



Raising standards for consumers



The Consumer Voice in Europe

ANEC/ BEUC reply to Public Consultation on the review of progress towards the 2020 energy efficiency objective and a 2030 energy efficiency policy framework

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Background information

Until 28 April 2014, the European Commission is seeking feedback from stakeholders on the progress towards the 2020 energy efficiency objective and a 2030 energy efficiency policy framework in the context of a public consultation.

The online consultation¹ only provides for limited space to give our views (1000 characters for open questions). As our input is usually longer, we provide in addition to the online questionnaire this paper in addition to the European Commission services.

Explanation of symbols ANEC/BEUC used to answer the questionnaire:

(X) = YES or box ticked

(--) = NO or box unticked

= No reply or box unticked

¹ http://ec.europa.eu/energy/efficiency/consultations/20140428_eed_2020_2030_de.htm

A. Energy efficiency targets and measures

1. Do you think the right approach in addressing the shortfall is :

a) To define energy efficiency target(s)

= YES

b) Reinforced implementation of existing legislation, including active policy on infringements

= YES

c) Proposing new legislation

= YES

d) Other

= No reply or box not ticked

1.a.1. How should these target(s) be expressed? *

In terms of energy intensity improvements of the economy and economic sectors

= No reply or box not ticked

As absolute energy savings

= YES

As a hybrid of the two represents a better benchmark upon which to frame a 2030 objective

= No reply or box not ticked

No opinion

= No reply or box not ticked

1.a.2. **At what level should they apply?**

- EU
 - National
 - Sectoral
-

1.a.3. **Should they be**

- legally binding
- indicative
- No opinion

Further comments on targets (max. 1000 characters)

With the continuous increase of energy prices, European consumers seek more and more energy efficient solutions for their households. Improving energy efficiency is one of the most cost-effective ways to tackle high energy prices and climate change. We believe that the overarching goal of energy efficiency measures should be the overall reduction of energy consumption in Europe. Therefore, we support the implementation of a European target on absolute energy savings. However, with a view to achieving these targets, we believe it crucial that the absolute European targets translate in absolute national and absolute sectorial targets (e.g. EU sectoral targets on CO2 reduction of vehicles that translate in concrete measures to reduce petrol consumption or CO2 emission of cars). Member States would be free to choose the tools they believe appropriate for concrete measures. To get consumers on board of this change, measures on energy efficiency must be set at the most cost-effective levels resulting in the smallest pay-back periods possible. Information concerning energy efficiency should be transparent, in order to gain consumer trust and motivation to invest in more efficient technologies.

When setting targets for energy savings, it is crucial to use adequate measurement methods in absolute values. In this context we underline that energy intensity is a poor proxy as expressed in the OECD Factbook 2011-2012 "Economic, Environmental and Social Statistics": A common way to measure and compare the energy intensity of different countries, and how this changes over time, is to look at the ratio of energy supply to GDP. It should be noted that energy intensity is only a poor proxy of energy efficiency, as the latter depends on numerous elements (such as climate, output composition, outsourcing of goods produced by energy-intensive industries etc.) that are not considered by the simple measure of energy supply to GDP shown here". Primary energy use should be used as a more reliable proxy indicator.

The EU is in the driving seat to shape national energy policies. BEUC and ANEC strongly believe that future policies need to include the principle of affordability and avoid discrimination against vulnerable consumers, particularly those on low-income. Distributional impact assessments of EU and national policies distinguishing between various consumer groups are needed to tailor different initiatives. EU legislators should therefore focus not only on the benefits that energy efficiency can bring to consumers, but also clearly communicate about the costs.

Please specify your response b) (1000 characters)

ANEC/BEUC remark: This question refers to the upper question on reinforced implementation of existing legislation.

We see benefits of streamlining the market surveillance efforts with regard to environmental aspects of products under a single Market Surveillance Regulation.

Member States need a dedicated strategy to ensure implementation of Ecodesign, Energy Labelling and car labelling requirements covering all sales channels. Certain product groups such as boilers may be difficult and costly to check. However, in case non-compliances exist, i.e. energy efficiency requirements are not met, costs for consumers and the environment may be high.

