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Sizzling World Presses Industry for Energy Efficiency

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Climate change is increasing pressure for energy efficiency improvements globally. Examples include initiatives pursuant to the United Nations Climate Action Summit, European Commission efficiency regulations, and the Super-efficient Equipment and Appliance Deployment (SEAD) program.¹ These build on rules already in existence throughout the world. Further pressure can be expected from the two-week UN Climate Change Conference now under way in Madrid. Industry thus needs to plan for efficiency developments well beyond the U.S. border.

UN Climate Action Summit and UN Climate Change Conference

The UN held its much-anticipated Climate Action Summit in New York on September 23, 2019. Of particular interest to the appliance and equipment industry are the Summit's "Energy Transition" track initiatives. These include:

- **The Three Percent Club for Energy Efficiency.** This is a coalition of countries, businesses, and institutions committed to putting in place ambitious energy efficiency policies and driving a 3 percent annual global increase in energy efficiency. Members agree to 1) strengthen domestic policy action on energy efficiency; 2) use the nationally determined contributions (NDC) revision process under the Paris Agreement on climate change to strengthen specific commitments to efficiency actions;² and 3) work collectively through a mixture of domestic policy action and provision of financial and technical support to other countries to drive a collective annual improvement of 3 percent in energy efficiency.³

¹ This subject was addressed at a recent Senate committee hearing. *Full Committee Hearing on Energy Efficiency Efforts in the United States and Internationally Before the S. Comm. on Energy and Natural Resources*, 116th Cong. (Oct. 22, 2019). In her opening statement, Chairman Lisa Murkowski said that the hearing was to look at "the efforts to increase efficiency internationally, and what best practices we can potentially utilize here at home."

² The Paris Agreement (Article 4, paragraph 2) requires each Party to prepare, communicate and maintain successive NDCs that it intends to achieve. Parties are to pursue domestic mitigation measures, with the aim of achieving the objectives of such contributions.

³ *3% Club for Climate Efficiency*, United Nations Framework Convention on Climate Change, <https://climateaction.unfccc.int/views/cooperative-initiative-details.html?id=100> (last visited Oct. 22, 2019). Countries in the Club include Argentina, Colombia, Denmark, Estonia, Ethiopia, Ghana, Honduras, Hungary, India, Ireland, Italy, Kenya, Portugal, Senegal, and United Kingdom.

- **The Cool Coalition.** This is a network of national governments, cities, businesses, and civil society organizations focused on efficient, climate-friendly cooling. The goals are to 1) avoid the need for mechanical cooling through better urban planning and building designs; 2) shift cooling’s modality to renewables (district cooling, solar powered cold chains, etc.); 3) improve conventional cooling by upping air conditioning and refrigeration energy efficiency, fans, and demand response; 4) protect vulnerable people from the effects of heat extremes and unreliable medical and agricultural cold chains; and 5) leverage cooperation between different actors that are active in cooling so as to achieve a greater collective impact.⁴
- **Zero Carbon Buildings for All.** Under this initiative, national and local governments commit to policies to make new buildings 100 percent carbon neutral by 2030 and existing buildings carbon neutral by 2050.⁵ The initiative plans to achieve this goal by pressuring countries to implement high energy efficiency standards and meet energy needs with on- or off-site renewable energy sourcing. “The more carbon avoided through efficiency, the better. Energy efficiency is generally the cheapest approach, and remaining energy needs can then be met with greener energy supply.”⁶

Delegates from nearly 200 countries are attending the December 2 – 13, 2019, 25th annual UN Climate Change Conference of the Parties (COP25) in Madrid. COP25 is intended to assure implementation of the Paris Agreement and is the last COP before the 2020 deadline for many nations to submit their climate action plans. Such plans can be expected to contain efficiency provisions.

Pressure for such action is increased by UN Secretary-General António Guterres’ warning ahead of COP25 that the climate crisis “point of no-return is no longer over the horizon. It is in sight and hurtling towards us.”⁷ Pressure is also increased by the 2019 UN Environment Programme (UNEP) report calling for “deep and urgent cuts” in emissions.⁸

European Commission Appliance Efficiency Regulations

On October 1, 2019, the European Commission adopted new regulations for 10 classes of appliances as part of its energy and climate policy initiative, the “Ecodesign Working Plan 2016-

⁴ *Cool Coalition*, United Nations Framework Convention on Climate Change, <https://climateaction.unfccc.int/views/cooperative-initiative-details.html?id=97> (last visited Oct. 22, 2019).

