

INCEPTION IMPACT ASSESSMENT	
<b>TITLE OF THE INITIATIVE</b>	Ecodesign and Energy Labelling requirements for lighting products
<b>LEAD DG (RESPONSIBLE UNIT)</b>	DG ENER – UNIT C3
<b>LIKELY TYPE OF INITIATIVE</b>	Commission implementing regulation (for ecodesign) Commission delegated regulation (for energy labelling)
<b>INDICATIVE PLANNING</b>	Completion of the Impact Assessment in the second quarter of 2018
<b>ADDITIONAL INFORMATION</b>	<a href="http://ec.europa.eu/energy/en/topics/energy-efficiency/energy-efficient-products">http://ec.europa.eu/energy/en/topics/energy-efficiency/energy-efficient-products</a>
<b>The Inception Impact Assessment is provided for information purposes only. It does not prejudge the final decision of the Commission on whether this initiative will be pursued or on its final content. All elements of the initiative described by the Inception impact assessment, including its timing, are subject to change.</b>	

A. Context, Problem definition and Subsidiarity Check
<b>Context</b>
<p>Increasing energy efficiency is an important objective of EU policy (for more information, see <a href="https://ec.europa.eu/energy/en/topics/energy-efficiency">https://ec.europa.eu/energy/en/topics/energy-efficiency</a>). A crucial policy instrument for achieving the 2020 and 2030 EU climate and energy targets is the setting of minimum efficiency requirements for products – through ecodesign, in combination with informing customers about their energy performance – through energy labelling. See <a href="http://ec.europa.eu/energy/en/topics/energy-efficiency/energy-efficient-products">http://ec.europa.eu/energy/en/topics/energy-efficiency/energy-efficient-products</a>.</p> <p>Ecodesign and Energy Labelling legislations are recognised as key contributors in product policy supporting the Energy Union objectives and the transition to a Circular Economy.</p> <p>Over the last decade, a variety of energy-consuming product groups such as washing machines, electric motors, etc. have been covered by ecodesign and energy labelling regulations. One such product group is lighting, which is covered by three ecodesign regulations (two for household and one for office/street lighting) and one energy labelling regulation.</p> <p>All these regulations have provisions for their evaluation and possible revision, taking into account the experience gained with their implementation and technological progress. The review of the lighting products regulations started in 2014 and a review study was finalised in October 2015; its results were presented at the Ecodesign Consultation Forum in December 2015 together with the first policy options. A second Forum is planned for 7 December 2017 to discuss new drafts of the regulations that will also take into account the recently published Ecodesign Working Plan 2016-2019 and the new energy labelling framework regulation, where lighting products are one of the priority groups for the introduction of rescaled energy labels by November 2018. The impact assessment started late 2016.</p>
<b>Problem the initiative aims to tackle</b>
<p>Lighting products are one of the largest electricity consumers worldwide and are subject to minimum energy efficiency and labelling requirements around the globe. In 2015, electricity consumption from lighting products was around 335 TWh in the EU. Updating the ecodesign regulations would improve the efficiency of the legislation and further reduce greenhouse gas emissions; verifiable exemptions and allowances are needed, and more ambitious efficiency targets are possible. The review aims to:</p> <ol style="list-style-type: none"> <li>capture the available energy saving potential due to technology improvement: the Ecodesign Working Plan 2016-2019 indicates potential electricity savings in 2030 from lighting products of 50 TWh (125 TWh primary energy savings) compared to 2015. This would mostly come from LED technology that gives new opportunities for energy saving.</li> <li>repair flaws in the current legislation: with this review the three ecodesign regulations will be unified into one single regulation. The scope of the regulation will be clarified. Market surveillance will be improved by simplifying and streamlining requirements and removing ambiguities.</li> <li>update the energy labelling regulation for lighting products in line with the new framework regulation on energy labelling that entered into force on 1 August 2017.</li> </ol> <p>Given that lighting products are traded globally and are subject to international standards, the review is also an opportunity to ensure convergence with requirements in other parts of the world (Australia and the US are also reviewing their legislation for this product group).</p> <p>In addition, the Commission has flagged in the Ecodesign Working plan 2016-2019 that the Ecodesign implementing measures should cover resource efficiency aspects where appropriate, to ensure greater durability, accessibility, design for disassembly and reparability of products entering the market and therefore contribute to the transition towards a more circular economy. Taking into account these aspects, the proposed draft Ecodesign measure contains additional contributions to the Circular Economy agenda.</p>

