

MARKET TRANSFORMATION PROGRAMME ADVISORY COMMITTEE (MTAC)

Minutes of the meeting held on Friday 1 February 2001

Present	Papers
Bob Ryder, DETR – Chair Chris Baker, DETR David Simpson, SSE Deborah Brown Frans Berkhout, SPRU Max Holden, DTI Paul Davidson, BRE Paul White, ETSU Pernille Schiellerup, ECI Terence Ilott, DETR Teresa Smallbone Owen Emery, DETR – Secretary	ETSU briefing document Independent Review of the Market Transformation Programme – final report

Membership matters

1. Apologies had been received from Tim Curtis and David Payne. Max Holden was attending in place of David Payne. Paul Davidson and Pernille Schiellerup were welcomed to this meeting.

Minutes of MTAC(00)3

2. These were approved. It was noted that the MTP Extranet was now accessible by Committee members.

Developments since MTAC(00)3

3. The European Commission was expected to deliver a green paper on Integrated Product Policy in the next week or 2. The Swedish presidency was committed to progress in this area, and the aim was to reach political conclusions by June. There was an opportunity for the MTP to influence development of the Commission's proposals. **ACTION: Bob Ryder to alert Committee members to the green paper once issued, and also to subsequent consultation documents.**

4. The Carbon Trust (CT) would shortly be established, and would assume from DETR responsibilities for the Energy Efficiency Best Practice Programme and Enhanced Capital Allowances. As a result, EEBP and SEP Divisions in DETR would be merged. The plan was for the CT to operate with industry and complement the Energy Saving Trust's activities in the domestic arena. Secondees to the CT were being sought from industry as well as from DETR. It was agreed in principle that the CT should be represented on the Committee.

5. DG TREN had, in collaboration with DG ENV, developed a multi-sector Energy Action Plan. While this was a welcome example of a joined-up policy development initiative within the Commission, nevertheless there were fundamental concerns about the approach being taken, which was felt to be flawed. Resources had, however, been identified within the MTP to make a tactical intervention, and this matter was due to be discussed at a meeting on 19 February.

MTP Review

6. Introducing the report prepared by Professor John Chesshire, Bob Ryder stated that this review had involved both a health-check of the management of the programme so far and a wide-ranging look, including discussions with stakeholders and other experts, at the implications for the future. Professor Chesshire's report was very cogent and made quite dense reading. It contained some strong pointers about the future, but stopped short of firm recommendations in a number of key areas where the other relevant structures (eg, Carbon Trust) were still developing in parallel.

7. The key findings of Professor Chesshire's report could be summarised as follows:

- **Evaluation of the programme and its management**

- The inherent and potential value of the programme was strongly endorsed ("an unprecedented level of support and endorsement" from stakeholders).
- There was praise for the energy and enthusiasm of Chris Baker's management of the programme and the quality of the contract team which had been built up. No weaknesses had been found in financial or contract management.
- Some issues had to be addressed about MTAC's role. MTAC was originally designed for internal "quality control" of the MTP itself, but now possibly needed to be more proactive and outcome-focussed.

- **Location of the programme and relationship with other actors**

- Core management of the MTP should remain firmly located in Whitehall.
- Visibility to business and consumers should be improved through targeted publicity efforts.
- Linkages with other policies and programmes were even more crucial. Despite its "programme" title, the MTP was not primarily a delivery programme in itself. It identified cost-effective actions which generally needed to be taken by other players -

notably DETR/DTI (EU policy level), EST and the Carbon Trust, energy service providers (EESOPS) and Treasury (tax regime).

- The challenge of getting the MTP actively used by other actors raised important wider questions - about the overall framework for “joining up” the activities of all the relevant programmes and agencies involved in delivering the energy efficiency component of the Climate Change Programme.

