

Monitoring, Verification and Enforcement – Improving compliance with energy efficiency product policies



November 2021

Energy efficiency standards and labelling programmes for appliances and equipment are some of the most effective and popular policy tools worldwide. The first such policies date from the 1970s and now operate in more than 120 countries around the world. They are key to many national energy efficiency and climate change mitigation programmes, contributing to reduced power consumption, cost savings for consumers and lower carbon emissions.

Key benefits of energy efficiency standards and labels

- ▶ Energy efficiency standards and labelling programmes are increasingly important for countries' nationally determined contributions (NDCs) and for contributing to countries' net-zero carbon goals.
- ▶ The energy efficiency standards and labels are fairly uniform across markets. In Europe, the legislation originates from European Union (EU) legal and technical requirements, which are standardised across the bloc.
- ▶ Markets are benefiting from the more energy-efficient product models (minimum efficiency defined by ecodesign) and increased customer demand for such models (product ranking by energy labelling).
- ▶ End-customers can choose appliances and products that will help them save on energy bills.
- ▶ In the context of Covid-19 recovery, energy efficiency programmes stimulate economic activity by fostering innovation among manufacturers and creating new job opportunities in wholesale, retail and maintenance.
- ▶ Ecodesign is also important in the circular economy context, by promoting the durability, reparability and recyclability of products and increasing their energy and resource efficiency.

Energy labels show standard product information on energy efficiency and the consumption of energy and other resources during use, enabling customers to choose more efficient products and to reduce their energy consumption. Some 15 product categories are covered by energy efficiency labels under EU law.



Ecodesign requirements set the minimum efficiency and performance requirements for energy-related products allowed on the market. Some 31 product groups are subject to ecodesign requirements under EU law.

Authorities can increase the success of their market surveillance actions (i.e. to verify whether products follow ecodesign and energy labelling requirements) by communicating with businesses, informing them in good time of their responsibilities, setting out information to provide in what format and where, and explaining specific requirements and duties. Well-functioning compliance governance can contribute to annual energy savings worth millions of euros and can protect consumers, producers and the environment – making it a very efficient policy measure.

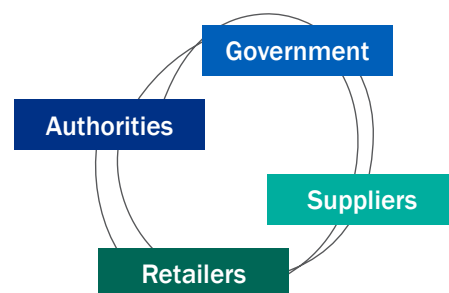
Compliance and market verification

Effective governance arrangements for implementing energy efficiency policies are fundamentally important and can often be the **defining factor** in determining whether a policy or a finance mechanism is a success

or a failure. Preventing product **non-compliance** has multiple economic, social and environmental benefits – both for individual consumers and for society as a whole.

Roles and responsibilities in compliance and enforcement

- ▶ **Government** (typically ministries in charge of energy) establishes the legislative framework and sets out responsibilities, delegating authority on compliance verification and enforcement actions.
- ▶ **Market surveillance authorities** verify the accuracy of the values claimed by manufacturers on energy labels – by reviewing the product’s technical documentation, testing individual models and monitoring the presence of energy labels in shops.
- ▶ **Product suppliers** make product declarations and provide performance data on the energy labels, so it is their responsibility to ensure the accuracy of the information.
- ▶ **Retailers and distributors** ensure labels are available and fully visible at all points of sale.



Status of energy label and ecodesign legislation adoption in individual countries

