

Industry Opposed to EuP Boiler Proposal

Response to the Working Document on possible Ecodesign Energy Labelling and Installation Requirements for Boilers and Water Heaters from the European Heating Controls Alliance

1. Introduction

The European controls industry is deeply concerned at the proposed implementation of the Energy Using Products (EuP) Directive for boilers. This currently drives boiler manufacturers to supply an energy labelled system 'bundle' (to include heating controls, pumps and some renewable) rather than just a boiler. We are concerned that:

- It will fundamentally change the marketplace, disadvantaging all but a small number of large manufacturers.
- It will not address the full potential for carbon savings from heating controls and will hold back other efforts to do so.
- It is outside the scope of the Directive and is likely to restrict consumer choice while limiting the ability of industry to provide the most energy efficient solutions

The European Heating Controls Alliance (EHCA)ⁱ proposes a more suitable approach where industry expertise helps to produce a separate standard for controls. This will work alongside an implementing measure for boilers to maximise the overall carbon savings potential from heating.

2. Implications of the Current Proposals

In principle, the EHCA welcomes the preparatory study's acknowledgement that improving controls is an essential factor in reducing the carbon emissions from heating systems. But we do not believe that the proposed inclusion of controls within a boiler label is the most appropriate way forward as it will have a number of major implications. These are outlined below:

- **The retrofit market opportunity will be marginalised.** The retrofit market for controls offers considerable potential for carbon savings (estimated at 150MTC pa across the EU) and is far too important to be included as a side issue in this Directive. There is a danger that the proposed approach will lead to the incorrect assumptions that controls have already been 'dealt with', or that they can only save energy when installed with a new boiler. It would be far better to accelerate the development of a separate approach for controls that would be suitable for both new boiler installations and stand-alone controls retrofits, that would include their application on systems without boilers (for example communal and district heating, electrical resistance heating) and would develop the whole industry (including installers) to meet the needs of a low carbon economy.
- **Innovation will be stifled.** The controls industry is a high-tech sector which thrives on constant innovation to develop higher quality controls that bring continuous improvements in energy efficiency. It is illogical to remove the incentive for controls manufacturers to innovate in favour of boiler manufacturers, given that future low carbon housing needs may make boilers redundant. A robust and vibrant controls industry will contribute significantly to the creation of a low carbon economy across the EU, and the Commission should ensure that short term expediency does not damage the delivery of longer term environmental policy.

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- **Market conditions will be unreasonably distorted.** The proposed approach is effectively anti-competitive. Independent manufacturers of heating controls (and others who only manufacture elements of the bundle) will have a direct route to market removed, putting larger manufacturers into a far more advantageous position. We urge the Commission to carry out a full assessment of the likely effects on the marketplace, and to apply an approach that achieves the aims of the directive without unnecessary negative impacts on the market.
- **The proposal is outside the scope of the Directive.** The definition of the EuP Directive clearly states that it covers products, not systemsⁱⁱ. It also states that 'components' are parts that are not placed on the market for end usersⁱⁱⁱ. Controls are currently sold directly to end users so cannot, under this definition, become a component of a labelled boiler. This approach is likely to result in less choice and higher costs for consumers through less competition and flexibility in the marketplace. It is surely preferable for the Commission to adopt an approach for EuP that does not require them to make changes to the legislation.

3. Proposed Solution

The EHCA is fully committed to helping the EU meet its environmental goals. We wish to offer our practical support to ensure that the EuP Directive can meet its primary aims for boilers without the implications described above. We therefore propose an alternative approach, separating heating controls (and other bundled elements) from the boilers as described below:

- Restrict the Implementing measure for EUP Lot 1 to the Boiler Only.** The most appropriate approach for the implementing measure would be to label the efficiency of boilers only, based on tests within a default system. This would provide a robust mechanism for the comparison of boilers within the EuP framework, but without distorting the existing market conditions. Where the efficiency rating could usefully relate to the system would be to encourage all boilers to have communication enabled through an open protocol such as OpenTherm. This will ensure that the greatest level of innovation in advanced controls solutions will be available to householders at non-prohibitive costs.
- Introduce a separate but complementary 'Lot' for heating controls.** Industry will lead the development of the following:
 - The production of a web based tool (harmonized across the EU) that installers can use to produce a label for installed controls by self-certifying the installation. This will drive best practice and provide homeowners with real choice through accurate, energy labels for control systems either with a boiler or as a stand-alone retrofit measure.
 - It would use the preparatory study work on controls as a starting point but would utilise expertise from controls manufacturers and be developed to apply to under-floor and district heating systems, neither being currently included in the proposals.

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- Examples of the application of the Energy Performance in Buildings Directive in Germany and the UK indicate that this type of approach can work in practice.
- The establishment of progressive minimum standards for controls that installers in all member states will need to comply with when installing a boiler. This will ensure that all boilers installed have a reasonable level of control. It will also set a minimum standard for controls only upgrades.
- The introduction of a product label for individual control types, either voluntary or through third party testing. This will properly differentiate the energy saving performance of each controls type, and include a performance grading system, to ensure that the theoretical savings of installed control systems are met in practice.

This approach will ensure that the potential carbon savings from controls can be fully realised. By separating the labelling from that of a heating system it will ensure that the savings from controls are appreciated in their own right and will motivate customers to make improvements even when the boiler is not being replaced. It will also provide an effective incentive for manufacturers to introduce high performing and innovative controls into the market. It will avoid unreasonable distortion of the market, but will encourage suppliers and installers to actively promote energy saving options.

The currently proposed Ecodesign requirements will not work effectively with the EPBD. Our proposals will be designed to work effectively alongside the EuP Directive for boilers and to be cohesive with the current EPBD, as well as its strengthened format in the future, where a 'whole house' approach is utilised to determine carbon savings. This would allow for more sophisticated innovation in advanced controls that work with the fabric of the house, with passive heating measures and with integrated renewable technologies to achieve optimal carbon savings in all situations.

4. Next Steps

The EHCA would welcome the opportunity to discuss our proposal in more detail with the European Commission, and we reiterate the commitment of industry to actively contribute to the development of this alternative proposal.

In the short term, we wish to see the draft implementing measure for Lot 1 restricted to boilers rather than heating systems. We trust that our objections to the latter are made clear in this paper and that the Commission are reassured that our aim is not to prevent the introduction of legislation to drive carbon saving but to contribute to ensuring that any such legislation is robust and effective in practice, and allows industry to actively support it.

ⁱ The European Heating Controls Alliance incorporates the following organisations:

- EuroACE (European Alliance of Companies for Energy Efficiency in Buildings)
- eu.bac (European Building Automation and Controls Association),
- TACMA (UK Association of Controls Manufacturers),
- The Valve Sector and the Building Automation & Controls Sector of the VDMA (German Machinery and Industrial Equipment Manufacturers),

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- The Vereniging Huis en Klimaat (Dutch Home and Climate Association)
 - ACR (Automatismes du génie Climatique et de la Régulation), the French controls manufacturers association,
 - FIREG (Fabricants et Importateurs de REGulation) Belgian manufacturers and importers of controls,
 - Opentherm (European alliance promoting non-manufacturer-dependent systems of communication between modulating heating appliances and room thermostats).

ii “Energy using product’ or ‘EuP’ means a product which, once placed on the market and/or put into service, is dependent on energy input (electricity, fossil fuels and renewable energy sources) to work as intended, or a product for the generation, transfer and measurement of such energy, including parts dependent on energy input and intended to be incorporated into an EuP covered by this Directive which are placed on the market and/or put into service as individual parts for end-users and **of which the environmental performance can be assessed independently.**”

iii “Components and sub-assemblies” means **parts intended to be incorporated into EuPs, and which are not placed on the market and/or put into service as individual parts for end-users** or the environmental performance of which cannot be assessed independently.”