Raising standards for consumers

The Consumer Voice in Europe

Lessons learned from past mistakes

The need for a transparent and simple Energy Label based on a closed A-G scale

Consumer interests in the evaluation of the Energy Labelling Directive and certain aspects of the Ecodesign Directive

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Summary

According to Article 14 of the Energy Labelling Directive 2010/30/EU, the European Commission must review the effectiveness of this Directive by the end of 2014.

With regard to the Ecodesign Directive, although an evaluation was completed in April 2012, it has been deemed necessary to re-examine certain aspects of it in light of new data and evidence as it had been in use for only 2 years at the time of its evaluation.

ANEC and BEUC represented consumer interests in the Ecodesign and Energy labelling framework for a considerable time and have stated their support for the Energy Label as a policy tool. Through this paper, and taking advantage of their experiences at European level as well as of the experiences of their members at national level, ANEC and BEUC present a set of principles that must be restored and safeguarded in the upcoming revision of the Energy Labelling Directive and urge the study team to take them into account in the evaluation process, and particularly while proposing layouts to be tested under the study on consumer understanding of the Energy Label. These principles are summarized as follows:

- Clarity;
- Comparability;
- Credibility;
- Consistency;
- Simplicity.

The Label redesign should reflect the needs of consumers as its primary purpose is to help them buy more efficient appliances. To respond to these fundamental requirements of consumer product labelling, the following aspects need to be considered:

- All "A plus" classes must be eliminated from the rating scale;
- Consumer-relevant information, affecting costs and performance, must be comprehensible, transparent and allow the right choice intuitively;
- Indications such as "per annum" , presently not displayed in the national languages of Member States, must be reassessed;
- The relationship between the energy label, the calculation formula on which it is based and the appliance size must be re-assessed.

It never proved to be a "plus"…Lesson on energy class rating must be finally learned

According to Article 14 of the Energy Labelling Directive[1] 2010/30/EU, three additional classes may be added to the classification if required by technological progress: class A+, class A++ and A+++.

Experience has shown this provision problematic for two reasons. First of all, a number of studies, such as a very recent report from CLASP, as well as academic research, have shown that that the introduction of "A plus" classes to the Energy Label compromises the power of the label to motivate consumers to buy products classified beyond A. This is a strong indication that the potential of the label to transform the market towards more efficient appliances is weakened compared with the previous label (Annex I). We therefore believe that strong - consumer-based – evidence would be necessary to justify ***not*** returning to a closed A to G scale, and demonstrating that a scale other than the closed A-G would be more effective in guiding consumers towards choosing more energy efficient appliances.

Secondly, the new Energy Label framework has been systematically misapplied by the legislator for several product groups, such as the tremendously energy-intensive boilers[2] where A "plus" classes are foreseen from the first tier of requirements, so depriving the newly-created label from accommodating future technological innovations. Additionally, consumers wrongly think that, if a class is shown on the label, products in that class are available on the market. This is not the case, as many labels display the lower classes of the scale, despite the fact that no corresponding technology is available on the market (i.e. these classes are empty).

Although stakeholders have indicated that the new Energy Label format, with additional A+ classes, is already reaching its limitations, further delegated acts, following the same pattern, are being adopted (e.g. domestic ovens, where the A+++ class is introduced from the outset).

ANEC and BEUC urge the study team to:

- ensure the closed A-G format is among the 3 options for label design to be tested for consumer understanding of the design;
- take into account scientific evidence and studies (see Annex I), and propose that the future framework legislation does allow for the possibility of A "plus" classes to be introduced on the label;
- propose a uniform labelling format that encompasses all product groups.

"Per annum"…Do we all understand the same?

The EU Energy Label displays electricity consumption in the unit of "kilowatt hours per annum". Although this information is important, we see two potential risks that could compromise the clarity of the label. The first is related to the very limited understanding of the wording. The choice of the Latin expression solves the problem for manufacturers of expressing "yearly" in all the languages of the internal market. However in a survey[3] among 1006 German consumers, more than 70% did not understand correctly (or did not understand at all) the meaning of "per annum" on the energy label.

