aimed at promoting energy efficiency and more responsible use of energy by customers, if appropriate in cooperation with dealers.
5. Member States shall lay down the rules on penalties and enforcement mechanisms applicable to infringements of the provisions of this Regulation and its delegated acts, and shall take all measures necessary to ensure that they are implemented. The penalties must be effective, proportionate and dissuasive. Member States shall notify those provisions to the Commission by the date of application of this Regulation and shall notify without delay any subsequent amendment affecting them.

Article 5

Union market surveillance and control of energy-related products entering the Union market

1. Articles 16 to 29 of Regulation (EC) No 765/2008 shall apply to energy-related products covered by this Regulation and its delegated acts.
2. The Commission shall support cooperation and exchange of information on market surveillance of energy labelling of products among national authorities of the Member States responsible for market surveillance or external border controls and between such authorities and the Commission.

Article 6

Union safeguard procedure

1. Where the market surveillance authorities of one Member State have sufficient reason to believe that an energy-related product covered by a delegated act under this Regulation presents a risk to aspects of public interest protection covered by this Regulation, they shall carry out an evaluation in relation to the energy-related product concerned covering all the requirements laid down in this Regulation and its relevant delegated acts. The supplier shall cooperate as necessary with the market surveillance authorities for that purpose.
2. Where, in the course of that evaluation, the market surveillance authorities find that the energy-related product does not comply with the requirements laid down in this Regulation and its relevant delegated acts, they shall without delay require the supplier to take all appropriate corrective action to bring the energy-related product into compliance with those requirements, to withdraw the energy-related product from the market, or to recall it within a reasonable period, commensurate with the nature of the risk, as they may prescribe. Article 21 of Regulation (EC) No 765/2008 shall apply to the measures referred to in this paragraph.
3. Where the market surveillance authorities consider that non-compliance is not restricted to their national territory, they shall inform the Commission and the other Member States of the results of the evaluation and of the actions which they have required the supplier to take.
4. The supplier shall ensure that all appropriate corrective action is taken in respect of all the energy-related products concerned that it has made available on the market throughout the Union.
5. Where the supplier does not take adequate corrective action within the period referred to in the paragraph 2, the market surveillance authorities shall take all appropriate provisional measures to prohibit or restrict the energy-related product's being made available on their national market, to withdraw the energy-related product from that market or to recall it. The market surveillance authorities shall inform the Commission and the other Member States, without delay, of those measures.
6. The information referred to in the paragraph 5 shall include all available details, in particular the data necessary for the identification of the non-compliant energy-related product, the origin of the energy-related product, the nature of the non-compliance alleged and the risk involved, the nature and duration of the national measures taken and the arguments put forward by the supplier. In particular, the market surveillance authorities shall indicate whether the non-compliance is due to either failure of the energy-related product to meet requirements relating to aspects of public interest protection laid down in this Regulation or shortcomings in the harmonised standards referred to in Article 9 conferring a presumption of conformity.
7. Member States other than the Member State initiating the procedure shall without delay inform the Commission and the other Member States of any measures adopted and of any additional information at their disposal relating to the non-compliance of the energy-related product concerned, and, in the event of disagreement with the notified national measure, of their objections.

8. Where, within 60 days of receipt of the information referred to in paragraph 5, no objection has been raised by either a Member State or the Commission in respect of a provisional measure taken by a Member State, that measure shall be deemed justified.
9. Member States shall ensure that appropriate restrictive measures, such as withdrawal of the energy-related product from their market, are taken in respect of the energy-related product concerned, without delay.
10. Where, on completion of the procedure set out in paragraphs 4 and 5, objections are raised against a measure taken by a Member State, or where the Commission considers a national measure to be contrary to Union legislation, the Commission shall without delay enter into consultation with the Member States and the supplier and shall evaluate the national measure. On the basis of the results of that evaluation, the Commission shall decide whether the national measure is justified or not.
11. The Commission shall address its decision to all Member States and shall immediately communicate it to them and the supplier.
12. If the national measure is considered justified, all Member States shall take the measures necessary to ensure that the non-compliant energy-related product is withdrawn from their market, and shall inform the Commission accordingly. If the national measure is considered unjustified, the Member State concerned shall withdraw the measure.
13. Where the national measure is considered justified and the non-compliance of the energy-related product is attributed to shortcomings in the harmonised standards referred to in paragraph 6, the Commission shall apply the procedure provided for in Article 11 of Regulation (EU) No 1025/2012.