2021

	Framework regulation	Lighting	Space heaters	Fridges and freezers	Vacuum cleaners	Washing machines and driers	Air-con and fans	Televisions	Dishwashers	Ovens and range hoods	Standby	Motors	Pumps	Tyres
Albania	Labelling & ecodesign	Labelling	Labelling	Labelling & ecodesign	Labelling	Labelling & ecodesign	Labelling	Labelling	Labelling & ecodesign	Labelling	Labelling	Labelling	Labelling	Labelling
Bosnia and Herzegovina	Labelling & ecodesign	Labelling	Labelling	Labelling & ecodesign	Labelling	Labelling & ecodesign	Labelling	Labelling	Labelling & ecodesign	Labelling	Labelling	Labelling	Labelling	Labelling
Georgia	Labelling & ecodesign	Labelling	Labelling	Labelling & ecodesign	Labelling	Labelling & ecodesign	Labelling	Labelling	Labelling & ecodesign	Labelling	Labelling	Labelling	Labelling	Labelling
Kosovo	Labelling & ecodesign	Labelling	Labelling	Labelling & ecodesign	Labelling	Labelling & ecodesign	Labelling	Labelling	Labelling & ecodesign	Labelling	Labelling	Labelling	Labelling	Labelling
Moldova	Labelling & ecodesign	Labelling	Labelling	Labelling & ecodesign	Labelling	Labelling & ecodesign	Labelling	Labelling	Labelling & ecodesign	Labelling	Labelling	Labelling	Labelling	Labelling
Montenegro	Labelling & ecodesign	Labelling	Labelling	Labelling & ecodesign	Labelling	Labelling & ecodesign	Labelling	Labelling	Labelling & ecodesign	Labelling	Labelling	Labelling	Labelling	Labelling
North Macedonia	Labelling & ecodesign	Labelling	Labelling	Labelling & ecodesign	Labelling	Labelling & ecodesign	Labelling	Labelling	Labelling & ecodesign	Labelling	Labelling	Labelling	Labelling	Labelling
Serbia	Labelling & ecodesign	Labelling	Labelling	Labelling & ecodesign	Labelling	Labelling & ecodesign	Labelling	Labelling	Labelling & ecodesign	Labelling	Labelling	Labelling	Labelling	Labelling
Ukraine	Labelling & ecodesign	Labelling	Labelling	Labelling & ecodesign	Labelling	Labelling & ecodesign	Labelling	Labelling	Labelling & ecodesign	Labelling	Labelling	Labelling	Labelling	Labelling

For **Bosnia and Herzegovina** the status refers only to the entity of Republika Srpska. Regulations are being prepared for the Federation and Brcko district. Changes in legislation are expected in the near future, with more products covered and ecodesign legislation applicable to more product categories. Also, following EU changes to energy labels, new labels will be adopted for specific product categories.

Energy labels and ecodesign are known to be effective policy tools with positive **economic impacts**. The estimated energy savings achieved through energy label compliance and market surveillance policies and activities could be as much as 13.18 ktoe annually, or 152,8 GWh of electric energy within the region. This means that compliant products, accurate information and the proper display of energy labels could save the equivalent

of 5 per cent of Montenegro’s residential final energy consumption, for example.

The direct costs of market surveillance activities are mainly for staff and product testing. They represent a small proportion of the potential economic savings, making energy efficiency standards and labelling programmes among the most cost-effective policy measures.

Situation of the Energy Community Contracting Parties

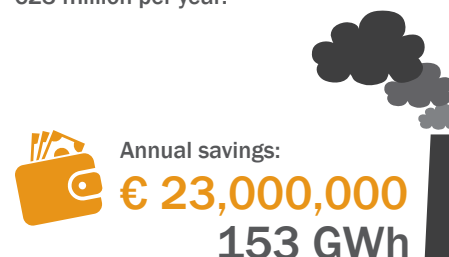


All Energy Community Contracting Parties have energy labelling-related legislation in place (adopted by Energy Community Ministerial Council Decisions), in line with EU legislation. The EU ecodesign regulations are adopted mostly on a voluntary basis.

The table, left, shows an overview of product categories being covered by specific regulations (as of 2021).

Source: Project survey, December 2020 to January 2021, with input from the Energy Community Secretariat.

At an average price of € 0.15/kWh, the value of these energy savings to consumers across the region would be €23 million per year.



High-level recommendations for Contracting Parties

National market surveillance authorities responsible for energy efficiency policies and implementation compliance can engage in the following activities to build effective compliance frameworks:

NON-COMPLIANCE PREVENTION AND COMMUNICATION TOOLS

Provide guidelines for retailers on how to properly display energy labels at the point of sale:

- ▶ Market surveillance authorities would benefit from cooperation with policy-setting institutions in a joint effort to inform and engage with businesses about their respective requirements.
- ▶ Before applying punitive measures for lack of compliance, authorities could, for example, circulate guidelines for retailers. They should actively inform retailers and suppliers of how to properly mark specific products with energy labels, so that customers are motivated and able to choose more efficient models.

Engage in communication with various stakeholder groups:

- ▶ Industry associations are well positioned to act as a disseminator of information and best practices on energy labelling, both to product suppliers and retailers. Authorities should establish channels for communication with businesses with a view to preventing non-compliance and delivering full potential efficiency.

