

# The Energy Labelling of Household Appliances.

**The National Consumer Council's response to the European Commission's consultation on the revision of the Energy Labelling Directive 92/75/EEC**

## About the National Consumer Council

The National Consumer Council (NCC) makes a practical difference to the lives of consumers around the UK.

With changes in provision of services by government and companies, there is apparently more choice, and more talk about meeting consumers' needs. Yet, the rhetoric does not always match people's experience: markets can operate in ways that act against consumer interests; and consumers who are disadvantaged or inarticulate can be ignored.

The NCC uses its insight into consumer needs to advocate change. We conduct rigorous research and policy analysis to investigate key consumer issues, and use this to influence organisations and people that make change happen. We don't just respond to policy discussions, but shape future debate through our groundbreaking thinking.

An open and collaborative organisation, we seek to work with public service providers, businesses and regulators. We hold regular policy forums which provide us with a unique opportunity to exchange views and test our thinking.

Our relationship with the Department for Business, Enterprise and Regulatory Reform – our main funder – gives us a strong connection within government. But we are ready to challenge any organisation, public or private, that does not give consumers a fair deal.

We have linked organisations in Scotland and Wales, and a close relationship with colleagues in Northern Ireland. We play a leading role within European and worldwide consumer groups, ensuring that cross-border consumer issues are tackled and the consumer voice is heard within global institutions.

Please check our website at [www.ncc.org.uk](http://www.ncc.org.uk) for our latest news.

We can often make our publications available in braille or large print, on audio tape or computer disk. Please contact us for details.

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## Summary

European leaders have set ambitious targets to meet the challenge of global warming. They have committed to improve energy efficiency by 20% by 2020 and reduce greenhouse gas emissions by at least 20% compared to 1990 levels. Energy labelling has been a success and is helping to achieve the above target.

The National Consumer Council supports reinforcing the use of energy labelling to help the Union's objective on climate mitigation, competitiveness and sustainable product policy. Strengthening the label and extending it to cover further products will help to achieve further reductions in greenhouse gas emissions and help to improve the energy efficiency of products.

The colour coded A-G label currently in existence should be the label that continues to be used.

A-G labelling is important because:

- Consumers recognise the label as it is already on white goods
- It allows consumers to make comparisons between products because it will be on all products, not just the best performing ones
- One labelling scheme provides a consistency of message to consumers.

If there is a change to the colour coded A-G label, there would need to be a programme of consumer research and testing to check that the new system would be affective. There would also need to be funding for an extensive communications campaign to establish recognition and understanding of the new labelling scheme just to achieve the levels of recognition and understanding that the current label has. It is difficult to see how such expenditure can be justified.

## Introduction

The National Consumer Council (NCC) is an independent consumer organisation. We make a practical difference to the lives of consumers

in the UK, using our insight into consumer needs to advocate change. We work with public service providers, businesses and regulators, and our relationship with the Department of Enterprise, Business and Regulatory Reform (DBERR) - our main funder - gives us a strong connection within government. We conduct rigorous research and policy analysis to investigate key consumer issues and use this to influence organisations and people that make change happen - governments, regulators, business and those who speak on behalf of consumers.

The NCC places consumers at the heart of the environmental debate, acknowledging that the quality of life of future generations depends on the choices that consumers make today. We focus on providing government and industry with an insight into consumer need and behaviour - particularly those who are disadvantaged - and detailing how they can help consumers to make greener choices. The National Consumer Council (NCC) welcomes the opportunity to comment on the revision of the energy labelling directive.

Private households within the UK produce just under a third of the UK's total CO2 emissions. Consumers are largely unaware of the link between household energy use and climate change. With eight out of ten of consumers trying to save energy on a day-to-day basis, there is great potential to encourage people to focus some of their green efforts on life at home.<sup>1</sup>

Approximately 16 per cent of electricity used in the home is used by consumer electronics, and it is predicted that this could almost double by 2010.<sup>2</sup> Some consumer products are more energy-efficient than they were; for example, over 100 models of integrated digital televisions (iDTV) in the UK now meet the Energy Saving Trust's 'energy saving recommended' standard. This means they consume 250 watts or less in 'on' mode, and 1.5 watts or less on standby. However, the number of products people own is increasing all the time, and the demand for (less-energy efficient) large, plasma-screen televisions has further cancelled out any energy savings through making other products more efficient.