Article 7

Labels and rescaling

1. The Commission may, by means of delegated acts adopted pursuant to Articles 12 and 13, introduce labels or rescale existing labels.
2. When, for a given product group, no models belonging to energy classes **D, E, F** or **G** are allowed to be placed on the market any more because of an implementing measure adopted under Directive 2009/125/EC, the class or classes in question shall no longer be shown on the label.
3. The Commission shall ensure that, when a label is introduced or rescaled, the requirements are laid down so that no products are expected to fall in energy classes **A** or **B** at the moment of the introduction of the label and so that the estimated time within which a majority of models falls into those classes shall be at least ten years later.
4. Labels shall be re-scaled periodically.
5. When a label is rescaled:
 - (a) suppliers shall provide both the current and the rescaled labels to dealers for a period of six months before the date specified in paragraph (b).
 - (b) dealers shall replace the existing labels on products on display including on the Internet with the rescaled labels within one week following the date specified

for that purpose in the relevant delegated act. Dealers shall not display the rescaled labels before that date.

6. Labels introduced by delegated acts adopted in accordance with Article 10 of Directive 2010/30/EU before the date of application of this Regulation shall be considered as labels for the purposes of this Regulation. The Commission shall review those labels within five years of the entry into force of this Regulation with a view to rescaling them.

Article 8

Product database

The Commission shall establish and maintain a product database including the information referred to in Annex I. The information listed under point 1 of Annex I shall be made publicly available.

Article 9

Harmonised standards

After the adoption of a delegated act under this Regulation setting specific labelling requirements adopted in accordance with Article 13 of this Regulation, the Commission shall, in accordance with Regulation (EU) No 1025/2012²¹, publish references to harmonised standards that satisfy the relevant measurement and calculation requirements of the delegated act in the *Official Journal of the European Union*.

When during the conformity assessment of a product such harmonised standards are applied, the product shall be deemed to comply with the relevant measurement and calculation requirements of the delegated act.

Article 10

Consultation

In the conduct of its activities under this Regulation the Commission shall ensure in respect of each delegated act, a balanced participation of Member States' representatives and interested parties concerned with the product group in question, such as industry, including SMEs and craft industry, trade unions, traders, retailers, importers, environmental protection groups and consumer organisations. For this purpose, the Commission shall establish a Consultation Forum in which these parties shall meet. This Consultation Forum may be combined with the Consultation Forum referred to in Article 18 of Directive 2009/125/EC.

Where appropriate prior to the adoption of delegated acts, the Commission shall test the design and content of the labels for specific product groups with consumers to ensure their clear understanding of the labels.

Article 11

Working plan

The Commission shall, having consulted the Consultation Forum referred to in Article 10, establish a working plan which shall be made publicly available. The working plan shall set out an indicative list of product groups which are considered as priorities for the adoption of delegated acts. The working plan shall also set out plans for the revision and rescaling of

²¹ OJ L 316, 14.11.2012, p12

labels of products or product groups. The working plan may be amended periodically by the Commission after consultation with the Consultation Forum. The working plan may be combined with the working plan required by Article 16 of Directive 2009/125/EC.