- **Future scope and funding**

- There were pressures already on the MTP to cover many of the existing sectors in greater depth, as more opportunities for energy savings were identified. At the same time there were demands to bring more sectors into the process, and to extend the analysis to include other environmental impacts.
- Simply to carry through work on the existing sectors would require more resources than at present - say 50 to 100% more.
- Extending the range and coverage of the MTP could entail a three- to fourfold increase in resources. However, any move in this direction should be done on an incremental basis.
- The MTP should be seen as a “common resource” for other organisations and programmes. This raised the question of whether those organisations should literally become “paying customers” for MTP outputs. Alternatively, when looking at a level of central funding for the common resource, judgements should be made about the value of this “policy and information” resource to the relative size of the “delivery” expenditure under the other programmes (eg, the relevant expenditure under EST product endorsement, Carbon Trust ECAs, energy company EESOPs).

8. DETR had now reached the following decisions in the light of Professor Chesshire’s report:-

- Core programme management would be retained as a DETR function.
- A new post had been created to strengthen the capacity for policy and programme management.
- MTP resources for 2001-02 and beyond would be increased to around £1m annually, with the possibility of further funded activities being added incrementally.

9. Those present broadly welcomed the outcome of this review and Professor Chesshire’s report. As regards MTAC’s future role, it was generally accepted that the Committee needed to adopt a more strategic approach to reviewing progress for each MTP sector, under the following main headings:

- Information generated (ie test/research/survey results).
- Information communicated (ie website additions, conference papers, media appearances, external meetings attended).

- Buy-in obtained (eg agreements reached, policies influenced).
- New opportunities.
- Energy savings achieved (eg the 4 terawatt/hour savings projected for digital set-top boxes).

10. Rather than becoming immersed in detail as at present, the Committee would then be better placed to consider whether or not new initiatives were likely to make valuable contributions to MTP objectives, and determine priorities across sectors and over-arching issues which fell between sectors.

11. Other points made in discussion can be summarised as follows:-

- The development of a business strategy for the MTP clearly setting out its central strategic objective was essential. In the longer term, its scope should be broadened beyond purely energy-related issues, so as to influence the whole product policy – and, indeed, sustainability - debate.
- The proposed increased budget might still prove insufficient to meet all of the demands which might be placed on the MTP (eg as set out in paragraph 14 of Professor Chesshire's report). Were there any other programmes with which it could ally?
- An external communication strategy with the aim of effectively influencing consumers and others whom the MTP sought to target was essential. Consideration should also be given to an internal communication strategy involving DETR and the Lead Contractor consortium.
- The bedrock of good programme management needed to be retained. In this connection, the new DETR post referred to above was felt to be crucial to the successful development of the MTP.
- Consideration should be given to the possibility of guaranteed funding for individual Lead Contractor consortium partners when the Lead Contract was re-tendered.
- There was a strong case for giving greater priority to energy label verification and testing under the MTP.

Progress in developing a UK Environmental Products Information website

12. This matter would be discussed at a future MTAC meeting. Those present, however, noted that ACCPE had commissioned a feasibility study involving the use of databases.
ACTION: Chris Baker would circulate relevant papers to Committee members.

MTP progress report

13. Paul White conducted a presentation based on the briefing document provided by ETSU (annexed to these minutes), and those present noted the progress which had been made since MTAC(00)3 – in particular, in the area of digital TV set-top boxes where, following lobbying by the MTP, an EU agreement with manufacturers had been all but finalised at a meeting in Brussels on 30 January. This would lead to annual electricity savings of 4 terawatt/hours in UK.

Outline schedule for letting new Lead Contract

14. Paul White, Paul Davidson and Pernille Schiellerup left the meeting at this point, while this matter was discussed by remaining Committee members.

Department of the Environment, Transport and the Regions
Environment, Business and Consumers Division
08 April 2004

MTAC MEETING : 2nd February 2001

BRIEFING DOCUMENT

1. PROGRESS SINCE OCTOBER

The following key areas of progress have been achieved since the previous meeting.

