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COMMISSION STAFF WORKING DOCUMENT
EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT

Accompanying the document

COMMISSION REGULATION (EU) .../... laying down ecodesign requirements for refrigerating appliances with a direct sales function pursuant to Directive 2009/125/EC of the European Parliament and of the Council

and

COMMISSION DELEGATED REGULATION (EU) .../... supplementing Regulation (EU) 2017/1369 of the European Parliament and the Council with regard to energy labelling of refrigerating appliances with a direct sales function

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Executive Summary Sheet
Impact assessment on the introduction of ecodesign and energy labelling requirements for refrigerating appliances with a direct sales function
A. Need for action
Why? What is the problem being addressed?
<p>Refrigerating appliances with a direct sales function (e.g. supermarket cabinets, beverage coolers, small ice-cream freezers, gelato-scooping cabinets and vending machines) are key for ensuring food quality preservation in the food chain in the Union, and in addition to provide to consumers other non-perishable foodstuffs, e.g. beverages, that are customarily consumed at temperatures below the ambient temperature. However, in fulfilling this function, the appliances are significant energy users and contributors to greenhouse gas emissions, with an annual consumption of about 65 TWh in the EU-28, equivalent to ca. 0.46 % of the total final energy consumption of the EU.</p> <p>The EU-28 stock is expected to increase from 14 million units in 2013 to 17 million units in 2030.</p> <p>The energy consumption during the use phase accounts for up to 80 % of the product's total energy use. Many appliances are used 24 hours a day, 7 days per week.</p> <p>There is a substantial potential for economic saving and environmental improvement exists for this product group. However, these savings will remain untapped because:</p> <ol style="list-style-type: none"> (1) there is no EU legislation specifically dealing with the energy consumption of refrigerating appliances with a direct sales function; (2) the information available about the energy consumption of the products is limited; (3) purchase decisions are not systematically based on life cycle costs of the product; (4) there is a split incentive in cases where the buyer of the appliance is not the end-user, such as for small ice-cream cabinets, beverage coolers and vending machines placed by a food or drink brand in supermarkets, corner shops, airports, railway stations, sport clubs, etc..
What is this initiative expected to achieve?
<p>Reduce the average energy consumption of commercial refrigeration cabinets. Reduce additionally GHG emissions which for commercial refrigeration are mainly related to energy consumption, but also refrigerant leakage. Promoting energy efficiency, encouraging innovation, and reducing energy dependence.</p> <p>Promote energy efficiency as contribution to security of energy supply in the framework of the Community objective of saving 20 % of the EU's energy consumption by 2020.</p> <p>Specific end-of-life requirements are expected to address current imperfections in the dismantling of the cabinets and the fulfilment of the objectives of the WEEE Directive.</p>
What is the value added of action at the EU level?
<p>There is a clear untapped improvement potential of energy efficiency of the cabinets currently sold, and expected in the market in the next years. Without taking additional specific action on commercial refrigeration cabinets, the market transformation towards more efficient appliances will take place only very slowly, and negative impacts on environment and health readily avoidable would persist.</p> <p>Action is necessary on EU level, as the outlined lack of harmonized specific regulation in the EU induces the risk that individual energy efficiency requirements set by Member States could hamper the functioning of the EU internal market. The Ecodesign Directive (Article 16 in particular), which has the internal market objective as Treaty legal basis, and the Energy Label Directive (Article 1) provide the legal basis for the European Commission to adopt implementing measures reducing energy consumption of commercial refrigerated cabinets as well as guiding consumers towards the most efficient appliances.</p>
B. Solutions
What legislative and non-legislative policy options have been considered? Is there a preferred choice or not? Why?
<p>The following policy options have been considered:</p> <ol style="list-style-type: none"> 0. <u>Baseline</u>: no action 1. <u>Self-regulation/voluntary agreement</u>: the industry sets its own, non-mandatory rules. 2. <u>Ecodesign only</u>: only the ecodesign legislation is introduced.

3. Energy labelling only: only the energy label legislation is introduced.
4. Energy label and ecodesign with 3 tiers: a combination of Options 2 and 3, with ecodesign requirements becoming more stringent in three phases.
5. Energy label and ecodesign with 2 tiers: a combination of Options 2 and 3, with ecodesign requirements becoming more stringent in two phases. This Option is further split in Option 5.1 and Option 5.2, where Option 5.2 makes a distinction between plug-in and remote supermarket cabinets. Option 5.2 is the preferred option.

Options 1, 2 and 3 were discarded at an early stage and not further evaluated.

Who supports which option?

The scenarios were discussed in the Consultation Forum meeting of 2 July 2014.