<p><b>Subsidiarity check (and legal basis)</b></p>
<p>The Energy Labelling Regulation is based on Article 194(2) of the Treaty on the Functioning of the European Union, which provides a legal base for measures to promote energy efficiency. The Ecodesign Directive is based on Article 114 of the Treaty on the Functioning of the European Union, the legal base for measures for the functioning of the internal market. Through these Regulation and Directive, the European Parliament and the Council have given a legislative mandate to the Commission to regulate the environmental performance of energy-related products and in particular their energy efficiency. To ensure the free circulation of goods, it is appropriate to set EU-level rules on the energy labelling and ecodesign of energy-related products. If the EU did not intervene, Member States would set their own rules, which would be necessarily different, due to the complexity of the technical aspects, thereby disrupting the functioning of the internal market. This was the case prior to the establishment of the first ecodesign and energy labelling regulations at EU level.</p>
<p><b>B. Objectives and Policy options</b></p>
<p>The objective of the measure is, in the context of ensuring free circulation of goods in the internal market, to contribute to energy efficiency, CO<sub>2</sub> emission abatement and security of energy supply as well as realising a high level of environmental and consumer protection. More specifically, the impact assessment on lighting products looks at solutions to:</p> <ul style="list-style-type: none"> <li>• Take into account technological progress and the globalised test standard</li> <li>• Induce new energy and financial savings in lighting products</li> <li>• Remove the least energy-efficient lighting products from the market</li> <li>• Make sure that lighting products for specific purposes are subject to requirements that are justified</li> <li>• Facilitate market surveillance</li> <li>• Support the competitiveness of the industry for lighting products</li> </ul> <p>The impact assessment considers the following main options:</p> <ol style="list-style-type: none"> <li>1. No EU action ('BAU', Business-as-Usual); except for a rescaling of the energy label</li> <li>2. Voluntary agreement;</li> <li>3. Energy Labelling update only;</li> <li>4. Ecodesign update only (with two different options on the year of implementation);</li> <li>5. Update of the current Ecodesign regulation and Energy Labelling</li> </ol> <p>No industry proposal came forward for a voluntary agreement and reviewing only the Energy Label, without Ecodesign measures, was viewed as suboptimal. The other options were retained for further analysis, setting the minimum ambition of electricity savings of at least 50 TWh/yr in 2030.</p> <p>Option 5 is the preferred option. It provides for more stringent minimum efficiency requirements, includes products not yet covered, removes energy labelling of luminaires and improves the efficiency and effectiveness of the regulations by combining three regulations into one. The analysis suggests extra savings in 2030 versus BAU of 40-60 TWh/yr electricity, extra greenhouse gas emission reduction of around 20 Mton CO<sub>2</sub>eq/yr and extra savings for end-user of 10-15 billion euro by 2030.</p> <p>Without revision, the EU would not only miss out on savings, but flaws in market surveillance would persist and the EU would risk dumping by imports from countries with more ambitious regulations, jeopardizing global competitiveness of EU-based manufacturing.</p>
<p><b>C. Preliminary Assessment of Expected Impacts</b></p>
<p>The impacts listed below are those deriving from the preferred option as described above.</p>
<p><b>Likely economic impacts</b></p>
<p>The overall effect on EU industry's competitiveness is positive. The business revenue and jobs will not be lower than in the BAU scenario. The new regulation will decrease the risk of price dumping and will further promote and put into evidence high-quality and high-efficiency products where the EU-based industry should get its competitive edge. The new energy efficiency requirements will stimulate innovation: in particular, no products exist as of today to fulfil the new proposed classes A and B for energy labelling. The simplified and streamlined single regulation should be easier to understand for start-ups in the sector. Tackling surveillance-related flaws will ensure a level playing field for competition. The analysis suggests extra savings in 2030 versus BAU for end-users of 10-15 billion euro by 2030.</p>
<p><b>Likely social impacts</b></p>
<p>Consumers will benefit from the regulation through lower energy bills; in 2030, consumers will save around 10-15 billion per year in comparison to the BAU scenario.</p>
<p><b>Likely environmental impacts</b></p>