⁵ *Zero Carbon Buildings for All*, United Nations Framework Convention on Climate Change, <https://climateaction.unfccc.int/views/cooperative-initiative-details.html?id=104> (last visited Nov. 13, 2019).

⁶ “Zero Carbon Buildings for All,” *World Resources Institute*, <https://wri.org/cities/ZeroCarbonBuildings> (last visited Nov. 18, 2019).

⁷ António Guterres, Secretary-General, United Nations, Remarks at pre-COP25 Press Conference (Dec. 1, 2019).

⁸ UN Environment Programme, *Emissions Gap Report 2019*, XIII (Nov. 2019), <https://wedocs.unep.org/bitstream/handle/20.500.11822/30797/EGR2019.pdf?sequence=1&isAllowed=y>.

2019.”⁹ The regulations dictate that EU-based manufacturers of certain appliances must ensure that, by 2021, 1) their products meet certain efficiency standards, and 2) replacement parts for these appliances are available to professional repairers for up to 10 years after they are manufactured.¹⁰ Additionally, the legislation sets new limits on the use of water per cycle in washing machines, washer-dryers, and dishwashers.¹¹

The European Commission “Lot 9” regulations establish Ecodesign requirements for servers and online data storage products.¹² These products are required to comply with efficiency and product life cycle rules effective March 1, 2020.¹³ They are subject to tightened requirements effective March 1, 2021, and January 1, 2023.¹⁴

SEAD

Earlier this year, the NewClimate Institute released a report¹⁵ (and accompanying technical annex¹⁶) detailing various initiatives being undertaken by cities, regions, and businesses around the world — known as the “International Cooperative Initiatives” (ICI).

Especially relevant to the appliance and equipment industry is the SEAD initiative. This is described as “a voluntary collaboration among governments working to promote the

⁹ *Ecodesign Working Plan 2016-2019*, European Commission (2016), https://ec.europa.eu/energy/sites/ener/files/documents/com_2016_773.en.pdf. The following product groups are affected by the regulation: refrigerators; washing machines; dishwashers; electronic displays (including televisions); light sources and separate control gears; external power suppliers; electric motors; refrigerators with a direct sales function (e.g., refrigerators in supermarkets, vending machines for cold drinks); power transformers; and welding equipment.

¹⁰ *The New Ecodesign Measures Explained*, European Commission (Sept. 30, 2019), https://ec.europa.eu/commission/presscorner/detail/en/qanda_19_5889.

¹¹ *Id.*

¹² European Commission Regulations (EU) 2019/424 of 15 March 2019, laying down ecodesign requirements for servers and data storage products pursuant to Directive 2009/125/EC of the European Parliament and of the Council and amending Commission Regulation (EU) No 617/2013, Official Journal of the European Union 18.3.2019, L 74/46.

¹³ *Id.* art. 3.

¹⁴ *Id.*

¹⁵ *Global Climate Action from Cities, Regions and Businesses*, NewClimate Institute, Data-Driven Lab, PBL Netherlands Environmental Assessment Agency, German Development Institute, and Blavatnik School of Government, University of Oxford (2019), https://newclimate.org/wp-content/uploads/2019/09/Report-Global-Climate-Action-from-Cities-Regions-and-Businesses_2019.pdf.

¹⁶ *Global Climate Action from Cities, Regions and Businesses: Technical Annex II*, NewClimate Institute, Data-Driven Lab, PBL Netherlands Environmental Assessment Agency, German Development Institute, and Blavatnik School of Government, University of Oxford (2019), https://newclimate.org/wp-content/uploads/2019/10/Technical-Annex-II_Methodology-for-Quantifying-Potential-Impact-of-ICIs-2019.pdf.

manufacture, purchase, and use of energy-efficient appliances, lighting, and equipment worldwide.”¹⁷ Its basic goal is to coax its members and other developed countries around the world to adopt policy best practices for energy efficiency.¹⁸

New Initiatives Build on Existing International Framework

While these new initiatives are in the spotlight, it is important to bear in mind that they build on existing efficiency regimes throughout the world.¹⁹

One of these is the International Partnership for Energy Efficiency Cooperation (IPEEC), formed in 2008 by the Group of 8 (G8) countries but that now includes 17 of the G20 economies.²⁰ The purpose of IPEEC is “to promote collaboration on energy efficiency.”²¹ IPEEC’s goals include increasing the market availability of efficient appliances, electric equipment, and lighting; improving how devices consume energy (*e.g.*, through smart metering); increasing the information available to consumers (*e.g.*, through standards and labelling programs); and phasing out energy-intensive equipment.²²

Participants in the North American appliance market should be aware that Canada and Mexico, as well as the United States, have efficiency programs. Canada’s standards²³ are similar to those in the United States; but sometimes there are differences, which can present challenges. Canada also has labeling requirements.²⁴ Covered products must be tested and shown to conform to the Canadian standards before they can be imported. The program is administered by Natural

¹⁷ *Id.* at 6.

