



**Consumer Choice &
Carbon Consciousness for Electricity**

**AMENDMENT TO THE EUROPEAN DIRECTIVE
CONCERNING COMMON RULES FOR THE
INTERNAL MARKET IN ELECTRICITY – ENERGY
LABELLING PROVISION**

The 4CE (Consumer Choice and Carbon Consciousness for Electricity) project team welcomes the inclusion of the energy labelling provision in the proposed European Directive concerning the internal rules for the electricity markets. However, knowledge gained over the last 14 months of this EU Altener funded project and findings from the focus groups and telephone surveys recently suggest that the following amendments would strengthen the Directive:

Article 3 (Public service obligations and customer protection)

(Amended text is shown in italics)

Original text	Suggested amendments
<p>(6) Member States shall ensure that electricity suppliers specify in or with the bills and in promotional materials made available to final customers:</p> <p style="padding-left: 40px;">(a) the contribution of each energy source to the overall fuel mix of the supplier over the preceding year;</p> <p style="padding-left: 40px;">(b) at least the reference to existing reference sources, such as web-pages, where information on the environmental impact, in terms of at least emissions of CO₂ and the radioactive waste resulting from the electricity production from different energy sources, is publicly available.</p>	<p>(6) Member States shall ensure that electricity suppliers specify in or with the bills and in promotional materials made available to final customers:</p> <p style="padding-left: 40px;">(a) the contribution of each energy source to the overall fuel mix of the supplier over the preceding year;</p> <p style="padding-left: 40px;">(b) <i>information on the environmental impact of the overall fuel mix of the supplier over the preceding year, in terms of at least emissions of CO₂ and the radioactive waste resulting from the electricity production from different energy sources.</i></p>

Original text	Suggested amendments
<p>With respect to electricity obtained via an electricity exchange or imported from an undertaking situated outside the Community, aggregate figures provided by the exchange or the undertaking in question over the preceding year may be used.</p> <p>Member States shall ensure that appropriate mechanisms are put in place, e.g. by the supplier, to verify the reliability of the information on the fuel mix.</p>	<p><i>Member States shall determine standardised formats for the presentation of this information to final customers. This shall include appropriate reference values, e.g. national averages, for the overall fuel mix of the supplier and for the environmental impact.</i></p> <p>With respect to electricity obtained via an electricity exchange or imported from an undertaking situated outside the Community, aggregate figures provided by the exchange or the undertaking in question over the preceding year may be used.</p> <p><i>Member States shall ensure that appropriate mechanisms are put in place and an independent body is nominated to verify the reliability of the information made available to final customers.</i></p>

The remainder of this document provides brief details on the results from the 4CE project on which these suggested adjustments are based.



Consumer Choice & Carbon Consciousness for Electricity

4CE Report to the European Parliament on the European Directive concerning common rules for the internal market in electricity - energy labelling provision

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1 KEY FINDINGS

- Information on both fuel mix and environmental impact should be disclosed to final customers in or with the bills and in promotional materials – 80% of households and 68% of SMEs wanted to see both types of information on an electricity label
- Comparative information should be included - 68% of households and 60% of SMEs would find a label comparing their electricity mix to the average electricity mix in their country useful
- A 'reference to existing reference sources, such as web-pages, where information on the environmental impact...is publicly available' will not attain appropriate coverage of the market to have sufficient impact – 22% of households in Europe do not have access to the internet and, of those that do, only 51% say they would ever actually visit such a website. Of the Small and Medium Enterprises (SMEs), 48% indicate they would visit such a website
- The implementation of an energy labelling scheme should not be left entirely up to the industry since this will fail to be accepted by the consumers – the focus groups emphasised the need for an independent third party to verify information on the label
- There was a strong preference for a label of a standardised uniform format within the focus groups

2 INTRODUCTION

This paper presents some key preliminary results from the 4CE (Consumer Choice and Carbon Consciousness for Electricity) Project. The project members consider these results to be highly relevant to the articles on energy labelling in the proposed European Directive concerning common rules for the internal markets in electricity and therefore are releasing these results early so that the European Parliament has an opportunity to consider them at the second reading of the Directive.

3 4CE PROJECT

The 4CE project is performed under the framework of the EU Altener programme. The aim of this project is to promote consumer information about the source of electricity products on the market and the implications of power generation.