<p>Electricity consumption in the use-phase is the main environmental impact of lighting products. The regulation is expected to deliver an additional 40-60 TWh of electricity savings per year in 2030 compared to BAU. This translates into around 20 million tons CO<sub>2</sub>eq/yr extra savings.</p>

<p>More stringent requirements would also result in phasing out from the market several light sources using mercury: on this aspect coordination will be ensured with the RoHS Directive, which is currently reviewing the requirements for mercury content in lighting products.</p> <p>Other environmental aspects are being considered in this revision, to address material efficiency concerns, reparability and resource savings, to support the transition towards a Circular Economy. In particular, it is proposed to make the removability of the lighting products in scope mandatory, wherever they are contained.</p>
<p><b>Likely impacts on fundamental rights</b></p>
<p>No impact expected.</p>
<p><b>Likely impacts on simplification and/or administrative burden</b></p>
<p>Overall, the administrative burden is considered negligible with respect to the expected benefits. The regulation is directly applicable in all Member States, resulting in no costs for national administrations for transposition into national legislation. Furthermore, the bundling and streamlining of three existing ecodesign regulations into one should diminish overall administrative burden. The updated regulation is expected to simplify/clarify the work of national market surveillance authorities. Disproportionate burdens for manufacturers are avoided, amongst others due to transitional periods which duly take into account redesign cycles. The removal of the existing energy label for luminaires will take away an administrative burden that has proven to be disproportionate for European luminaire manufacturers, while maintaining essential consumer information on energy labelling of lamps included in luminaires.</p>
<p><b>D. Evidence Base, Data Collection and Better Regulation Instruments</b></p>
<p><b>Impact assessment</b></p>
<p>An impact assessment is being prepared to support the preparation of this initiative and to inform the Commission's decision.</p>
<p><b>Evidence base and data collection</b></p>
<p>Data for this product group is available from different sources, including market research entities and industry associations. At EU level, Eurostat data are available. For the purpose of the review, external consultants have developed the Model for European Light Sources Analysis (MELISA), Based on Eurostat data, MELISA makes projections for lighting energy use in EU28, for all types of lamps covered by the three ecodesign regulations. The input data for the model (e.g. annual sales volumes, average luminous flux, power and efficacy, light source prices, etc.) have been checked against other data sources and discussed with stakeholders including industry.</p>
<p><b>Consultation of citizens and stakeholders</b></p>
<p>There has already been extensive consultation of stakeholders and experts, in particular during the review study, which was finalised in October 2015 and presented to the Ecodesign Consultation Forum in December 2015 together with first policy options (see <a href="http://ecodesign-lightsources.eu/welcome">http://ecodesign-lightsources.eu/welcome</a>). Moreover, after the Consultation Forum, bilateral communication with several stakeholders took place during 2016. Consultation included Member States, environmental NGOs, market surveillance authorities, European standardisation organisations and the main industry associations of the sector. In June 2017 the most advanced draft of the ecodesign regulation was sent for comments to stakeholders who were asked to provide comments by the end of August 2017.</p> <p>The Commission gained further stakeholder inputs through the Consultation Forum held in December 2017. This will be followed by the impact assessment study during which additional technical information and expertise will be collected and analysed. In addition, an open public consultation on this topic will be conducted. For this purpose, a questionnaire will be drafted and published early 2018 on the Commission's central consultation page (<a href="https://ec.europa.eu/info/consultations_en">https://ec.europa.eu/info/consultations_en</a>). Stakeholders' positions and comments on the present inception impact assessment and through to the open public consultation will be analysed and be part of the impact assessment. Later in 2018, the draft measures will be subject to the 4-week Feedback Mechanism.</p> <p>A summary of the consultation activities' results will be published on the consultation page once all consultation activities are closed and in an Annex to the impact assessment report.</p>
<p><b>Will an Implementation plan be established?</b></p>
<p>No. The regulation is directly applicable in all Member States. Implementation of ecodesign and energy labelling measures is facilitated through several initiatives, for example the European cooperation on market surveillance.</p>