¹⁸ SEAD members include Australia, Brazil, Canada, Chile, the European Commission, Germany, India, Indonesia, Japan, Korea, Mexico, Russia, South Africa, Sweden, the United Arab Emirates, the United Kingdom, and the United States. *What is SEAD? Super-Efficient Equipment and Appliance Deployment*, <https://superefficient.org/about-us/what-is-the-sead-initiative> (last visited Nov. 15, 2019).

¹⁹ A worldwide listing of appliance and equipment energy efficiency standards is contained in the website of the Collaborative Labeling and Appliance Standards Program (CLASP), at <https://clasp.ngo/policies>. CLASP was formed in 1999 by the International Institute for Energy Conservation, Lawrence Berkeley National Laboratory, and the Alliance to Save Energy to establish regional standards.

²⁰ *Introduction*, International Partnership for Energy Efficiency Cooperation, <https://ipeec.org/cms/1-introduction-.html> (last visited Oct. 24, 2019). The 17 are Australia, Argentina, Brazil, Canada, European Union, France, Germany, India, Italy, Japan, Mexico, China, Korea, Russia, South Africa, United Kingdom, and United States.

²¹ *Id.*

²² *Appliances and Equipment*, International Partnership for Energy Efficiency Cooperation <https://ipeec.org/workstream/4-appliances-and-equipment.html> (last visited Oct. 24, 2019).

²³ See Energy Efficiency Act (c. 36/1992).

²⁴ *Id.* § 4.

Resources Canada (NRCan). In addition, there is an agreement between Canada and EPA allowing Canada to use the Energy Star logo for products in Canada.²⁵

Mexico also has programs for energy efficiency standards.²⁶ The Mexican National Commission for the Efficient Use of Energy (CONUEE) maintains a mandatory energy efficiency standards program for appliances, equipment, and other systems.²⁷ The Electric Energy Savings Trust Fund (FIDE) maintains a voluntary energy label program, Sello FIDE.²⁸ And recently, Mexico passed the Energy Transition Law, which provides a framework and nationwide goals for clean energy, energy efficiency, and greenhouse gas emissions reductions.²⁹

DOE is extensively involved in international energy efficiency through its Office of International Affairs.³⁰ Examples close to home are cooperation with Canada and Mexico³¹ and participation in the Energy and Climate Partnership of the Americas (ECPA).³²

Conclusion

Energy efficiency for decades has been considered low-hanging fruit to achieve environmental goals. It has taken on an increased urgency with concerns about climate change. All signs point to much more to come throughout the world and greater levels of international cooperation and coordination. Industry should take this into account in planning for its products and strategies.

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²⁵ Natural Resources Canada, *Windows, Doors and Skylights*, Government of Canada (May 16, 2019), <https://www.nrcan.gc.ca/energy-efficiency/energy-efficiency-products/product-information/windows-doors-and-skylights/13739>.

²⁶ See Ley Federal Sobre Metrología y Normalización (1992).

²⁷ APEC Energy Working Group, *Peer Review on Energy Efficiency in Mexico*, Asia-Pacific Economic Cooperation (Oct. 2017), https://aperc.iecej.or.jp/file/2017/11/17/APEC_PREE_in_Mexico_EWGEndorsed_Report_16+10+2017.pdf.

²⁸ Sello FIDE (1995).

²⁹ Ley de Transición Energética (2015).

³⁰ Office of International Affairs, *International Affairs Initiatives*, Department of Energy, <https://www.energy.gov/ia/international-affairs-initiatives> (last visited Nov. 13, 2019).

³¹ See Office of International Affairs, *North American Energy Cooperation*, Department of Energy, <https://www.energy.gov/ia/international-affairs-initiatives/north-american-energy-cooperation> (last visited Nov. 13, 2019).

³² See Office of International Affairs, *Energy and Climate Partnership of the Americas (EPA)*, Department of Energy, <https://www.energy.gov/ia/initiatives/energy-and-climate-partnership-americas> (last visited Nov. 13, 2019).

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