Focus needs also to remain on how Member States will implement the Energy Performance of Buildings Directive in respect of the requirement to make zero energy houses mandatory by 2020 for new constructions and especially on calculation methods for energy performance of buildings.

We call for a timely implementation of the Energy Efficiency Directive and to ensure that consumers are well-informed, can effectively exercise their rights and make sustainable choices.

For instance, according to the final report of the Evaluation of the Ecodesign Directive (2012), non-compliance ranges between 10 and 20 per cent. Currently market surveillance activities among member states vary considerably. A common European database of products under the Ecodesign and Energy Labelling Directives would be an easy and cost effective way to improve market surveillance.

Moreover, investments in energy efficiency solutions should be made in a cost-effective way. Therefore, while implementing energy efficiency measures, strong financial monitoring is needed and schemes must be transparent and properly audited so that energy savings are indeed delivered to consumers.

At the same time, consumer engagement should be an essential part of the process of the implementation of energy efficiency measures. However, different policies are needed for different consumer segments, depending on their attitude to the environment, income, type of home, family situation, heating fuel type, location and so on. This requires the combination of initiatives that exemplify, engage, enable and encourage action within these consumer segments and the co-ordination of policies to avoid mixed messages. Therefore, BEUC has been calling for strict obligations on each Member State to report and publish on their respective strategies to deliver energy efficiency and carbon savings.

Please specify your response c) (1000 characters)

ANEC/BEUC remark: This question refers to the upper question on the need to propose new legislation.

Ecodesign requirements should in the future cover more products groups and should go beyond energy. Legally binding criteria which cover environmental impacts during the whole life-cycle of products such as resource and water efficiency, noise levels, the use of hazardous chemicals, the extension of product lifetime, and possibilities for repair are urgently needed. Voluntary measures have shown to be an insufficient and inefficient way of addressing the environmental performance of products and should therefore no longer be used as substitutes to legally binding eco-design implementing measures. We need a revision of the EU car labelling scheme to give meaningful information to consumers when purchasing a new car. Furthermore we urgently need new binding requirements which will apply for the time after 2020 and which will lower CO2 emissions from cars.

Please specify your response d)

Not applicable as ANEC/BEUC did not reply to d) above.

B. Energy efficiency sectors

2. Do you think that further policy measures are needed at EU level to foster energy efficiency in buildings?

(X) YES

Throughout Europe, heating, cooling and lighting of buildings and in particular of residential housing amounts for a very large part of the total energy that European consumers use. Heating and cooling therefore represents a large part of consumers' energy bills. Hence, it is important to tackle issues related to heating, cooling and lighting of buildings, as well as insulation standards, as a matter of priority. It is essential that policy focuses on the most long-term and cost-effective solutions to enhance quality of energy saving solutions in buildings as well as addressing energy poverty, namely the radical improvement to the energy efficiency standards of housing.

Policy needs to focus, not only on more efficient new housing, but also, given the high proportion of existing homes, on their retrofitting and address all housing tenures. Adequate financial support for energy efficiency in buildings is therefore essential to enable all European consumers to be more energy efficient, but also in order to tackle energy poverty.

Furthermore, a weakness that has been identified in the existing Energy Performance Certificates (EPCs) is that information provided does not serve as either a carrot or a stick until it has a clear financial value. For example, in the UK, Consumer Futures' research shows that at present consumers are not influenced by the EPC even when it is provided to them (*Room for Improvement*, 2011). Also, the price of EPCs is sometimes too high; it may be up to 500€ for a family house and up to 2000€ for multi-apartment block.^[1] Consumer awareness is expected to rise when EPCs become mandatory around all member states for all renting and selling advertisements. However, the need for additional enforcement capacity for EPCs will remain and must be addressed in order for the measure to deliver the expected benefits.

Because of the variety of calculation methods used in Member States, and the various indicators used in energy performance certificates, quality improvements in energy certificates is crucial: a more consistent and harmonized method is required and should be achieved at the latest by 2020. Energy performance certificates of buildings currently present considerable shortcomings in terms of reliability.

