



Energy-related Products Team Department for Business,
Energy and Industrial Strategy 2nd Floor, Orchard 3 Area 1
Victoria Street London SW1H 0ET

4 September 2020

Dear BEIS Energy-related products team,

Citizens Advice Response to BEIS' Energy-Related Products Call for Evidence

Citizens Advice provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. We are the statutory representative for domestic and small business energy consumers across Great Britain. We welcome the opportunity to respond to this consultation. This document is not confidential and may be published on your website. If you would like to discuss any matter raised in more detail please do not hesitate to get in contact.

Citizens Advice welcome the opportunity to respond to BEIS' call for evidence on energy related products. We recognise that improving the standards of energy-using products will be an important part of ensuring that the Government meets its target of net zero emissions by 2050.

Although the UK will be able to set its own products policy after the Brexit transition period ends on 31st December, the EU will remain our main trading partner. Therefore, to ensure that consumers are protected in a consistent and easy to understand way, it is important that any new Ecodesign improvements are coordinated with parallel efforts in the EU, and that the UK keeps in step with EU standards.

Equally, coordination will be needed across Government departments as well as alongside EU initiatives. This will be crucial in the case of new Ecodesign proposals on smart appliances, to ensure they are compatible with a host of other new measures on areas such as interoperability, distribution networks, and cyber security.

Public understanding will be crucial to realise the benefits of improved product standards. For newer products, such as heat pumps, performance benefits will depend on people understanding the correct way to use the technology in their homes. It will also be important that people are able to estimate the lifetime costs of energy products in a meaningful way, particularly as more energy products and smart appliances come to market.

Patron HRH The Princess Royal **Chief Executive Dame Gillian Guy**

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It is essential that the Government develops robust policy that is based on evidence about how people understand, engage with and use these products. Any labelling should be trialled and tested in advance, with close monitoring to ensure it is effective. Supporting people to make informed choices (and putting protections in place if things go wrong) will be essential, and will ultimately influence whether people feel empowered to engage with new technologies.¹

As the call for evidence covers a wide range of energy-related products, we have focused below on those which are relevant to Citizens Advice's specific expertise, and where our research provides the greatest insight. Our response begins by discussing the importance of related work conducted at the EU level.

The EU context

Eco-design requirements and market surveillance

The EU Ecodesign Directive is scheduled for revision to address similar objectives to this consultation. The revision will include: the development of resource efficiency criteria (e.g. material efficiency, durability and repairability²), widening the range of products covered, and improving market surveillance (e.g. through smarter labelling and linking to the ICSMS³ and EPREL⁴ databases). This will take place in the context of the new Ecodesign & energy labelling 2020-2024 workplan due to be released by the year end, and the roll out of the EU Circular Economy Action Plan.

The Ecodesign improvements proposed in this consultation should be coordinated with the parallel efforts of our main trading partner. National variations in standards risk limiting the availability of products and/or increasing costs. Maintaining GB stakeholder (including industry and consumer representatives) influence within harmonised European standards⁵, such as those mandated by the European Commission for Ecodesign and some product safety legislation, would help drive greater product efficiencies and inform the technical cooperation between European and international standards bodies. The recognition of multiple standards to meet Ecodesign requirements should be avoided within new trading agreements, as this could challenge net zero ambitions (with companies potentially encouraged to seek the lightest obligations), as well as the already stretched resources of market surveillance authorities.

¹ [Powering up or facing resistance?](#), Citizens Advice, 2020

² Material efficiency requirements in EU Ecodesign and Energy Labelling implementing measures will refer to the EU horizontal material efficiency standards mandated by the European Commission's Standardization Request. Additional product-specific standards are expected to be developed, on a product-by-product basis.

³ Information and Communication System on Market Surveillance - IT platform for communication between market surveillance authorities

⁴ European product database for energy labelling

⁵ Around 25% of European standards are referenced as a means of compliance with EU law. Alternative national standards are prohibited although traders' use of this approach is voluntary. Eco-design specific requirements and limit values are also established in [regulations](#)

As a minimum, the UK framework should keep pace with rising EU standards to ensure that the British consumers are not viewed as providing a default market for out-of-date products. The resourcing challenges for market surveillance authorities would likely be eased through continued cooperation with the ICSMS⁶ and RAPEX⁷ networks.

The demand-side response (DSR) ecosystem for smart appliances

The EU Digitalisation of Energy Action plan⁸, expected in 2021, recognises the need for a coordinated approach to develop a DSR ecosystem. Proposals to bring smart appliances into Ecodesign regulations sit alongside the planned development of operational tools and processes for distribution networks, as well as new measures to address interoperability requirements for data and the cybersecurity of networks and IOT devices. In parallel to this, several product safety Directives are being assessed to ensure that EU mandated standards are not compromised as products become smarter and more connected⁹.