This is compounded by the fact that, according to the Energy Saving Trust, approximately £740m worth of energy is wasted every year due to electrical equipment being left on standby, or charging unnecessarily, in UK homes.<sup>3</sup> The digital switchover in the UK will pose a further challenge. Sales of digital TV equipment such as set-top boxes are increasing, and consumer demand for new equipment continues to rise. Figures suggest that there could be 80 million set-top boxes in the UK by 2010.<sup>4</sup>

NCC's 2007 report *Information blackout: why electronics consumers are left in the dark* revealed how little information is available to consumers when it comes to energy efficiency for consumer electronics products. The research was based on a shopping survey which covered 8 different stores, from department stores and supermarkets to specialist electrical stores. The survey aimed to mimic the consumer experience when buying consumer electronics. The results showed very little variance in results between the different companies. For example, out of 350 items researched, only one item, a television, had an energy sticker on it.

NCC's research *Green Choice, what choice?* showed that consumers can be confused by, or unaware of existing environmental information. People want to be able to compare goods and services directly, and labels are a useful information shortcut to aid sustainable choices. Consumers express a desire for simple labels they can trust, so it's important to adopt a labelling scheme that already has consumer recognition.

The colour-coded A-G label is already used on electrical appliances across the EU. Consumers need to be able to use the label to make meaningful comparisons between products. To achieve this, any energy labels adopted would need to appear on all consumer electronic products, as well as other energy-using household products, as a priority.

The objective of this consultation is to identify the best ways of reinforcing the impact of energy labelling in order to help the Union reach its 20% energy saving target by 2020, while promoting sustainable production and consumption, and a competitive sustainable industrial policy. Extending A-G energy labelling to other energy-using household and then to non-household products will help the EU reach this target.

## Questions

**Question 2. Do you agree to the general principle of reinforcing the use of energy labelling in order to more vigorously contribute to the Union's objective on climate mitigation, competitiveness and sustainable product policy?**

The National Consumer Council supports reinforcing the use of energy labelling to help the Union's objective on climate mitigation, competitiveness and sustainable product policy. Strengthening the

label and extending it to cover further products will help to achieve further reductions in greenhouse gas emissions and help to improve the energy efficiency of products.

However, it is important to remember that energy labelling plays only one part in the market transformation. Looking at the shift of the white goods market this was achieved through a combination of labelling and standard setting, via regulation or voluntary industry agreement, and initiatives to reduce the price of the highest rated products. We hope these approaches will be extended to all other markets that will label will cover.

**Question 3. For energy using products, would you favour the use of an energy label focusing on the energy consumption at use or of an 'eco design label', (near to the Eco-label showing the 'best') giving the global environmental performance of the product throughout its life-cycle?**

NCC's research *Green Choice, what choice?*<sup>5</sup> showed that consumers can be confused by, or unaware of existing environmental information. People want to be able to compare goods and services directly, and labels are a useful information shortcut to aid sustainable choices. Consumers express a desire for simple labels they can trust.

The colour-coded A-G label that is already used on electrical appliances across the EU serves this purpose well.

Firstly, it allows consumers to use the label to make meaningful comparisons between products; to achieve this, any energy labels adopted would need to appear on all products within the categories covered. The Eco-label, appearing on the best products, does not give consumers the information they need because they are not able to compare all goods in a category.

Secondly, people are already confused by environmental information. It will be hard to communicate details of the global environmental performance of the product throughout its life-cycle to consumers and may confuse them further. The current colour-coded graded scheme has good recognition and understanding with consumers and it would be a folly to change this.

**Question 4. Are you in favour of adding CO<sub>2</sub> on the energy label? How could reliable information be assured in the light of different energy mixes in the 27 member states?**

The National Consumer Council is not in favour of adding CO<sub>2</sub> onto the energy label. CO<sub>2</sub> is not a recognised metric among consumers and it

would be very complicated to try and communicate this effectively to people. The current colour-coded graded scheme has good recognition and understanding and overloading the label with too much information may be counter productive, making the label harder to decipher.

**Question 5. Are you in favour of adding annual running costs on the energy label? How could reliable information be assured in the light of different energy prices in the 27 Member States?**

The National Consumer Council is not in favour of adding annual running costs to the energy label. Although the annual running cost may make the grading more meaningful for people, there is the huge problem of giving an accurate figure for the running costs on the energy label. There are huge differences in energy prices between Member States and even within individual countries. Any number used as a running cost would have to be averaged so it would not give an accurate representation of what the running costs would be. This has the potential to mislead consumers.

