

## MARKET TRANSFORMATION PROGRAMME ADVISORY COMMITTEE (MTAC)

Minutes of the meeting held on Friday 1 October 1999

Present	Papers
Bob Ryder, DETR – Chair Andrew Demosthenous, DTI Brian Atkin, Panasonic UK Ltd Deborah Brown, Ernst & Young David Simpson, SSE Frans Berkhout, University of Sussex Teresa Smallbone, NCC Tim Curtis, EST Paul White, ETSU Chris Baker, DETR Owen Emery, DETR – Secretary	ETSU briefing document

### Membership matters

1. Apologies had been received from David Payne (DTI) who was being represented by Andrew Demosthenous.
2. Brian Atkin was welcomed as a new Committee member.

### Minutes of MTAC(99)2

3. These were approved.

### Progress since MTAC(99)2 (item 1 of ETSU briefing document)

4. ETSU expected the new Web site now to be launched in mid-October. The schedule for this was extended to enable more substantially re-drafted and updated material to be produced. This had not held up the underlying MTP consultation processes which had run in parallel. Committee members had, however, experienced difficulties in viewing the trial site. **ACTION: Paul White to check status of development site and e-mail Committee members.** MTAC stressed the importance of updating and maintaining the site to ensure its usefulness to the target audience. ETSU confirmed that <www.mtprog.com> would remain the site address and that old material would be removed after the launch of the new site.

5. MTAC regarded as very encouraging that “Wet” and “Cold” sector reviews were stimulating an active and substantial response, especially from manufacturers who were clearly taking MTP future scenarios into account in their business planning. This had raised some particular industry issues relating to investment planning which were being jointly

pursued by DTI, DETR and ETSU. In connection with this there might be an opportunity for integrating DTI R&D and industry support initiatives and strategies with MTP policy scenarios. Retailers were a very important part of the supply chain, especially in the rapidly evolving consumer electronics sector, and their involvement in MTP should be encouraged. **ACTIONS: (1) DTI to explore what DTI policy tools (eg. R&D support schemes) could help deliver MTP future scenarios; (2) ETSU to ensure that retailers and other key players in the supply chain are properly engaged in the Sector Review process.**

6. MTAC stressed the need to establish the costs and benefits of policy initiatives and scenarios and asked for future progress reports to include an overview of the industry consultations which had been undertaken. Chris Baker confirmed that full impact assessment, including cost-benefit analysis, was a routine requirement for UK regulatory measures and major funding decisions. The MTP consultation and consensus-building process was intended to ensure that the policy priorities and cost-benefit assessments of specific measures carry a good level of industry buy-in. It was important that all parties had access to common baseline information and agreed impact assessment methodologies. **ACTION: ETSU to ensure Sector Reviews and future published material contain impact assessments including cost-effectiveness and to maintain close liaison with EST and other parties on cost-benefit analysis methodologies.**

#### **Budget status (item 2 of ETSU briefing document)**

7. ETSU advised that the programme budget needed re-balancing following priority calls by DETR and the actual effort required to revise and update material for publication on the Web site. MTAC accepted ETSU's recommendation to vire £40k from the EMC allocation to the Services budget and to defer certain projects and expenditure to ensure that priority activities could be continued. This position would be reviewed in the event of additional DETR resources for 1999-2000 becoming available for the MTP. **ACTION: ETSU to seek formal financial approval from DETR.**

#### **IEA Market Transformation Initiative (item 4 of ETSU briefing document)**

8. ETSU reported progress with this proposal, approved by MTAC earlier in the year. This project, which was intended to achieve greater coherence in Market Transformation policies and thinking at international level, encouraging the emergence of policy measures which will deliver benefits to the UK, was developing well and was due to be considered by the IEA ExCo meeting in November. **ACTION: Paul White to report back to Committee members on the outcome of this meeting.**

#### **Domestic Electronics Environmental Task Force (item 5 of ETSU briefing document)**

9. The Committee welcomed this initiative, noted the progress to date and asked to be kept informed of future developments. **ACTION: Paul White would arrange for Committee members to be invited to the Consumer Electronics Conference and TV/VCR database launch (now 22 November) in Milton Keynes.**

#### **SAVE Dedicated Luminaires Competition (item 6 of ETSU briefing document)**

10. ETSU reported progress on this initiative which had been developed in close co-operation with the UK Lighting Association and which had already attracted 900 entrants!

