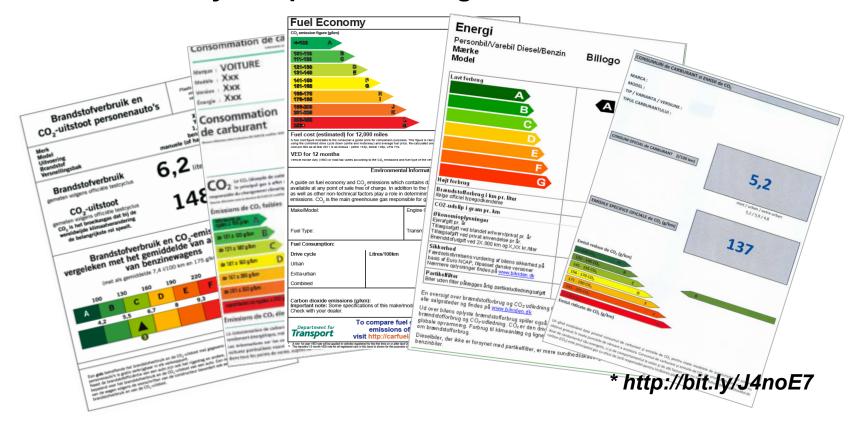
RICARDO-AEA



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Overview

- Based on a study by AEA for the European Commission in 2012*
 - Implementation of Directive 1999/94
- This presentation focuses on...
 - Format of the label &
 - Basis for any comparative ratings



Most Member States have <u>voluntarily</u> developed labels based on the EU energy label

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Format	Member State	Rating categories	Example
Based on EU Energy label	Denmark,	A-G categories	
	France,		A
	Romania,		В
	Spain,		C
	Netherlands,		D
	Finland		F
	Germany	A+ to G	G
	UK	A-N categories (2 per band)	1
Own style	Belgium	A-G categories	100 130 160 190 220 250 g/km CO, CO, 4,2 5,5 6,7 8 9,3 10,5 V100km
	Austria	Continuous comparative label	60 80 100 120 130 180 180 200 220 240 260 280 300 darüber
	Hungary	List format	N/A
	Italy		
	Sweden		

Recommendations on choosing label design in Europe

Harmonise the design of the car CO_2 label to reflect the EU Energy Label...

- ✓ Improving consumer recognition
- ✓ Reducing risk of confusion
- ✓ Building on existing work

... Use a closed system (i.e. always limited to 7 bands)

- ✓ Avoids confusion over differences between A, A+, A++ etc.
- ✓ Periodic reviews to align with technological progress

What are the ratings based on? Definitions of absolute and relative comparison

Absolute

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Cars are rated according to the actual CO₂ emissions compared to the entire range of potential models. Hence, a car with low emissions would be in category "A" no matter what its size or type, while a car in category "G" would have high emissions, independent of its size or type.

Relative



Compares cars within the same type or class, i.e. a large car can receive an "A" rating if it is the best performing of its type (even if its absolute emissions are high)

Absolute

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- 1. Belgium,
- 2. Denmark,
- 3. France,
- 4. Romania,

- 5. UK
- 6. Finland,
- 7. Austria

Relative



- 1. Germany (weight),
- 2. Spain (footprint)
- 3. Netherlands (CO₂ performance)

^{*} Based on AEA(2012) "Report on the implementation of Directive 1999/94/EC" and European Parliament (2010) "Study on consumer information on fuel economy and ${\rm CO_2}$ emissions of new passenger cars", .

However, there are pros and cons for each option

	Advantages	Disadvantages
Absolute	 ✓ Simple to administer; ✓ Easy to understand; ✓ Directly encourages consumers to buy cars with fewer emissions 	 Erodes differences between the ratings assigned to similar cars
Relative	 ✓ Enables comparison of cars with similar characteristics; ✓ Larger cars do not automatically fall into the worst classes 	 Difficult to agree on the method; Harder for consumers to understand; Gives no incentive for downsizing within the complete car fleet; Manufacturers could manipulate car characteristics to achieve a better rating without improving CO₂ performance e.g. by increasing weight in a weight-related system

- We are more convinced by the arguments in favour of an absolute label over those in favour of a relative label,
- But providing consumers with information on best (and worst) in class could be beneficial...