Article 12

Delegated Acts

1. The Commission shall be empowered to adopt delegated acts concerning detailed requirements relating to labels for specific groups of energy-related products ('specific product groups') in accordance with Article 13.
2. Delegated acts shall specify product groups which satisfy the following criteria:
 - (a) according to the most recently available figures and considering the quantities placed on the Union market, the product group shall have significant potential for saving energy and where relevant, other resources;
 - (b) product groups with equivalent functionality shall differ significantly in the relevant performance levels;
 - (c) there shall be no significant negative impact as regards the affordability and the life cycle cost of the product group.
3. Delegated acts relating to specific product groups shall specify in particular:
 - (a) the definition of the specific product groups falling under the definition of 'energy-related product' set out in Article 2(11) which are to be covered;
 - (b) the design and content of the label, including a scale showing consumption of energy consisting of A to G, which as far as possible shall have uniform design characteristics across product groups and shall in all cases be clear and legible;
 - (c) where appropriate, the use of other resources and supplementary information concerning energy related products, in which case the label shall emphasise the energy efficiency of the product;
 - (d) the locations where the label shall be displayed, such as attached to the product, printed on the packaging, provided in electronic format or displayed on line;
 - (e) where appropriate, electronic means for labelling products;
 - (f) the manner in which the label and technical information are to be provided in the case of distance selling;
 - (g) the content and, where appropriate, the format and other details concerning the technical documentation and product information sheet;
 - (h) that when verifying compliance with the requirements, only those verification tolerances that are set out in the delegated act(s) shall apply;
 - (i) the obligations on suppliers and dealers in relation to the product database;
 - (j) the specific indication of the energy class to be included in advertisements and technical promotional material, including requirements for this to be in a legible and visible form;
 - (k) the conformity assessment procedures and the measurement and calculation methods to be used to determine label and product information sheet information;

- (l) whether for larger appliances a higher level of energy efficiency is required to reach a given energy class;
- (m) the format of any additional references on the label allowing customers to access through electronic means more detailed information on the product performance included in the product information sheet;
- (n) whether and how energy classes describing the product's energy consumption during use should be shown on smart meters or on the product's interactive display;
- (o) the date for the evaluation and possible revision of the delegated act.

For the content of the label as referred to in point (b) of the first subparagraph, the A-G steps of the classification shall correspond to significant energy and cost savings from the customer's perspective.

For the format of references referred to in point (m) of the first subparagraph, those references may take the form of a website address, a Quick Response (QR) code, a link on on-line labels or any other appropriate consumer-oriented means.

The introduction of a label for a product to be covered by a delegated act shall not have a significant negative impact on the functionality of the product from the perspective of the user.

The Commission shall be empowered to adopt delegated acts regarding operational details relating to the product database, including any obligations on suppliers and dealers in accordance with Article 13.

Article 13

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The delegation of power referred to in Articles 7 and 12 shall be conferred on the Commission for an indeterminate period of time from the date of application of this Regulation.
3. This delegation of power referred to in Articles 7 and 12 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in this Regulation. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
5. A delegated act adopted pursuant to Articles 7 and 12 shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period may be extended by two months at the initiative of the European Parliament or of the Council.

Article 14
Evaluation

No later than eight years after the entry into force, the Commission shall assess the application of this Regulation and transmit a report to the European Parliament and the Council. That report shall assess how effectively this Regulation has allowed customers to choose more efficient products, taking into account its impacts on business.

Article 15
Repeal

Directive 2010/30/EU is repealed with effect from 1 January 2017.

References to Directive 2010/30/EU shall be construed as references to this Regulation and shall be read in accordance with the correlation table set out in Annex II.

Article 16
Entry into force

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 1 January 2017.

However, Article 3(1)(d) shall apply from 1 January 2019.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned in the ABM/ABB structure
- 1.3. Nature of the proposal/initiative
- 1.4. Objective(s)
- 1.5. Grounds for the proposal/initiative
- 1.6. Duration and financial impact
- 1.7. Management mode(s) planned

2. MANAGEMENT MEASURES

- 2.1. Monitoring and reporting rules
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- 2.3. Measures to prevent fraud and irregularities

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
- 3.2. Estimated impact on expenditure
 - 3.2.1. *Summary of estimated impact on expenditure*
 - 3.2.2. *Estimated impact on operational appropriations*
 - 3.2.3. *Estimated impact on appropriations of an administrative nature*
 - 3.2.4. *Compatibility with the current multiannual financial framework*
 - 3.2.5. *Third-party contributions*
- 3.3. Estimated impact on revenue

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for a Regulation of the European Parliament and of the Council setting a framework for energy efficiency labelling and repealing Directive 2010/30/EU

1.2. Policy area(s) concerned in the ABM/ABB structure²²

Title 32 – Energy
32 04 Horizon 2020 – Research and innovation related to energy

1.3. Nature of the proposal/initiative

The proposal/initiative relates to **the extension of an existing action**

1.4. Objective(s)

1.4.1. *The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

Energy Union

1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

Specific objective
Promoting the moderation of energy demand.
ABM/ABB activity(ies) concerned
ABB 2: Research and innovation activities related to energy

²² ABM: activity-based management; ABB: activity-based budgeting.