**Date of next meeting**

11. The next meeting would be arranged for early February. **ACTION: DETR would canvass suitable dates with Committee members.**

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

# MTAC MEETING 1<sup>st</sup> October 1999: BRIEFING DOCUMENT

This document provides a summary of recent progress, a review of the budgetary position, and information on some key developments.

In particular, we would like your feedback at the MTAC meeting on the new web-site format (address below), budget recommendation, and views on items 3 and 4. The two attached files provide detailed information on developing definitions for the IEA Market Transformation Annex.

## 1. PROGRESS SINCE JUNE MTAC MEETING

The following key areas of progress have been achieved:

- Significant progress toward launch of second generation MTP web-site, with anticipated launch date in early October. (you are encouraged to view the web-site under development at [www.netgates.co.uk/test/trans2](http://www.netgates.co.uk/test/trans2) and give your reaction at the MTAC meeting.)
- Sector papers revised in terms of new web-format structure
- Domestic sector papers updated with Run 4 Cadence model data for energy projections
- First meeting of Digital Electronics Environmental Task Force (see later for more information)
- Second stage of TV Energy Consumption Database project underway covering measurements of 120 current products in store.
- The consultation process undertaken in the Wet and Cold sectors has proved to be extremely successful. Both retailers and manufacturers have begun to understand the importance of the MTP programme, and the possible implications that the recommendations from the programme could have on their markets. Far from being resistive to these implications, both manufacturers and retailers have been quick to identify the opportunities presented by inclusive discussion. Rather than passively "checking the numbers produced by the programme", both retailers and manufacturers have undertaken active discussion on other possible scenarios that may change the market more quickly, or at lower cost. These consultations are ongoing and are likely to result in a much stronger, more robust and agreed position on the most effective market transformation actions within these sectors.
- EU Competition for CFL-Dedicated Luminaires: SAVE project has been awarded for the Strategic Support of the Competition. (see later for more information)
- MT50 Market Transformation projection figures have been adopted by EST as baseline reference data for the Efficient Product Endorsement Scheme.
- A Task Definition Paper has been developed for the proposed IEA Market Transformation Annex.

## 2. BUDGET STATUS

The MTP budget is £500 k nominally divided equally between Service (man-days) and EMC (Project) expenditure. The Service budget spend after the first 6 months of this year has exceeded forecast significantly. This is accounted for partly by priority calls on Lead Contractors to support unforeseen policy developments and partly by additional work done to re-vamp and augment material for the Web site which is fundamental to the programme's operation. In particular, the especially high profile of consumer electronics and Ministers request to establish the Domestic Electronics Task Force and the increasing level of EU activity in specific sectors requiring additional consultations and briefing to DETR. The re-development of the Web site has evolved into a more substantial activity, requiring fundamental re-writes of existing material and the production of additional information.

The present position is as follows:

Service Expenditure Quarter 1:	£ 84k		
Service Expenditure Quarter 2:	£113k		
	<b>Total Service Expenditure</b>		<b>£197k</b>
<b>Committed EMC Expenditure 99/00</b>	<b>£202k</b>		

Service overspend was predicted in April at a level of around £50-70k. It is not unusual for forecast level to be higher than the eventual outcome figures. We also anticipated that additional DETR funds may become available at the half-year point. The management decision was to press ahead with programme, review and take action at the half-year point.

The expenditure against forecast has not decreased (it is currently £20k above forecast), and there is no current additional funding available from DETR sources.

Action taken has been to reduce and cap levels of activities in each sector for the present. This minimum level corresponds to around £70k service expenditure over the next 6 months, resulting in a small Services overspend of £20k for the year. It corresponds to the following effort in man-days:

	ETSU	BRECSU	ECU
Management	30	5	5
Wet/cold	10		8
Electronics	12		10
Lighting	12	15	10
Heating	6	15	2
Cooking	6		10
Motors	6		
Commercial Refrig	6		
Office		10	
Web management	12		
<b>TOTAL</b>	<b>100</b>	<b>45</b>	<b>45</b>

From experience to date and the level of issues that need to be addressed, this level is insufficient, and needs to be augmented in the region of another £50k to provide a meaningful service.

There is approximately £50k of EMC budget available (uncommitted). Of this, £10k will become committed for the SAVE Dedicated Luminaire project and electronics conference, leaving a balance of £40k that could be transferred from EMC to supplement the Services budget. We propose that this action is taken.