- 8 sector review meetings have been held; cold, cooking, lighting(3), industrial motors (2), commercial refrigeration, A further 2 are planned until March.
- Policy Briefs have become firmly established as principal sector review tool, and proving highly effective for closing agreement on policy, identifying action owners and barriers. 13 are published on the web-site, with a further 3 in varying stages of refinement ready to be published.
- Highly successful Cold Sector review meeting gained agreement on policy targets and measures. *Opportunities for joined up Government action in context of market building campaigns*
- Good level of consensus agreed in the motors sector for policy on motors and variable speed drives. In particular, manufacturers are keen to bring forward legislation to prohibit Eff3 grade motors and to implement a purchase rebate scheme for advanced level of motor efficiency.
- Extensive work by the MTP electronics team has delivered a radically revised version of the EU set-top box Code of Conduct. Following the power management workshop in late October, MTP lobbied Commission, drafted *and consulted* on revisions which has been presented this week in Brussels for industry signature. UK consensus very robust on this proposal, which paves the way for embedded power management in all future product designs. *See 'Stop Press' item at end of Briefing note.*
- Positive agreement from lighting industry for a database of commercial lighting products
- Joint funding from DTI, DETR, MTP, ECA scheme and Global Atmospheres is now secured for a project in commercial refrigeration developing product test standards and databases. Overall, good progress is being made, several new opportunities have come to light, and the sector has been very responsive. Constructing and managing a shared knowledge base and common policy analysis in this way is likely to lead to a coherent action plan and policy development
- Water Regulations Division, the water industry, Water UK and the Environment Agency have asked us to initiate and apply the MTP process to domestic water consumption. Pilot project now underway.
- Policy guidance to Chinese authorities focused on the development and implementation of integrated policy options and the practical issues associated with their implementation for the Chinese market. Having previously experienced fragmented policy initiatives, they found the MTP integrated policy approach one which they believed would create the maximum benefit for their market.
- MTP and EST are working together on a joint project to evaluate the performance of the Endorsement Scheme. The work is being led by the ECI team and is now underway.
- MTP and EST have made a joint presentation to the Energy Suppliers, seeking ways in which both organisations can meet their needs from the resources of the Market

Enablement and Market Transformation programmes. Although, commercial barriers exist, they recognise they have a potential role to play in R&D design roll-out (some cautious, some enthusiastic). As a first step, we are running an industry-wide R&D workshop in late February to identify product design opportunities.

2. POLICY BRIEFS

Policy briefs were developed in November, across all sectors. Following their preparation, we held a full team meeting, including a few members from the Trust, to reconcile differences in understanding and refine approach. The whole team benefited, and immediately briefs were put into action at review meetings later in the month.

The sharpening of detail in a concise format has been very helpful in setting a top-down agenda focus to the meetings, and in determining the practicalities of implementing measures and *who should own them*. Briefs are in varying stages of refinement and consensus. One of the best examples is the Cold Sector policy brief (click on *policy brief* the web-site home page and select Cold Sector Overview). In particular, note the ‘Actions to deliver and support policy’ column and the Issues table at the end of the document.

The Policy Brief now defines sector status and drives priorities for the sector. These briefs have the potential to provide the missing over-arching policy link between diverse Government programmes and EU and industry initiatives, and thereby assist in setting the agenda and priorities of these programmes.

A primary objective of the remainder of the MTP work programme through to September, will be establish robust consensus on these Briefs and set the groundwork with action owners for steps to implement the measures identified.

3. ADDITIONAL FUNDED PROJECTS

The following projects have been identified to make use of a range of funding sources, requiring project completion before the end of March . Most of these have been specified, contracted and now underway. The first tranche are designed to develop and populate the Department’s UKEPIC database, and to maintain momentum with energy label compliance monitoring.