There is also the potential unintended consequence of putting people off the most energy efficient products. If an energy efficient product is more expensive but running cost savings don't make up for the price differential paid, consumers may move away from these products which would have an adverse affect on market transformation.

**Question 6. Would you like to add other products to the scope of the labelling Directive than those covered at present (household appliances only)? If yes, which products would you suggest (non-household or non energy using products, 'energy relevant' product, services such as holiday packages or other?)**

Private households produce just under a third of the UK's total CO2 emissions. The UK has made some progress on reducing greenhouse gas emissions overall but it is clear that significant effort will be needed if we are to meet our domestic goal of reducing carbon by 20 per cent below 1990 levels by 2010.

The NCC thinks that the first priority for energy labelling is for all energy using household products to be labelled. In particular, we call for the scheme to start with consumer electronics such as computers, televisions, DVD players. Some consumer electronic products are more efficient than they were but the amount of products people own is growing so these benefits are cancelled out. Households are buying more than one TV for their home with the average figure expected to rise to 2.6 sets per household by 2020.<sup>6</sup> The Energy Saving Trust estimates that in the 1970s, the average household would have had

around 15 energy using products in the home. However, nowadays, this figure is over 50.7

There will have to be more research into whether the colour-coded A-G labelling scheme is appropriate for non-energy using household and non household products. Products which influence energy consumption but do not use energy themselves (e.g. windows or tyres) are not the same as electrical appliances that are plugged into sockets. These items may not often directly be consumer choices but rather influenced by builders or other tradesmen. It might well be that labelling is the best way to achieve market shift in these non energy using household and non household products but there needs to be more research into this.

**Question 7. In view of dynamic labelling, which approach would you suggest for the transition from an existing labelling scheme to a new labelling classification in order to cause minimum distortions?**

The National Consumer Council is supportive of a dynamic labelling scheme allowing the rating to shift as improvements in the market occur. The colour-coded A-G labelling scheme can be used to this effect. For example, targets for revised bands for A-G could be set for the next 20 years. When 20 per cent of the market reaches A grade, this would automatically trigger a downward shift of grading so A becomes B etc. This would keep the scale dynamic. This would have the advantage of allowing for continuous updating of the scale to allow readjustment of the A - G categories. The A-G rating allows consumers to make a straightforward choice when they are buying their products. It doesn't matter that the A grade does not stay the same over time; consumers want to compare products when they are making their purchase, not to compare a product with one they bought five years ago.

We do not support a developing a new labelling scheme. The strengths of the colour coded A-G labelling scheme have been mentioned at length throughout this document, one of which being high consumer recognition and understanding.

The suggestion by the European Committee of Domestic Equipment Manufacturers (CECED) that the current scheme is changed to a numerical colour coded system with 1 being the least energy efficient is not one we support. The reasons for this are as follows:

- This method is potentially confusing for consumers. People think of 1 as top of the class or the best there is. It is not logical to turn this on its head and suddenly make it the worst on the scale

- With the number scale, consumers won't know what the best product is they can buy. If the top number is constantly shifting, there may be confusion as to what the top number actually is.

With the adjusted A-G floating scale, consumers would always know that the A rated product (or A++ that now exists) would be the best.

If there is a change to the colour coded A-G label, there would need to be extensive consumer research and testing with consumers to check that the new system would be effective. There would also need to be funding for an extensive communications campaign to establish recognition and understanding of the new labelling scheme just to achieve the levels of recognition and understanding that the current label has. It is difficult to see how such expenditure could be justified.

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1 National Consumer Council (2007). Information blackout: why electronics consumers are in the dark

2 [www.defra.gov.uk/news/2006/060621a.htm](http://www.defra.gov.uk/news/2006/060621a.htm)

3 Energy Saving Trust; *Rise of the Machines*, 2006

4 <http://www.est.org.uk/uploads/documents/myhome/2020%20Report%20Executive%20summary.pdf>

5 National Consumer Council (2003). Green choice, what choice?

6 <http://www.energysavingtrust.org.uk/uploads/documents/aboutest/Riseofthemachines.pdf>

7 <http://www.energysavingtrust.org.uk/uploads/documents/aboutest/Riseofthemachines.pdf>

8 CECED (2007). Beyond A: A dynamic new labelling scheme is necessary for promoting continuous improvement of the energy performance of home appliances