In support of this proposal, a commitment to approximately £40k of 99/00 Service spend was made last Financial Year for external Web Development contractor (£27k) and electronic sector gearing Consultant (£12k) for expediency in accordance with DETR wishes. This expenditure would normally fall under EMC category. It is therefore appropriate to recall this sum from the EMC budget.

### **RECOMMENDATION**

To transfer £40k EMC funding to supplement the Services budget. The impact will be that there will be no funding available for further projects involving EMC expenditure this financial year other than the Dedicated Luminaires SAVE project.

Prospective EMC projects actions that will be curtailed/postponed as a result :

- Research for a discussion paper comparing Voluntary Agreements and Minimum Standards as policy approaches (see Appendix A proposal brief) £20k
- Project to support EU Energy Efficiency Agreement on Light Bulbs £6k
- Gearing consultant/data for office, commercial refrigeration and water heating £7k
- Sector review meetings (venue costs) £ 8k

Furthermore, the MTAC will wish to note that there is no budget provision to take forward co-ordinated EU energy label compliance activity which has been identified as a policy priority. That could require substantial expenditure (k£200?) to participate in a collaborative EU testing and information exchange programme. This activity is therefore on hold, pending possible additional funding being made available to the programme by DETR.

## **3. R&D ACTIONS UNDER MTP**

Following meetings with stakeholders in the recent cold/wet sector review, and follow-on discussions with David Payne at DTI, it is clear that MTP could act to identify areas where R&D would be beneficial, and identify/mobilise R&D Programme funding from appropriate sources to act upon the opportunity (eg DTI SMART Award Scheme), where there is a common benefit between MTP and R&D Scheme objectives.

**We would welcome a discussion on the merits of this approach.**

## **4. IEA MARKET TRANSFORMATION INITIATIVE**

At the previous MTAC meeting we agreed to the recommendation that BRECSU draw up Task Definitions for the proposed IEA Market Transformation Annex.

Attached for your information are the Market Transformation Concept Paper and the Task Definition Paper which are now being presented to the IEA ExCo for consideration. The

Task work plan and budget contains a repetition of some of the concept paper, but include detail about the subtasks, budgets and timetables proposed for year one and an outline of year two.

Joining and maintaining this overall activity (and any specific subtasks) must be justified in terms of achieving MTP objectives and will therefore need to be assessed as having a degree of priority over other MTP activities. **Your views on the nature and value of these sub-tasks to MTP objectives would be welcome.**

## **5. DIGITAL ELECTRONICS ENVIRONMENTAL TASK FORCE (DEETF)**

This Task Force was called by the previous Minister for Energy Efficiency, Alan Meale, following discussions with BREMA about how to develop industry targets for improving the energy efficiency of consumer electronic products. He stressed that the purpose was to help build a consensus view of the scope, priorities and need for action by all parties, bringing together all the relevant business sectors. The Task Force would be integrated with the policy development process via the Market Transformation Programme, its advisory committee MTAC and the Consumer Products Panel.

This forum is intended to be an inherently open policy development process with as much information and discussion material as possible being placed in the public domain, especially via the MTP web site ([www.mtprog.com](http://www.mtprog.com)). The first meeting was held early July, with a second meeting being planned to conjoin with an electronics sector mini-conference on energy efficiency on November 22, addressed by the new Minister for Energy Efficiency, Lord Whitty.

### **AIMS AND SCOPE**

The first meeting agreed the following initial Task Force aims and areas of activity.

- Identify and discuss the key policy and technical issues
- Develop a consensus on the priorities, potential and scope for market transformation
- Develop future policy options
- Agree practical, co-ordinated actions
- Focusing on achievable market transformation targets for the period 2002 – 2010, taking into consideration longer term trends in technology and consumer lifestyle.
- Developing 3 basic MTP scenarios – Reference (minimum technology and market changes); Economic and technical potential (maximum rate of improvement); Policy (target rate of change based on proposed policy action programme).
- In particular, monitoring and supporting the development by EACEM of an industry standard energy management signalling protocol; Confirming the level of potential savings estimated by EACEM to be in the region of 30%.

### **RECOMMENDATIONS AND ACTIONS**

1. Two working groups should be established to aid the development of future policy options and scenarios.

A **Technical Development Group** will develop technical scenario elements. The focus will be the likely rate of technical development and marketing of new products and rate of convergence of technical communication standards. In particular, the group will initially consider the rate of development and introduction of domestic communication networks and systems which are seen as a pre-requisite for the efficient interconnection of electronic equipment around the home.