According to the NGOs and the Member States the thresholds of option 4 are not stringent enough, they are in favour of option 5. Industry did not comment on the ambition level of the energy efficiency requirements.

Austria, the Netherlands and the UK, the EPEE and EuroCommerce are in favour of two tiers (option 5), the NGOs and DE are in favour of three tiers (option 4). The revision shall take place after the last tier (option 5), this was supported by most stakeholders, only EVA requested a quick revision in view of the publication of a new test standard.

Most Member States and NGOs are in favour of the functionality approach (in options 4 and 5), while industry is of the opinion that it does not reflect the diversity of products in the market. Industry and some Member States are in favour of the distinction between plug-in and remote cabinets (option 5.2).

The arguments for proposing end-of-life requirements (in options 4 and 5) are largely endorsed by Member States and NGOs, only EFCEM was against such requirements.

Most Member States requested a single energy labelling class structure for all the different appliances (in options 4 and 5), i.e. supermarket segment, beverage coolers, small ice-cream freezers and vending machines. Prior to the Consultation Forum, different structures were proposed for the different appliance types.

C. Impacts of the preferred option

What are the benefits of the preferred option (if any, otherwise main ones)?

By 2030, Option 5.2 will have the following results:

- removal of the least efficient models from the market is guaranteed;
- synergistic impact of the pushing effect of the eco-design specific requirements and the pulling effect of a functioning labelling scale;
- compared to the BAU, electricity savings of 19 TWh/yr, i.e. 0.83% to 1.3% of the Commission's 2030 target for final energy consumption savings, and GHG-emission savings of 7.4 MtCO₂eq./yr;
- a clear legal framework for product design which leaves flexibility for manufacturers to achieve the energy efficiency levels;
- although there could be an increased purchase cost, it will be largely compensated for by savings during the use-phase of the product;
- savings in annual expenditure are estimated to be 400 million euro in 2020 and about 2.9 billion euro by 2030;
- reduction of the costs by economies of scale for cost-effective technologies;
- correction of market failures and proper functioning of the internal market;
- no significant administrative burdens reported by manufacturers or retailers;
- the specific mandate of MS to the Commission is respected;
- fair competition by ensuring that a level playing field is defined;
- no negative impact on employment;
- no identified negative impact on trade.

What are the costs of the preferred option (if any, otherwise main ones)?

The manufacturing costs may likely increase in the short term due to the use of more efficient components such as high-efficiency fans, higher efficiency compressors, improved insulation, etc. Manufacturers reflect additionally in product costs the costs of machinery and production line adaptation, staff training, costs of trials/pilots, testing, etc. Due to economy of scale effects, competition and larger sales, it is expected that

component and cabinet costs will decrease in the mid and long-term, after ecodesign requirements are introduced. In addition, the introduction of MEPS and energy labelling will require more systematic testing.

All these factors will increase the acquisition cost of the appliance will increase with EUR 0,4bn by 2030 in comparison to a BAU. However, this additional consumer expenditure will be largely compensated for by a reduction in running cost of EUR 2,7bn.

It is not expected that the initial higher prices of the cabinets would lead to retailers postponing investment in new more energy efficient installations. Purchasing decisions are made in the context of large refurbishments or the building of new shops, in which case the purchase price of the refrigerating appliances is a minor aspect in the overall budget that a slight increase would not delay decisions.

How will businesses, SMEs and micro-enterprises be affected?

Overall, total business revenues will increase. The energy label and ecodesign requirements play an important role for EU industry, allowing it to distinguish itself based on quality and innovation.

The proposed policy will not specifically affect larger or smaller manufacturers, although manufactures with a broad range of products and/or with experience in high efficiency cabinets, and own testing facilities would have market advantages.

The impact on SMEs is limited, by introducing a two-tiered approach with a transitional first tier, which only removes a limited number of appliances from the market, and a stringent second tier, which applies 3 years after the first tier to account for the design cycle of a commercial refrigerating appliance. This would allow introducing stringent requirements while ensuring that SMEs have sufficient time to develop products that comply with the new requirements. Moreover, the calculation of the parameters based on the design, or the extrapolation from another model or both is allowed. This will reduce the burden of testing for companies without testing facilities.

Will there be significant impacts on national budgets and administrations?

There are no additional impacts on national budgets/administrations other than those shown above.

Will there be other significant impacts? Max 6 lines

The dual and synergic effect of the ecodesign and energy labelling requirements is introduced in a way that is fair to all manufacturers and will drive competition and innovation on energy efficiency.

D. Follow up

When will the policy be reviewed?

A review clause 5 years after adoption would be included.