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EEB and BEUC comments on Revision of EU Ecolabel for Tourist Accommodation Services

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Summary

This paper provides comments from BEUC and the EEB to the last proposal of the Joint Research Center of the European Commission on the revision of the EU Ecolabel for Tourist Accommodation Services¹.

BEUC and the EEB strongly urge the Commission and Member States to reconsider the level of ambition of the criterion on green electricity. The commitments made by the EU to promote the development of renewable energies must be taken into account. Consumers who chose ecolabelled tourist accommodations expect that they use 100% green electricity.

EU Ecolabelled Tourist accommodation must buy 100% green electricity when located in countries with access to green electricity tariffs to be awarded the EU Ecolabel. Unbundled purchase of Guarantees of Origin should only be an alternative allowed in those countries without access to green electricity.

BEUC and the EEB disagree with the proposed target of 50% green electricity, as it is the same that was agreed 2009. Green electricity markets have emerged during the last years. The EU and national policies, including the EU Ecolabel, should converge to stimulate these markets even more by encouraging consumers and companies to buy green electricity.

Additional comments are included in the paper to support or improve other criteria beyond green electricity.

¹ Presented in November 2015 and discussed at the EU Ecolabelling Board on 21 January. For more details see http://susproc.jrc.ec.europa.eu/tourist_accommodation/index.html

I. Criteria on green electricity

Criterion 11 - Procurement of electricity from a renewable electricity supplier

BEUC and the EEB strongly disagree with the criterion proposed on 'green electricity' in the current draft. The criterion is less ambitious than the one proposed in the version of the draft presented in May 2015 and does not sufficiently take into account significant developments in retail renewable electricity markets throughout the EU in the last years. The requirement does not provide a clear added value in relation to environmental benefits and is misleading for costumers that would expect the ecolabelled tourist accommodation accommodation uses 100% renewable electricity.

Environmental and Consumer organisations would like to underline the relevance of this criterion as the development of renewable energies is key to fight climate change. Moreover, 'green electricity' markets have emerged during the last years and EU and national policy tools should converge to stimulate them even more through consumers and companies switching tariffs. In those Member States where suppliers currently sell 'green electricity' tariffs, the tourism sector can easily opt for such offers which are backed by Guarantees of Origin (GOs), the harmonised EU tracking tool for disclosure of the renewable share in the fuel mix.

The EEB and BEUC strongly encourage the Commission and Member States to rethink the approach of this requirement. In particular the following aspects need to be addressed:

- Increase the threshold for 'green electricity' from 50% to 100% in those countries where 'green electricity' tariffs are offered by at least three suppliers.
- Allow the unbundled purchase of Guarantees of Origin only in those countries where the applicant cannot find more than three suppliers of a 'green' tariff backed by Guarantees of Origin, under the conditions that are detailed in our proposal. In that case, also 100% should be the target instead of the proposed 50%.

Please see Annex I, where a text proposal is presented. Annex II, with a calculation for a range of small to huge hotels in France, shows that increasing the ambition level of the criterion is feasible and does not lead to significant financial or administrative burden to hotels.

General remark on the role of GOs

The use of GOs alone does not yet bring about any measurable environmental benefit since a GO is not a quality label but just a confirmation that one megawatt-hour of renewable electricity has been produced somewhere in a renewable power plant in Europe, nothing less and nothing more. Suppliers may still use this statistical value just to compile a 'green' tariff which has a 100% renewable façade built by GOs although they continue to produce and/or sell electricity generated in fossil fuel-fired power plants. Since in most Member States such misleading offers are not prevented by national legislation, the Ecolabel applicants ideally should opt for a green tariff from a supplier that ideally reinvests the revenues from this "green" tariff into additional renewable generation capacities.

Table 1. Arguments in favour of raising the level of ambition of criterion 11

<p>Switching to a 'green electricity' tariff covered by 100% renewable GOs</p> <p>(In countries with liberalised markets and 'green electricity' tariffs offered by at least three suppliers, for instance in France).</p>	<p>Unbundled purchase of renewable GOs</p> <p>(Only necessary in countries without liberalised markets and without 'green electricity' tariffs)</p>
<ul style="list-style-type: none"> ❖ Requiring only 50% of green electricity is not ambitious enough and does not take into account the large number of 'green' offers that are provided at reasonable costs on many liberalised electricity markets in the majority of European countries. These 'green' offers mostly are tariffs backed by 100% GOs for renewable electricity. ❖ At present, there are <u>15 Member States</u> where suppliers sell 'green electricity' tariffs and the tourism sector can easily opt for such offers which are backed by GOs. ❖ By switching from the cheapest currently available non-renewable tariff to the cheapest 100% 'green' offer in France, hotels <u>with 50.000 kWh of annual consumption</u> would pay <u>5 Euro more</u> per year. <u>Small hotels can even cut their electricity bill by around 20 Euro per year.</u> <u>Medium-sized</u> hotels would pay approximately <u>4% more</u> compared to the cheapest non-renewable tariff. ❖ For some countries (AT, DK, HR, LV, PT, SE), renewables already account for around 50% or more of the national average electricity production. This means that a number of suppliers in these countries are likely to already provide default electricity tariffs with a share of renewable energy sources in their fuel mix that is higher than 50%, and thus the 50% requirement would be meaningless in these cases. 	<ul style="list-style-type: none"> ❖ Unbundled purchase of GOs independent of any purchase of electricity is much cheaper than purchasing a 'green' tariff from a supplier, so the 50% level is far too low. ❖ Even large hotels (200 rooms) that consume up to 50,000 kWh of electricity per year would have to pay a premium of <u>less than 2 Euro per year</u> (without eventual transaction costs) to increase the share of electricity covered by renewable GOs from 50% to 100%.