Citizens Advice welcomes initiatives such as the British Standards Institute's (BSI) Publicly Available Specification (PAS) for Energy Smart Appliances programme that aim to contribute to these European market design initiatives. Coordination will however be needed across Government departments, as well as with European initiatives, to ensure the continued compatibility of new generation products and services.

The transition to new trading arrangements

With only a few weeks until the end of the transition period, relevant open questions include the division among Government departments of responsibility for standards previously mandated by the European Commission and the approach to products certified within Northern Ireland.

We welcome the commitment to hold public consultations before implementing future product-specific Ecodesign regulations. However, building consultations into the initial design stage of proposed new measures would likely help to identify and address consumer impacts, including the coordination with related EU measures.

Improving the UK energy label

As more people purchase and use smart appliances, like smart chargers, it may become more difficult to estimate the lifetime costs of energy products in a meaningful way. Often this will depend on a number of factors, such as the quality of people's homes or the related services they are signed up to.

⁶ Internal Market, Industry, Entrepreneurship and SMEs.

⁷ Rapid Exchange of Information System - a rapid alert system for dangerous products

⁸ Commission Communication: Powering a climate-neutral economy: An EU strategy for Energy System Integration

⁹ The European Commission is for example [assessing the need for cybersecurity requirements](#) in Directives covering radio and low voltage equipment

Citizens Advice's recent report 'powering up or facing resistance' looked at how people understand information about smart appliances, and how that comprehension could be improved.¹⁰ When people are presented with information about how they might use a smart appliance, they struggle to estimate what the value might be for them. The research also found that using visual aids increased the average comprehension of the benefits, as compared to the control content. However, this was less effective for people who had the lowest levels of comprehension to begin with.

In that report we make several recommendations about how to improve public understanding of smart appliances. In the short term it is crucial that any new labelling is trialled and tested, to ensure its effectiveness. Alongside this, good customer service and support will be essential for dealing with queries and problems as the market develops.

Better regulation for existing ecodesign measures

Boilers

In the past the use of increased efficiency standards for boilers has been an effective tool for driving down carbon emissions associated with heating our homes.¹¹ We welcome any changes that would continue to reduce emissions and benefit consumers with potentially lower heating costs.

However, care should be taken that further, incremental improvements deliver cost-effective emissions reductions. The Future Homes Standard consultation states that all new build homes from 2025 will need to be built with low-carbon heating systems¹². At the same time, the Committee on Climate Change (CCC) has recommended that any replacement heating systems in off-gas properties will need to be low-carbon from 2030, widening to all building stock by 2035¹³. With these new targets in mind, clarity will be needed as to the benefit and costs of further boiler efficiency measures.

Heat pumps

Heat pumps have been identified as a key technology to deliver emissions reductions, and deployment will need to scale up significantly to meet the majority of current gas boiler demand.¹⁴ As such, work is ongoing to better understand how a widespread roll out of heat pumps can be delivered and how consumers can both understand and benefit from this technology. Citizens Advice recently published research which explored how people make choices about low carbon heating.¹⁵

Heat pumps work very differently to conventional forms of heating and may also require secondary works to homes. For heat pumps to operate as intended and deliver the

¹⁰ [Powering up or facing resistance?](#), 2020, Citizens Advice

¹¹ [The Fifth Carbon Budget](#), 2020, CCC

¹² [Future Homes Standard](#), 2020, BEIS

¹³ [Reducing UK emissions Progress Report to Parliament](#), 2020, CCC

¹⁴ [Reducing UK emissions Progress Report to Parliament](#), 2020, CCC

¹⁵ [Taking the temperature: consumer choice and low carbon heating](#), 2020, Citizens Advice

required standards of performance, it will be critical that people understand how to use them in their homes.

We suggest that further improvements to minimum energy performance standards are informed by the most up-to-date research on heat pumps and how they work in practice. The government's own project on the electrification of heat could be instructive in this regard.

Expanding the scope of the UK Ecodesign and Energy Labelling framework

Smart appliances

In 2019 and 2018 respectively, the UK spent £580m importing washing machines¹⁶ and £646m on central heating boilers¹⁷. This tells us that the smart appliance market, although currently in its infancy, will be an international one.

Citizens Advice agree that standards for smart appliances are required to address market failures and to protect customers. The activity undertaken thus far by the BSI is welcome as it progresses the conversation on how standards should be developed. It also builds on international experience. This is helpful as it will make it easier for international bodies to adopt similar, if not the same, standards.

It is essential that the government takes action to ensure British ecodesign standards do not diverge from international standards. Continued alignment with European standards will ensure that British consumers do not fare worse in terms of price and choice. It will also be important to consider the impact on industry, and the potential economic benefit for companies planning to export energy smart appliances.

We are happy to discuss or clarify any of the content in this letter.

Yours sincerely,

Tom Brooke Bullard

Policy Researcher, Citizens Advice

¹⁶ [Household laundry machine imports to the UK](#), 2019, Statista UK

¹⁷ [Boiler imports into the UK, 2018](#), Statista UK