[1] Directive 2010/30/EU of the European Parliament and of the Council of 19 May 2010 on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products

[2] In 2005 the space heating function of gas- and oil-fired central heating boilers consumed 10.880 PJ primary energy (ca. 250 mtoe) and emitted 16-17% of all fuel-related CO2 in the EU-25 according to the preparatory study "Eco-design of Boilers and Combi-boilers "

[3] Energieverbrauchskennzeichnung von elektrischen Geräten –Ergebnisse des zweiten Marktchecks im Dezember 2012 und einer Verbraucherbefragung, Elke Dünnhoff, Katrin Negatsch, Carmen Strüh-06.05.2013.

Whereas we understand the inherent problems of an EU-wide label - language diversity and space limitations - the EU Energy Label is primarily set to communicate and promote energy efficiency to the public and not to experts. The label needs to provide clear and simple information to consumers. When terms like "per annum" are used, practical examples prove translation is feasible and therefore must be provided (See Annex II).

The second risk is related to the extent to which consumers can associate their usage habits to a value expressing energy consumption for a whole year, rather than a value expressing energy consumption per usage i.e. per cycle. Recent research conducted by CLASP[4], showed borderline preference for a "per cycle" indication among consumers, as a calculation of "per cycle" appears easier and more transparent. On the other hand, the per annum figure was deemed more of a standard parameter and therefore preferable in making comparisons. As the previous labelling system often used per cycle information, the study should investigate which unit is clearer and more useful for consumers.

ANEC/BEUC advocate a simple and clear label and recommend that the study team:

- evaluates the clarity and impact of the pictograms and the quantitative indications of the label. The understanding of these elements must be evaluated and assessed in combination as well as in isolation. When text is indicated, language barriers must be tackled by translation.

Bigger appliances for smaller households - could it be the label?

A higher energy class does not always lead to bigger energy savings and thereby lower costs. An energy class A 180-litre fridge freezer can cost only £39 a year to run, while a larger 525-litre fridge freezer with an A+ rating costs £54 a year to run. [5] At the same time, and although Eurostat[6] data show a decrease in the size of the average household in the EU-27, the size of appliances seems to be increasing considerably. Graphs 1-2 and Graphs 3-4 of Annex III illustrate the rate of energy classes among different size ranges for televisions and washing machines respectively.[7] One can easily observe that the higher energy classes are occupied by a large proportion of bigger appliances. An increase in the size of appliances has been observed in recent years in several studies. One of the reasons is the fact that it is easier for large appliances to receive a higher rating (e.g. refrigerators) or because the calculation formula for the energy efficiency classes takes size into account (such as screen size of TVs). This promotion of larger appliances, despite being oversized for certain households, is a shortcoming which entails significant financial implications for consumers and consequences for the environment.

ANEC/BEUC recommend that the study team:

- evaluates the role of the Energy Label in promoting bigger appliances;
- assesses the possibility of a full revision of the Energy Efficiency Index in an effort to inform consumers clearly about energy consumption of appliances in the use phase.

[4] ENERGY LABELLING- The New European Energy Label: Assessing Consumer Comprehension and Effectiveness as a Market Transformation Tool, Paul Waide and Rowan Watson, Navigant in Partnership with CLASP.
[5] Calculations by the Energy Savings trust UK.
[6] http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_lvph01&lang=en
[7] Graphs illustrate results of shop visits conducted in 2012 by consumer organisation Verbraucherzentrale Rheinland- Pfalz. Full report (in German) available at: http://www.verbraucherzentrale-rlp.de/marktcheck-energielabel