1.4.3. *Expected result(s) and impact*

The expected result of this initiative is to improve the framework of energy efficiency labelling in the Union, which at present is not optimal in terms of effectiveness for consumers, compliance and level of ambition.

This proposal will enhance the protection of consumers and other users of energy-related products through more effective energy labels and enforcement.

The proposal will have an impact on economic operators who will have to continue to provide and display energy labels and provide information for market surveillance, though the latter through different channels.

The proposal will have an impact on national authorities who will be better equipped for their market surveillance actions.

1.4.4. *Indicators of results and impact*

Share of products of A-class, B-class etc. on the energy label

Share of non-compliant products found by market surveillance actions

1.5. Grounds for the proposal/initiative

1.5.1. *Requirement(s) to be met in the short or long term*

The general objective of this initiative is to ensure the functioning of the internal market through the free movement of goods that ensure a high level of environmental and consumer protection.

1.5.2. *Added value of EU involvement*

The objective of reducing negative environmental impacts of products, in particular energy use, cannot be sufficiently achieved by the Member States, because this would lead to divergent national provisions and procedures (while having similar objectives) that would generate undue costs for industry (and eventually consumers) and constitute obstacles to the free movement of goods within the EU. Only through harmonised EU rules on energy labelling and underlying measurements and testing can it be ensured that the same model of a product has the same published energy class throughout the EU.

In the absence of EU legislation, it is likely that all Member States would introduce energy labels for some product groups, because of consumer protection and to achieve energy savings. Acting at the EU level is the only way to ensure that labels for products placed on the market are equal in all Member States, thereby ensuring the functioning of the Internal Market underpinned by Article 26 of the Treaty on the Functioning of the European Union.

1.5.3. *Lessons learned from similar experiences in the past*

Although the EU has achieved a single market for energy labels, the labels need updating because to the technological progress many models will reach the highest classes, providing no differentiation for consumers. In the revision of the Energy Labelling Directive in 2010 the addition of A+, A++ and A+++ classes to the A-G label scale was meant to address this issue. Review has shown that these classes are less effective on consumers than the original A-G scale. Therefore, this proposal tackles this problem by going back to the A-G label and periodically rescaling it.

Market surveillance authorities have been checking compliance with energy label requirements. However, non-compliance still leads to a loss of approximately 10% of envisaged energy savings (and cost savings for consumers). The Commission's proposal for a new market surveillance regulation (COM(2013)75) aimed to address such challenges for EU harmonisation legislation on products. However, market surveillance authorities in the area of energy labelling face problems that are not resolved by that proposal: timely access to technical documentation, problems of identification and contact information of foreign manufacturers, and no central system to identify equivalent models that may already have been inspected by other market surveillance authorities. Further, determining the appropriate label class requirements for each product group has been difficult for the Commission, because of a lack of recent public data on energy performance of products. Thresholds for the new label classes A+, A++ and A+++ were for many products set less ambitious than in hindsight should have been, which leads to earlier need for revisions than envisaged. In order to avoid frequent revision and rescaling it is essential to have up to date data. This proposal tackles both these problems by establishing a product registration database in which manufacturers provide their performance and compliance data in a central location, accessible to the market surveillance authorities and the Commission.

1.5.4. Compatibility and possible synergy with other appropriate instruments

This initiative is coherent with the Ecodesign Directive 2009/125/EC, which sets minimum requirements for energy-related products, some of which also bear an energy label. In particular, this initiative ensures a common work plan and consultation process for stakeholders for the work on product-specific regulations.

This initiative is coherent with the market surveillance regulation (EC) No 765/2008, in particular removing overlapping provisions from the energy labelling legislation that are already included in the market surveillance regulation for all EU harmonisation legislation.

The proposed product registration database allows for synergies with other EU harmonisation legislation for which such databases are established or may be established in future (in particular Directive 2014/53/EU on the harmonisation of the laws of the Member States relating to the making available on the market of radio equipment).

1.6. Duration and financial impact

Proposal/initiative of **unlimited duration**

- Implementation with a start-up period from 07/2016
- followed by full-scale operation.