Synergies between the EPBD and Ecodesign Directives must be enhanced. For example, in the area of lighting which Joint Research Centre (JRC) estimated for being responsible for around 86 TWh and it is predicted to raise to 102 TWh by 2020, it must be further explored how ecodesign measures that reduce energy consumption of lighting can be coupled with architectural choices that take into account natural light, use lighting controls and aim at human centric lighting which takes into consideration biological, visual and psychological human needs.

We suggest developing an overarching EU policy concept or master plan for sustainable construction with all activities to be developed in a coordinated manner to ensure consistency with regard to sustainability of buildings.

3. Do you think that further policy measures are needed at EU level to foster energy efficiency in industry?

(X) YES

A key to stimulate energy efficiency in industry is to define appropriate energy efficiency benchmarks in the Best Available Techniques (BAT) reference documents, the so-called BREFs. These should be setting ambition and be more frequently reviewed/updated.

The European Union should provide the appropriate framework conditions by establishing long-term energy efficiency targets for 2030 and indicatively for a longer term, i.e. for 2050 and better monitor whether Member States comply with those targets. In addition, the European Union should better share best practices between Member States, particularly with regard to financing mechanisms and information programs (e.g. awareness raising programs among the building industry). The European Union should also provide additional funding and financial instruments that can be used to put in place funds at Member State level to provide loans for energy efficiency investments.

4. Do you think that further policy measures are needed at EU level to foster energy efficiency in transport?

(X) YES

Please give details (max 1000 characters)

It is important to extend and fund a modern & well-functioning system of public transport rather than subsidizing private transport. Measures need to aim at reducing heavy traffic from our roads.

Intermodality must become the core principle underlying all mobility policies:

- The interplay between existing public transportation modes must be enhanced (e.g. by joint planning of networks, coordination of timetables, better information provision, common reservation and ticketing systems, common baggage handling, enhancing passenger rights, etc.);
- Promote open data for public transport to support IT-solutions for intermodality.
- New mobility solutions (car and bike sharing, etc.) must be further developed, and better combined with public transportation;
- Particular attention must be given to the safety of pedestrians and cyclists;
- Ambitious binding 2025 CO2 emissions targets for cars should be set;
- The outdated test to measure fuel consumption and air pollution of cars (NEDC) must be replaced by the newly developed World light duty test procedure (WLTP);
- The car labelling Directive must be revised in order to provide consumers with better information at the point of sale and in advertisements.

5. Do you think that further policy measures are needed at EU level to foster energy efficiency in electrical equipment?

(X) YES

Please give details (max. 1000 characters)

The EU Energy Label is a successful policy instrument steering consumers to more energy efficient appliances and encouraging the European industry to continue investing in more energy efficient technologies. However, practise shows that a higher energy

class does not always lead to bigger energy savings in the use phase as it is often easier for large appliances to receive a higher rating (a very high capacity washing machine getting a better rating on the EU energy label than a less energy consuming smaller one). As a consequence, consumers may opt for products which have a good rating but still consume a considerable amount of energy and thereby may cause unexpected high costs. The energy label must not only be based on efficiency but must also take into account the absolute consumption to correctly address this loophole. To restore the situation for consumers and to maximize the potential of this policy tool, we consider imperative the need to restore the closed A-G scheme for the EU Energy Label. With regards to the energy performance of electrical equipment per se, more product categories must be covered by Ecodesign requirements and the low level of ambition of existing measures must be addressed through the revision processes foreseen.

6. Do you think that further policy measures are needed at EU level to foster energy efficiency in generation and distribution?

No opinion

7. Do you think that further financial mechanisms and instruments are needed at EU level to mobilise energy efficiency investments?

YES

Please give details (max. 1000 characters)

Firstly, we believe that an EU-wide exercise is needed to collect and compile an inventory of financial instruments for energy efficiency and energy efficiency measures that have been satisfactorily deployed and produced desired results across the EU. At the same time, the potential benefits of energy saving contracting should be further investigated. Moreover, we recommend a clear distinction between new and existing buildings – new buildings must be built to a high standard(s) and it would be inappropriate to use limited national or European financial support given the knowledge and skills that exist. For existing buildings, it should be recognised that most low income consumers cannot afford to pay the up-front installation costs of refurbishment.