Therefore, a composite label could be used, which shows absolute ratings and
 "best and worst in class"

Fuel Economy VED band and CO, CO, emission figure (g/km) Best in class 111-120 114 g/km 121-130 Compared E 137 q/km 131-140 154 g/km 166-175 176-185 201-225 226-255

Image source: Ecolane (2010) LowCVP car buyer survey: Improved environmental information for consumers

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Recommendations on choosing absolute or relative labelling:

- We are more convinced by the arguments in favour of an absolute label over those in favour of a relative label,
- But providing consumers with information on best (and worst) in class could be beneficial...
- Therefore, a composite label could be used, which shows absolute ratings and

"best and worst in class"

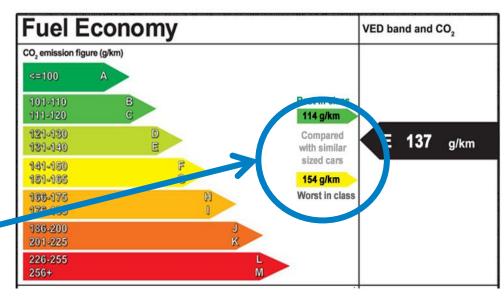
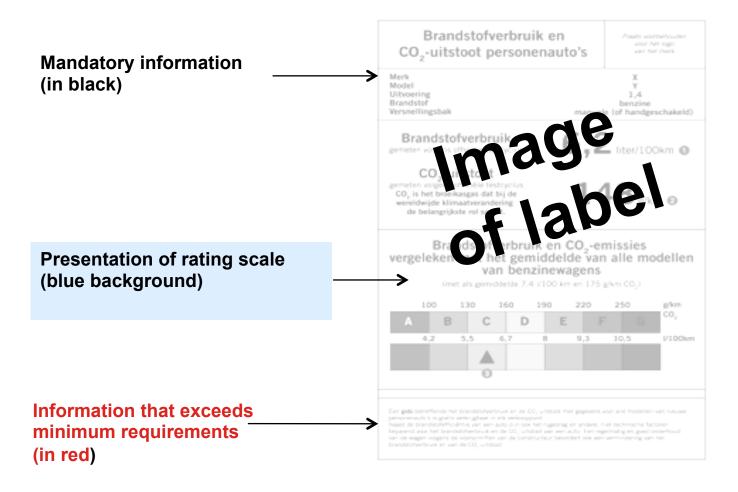


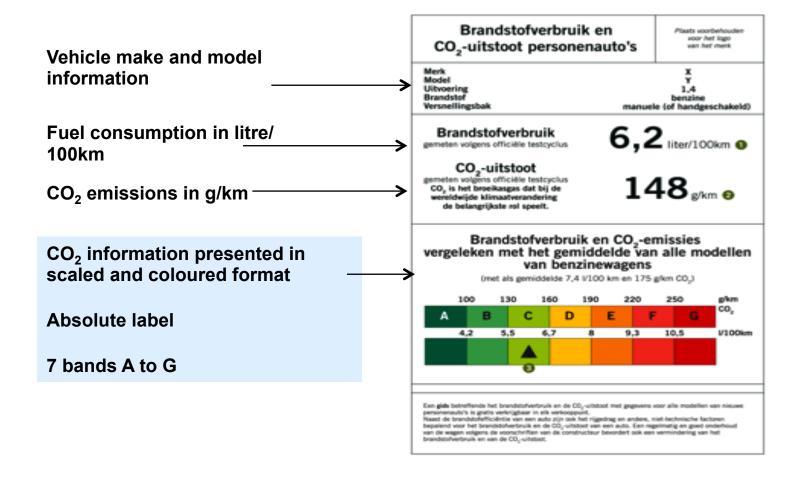
Image source: Ecolane (2010) LowCVP car buyer survey: Improved environmental information for consumers

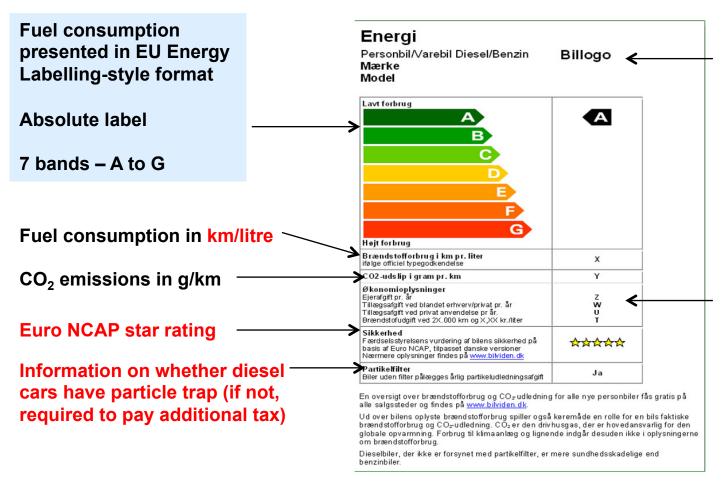
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Questions?