1.7. Management mode(s) planned²³

Direct management by the Commission

- by its departments, including by its staff in the Union delegations;

Comments

This initiative does not require additional budgetary resources. The proposed energy-related products registration database (estimated budget of 1.500.000 EUR in 2016 plus 150.000 EUR maintenance per year in the following years) will be financed by reprioritisation of resources foreseen for the implementation of the policy on energy efficiency of products in the context of market uptake and innovation under Societal challenges of Horizon 2020 (in the past under Intelligent Energy Europe). These resources amount to 2.500.000 EUR in the year 2015 for all energy efficiency of products policy combined (energy labelling, ecodesign, energy star and labelling of tyres). An estimated 700.000 EUR of that relate to technical assistance and studies concerning energy labelling (notably preparatory studies providing the basis for regulation of new product groups or revisions of regulations) and is expected to remain necessary in future years. As a result of this proposal an additional 300.000 EUR per year is necessary from 2017 for consumer understanding studies for labels of specific product groups, as proposed in this regulation. That leaves sufficient room within the overall combined resources for energy efficiency of products policy to cover the costs of the product registration database. The availability of the data in the product registration database will mean that the costs for preparatory studies for ecodesign on products that are also covered by energy labelling will be reduced since less data collection is necessary in those studies.

The proposed budgetary impact is within the envelope foreseen in the DB 2016 and in the financial programming for the years 2017-2020 for budget line 32 04 03 01.

Section 3.2.2. sets out the above-mentioned figures in the multi-annual context.

²³ Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: http://ec.europa.eu/budget/index_en.cfm

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

The Consultation Forum will be the platform for discussions regarding the proper implementation of the proposed regulation.

A final provision also proposes that the Commission makes an evaluation and drafts a report regarding the implementation eight years after its entry into force. This should identify possible problems and shortcomings of the Regulation and could be the starting point for further actions, including a possible proposal to amend it.

2.2. Management and control system

2.2.1. Risk(s) identified

The set-up of a database for the registration of products for an estimated budget of 1.500.000 EUR (and 150.000 EUR maintenance per year).

The risks related to the functioning of the product registration database relate mainly to IT-related problems, such as a possible breakdown of the system and confidentiality issues.

2.2.2. Information concerning the internal control system set up

The control methods envisaged are laid down in the Financial Regulation and Rules of Application.

2.3. Measures to prevent fraud and irregularities

No specific measures beyond the application of the Financial Regulation

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

| Heading of multiannual financial framework | Budget line | Type of expenditure | Contribution | | | |
|--|--|---------------------|-----------------------------------|--|----------------------|--|
| | | | from EFTA countries ²⁵ | from candidate countries ²⁶ | from third countries | within the meaning of Article 21(2)(b) of the Financial Regulation |
| 1a Competitiveness for growth | 32 04 03 01 Horizon2020 – Research and innovation related to energy, Societal challenges - Making the transition to a reliable, sustainable | Diff | YES | NO | YES | NO |

²⁴ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

²⁵ EFTA: European Free Trade Association.

²⁶ Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

| | | | | | | |
|-------------------------|--|-----------|----|----|----|----|
| and jobs | and competitive energy system | | | | | |
| 5 Administ ration | 32 01 01 Expenditure related to officials and temporary staf in the 'Energy' policy area | Non-diff. | NO | NO | NO | NO |
| 5 Administ ration | 32 01 02 External personnel and other management expenditure in support of the 'Energy' policy area | Non-diff. | NO | NO | NO | NO |

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

| Heading of multiannual financial framework | Budget line | Type of expenditure | Contribution | | | |
|---|--------------------------|------------------------|---------------------------|--------------------------------|-------------------------|--|
| | Number [Heading.....] | Diff./Non- diff. | from EFTA countries | from candidate countries | from third countries | within the meaning of Article 21(2)(b) of the Financial Regulation |
| | | | | | | |