Secondly, there are currently a broad range of national and EU programmes that can contribute to these objectives but they are not easily accessible, understandable or well-co-ordinated. Rules and constraints for EU programmes are not always geared to the needs of consumers or local governments or to the most efficient delivery of energy savings. Moreover, raising consumer awareness about the importance of energy efficiency as well as the availability and functioning of investment measures is paramount. Building a critical mass of awareness will help raise societal standards related to energy efficiency.

Thirdly, the European Commission should strongly encourage Member States to make energy efficiency measures accessible to all and support them in creating and investing in extensive energy efficiency improvement programmes to tackle energy poverty. Market incentives and price signals should be supported but in ways that have regard to the interests of low income and vulnerable consumers. Additionally, financial mechanisms and instruments should be selected by their potential to reduce absolute energy consumption.

Fourthly, although very important, European financial tools are not necessarily always designed to address the scale of the challenge to improve the efficiency of the EU housing stock as these challenges are often best tackled at national level. Investing in

extensive energy efficiency improvement programmes will require a range of financing mechanisms, including grant support for vulnerable households funded by public expenditure. Moreover, the means to better integrate EU funds with national programmes, whilst ensuring accountability for the achievement of identified outcomes, should be investigated further. The UK's "Pay-as-you-save-scheme" is an example of new financing mechanisms for consumers that should be explored, but, even here, additional incentives are needed to enhance appeal to consumers.

8. Do you think that further measures are needed to build the capacity of actors in the energy efficiency sector?

(X) YES

9. What are the most promising technology solutions that can help to deliver energy savings in the 2020 and 2030 time horizon? How can their development and uptake be supported at EU level?

When selecting the right technology solutions and how they should be rolled out, it will be most important to prioritize what is most cost-effective balancing the short and long term costs and benefits and to ensure that consumers do not bear - whether through taxation or their energy bills - an unreasonable cost burden. It will also be important to ensure that the performance of these technologies meet consumers' needs.

In the transport sector:

- expansion of well-functioning public transport;
- Energy efficient conventional vehicles;
- hybrid cars;
- electric vehicles;
- plug-in hybrid electric vehicles;
- car sharing schemes;
- public transportation;
- car pooling.

In the building sector:

- thermal insulation;
- efficient heating and cooling systems;
- energy efficient appliances and efficient energy related products;
- lighting technologies and use of daylight.

In the household sector:

- energy efficient appliances and efficient energy related products.

10. Further comments (max. 1000 characters)

First, education on energy efficiency measures plays an important role in the process of behavioural change. Consumers often do not get sufficient information on all energy efficiency technologies or providers of energy efficiency services that are accessible to them and how they can benefit from them the most to reduce their energy consumption. Delivery and advice of new energy efficient solutions need to be from sources that consumers trust. Consumers are often not aware of what reliable energy service providers are present in their area, which further makes the task of identifying the efficiency services that are useful and accessible to them even harder. Consumer should be able to easily access advisors who are independent of equipment manufacturers and

service providers, and their advice should be impartial and tailored to meet consumers' needs. Not only for these issues, proper implementation of the Energy Efficiency Directive across Europe is indeed crucial.

Second, the training of builders, and of installers and maintenance service providers of energy-using appliances such as boilers and water heaters needs to be addressed. Member States should be required to provide appropriate training and qualification programmes for installers, retailers, and certifiers to improve the quality of consumer advice, understanding of the labels on the products, and understanding of the additional benefits of energy efficient systems.

Third, Member States should furthermore be requested to provide support for installing new highly efficient systems (e.g. by way of subsidies or tax reductions). When selecting the right policy instruments, it will be most important to prioritize what is most cost-effective balancing the short and long term costs and benefits as eventually consumers will also pay for support schemes, e.g. through taxation or their energy bills. It is important that installers and retailers inform consumers clearly about the upcoming technology.

Finally, the EU should fund and support research and development of new technologies and innovation through the Horizon 2020 programme, e.g. such as new types of solid wall insulation.