



Australian Government
Department of Climate Change
and Energy Efficiency

Legislating for MEPS and Energy Labelling



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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



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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



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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

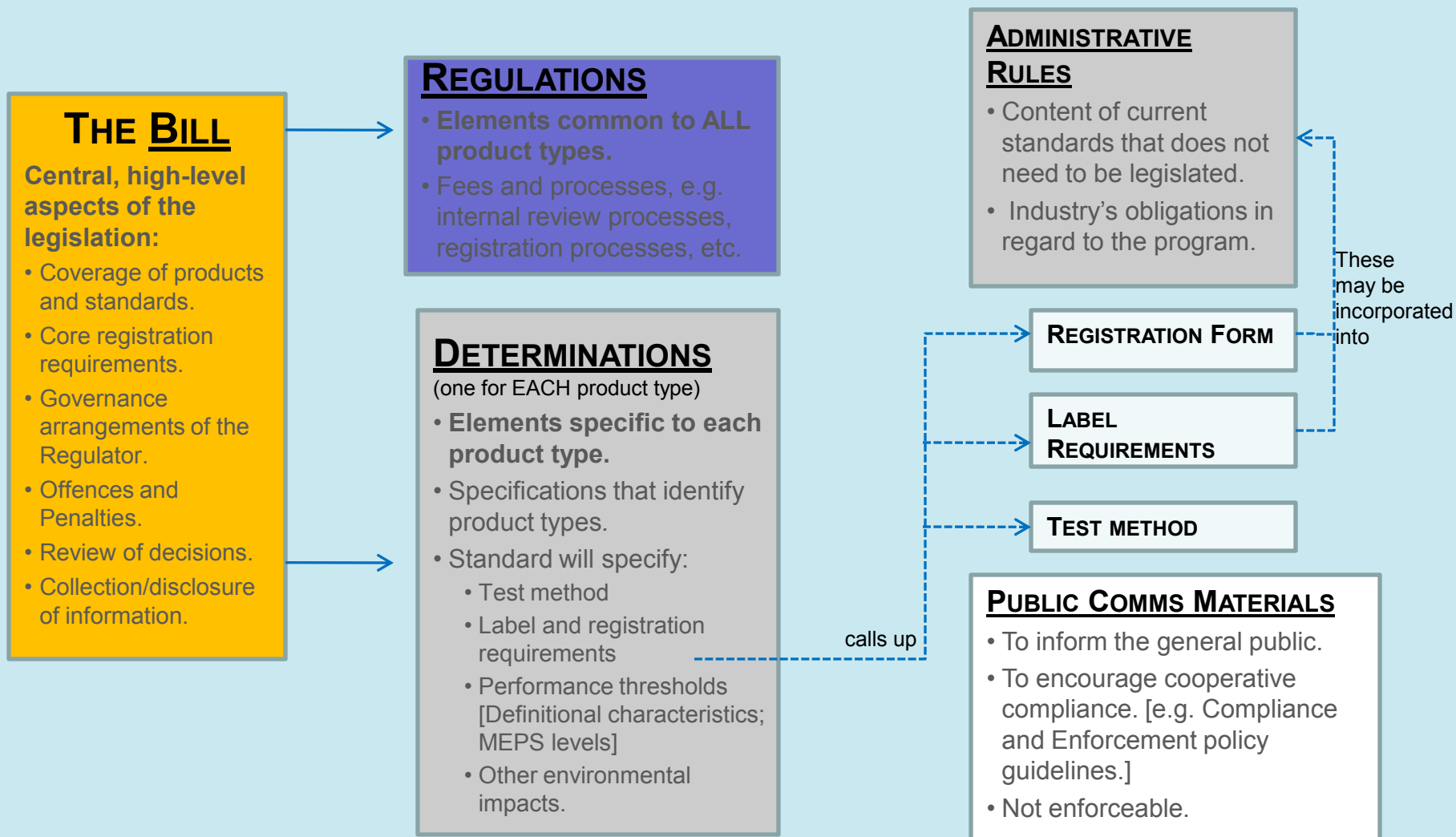
- For example, by a national government, such as Australian federal government, or the European Parliament
- Shortcomings
 - The powers to legislate at this level may be limited
 - May require agreement from all jurisdictional governments
- Benefits
 - Recognising appliances as widely traded products, 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



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What goes where?



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Detering 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 CO₂-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



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