- Dishwasher and tumble dryer compliance tests
- Lighting compliance tests
- Retailer, internet and catalogue compliance spot checks
- UKEPIC web-site development
- ELDA database purchase
- Commercial refrigeration product databases
- Product performance testing – office equipment
- Product performance testing – brown goods
- Product performance testing – microwave ovens

- Development of MTP Interactive Policy Development Tool
- Development of MTP Policy Brief for water resource efficiency

- R&D Workshop for appliances in the domestic sector
- Lifestyle research scoping study
- Various data purchases

4. OUTLINE PLANNING –APRIL to SEPTEMBER

The current MTP Contract comes to a close in September. With this in mind, there is need to manage and balance what is always a very tight budget, and to hit the end of contract expenditure target.

The budget distribution for the period April to September has been prepared in outline, but will not be firmed up until March this year, at which point we will have identified the firm target budget, and issues to be managed.

Key objectives for the period will be to:

- Establish robust consensus on the Policy Briefs, identify issues requiring solutions and setting groundwork with the action owners for implementing measures identified.
- Deliver MTP web-site in fully up-dated status
- Manage development of EPIC database
- Develop domestic water resource portfolio
- Further develop the Interactive Policy Development Tool
- Continue provision of Eco-labelling Support

The anticipated budget balance at our disposal at the beginning of April will be approx. £215k. The likely distribution of budget is proposed as follows:

Commitments

Ice- Cap project to completion	£4k
ECI fixed price 'core package' 2000/2001 completion	£12k
IT equipment	£3k
SAVE projects - Pan-European database*	£19.5k
SAVE project EU Label Compliance Network*	£5.5k
Total	£44k

***anticipate SAVE contracts may be managed external to MTP budget**

Uncommitted programme

7 Product sectors (excluding wet, cold, cooking)	£45k
ECI core package* inc wet, cold, cooking sectors	£55k
Ecolabelling support	£35k
Interactive policy tool development	£10k
Water resource sector	£5k
EPIC support	£10k
Programme management	£20k
Web site management	£10k
External contractor	£5k
Total	£195k

ECI core package includes sales data processing for domestic model, and sector management. It should be stressed that this MTP budget proposal has not yet been exposed to internal team consultation, and requires further work to establish where external issues will put most strain

on the budget. Furthermore it makes no allowance for external purchases such as data or databases, or ad-hoc requests.

However, this budget addresses all the set objectives, which are a blend of achieving policy consensus in sectors defined within the original scope of the MTP Contract, and in continuing development of the Programme's direction.

Question

We would ask the Committee to discuss and comment on the objectives and the resource distribution applied.

STOP PRESS

A meeting was convened in Brussels on 30th January by Paolo Bertoldi of DG TREN. A total of 17 people attended from France, Netherlands and UK as well as representatives of the pan-European Trade Association EACEM. The objective was to discuss and agree amendments and comments from interested parties to the proposed Code of Conduct for Set Top Box Manufacture. A major stumbling block was the definition of the "Stand by active/low" state of these boxes. BSKyB insisted that their box was never designed to perform in the way described in the European standard 50301. While they could accept the definition of Stand By Active/High, no power reduction targets were, nor could be, set for this state.

At the same time EACEM, arguing on behalf of its members, mooted that the level set for terrestrial boxes in "Stand by active/low" was not achievable by all their members.

A satisfactory compromise was reached when

1. the definition of Stand by states was agreed which ignored the difference between "High" and "Low" (which enabled BSKyB to accept the commitment to achievable power reduction requirements)
2. The target for EACEM for Terrestrial Stand by Active was raised to 9 Watts.

With the incorporation of these changes, all present felt that they could sign the commitment to the Code of Conduct.

Other small amendments mostly centred around these items. Mr Bertoldi promised to incorporate the amendments and circulate this final version by the end of the week.

The presence of the BSKyB Technical Director at the meeting was a key factor in developing momentum towards an agreement (whereas the EACEM position was initially less constructive). The outcome is that once BSKyB sign the commitment the other service providers and silicon manufacturers will quickly follow, and we are on our way towards 4TWh savings.

Question

When the expected result crystallises, how does the Committee think we should market this success?

- *from the point of view of encouraging change in other sectors?*
- *from the point of view of demonstrating success of the Programme?*