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

EUR million (to three decimal places)

| | | |
|---|--------|--|
| Heading of multiannual financial framework | Number | 1a Competitiveness for growth and employment |
|---|--------|--|

| DG: ENER | | | 2016 | 2017 | 2018 | 2019 | 2020 | | | TOTAL |
|--|--|-----|-------------|-------------|-------|-------|-------|-------|-------|--------------------------------|
| • Operational appropriations | | | | | | | | | | |
| | | | | | | | | | | |
| Appropriations of an administrative nature financed from the envelope of specific programmes ²⁷ | | | | | | | | | | |
| 32 04 03 01 | | (3) | 2.200 | 1.150 | 1.150 | 1.150 | 1.150 | | | Proposal of unlimited duration |
| TOTAL appropriations for DG ENER | | | Commitments | =1+1a +3 | 2.200 | 1.150 | 1.150 | 1.150 | 1.150 | Proposal of unlimited duration |
| | | | Payments | =2+2a +3 | 2.200 | 1.150 | 1.150 | 1.150 | 1.150 | Proposal of unlimited duration |

²⁷ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former ‘BA’ lines), indirect research, direct research.

| | | | | | | | | | | |
|---|-------------|-------|-------|-------|-------|-------|-------|--|--|--|
| • TOTAL operational appropriations | Commitments | (4) | | | | | | | | |
| | Payments | (5) | | | | | | | | |
| • TOTAL appropriations of an administrative nature financed from the envelope for specific programmes | | (6) | 2.200 | 1.150 | 1.150 | 1.150 | 1.150 | | | |
| TOTAL appropriations under HEADING 1a of the multiannual financial framework | Commitments | =4+ 6 | 2.200 | 1.150 | 1.150 | 1.150 | 1.150 | | | |
| | Payments | =5+ 6 | 2.200 | 1.150 | 1.150 | 1.150 | 1.150 | | | |

| | | | | | | | | | |
|---|----------|------------------------------|--|--|--|--|--|--|--|
| Heading of multiannual financial framework | 5 | 'Administrative expenditure' | | | | | | | |
|---|----------|------------------------------|--|--|--|--|--|--|--|

EUR million (to three decimal places)

| | | 2016 | 2017 | 2018 | 2019 | 2020 | | | TOTAL |
|------------------------------------|----------------|-------|-------|-------|-------|-------|--|--|--------------|
| DG: ENER | | | | | | | | | |
| • Human resources | | 0.417 | 0.417 | 0.417 | 0.417 | 0.417 | | | 2.085 |
| • Other administrative expenditure | | 0.066 | 0.066 | 0.066 | 0.066 | 0.066 | | | 0.330 |
| TOTAL DG ENER | Appropriations | 0.483 | 0.483 | 0.483 | 0.483 | 0.483 | | | 2.415 |

| | | | | | | | | | |
|--|--------------------------------------|-------|-------|-------|-------|-------|--|--|-------|
| TOTAL appropriations under HEADING 5 of the multiannual financial framework | (Total commitments = Total payments) | 0.483 | 0.483 | 0.483 | 0.483 | 0.483 | | | 2.415 |
|--|--------------------------------------|-------|-------|-------|-------|-------|--|--|-------|

EUR million (to three decimal places)

| | | 2016 | 2017 | 2018 | 2019 | 2020 | | | TOTAL |
|--|-------------|-------|-------|-------|-------|-------|--|--|--------------|
| TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework | Commitments | 2.683 | 1.633 | 1.633 | 1.633 | 1.633 | | | 9.215 |
| | Payments | 2.683 | 1.633 | 1.683 | 1.633 | 1.633 | | | 9.215 |

3.2.2. Estimated impact on operational appropriations

- The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to three decimal places)

| Indicate objectives and outputs ↓ | | | 2016 | 2017 | 2018 | 2019 | 2020 | | | | | | | | | TOTAL | | |
|---|--------------------|--------------|------|-------|------|-------|------|-------|----|-------|----|-------|----|------|----|-------|----------|--------------------------------|
| | OUTPUTS | | | | | | | | | | | | | | | | | |
| | Type ²⁸ | Average cost | No | Cost | No | Cost | No | Cost | No | Cost | No | Cost | No | Cost | No | Cost | Total No | Total cost |
| SPECIFIC OBJECTIVE: Promoting the moderation of energy demand. | | | | | | | | | | | | | | | | | | |
| Delivery of IT database energy-related products registration | | | 1 | 1.500 | | | | | | | | | | | | | 1 | 1.500 |
| Maintenance of IT database energy-related products registration | | | | | 1 | 0.150 | 1 | 0.150 | 1 | 0.150 | 1 | 0.150 | | | | | | Proposal of unlimited duration |
| Technical assistance and/or studies to assess aspects of product groups necessary for delegated acts and support to standardisation | | | 1 | 0.700 | 1 | 1.000 | 1 | 1.000 | 1 | 1.000 | 1 | 1.000 | | | | | | Proposal of unlimited duration |
| TOTAL COST | | | | 2.20 | | 1.150 | | 1.150 | | 1.150 | | 1.150 | | | | | | Proposal of unlimited |