Annex: Examples of labels



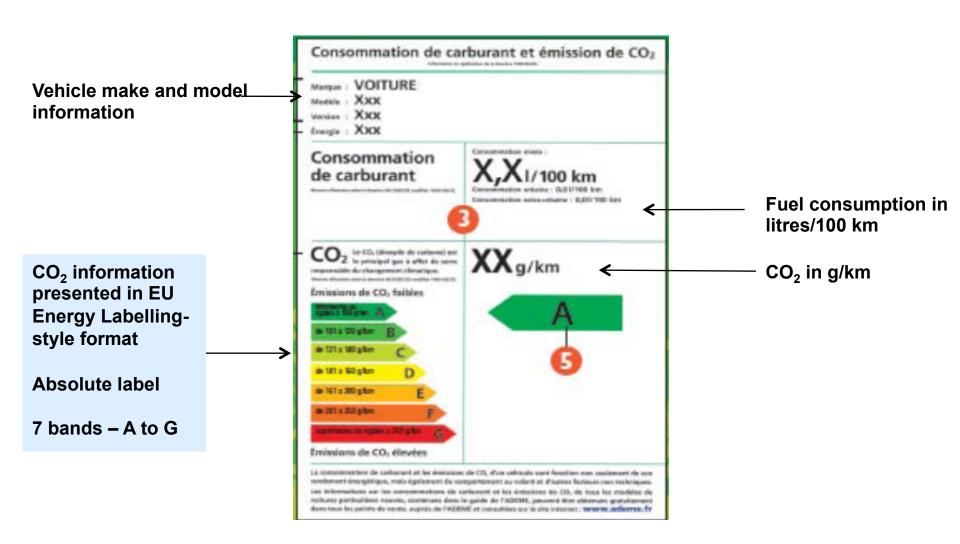


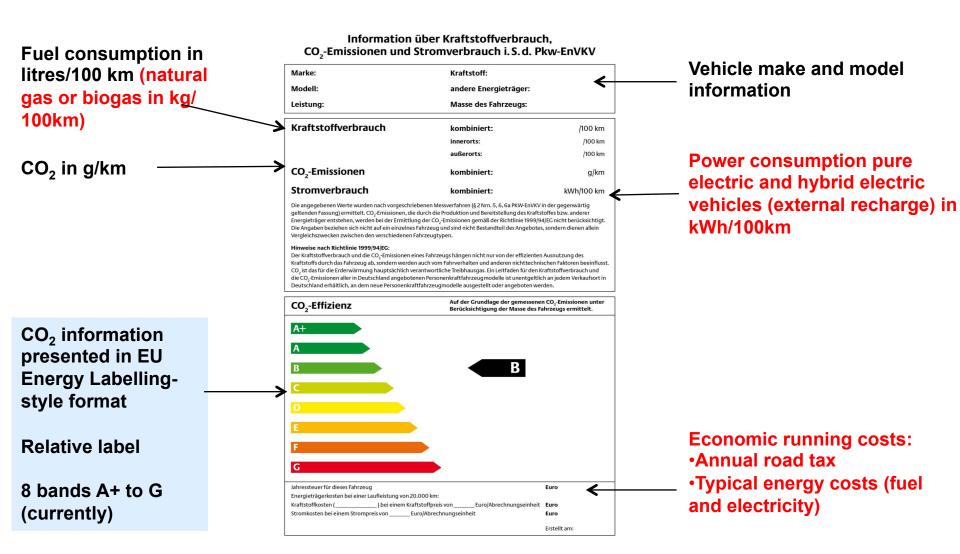


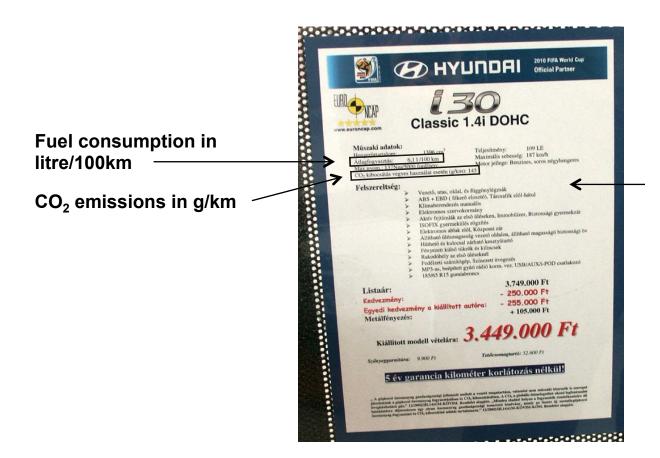
Vehicle make and model information

Economic running costs:

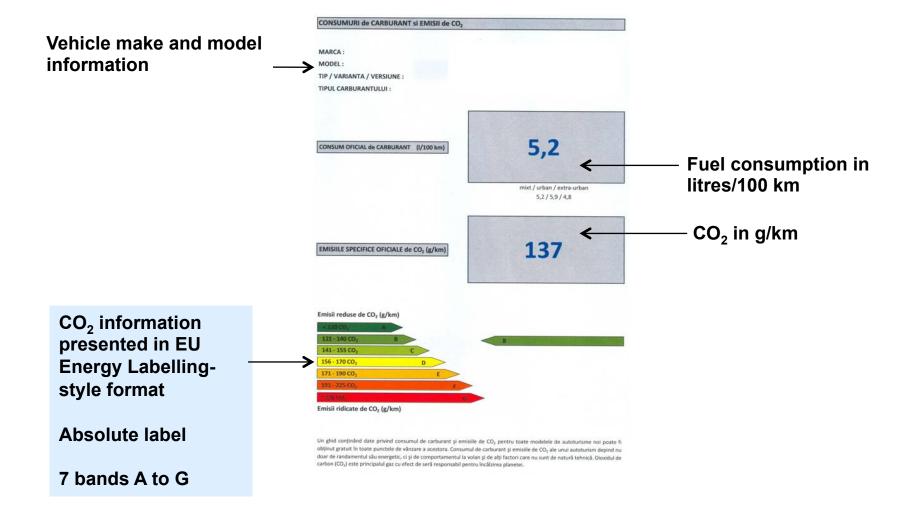
- Annual road tax
- •Typical fuel costs for 20,000 km

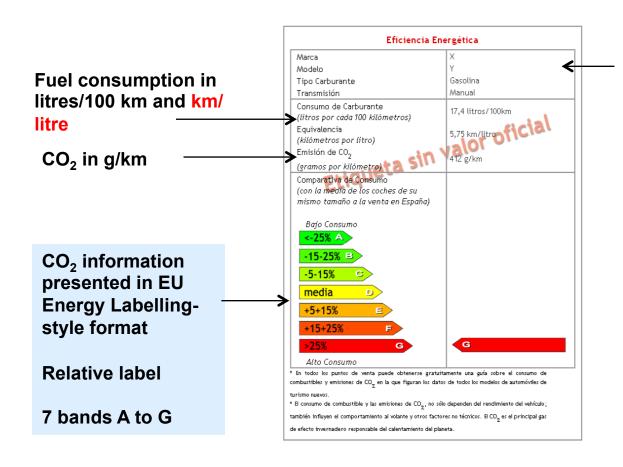






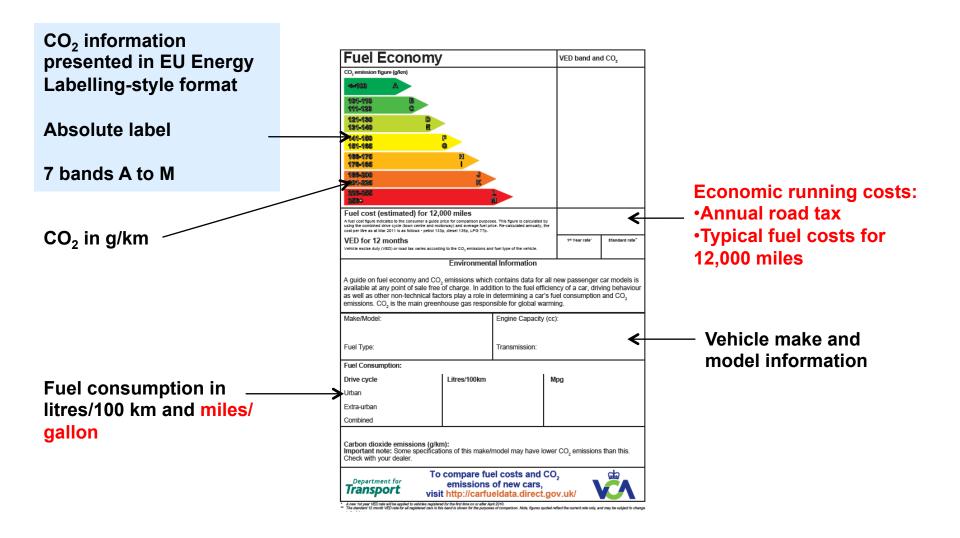
Vehicle make and model information





Vehicle make and model information

UK





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