EFFECTIVE INSPECTION AND PRODUCT TESTING

Prepare standardised checklists and guidelines for market surveillance inspectors and inspector training:

- ▶ Prepare internal guidelines and procedures for Market Surveillance Authority inspectors to ensure consistent quality and higher levels of action.
- ▶ Conduct regular technical capacity training for inspectors on specific technical aspects and product categories.

Organise product testing, laboratory test guidance and recognition:

- ▶ As product testing is crucial in determining product compliance, individual laboratory tests and international collaboration, including product tests with foreign entities, are crucial.
- ▶ Collaborate with other national authorities to coordinate and procure common product testing and to recognise test results and apply results to the national market.

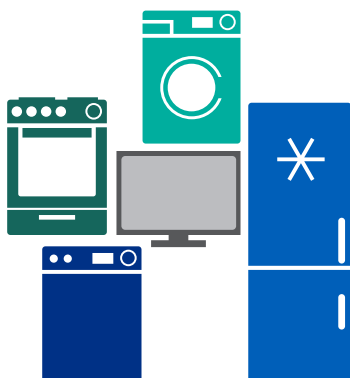
Undertake shop visits

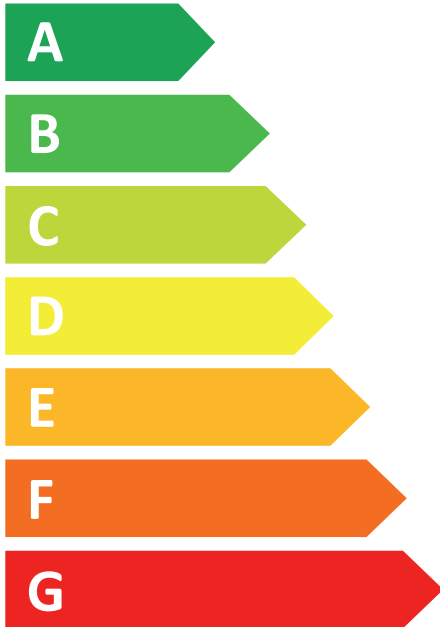
- ▶ Monitor the proper display of energy labels in shops, both physical and online, to ensure that consumers are properly informed before making their purchasing decision.

INFORMATION EXCHANGE AND BEST-PRACTICE SHARING

Set up a platform for market surveillance professionals and international exchange:

- ▶ On an international level, it is effective to organise joint meetings and a discussion platform for market surveillance practitioners to exchange experience, learn from each other and share plans and best practices.
- ▶ Use the communication platform to discuss national requirements and best practices and to coordinate activities that will have an impact on several markets.





“Monitoring, verification and enforcement of the energy label and ecodesign requirements ensures that the policies deliver what they were designed for. This brings savings to consumers and levels the playing field for business.”

Nigel Jollands,
Associate Director, EBRD



“Energy labels play a vital part in supporting countries’ energy efficiency policies and we, therefore, support the full-scope implementation of all related policy measures.”

Violeta Kogalniceanu,
Head of Infrastructure and Energy Efficiency
Unit, Energy Community Secretariat



EBRD – European Bank for Reconstruction and Development

The EBRD has a demonstrated track record in working with governments and institutions to put in place legislation and standards for energy efficiency. Scaling up energy efficiency policy and investments requires further support to improve compliance, for example, by strengthening monitoring, verification and enforcement (MVE) frameworks and capacities in the economies where it operates. This is explicitly noted in the Bank’s Green Economy Transition (GET) 2.1 strategy: “Such MVE is needed to close the policy cycle ensuring that policy is followed by effective implementation.”

EnCS – Energy Community Secretariat

EnCS supports the implementation of the energy-related acquis in the nine Contracting Parties (Albania, Bosnia and Herzegovina, Kosovo, North Macedonia, Georgia, Moldova, Montenegro, Serbia and Ukraine). Within the EnC Energy Efficiency Coordination Group (EECG), it provides space for cooperation and coordination on the implementation of energy efficiency directives, including energy efficiency product regulation.

SEVEN, The Energy Efficiency Center

SEVEN Energy was established in 1990 with the mission to protect the environment and promote economic development through more efficient use of energy. SEVEN organises multiple projects in the field of energy labelling, from consumer awareness communication, market surveillance and compliance verification to policy- and capacity-support actions.