A **Lifestyle Working Group** will develop consumer lifestyle scenario elements. The initial focus will be to establish the level of consumer pressure, rate of evolution and take-up of electronic services to the home and the behavioural factors which will influence the nature and volume of electronic devices in the home.

## 2. Interaction with the European Commission

It was agreed that the Task Force should be prepared to try to influence and to support appropriate policy development at EU level. In particular, the Task Force should comment on latest proposals for voluntary agreements emerging from the EU Working Group for Wall Packs and Battery Chargers and should provide additional information to help progress that discussion.

## 3. TV Product Energy Database

There was consensus on the value and support by the Task Force for the further development the TV Energy Efficiency Database. This is being developed in conjunction with the Consumers Association with support via the Market Transformation Programme.

## COMMUNICATIONS

The Task Force will:

- Report directly to the Minister for Energy Efficiency
- Publish and promote the outcomes of its considerations on an assigned DEETF area of the Market Transformation Programme web-site.

The Task Force supported ideas for an event in the late autumn, to publicise the DEETF and its early findings, probably in conjunction with a presentation of Consumer Association research and the TV Database. Target audience – electronics industry, service providers, retailers and consumer bodies.

## 6. **SAVE DEDICATED LUMINAIRES COMPETITION**

The MTP will lead a SAVE project aimed at strategically supporting the introduction to the market of CFL-dedicated luminaires developed through the EC Competition. This Competition has had an overwhelming response of around 900 entrants from a wide variety of European countries and across a good spectrum of design sources (luminaire manufacturers, students and professional designers). The competition award will be in April 2000, although action needs to take place in advance to mobilise the market.

We have already discussed the principles with EST, in terms of the potential to tie in with their marketing initiatives, and there appears to be excellent timing and potential for collaboration on this. We have equally discussed with the Lighting Association, who are very keen to support and have several initiatives planned for next year which will be beneficial to the project as well as good connections with TV producers and journalists. The

next step will be to meet with senior buyers from major retailers to create interest and develop timing plans for introduction of product into shops. We have already made arrangements to present proposals to senior buyers of the Lighting Association's retailer committee.

## APPENDIX A: DISCUSSION PAPER - VOLUNTARY AGREEMENTS AND MINIMUM STANDARDS

Both minimum standards and voluntary agreements are important policy instruments on the market transformation toolkit. They are often seen as alternatives to each other. This research proposed here will identify the lessons to be learnt from each through a review of the literature and the analysis of case studies. It will be clarified when one instrument is preferable over another. The aim of this research would be to prepare a discussion paper that could be used as a basis for a conference/workshop on the topic, to be followed by a more formal publication for a wider audience. Only the discussion paper has been costed. A separate costing would need to be done for the workshop and the second publication.

### Deliverables

Electronic copy report. Possible rough structure could be:

1. Introduction, definitions
2. Literature review on (theoretical) pros/cons of voluntary agreements (VAs) and mandatory standards; establish criteria for "effective" instruments.
3. Literature review on VAs and mandatory standards currently used in UK and elsewhere (going beyond energy efficiency of products).
4. Case studies of VAs and mandatory standards which on energy efficiency of products which have affected the UK:
  - a. Select case studies. These could be:
    - VA on washing machines
    - VAs on stand-by consumption of televisions and video-recorders
    - evolving VAs on stand-by consumption of other consumer products
    - evolving voluntary Energy Star label for office equipment
    - minimum standard on boilers
    - minimum standard on cold appliances
    - evolving minimum standard on ballast for fluorescent lighting.
  - b. Gather data, interview relevant actors
  - c. Analyse data according to criteria set up in 2.
1. Conclusions re. VAs and mandatory standards that have affected the UK

### Breakdown of work phases, effort, cost/phase

	Person-days @ £400/day	Expenses	Total
1. Literature review (2 and 3 above)	5	£250 for report purchase	£2,250
2. Select and review of case studies (4a&b)	23	£1,000 travel, expenses	£10,200
3. Analysis of case studies (4c)	6		£2,400
4. Conclusions, write discussion paper (5)	6	assume 150 copies at £5/copy	£3,150
<b>Total</b>	<b>£16,000</b>	<b>£2,000</b>	<b>£18,000 excl. VAT</b>

### Benefits to MTP

- Monitoring and critical analysis of several examples of VAs and minimum standards on energy efficiency of products which have affected the UK.
- Analysis of the current debate and available evidence on the effectiveness of two important instruments in the market transformation policy toolkit.
- Information for policy development in the UK and at the EU level.