This project proposes to develop a label, and the information system behind it, that will assist consumers to make an informed choice in the liberalised marketplace by providing them with details of the content of their supply mix and its resulting environmental implications. The label will also be a tool to aid consumers and policy makers in greening Europe's electricity supply.

The project commenced in January 2002 and is due to finish in September 2003. For more information about this project, please visit the project website: www.electricitylabels.com

4 ENERGY LABELLING PROVISION OF THE DIRECTIVE

The current text of the Directive with regard to energy labelling, as of 29 January, is as follows:

Article 3

6. *Member States shall ensure that electricity suppliers specify in or with the bills and in promotional materials made available to final customers:*

- a) the contribution of each energy source to the overall fuel mix of the supplier over the preceding year;*
- b) at least the reference to existing reference sources, such as web-pages, where information on the environmental impact, in terms of at least emissions of CO₂ and the radioactive waste resulting from the electricity production from different energy sources, is publicly available.*

With respect to electricity obtained via an electricity exchange or imported from an undertaking situated outside the Community, aggregate figures provided by the exchange or the undertaking in question over the preceding year may be used.

Member States shall ensure that appropriate mechanisms are put in place, e.g. by the supplier, to verify the reliability of the information on the fuel mix.

5 FOCUS GROUPS

Twenty focus groups were held during September-November 2002 in Austria, Germany, Hungary, Sweden and the UK. Fourteen of these were with domestic customers and six with Small and Medium Enterprises (SMEs). These focus groups have provided a valuable insight into the awareness of and motivation for electricity consumption and purchases. A series of possible labels were tested out in the focus groups, helping to identify what level of information people are interested in and the most effective way in which to present it. Results from the focus groups were used to assist the design of a second stage of consumer research, the telephone survey, particularly with regard to the vocabulary used.

The key findings of the focus groups that are relevant to the current wording of the Directive are as follows:

- Trust in any electricity labelling system is essential – the need for independent third party to verify the information was mentioned in most of the focus groups, particularly amongst the domestic consumers
- Both domestic and non-domestic consumers want a standardised label in a uniform format to enable easy comparison (note that the requirements may be different for the large electricity consumers)
- Information on both fuel sources and environmental impact were important for domestic consumers. SMEs were less concerned about information on environmental impact
- All groups emphasised the need to have simple and easy to use information – any label should be immediately comprehensible
- An educational campaign to put the label information into context and provide guidance on understanding the information would increase the effectiveness of the label

The full report and analysis of the focus groups will be included in the Phase 2 report, due to be completed in May 2003. The results will also be incorporated into the final project report, to be published in October 2003.

6 TELEPHONE SURVEY

Three thousand telephone interviews have been conducted across ten European countries: Austria, France, Germany, Greece, Hungary, Italy, Poland, Spain, Sweden, UK, with 200 households and 100 SMEs being interviewed in each country. The surveys took place in January and February 2003.

The survey was designed to examine consumer preferences and priorities with regard to their electricity supply and electricity labelling. Some key questions were included to test the potential effectiveness of the current wording in the Directive, in particular relating to the external reference sources such as web-pages.

The key findings of the telephone surveys that are relevant to the current wording of the Directive are as follows:

- If there was no environmental information on the label, but this information was available on a website (as currently proposed in the Directive), only 39% of all households (which is 51% of those households with access to the internet) and 48% of SMEs say they would be likely to visit this website (note that this is likely to be an over-estimate, since actions in reality are often lower than stated intentions in surveys)
- Only 43% of households use the internet for non-work related purposes. 22% of households do not have access to the internet
- 78% of households and 60% of SMEs would find it useful to have their electricity mix shown on a label and identified for them
- 80% of households and 68% of SMEs would find it useful to have their electricity mix AND the environmental impact of their electricity mix shown on a label and identified for them
- 68% of households and 60% of SMEs would find a label comparing their electricity mix to the average electricity mix in their country useful

The full report and analysis of the telephone survey will be included in the Phase 2 report, due to be completed in May 2003. The results will also be incorporated into the final project report, to be published in October 2003.

7 PROJECT PARTNERS

This paper is based on the work undertaken by the six project partners working on the 4CE:

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