Legislating for MEPS and Energy Labelling
Options for implementing MEPS and energy labelling include:

- Voluntary schemes, possibly supported by industry codes of practice.
- Voluntary certification programs
- Levies and financial instruments
- Disendorsement labels
- Mandatory requirements, legislated by individual jurisdictions or at a ‘national’ or ‘macro’ level
Why regulate?

- Concerns with the effectiveness and enforceability of voluntary schemes
  - Industry schemes require a strong industry body to deliver high compliance
  - Only the best performing products tend to participate in voluntary schemes
- Early mover costs may be higher when voluntary
- Ensures greater consistency between competitors
Regulating at a jurisdictional level

- For example, by individual EU member countries, provincial or state governments
- **Shortcomings:**
  - Different standards may be adopted
  - Implementation timetables may vary
  - May be difficult to enforce due to trade agreements
  - Inconsistent offences and penalties, applied inconsistently, are detrimental to overall compliance rates
  - As it is likely that different heads of power will be used in each jurisdiction, product coverage may vary
  - Unless all jurisdictions implement identical reporting requirements, data set will be compromised
- **Benefits**
  - Local knowledge of market and climatic differences
  - Relationships with industry
- Even with effective coordination between jurisdictions, these issues often arise
Regulating at a ‘national’ or ‘macro’ level

- For example, by a national government, such as Australian federal government, or the European Parliament

**Shortcomings**
- The powers to legislate at this level may be limited
- May require agreement from all jurisdictional governments

**Benefits**
- Recognising appliances as widely traded products, consistent test methods, performance standards and labelling requirements implemented in all jurisdictions at the same time
- Consistent approach to non-compliance by a single regulator, ensuring a level playing field for industry
- Higher and more diverse penalties may be available (as in Australia)
- Can address regional or climatic differences
- Easier harmonisation with international standards
- More comprehensive data obtained through ongoing monitoring and reporting
What goes where?

THE BILL
Central, high-level aspects of the legislation:
- Coverage of products and standards.
- Core registration requirements.
- Governance arrangements of the Regulator.
- Offences and Penalties.
- Review of decisions.
- Collection/disclosure of information.

DETERMINATIONS
(one for EACH product type)
- Elements specific to each product type.
- Specifications that identify product types.
- Standard will specify:
  - Test method
  - Label and registration requirements
  - Performance thresholds [Definitional characteristics; MEPS levels]
  - Other environmental impacts.

REGULATIONS
- Elements common to ALL product types.
- Fees and processes, e.g. internal review processes, registration processes, etc.

ADMINISTRATIVE RULES
- Content of current standards that does not need to be legislated.
- Industry’s obligations in regard to the program.

REGISTRATION FORM

LABEL REQUIREMENTS

TEST METHOD

PUBLIC COMMS MATERIALS
- To inform the general public.
- To encourage cooperative compliance. [e.g. Compliance and Enforcement policy guidelines.]
- Not enforceable.

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Deterring Non-compliance

- For many suppliers, publicising instances of non-compliance will act as a deterrent to non-compliance, but is not a sufficient penalty on its own.
- Penalties need to be sufficiently high to discourage non-compliance, but not so high that regulators will not impose them.
- Access to a variety of penalties ensures that the remedy is appropriate to the offence.
- Penalties can include:
  - Administrative measures such as deregistering products
  - Infringement notices
  - Injunctions (e.g. to stop the sale of products)
  - Enforceable undertakings to remedy consumer and environmental detriment
  - Civil and criminal penalties

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The compliance pyramid

**CRIMINAL PENALTIES**
- Criminal prosecution

**COURT ORDERS**
- Civil prosecution
- Injunctions

**ADMINISTRATIVE PENALTY AND MAKE GOOD**
- Cancellation or suspension of registration
- Infringement notices
- Enforceable undertakings

**INSPECTION AND AUDITS**
- Store audits
- Check-testing

**COOPERATIVE COMPLIANCE**
- Education, advice, persuasion, seminars, website, “Reach for the Stars”

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Why is an effective compliance and enforcement program so important?

- Faster identification and removal of non-compliance products from the market results in significant energy savings.

- Increasing energy savings from the Equipment Energy Efficiency Program, by just 1% in 2009 and 3% each subsequent year would result in:
  - 5 Mt CO$_2$-e emissions avoided from 2011 to 2020
  - Nearly $1.5 billion savings in energy costs over the same period

- This indicates the high value of implementing a program which enhances compliance, and conversely the high cost of aspects which may compromise or reduce compliance rates.

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Thank You

Any Questions