Annex I

Academic research from the University of St. Gallen, Switzerland, has shown that the A-G scale had a stronger influence on the consumer's final purchase decision and readiness to invest a higher amount for the top classes of the A-G scale than for the top classes of the "A plus" to G scale. The research was based on a survey looking into 2244 choices by German consumers.[8] Aside from a better understanding of consumer choices, these findings can be very relevant for companies manufacturing highly-efficient products as they are a clear indication that consumer choice, based on an informative energy label, rewards manufacturers for technological investment. A follow-up study by the University of St. Gallen and the University of Bielefeld showed that this occurs as consumers perceive the difference in energy consumption between A+, A++ and A+++ as much smaller than the differences in energy consumption between classes A, B and C are therefore much less willing to pay for a higher efficiency class. Similar effects occur with hotel rating scales (e.g. 1***, 1**, 1* vs. 1, 2, 3).[9] [10]

A similar conclusion arises from a study carried out by CLASP, showing strong evidence that "*there is a very marked difference in the motivational effect of the A as the top efficiency class compared to the A+++. Consumers clearly perceive that A is already very good and are therefore less willing to make additional investments in order to attain what they perceive to be marginal improvements. By contrast, they perceive a substantial difference between an A and a B or other lettered classes and show considerable willingness to invest in moving from a lower class to an A".* The same study finds that, despite some lower classes of the energy scale not corresponding to products on the market as they do not meet the Ecodesign requirements, consumers think that the fact that an energy efficiency class is displayed on the label means that products in that class are available in the market.[11]

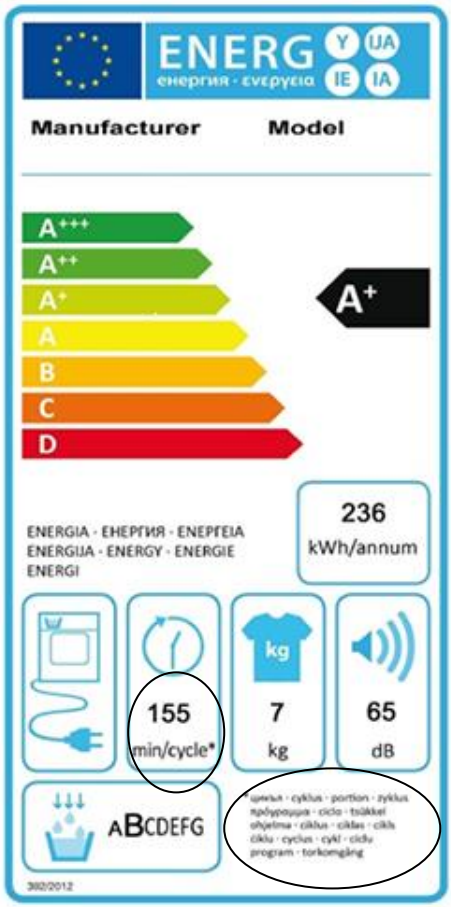
[8] Dynamic Adjustment of Eco-Labeling Schemes and Consumer Choice „the Revision of the EU Energy Label as a Missed Opportunity? Stefanie Lena Heinzle and Rolf Wüstenhagen.

[9] Not worth the extra cost? Diluting the differentiation ability of highly rated products by altering the meaning of rating scale levels. Journal of Consumer Behaviour, 12 (3), 223-231.

