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COVER NOTE

From: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

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To: Mr Uwe CORSEPIUS, Secretary-General of the Council of the European
Union

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Executive Summary of the Impact Assessment
Accompanying the document
Commission Delegated Regulation with regard to labelling of energy-
related products on the Internet

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COMMISSION STAFF WORKING DOCUMENT

EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT

Accompanying the document

Commission Delegated Regulation

with regard to labelling of energy-related products on the Internet

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with regard to labelling of energy-related products on the Internet

1. INTRODUCTION

The Energy Labelling Directive¹ provides the Commission with a framework in which to develop energy labelling regulations addressing specific energy-related products. Such regulations should require the mandatory display of an energy label at the point of sale of the product. The main element of this label is a green-yellow-red coloured A-G class scale (possibly supplemented by an A+, A++ and A+++ class) indicating the product's energy efficiency.

Such labelling is available for a number of different products in an offline setting (i.e. in shops). However, in the case of distance selling (by mail order, by catalogue, through the Internet or through telemarketing) end-users are currently only provided with the energy efficiency class specified on the label before buying the product, and not with the label itself. Thus, on the Internet consumers are informed that a product is of class B, but not whether class B is in the green, yellow or red zone of the colour class on the label. Nor do they receive the product fiche that provides additional information on energy efficiency and other product information.

The 2010 revision of the Energy Labelling Directive provided for the possibility of displaying the energy label on the Internet. The Consumer 2020 study² suggested that in the case of Internet selling, providing the label and the fiche in the same way as in shops may be beneficial to consumers and to the policy's environmental goals. This impact assessment raises the question whether it is necessary to change the way energy efficiency and other product information is communicated in the case of Internet selling and, if so, which measures would be the most appropriate to achieve this.

2. PROBLEM DEFINITION

Consumers receive different types of information in the physical and online environments, and this affects their interpretation of the available choices. As regards energy efficiency, currently a consumer in a distance-selling environment is not provided with the coloured labelling scale, nor with the specific colour belonging to the class of the model. Alphabetic scale and colour-coding are key to the appeal and clarity of energy labelling. In distance selling, however, the consumer is not presented with a recognisable and consistent basis for comparison.

¹ 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.

² http://ec.europa.eu/information_society/newsroom/cf/itemdetail.cfm?item_id=6782.

There is a general trend towards buying large appliances on the Internet. Furthermore, for many product categories consumers do their research online before purchasing in an actual shop. Since consumers do not see the energy label online, they are more likely to select appliances that are less efficient than those they would otherwise have bought. Manufacturers are also affected because the investments they make in innovation to achieve greater energy efficiency of their products are for a large part driven by the possibility for competition that the energy label provides.

In the past, the asymmetry between online and offline channels was not a significant problem. Indeed, symmetry would have created burdens for industry since the technology and techniques for producing electronic labels and put them online were not sufficiently advanced or widespread. However, this is no longer true. Thus, the product-specific delegated acts implementing the Energy Labelling Directive do not deploy the full energy savings potential that was originally anticipated.

3. POLICY OPTIONS

The policy options concern the *type of intervention*, i.e. the policy instrument to be used for changes or additions to the current way of providing consumers with energy efficiency information on energy-related products online. For the *content of the intervention* no further options have been identified other than the present situation of online information provision (which is *de facto* reflected in the *type of intervention* option that represents the baseline) and the option of displaying the energy label after click through/mouse roll-over/touch screen expansion of an arrow image in the colour of the appropriate energy class³ (and a similar approach for the product fiche). A third possible content option, that of displaying the energy label and the fiche online immediately next to the price of the product, was discarded, because this would leave online dealers with little visual space to display the product itself.

Option 0: *Baseline: no additional action beyond the current provisions in the product-specific delegated acts.* Under this option online consumer information would remain the same as it is now. This option would continue to provide online information on the energy efficiency of energy-related products. However, it would not be uniform, nor would it be comparable with, or of the same persuasive quality, as the information provided in shops. No stakeholders expressed a preference for this option and it has therefore been discarded. It is included in the impact analysis to serve as a baseline for comparing the other options.

