

Voluntary Agreements



Voluntary Agreements (VAs) are one type of policy measure used by governments to stimulate the development and uptake of energy efficiency appliances and equipment. This Policy Brief focuses mainly on VAs made between a government and industry actors, where industry has taken the initiative. Published by the IEA-4E Technology Collaboration Programme, this policy brief is based on new research into 51 VAs in place since 2000, as well as the accumulated experience of 4E members.

Observations for Policy Makers

Since 2000 the majority of VAs studied have been initiated:

- To implement minimum performance levels for consumer electronics & information and communications technology (ICT). These include VAs in Europe, the United States, Canada and Australia, covering products such as set-top boxes, games consoles, small networked equipment, imaging equipment, data centres and external power supplies.
- To establish the voluntary labelling of equipment. Examples of these exist for air-conditioning, commercial refrigeration, motors, circulator pumps and coffee machines in Europe, the United States and Switzerland.

Our analysis shows that:

- In general, the VAs studied appear to have delivered energy performance improvements and energy savings, however the level of ambition has been modest.
- VAs usually take 1-2 years to come into force, although negotiations may become protracted where the level of ambition is raised, with increased technical complexity or with more participants in the process.
- Where all parties agree, VAs can be modified relatively quickly to take account of changes in product types or functionalities.
- For product categories where there is limited information about energy performance and technological potential, VAs can enable both governments and industry partners to improve their understanding.
- VAs are a distinct policy tool best applied when policy action is desirable but regulation currently not feasible, for example when there are regulatory hurdles, unusual markets, lack of information or lack of government resources.

More Information

Further 4E publications are available from www.iea-4e.org

Key Findings

The key elements of successful VAs include:

- The inclusion within the agreement of a significant majority of the market. This may be facilitated by a strong institutional framework, such as capable industry associations, or a limited number of private companies;
- The ability to agree on workable definitions of the target products, their energy performance and how they are tested;
- Technology improvements are available that can be introduced at modest costs, which suppliers can pass on to their customers;
- There is a credible threat of government intervention, to drive parties to increase the level of ambition and avoid setting requirements that quickly lose relevance;
- Signatories agree to regularly compile and share information relating to the implementation and impact of the VA, so that its on-going effectiveness can be tracked by government partners;
- There is a robust compliance regime with an independent auditor, who has the mandate to verify data and test products from individual signatories and who reports to a body representing all parties involved.

Popular types of Voluntary Agreements

All policy measures to promote energy efficient technologies rely upon some level of voluntary engagement by relevant industries. National regulatory processes are improved by the involvement of all stakeholders in consultation processes, including industry. Endorsement labels are reliant upon suppliers of the best appliance and equipment to use the label voluntarily to promote their products to consumers. VAs should be viewed as one of several policy options available to improve the energy efficiency of products. Although there are several different types of VA, those that are primarily led by industry rather than governments are the focus of this Policy Brief.

		Fully voluntary			Full regulation
TYPES	Fully voluntary agreements	VAs in parallel to early regulation	Voluntary adoption of regulation	Negotiated agreements	
	Industry-led VAs to set minimum performance levels	Government-defined voluntary energy labels			Voluntary participation in regular, government-led Standards & Labelling development
	Industry-led VAs to establish (a form of) labelling	Government-defined mandatory energy labels			
		Government-defined voluntary performance requirements			

Estimating Energy Savings from Voluntary Agreements

Some VAs may not be as ambitious as cost-benefit analysis might support, perhaps, and performance levels have been met or exceeded in the majority cases, perhaps indicating that the agreement reflected changes that were going to occur anyway. However, at least in some markets, VAs have triggered energy saving features such as reduced standby power and auto power down with sometimes important energy efficiency gains.

As with other policy measures, estimating the additional impact of VAs requires an understanding of the energy consumption that would have occurred in the absence of the VA. Since VAs are often developed in order to improve understanding of products and markets, there is often little data available to determine performance trends prior to implementation. While monitoring trends amongst non-signatories would provide a useful benchmark, the structure of VAs make this information difficult to capture.

Speed of Implementation

Analysis indicates that VAs take between 1 up to 4 years from the start of negotiations to first effective dates of requirements, with most VAs in the 1 to 2 year range. Factors affecting the negotiation period include the level of ambition, the technical complexity and number of actors, and the perceived threat of alternative regulatory action.