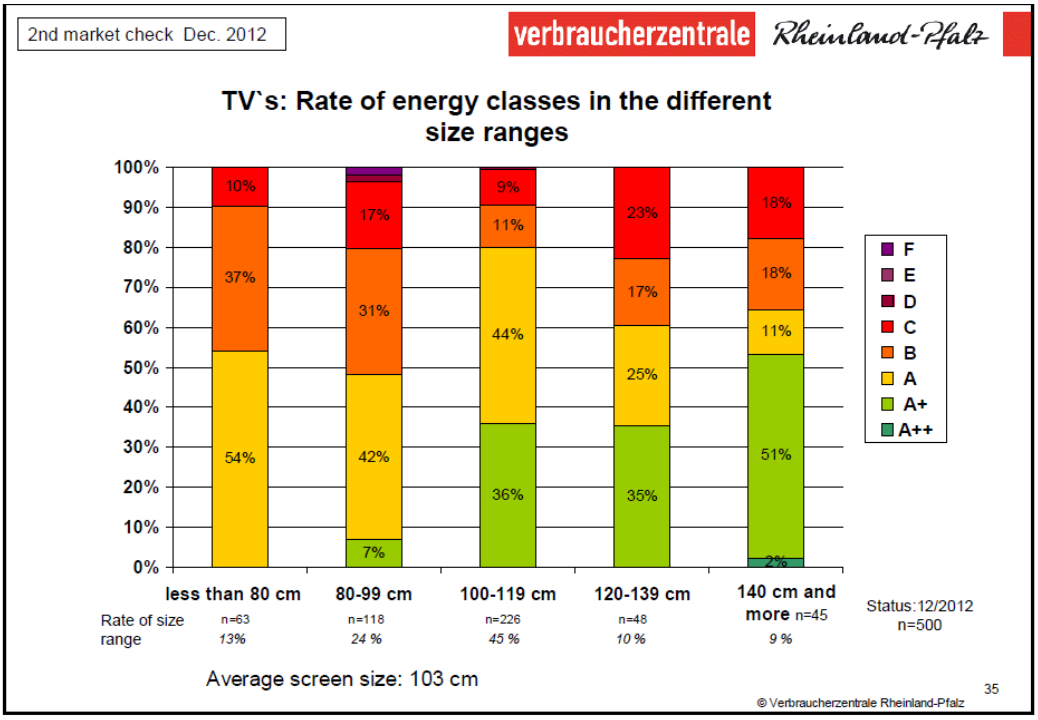
[10] Business Strategy and the Environment 21(1), 60-70.

[11] ENERGY LABELLING- The New European Energy Label: Assessing Consumer Comprehension and Effectiveness as a Market Transformation Tool, Paul Waide and Rowan Watson, Navigant in Partnership with CLASP.