²⁸ Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

3.2.3. Estimated impact on appropriations of an administrative nature

3.2.3.1. Summary

- The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to three decimal places)

| | 2016 | 2017 | 2018 | 2019 | 2020 | | | TOTAL |
|--|------|------|------|------|------|--|--|-------|
|--|------|------|------|------|------|--|--|-------|

| HEADING 5 of the multiannual financial framework | | | | | | | | |
|--|-------|-------|-------|-------|-------|--|--|-------|
| Human resources | 0.417 | 0.417 | 0.417 | 0.417 | 0.417 | | | 2.085 |
| Other administrative expenditure | 0.066 | 0.066 | 0.066 | 0.066 | 0.066 | | | 0.330 |
| Subtotal HEADING 5 of the multiannual financial framework | 0.483 | 0.483 | 0.483 | 0.483 | 0.483 | | | 2.415 |

| Outside HEADING 5²⁹ of the multiannual financial framework | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| Human resources | | | | | | | | |
| Other expenditure of an administrative nature | | | | | | | | |
| Subtotal outside HEADING 5 of the multiannual financial framework | | | | | | | | |

| | | | | | | | | |
|--------------|-------|-------|-------|-------|-------|--|--|-------|
| TOTAL | 0.483 | 0.483 | 0.483 | 0.483 | 0.483 | | | 2.415 |
|--------------|-------|-------|-------|-------|-------|--|--|-------|

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

²⁹ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

3.2.3.2. Estimated requirements of human resources

– The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full time equivalent units

| | 2016 | 2017 | 2018 | 2019 | 2020 | | |
|--|-------------------|------|------|------|------|--|--|
| • Establishment plan posts (officials and temporary staff) | | | | | | | |
| 32 01 01 01 (Headquarters and Commission's Representation Offices) | 3 | 3 | 3 | 3 | 3 | | |
| XX 01 01 02 (Delegations) | | | | | | | |
| XX 01 05 01 (Indirect research) | | | | | | | |
| 10 01 05 01 (Direct research) | | | | | | | |
| • External staff (in Full Time Equivalent unit: FTE)³⁰ | | | | | | | |
| 32 01 02 01 (AC, END, INT from the 'global envelope') | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | | |
| XX 01 02 02 (AC, AL, END, INT and JED in the delegations) | | | | | | | |
| XX 01 04 yy³¹ | - at Headquarters | | | | | | |
| | - in Delegations | | | | | | |
| XX 01 05 02 (AC, END, INT - Indirect research) | | | | | | | |
| 10 01 05 02 (AC, END, INT - Direct research) | | | | | | | |
| Other budget lines (specify) | | | | | | | |
| TOTAL | | | | | | | |

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

| | |
|-------------------------------|---|
| Officials and temporary staff | <p>Administrators:</p> <p>0.3 FTE as team leader</p> <p>2.7 FTE as desk officers for the Regulation, the product-specific delegated acts and for support for coordination of enforcement by market surveillance authorities</p> <p>Assistants:</p> <p>0.3 FTE as support for legislative procedures and communication</p> |
| External staff | 0.3 FTE as secretary of the team and responsible for logistics |

³⁰ AC= Contract Staff; AL = Local Staff; END= Seconded National Expert; INT = agency staff; JED= Junior Experts in Delegations.

³¹ Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

3.2.4. *Compatibility with the current multiannual financial framework*

The proposal/initiative is compatible the current multiannual financial framework

3.2.5. *Third-party contributions*

The proposal/initiative does not provide for co-financing by third parties.

3.3. Estimated impact on revenue

The proposal/initiative has no financial impact on revenue.