Option 1: *Voluntary action by suppliers and dealers under the guidance of the Commission.* This option would require amendment of all the existing delegated acts on energy labelling deleting their current provisions related to distance/Internet selling. The Commission would then issue guidance on the technical aspects of putting the label online and suppliers and dealers would be asked to act on a voluntary basis. Neither manufacturers nor dealers have expressed interest in this option. There is no prospect that the current provisions would be replaced by a uniform alternative covering the entire sector. This option has therefore been discarded.

Option 2: The *regulatory requirement to show the energy label online* is divided into sub-options 2a and 2b:

³ As illustrated at <http://www.connemaraprogramme.com/ecosearch/>.

Sub-option 2a: *Display of the energy label and fiche online required through a delegated act under the Energy Labelling Directive.* Under this option suppliers and dealers would be obliged to ensure the display of the energy label and fiche online according to specifications set out in a delegated act. This is the option preferred by consumer organisations and several Member States and industry stakeholders (i.e. manufacturers and e-commerce dealers).

Sub-option 2b: *Display of the energy label and fiche online required through revision of the Energy Labelling Directive.* This option would be similar to option 2a, but the specifications ensuring the display of the energy label and fiche on the Internet would be laid down directly in the Directive, through a Commission proposal to the Council and Parliament following the review of the Energy Labelling Directive in 2014. This option would depart from the mandate provided by the legislators in the 2010 revision of the Directive. It is nevertheless included in the impact analysis, because some Member States and one industry stakeholder expressed their preference for this option.

4. IMPACTS

Options 2a and 2b each have positive impacts for consumers, dealers and suppliers.

Main impacts on consumers

- Clear energy efficiency information online: same information as offline. No reliance on other sources/players that may provide biased/inaccurate information.
- Greater scope for energy efficiency to influence purchase decisions.

Main impacts on dealers

- Increased sales of energy efficient products as online and hybrid shopping behaviour (switching between offline and online channels) grows with accessible and reliable energy information. This leads to increased margins, since these products are more expensive (note that when in use the consumer is saving money).
- Boost to e-commerce, including cross-border intra-European trade.

Main impacts on suppliers

- Increased demand for energy efficient products and, thus, increased margins, since these products are more expensive.
- Further incentives to redesign products with a view to energy efficiency.

The practical difference between options 2a and 2b is a time-delay under option 2b with implementation estimated to start three years later. Option 2b would not exploit the possibility of the EU coming out of the current recession during which consumers having postponed discretionary purchases. The quantitative economic and environmental impacts are set out in the table below.

Table 1: Average yearly impact 2014-2025

Option	0	2a	2b
average annual emissions (mT of CO ₂ /yr)	53.93	53.04 (98.35 % of base)	53.62 (99.42 % of base)
average annual energy use (TWh/yr)	125.42	123.35 (98.35 % of base)	124.71 (99.43 % of base)
average annual cost (billion €/yr)	21.32	20.97 (98.35 % of base)	21.21 (99.48 % of base)

5. CONCLUSIONS

As indicated in the table below, option 2a seems to be the best and is supported by consumer organisations as well as several Member States and industry stakeholders. While some Member States and one industry stakeholder expressed their preference for option 2b, this option would hold up the benefits to consumers, dealers and industry and interfere with the wider energy efficiency and climate change agendas. Thus, option 2a is preferable: requirements for the online display of energy efficiency information should be the same as for offline information.

Table 2: Evaluation of policy options in terms of their impacts in relation to the objectives

	option 0	option 2a	option 2b
<i>Effectiveness and efficiency</i>			
Reduce energy consumption and CO ₂ emissions.	0	++	+
Promote energy efficiency and hence contribute to security of supply.	0	++	+
Improve functioning of the Digital Single Market.	0	+	+
Increase the energy efficient share of sales of appliances online.	0	++	+
Promote consumers' energy efficiency awareness.	0	++	+
Facilitate the development of creative third-party business models.	0	+	+
<i>Coherence</i>			
Does not impose an excessive administrative burden on merchants.	0	0	0