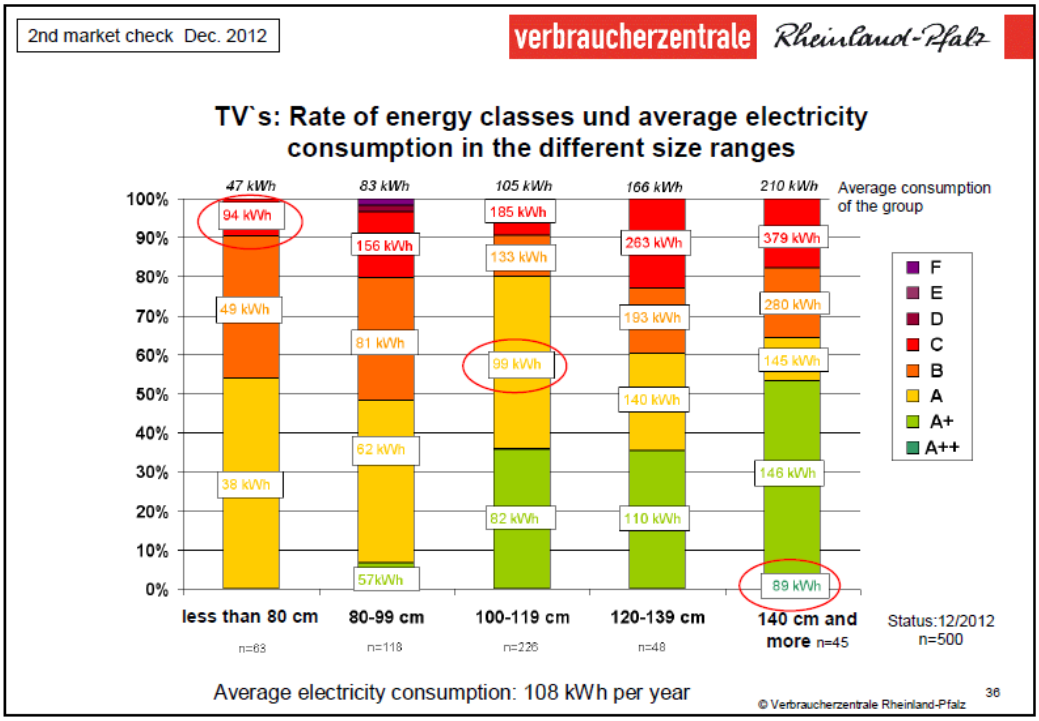
Annex II


ENERG
енергия · ενεργεια
Manufacturer
Model
A+++
A++
A+
A
B
C
D
A+
ENERGIA · ЕНЕРГИЯ · ΕΝΕΡΓΕΙΑ
ENERGIJA · ENERGY · ENERGIE
ENERGI
236
kWh/annum
155
min/cycle*
7
kg
65
dB
ABCDEFG
2012

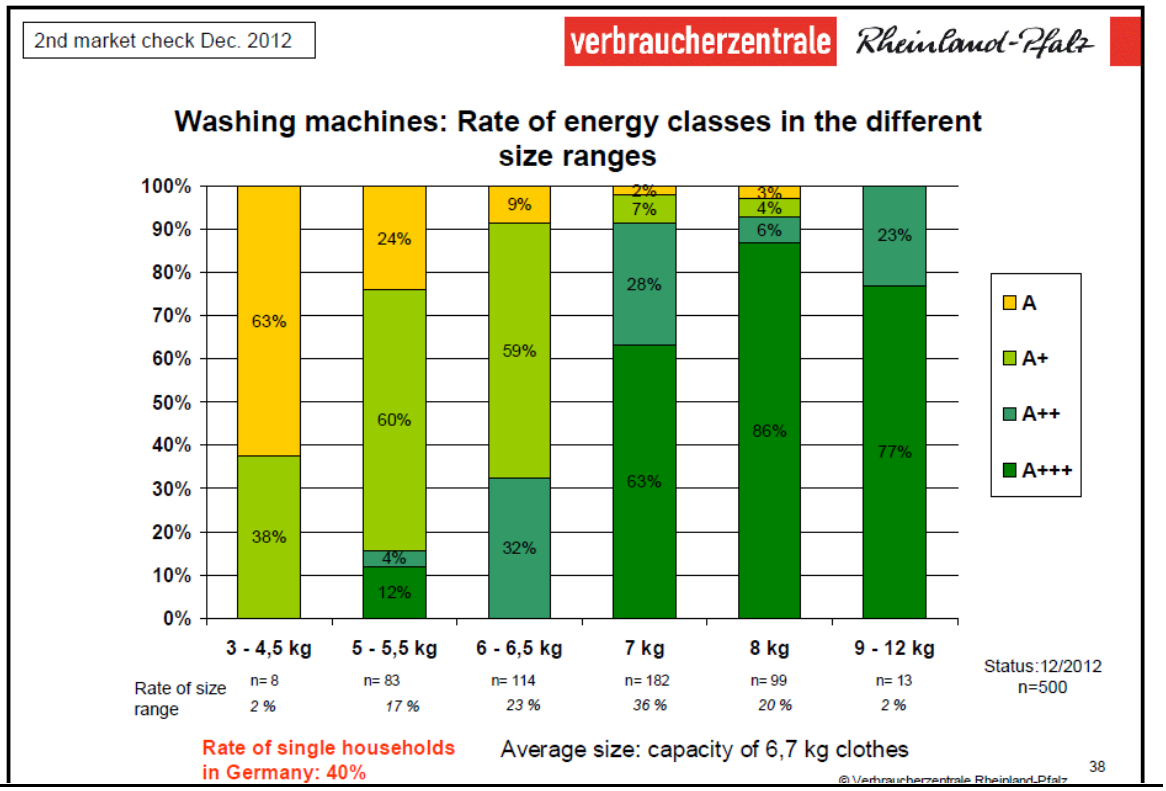
Annex III
Graph 1



Graph 2



Graph 3



Graph 4