Criterion 37. Procurement of electricity from a renewable electricity supplier (Optional - 4 points)

- a) Current proposal: The tourist accommodation shall contract an individual electricity tariff containing at 100% of the electricity from renewable energy sources as defined in Directive 2009/28/EC (11) and third party certified by an environmental electricity label

BEUC and the EEB share concerns that this proposal allows for ambiguity with regard to the tariff product's fuel mix and the supplier's fuel mix and would like to refer to paragraph (1) of the proposal presented in Annex I to improve the requirement.

In addition, the requirement may be difficult to implement in all Member States thus making it impossible for the applicant to engage in this option. Private quality labels do not exist in all 'green electricity' markets. Moreover, some Member States have made private quality labels superfluous because of ambitious national regulation.

As alternative wording we suggest *"...and, if no national regulation on environmental benefits of such tariffs exists, and if an independent environmental quality label for 100% renewable electricity tariffs is available in the country, the tariff preferably should be certified by such a label to substantiate its additional environmental benefit.*

- b) Current draft proposal: Alternatively the 100% renewable energy, third party certified by an environmental electricity label, can also be acquired by the separate purchase of Guarantees of Origin, as defined in the Directive 2009/28/EC (12)"

Following the same rationale as for criterion 11, unbundled purchase of Guarantees of Origin should not be proposed as an alternative but be only allowed exceptionally for countries without access to 'green electricity' tariffs.

General remarks on the role of 'green electricity' quality labels

Although, the intention to improve the ambition of both part a) and part b) of criterion 37, through the addition of third party certified environmental labels is acknowledged, there are different aspects that compromise the applicability and implementation of this requirement:

- In some countries, like the UK or Denmark, instead of promoting the use of these labels, the national energy market regulators have implemented advanced rules on 'green electricity' tariffs with embedded quality requirements.
- It is not clear what is meant with 'third party certified by an environmental electricity label'. There is currently a broad range of third party certified environmental electricity labels in the EU. To ensure transparency and strictness of this criterion, there is a need for further analysis and setting of specific requirements that can enable the comparison between labels and the elaboration of a reference list of those labels that could be used in the EU Ecolabel.

- If environmental quality labels will be recommended by the EU Ecolabel, it should be assessed under which conditions such labels are regarded transparent and trustworthy in respect to additional environmental benefits. In a project run within the Federation of German Consumer Organisations VZBV, some 'green electricity' quality labels were identified that were neither sufficiently independent nor did they clearly substantiate an environmental benefit.²
- Given the huge divergence with regard to the advancement of national 'green electricity' markets in different Member States, it will generally be challenging to compare different national labels.
- Third party environmental labels, so-called quality labels, apply to 'green' tariffs offered by suppliers to retail market customers. In our understanding, the objective of an independent quality label is that the certified supplier substantiates the environmental benefit generated by a consumers' choice for the 'green' tariff. This is how trustworthy environmental quality labels, partly established by environmental NGOs and consumer organisations, actually work in some of the Member States. In case a hotel buys GOs unbundled from a trader, there is nobody to be monitored for generating an environmental benefit. The money spent on the GO goes to the renewable power plant operator who owned the GO and to the trader.

II. Other criteria

Criterion 2 – Staff Training

BEUC and the EEB welcome the requirement stating that training to staff shall include "environmentally preferable means of transport available to staff." In addition, staff members should also be able to inform and encourage guests to use public transport. Therefore, the criterion should also state "Environmentally preferable means of transport available to guests".

Criterion 8 – Energy efficient lighting

BEUC and the EEB recommend raising the minimum rate of energy efficient light bulb from 40% to 60%.

Criterion 10 - Outside heating

The EEB and BEUC welcome the exclusion of outside heating in the criteria.

Criterion 15 – Reduction in laundry achieved through reuse of towels and bedclothes

BEUC and the EEB welcome this requirement. However, it is necessary to add also this policy into the relevant staff trainings so that the measure is properly implemented. It would ensure that the room service personnel behave properly according to the policy of the accommodation regarding laundry washing.

² VZ Niedersachen: Überblick: Die wichtigsten Ökostrom-Labels, <https://www.marktwaechter-energie.de/untersuchungen/ueberblick-oekostrom-labels/>, 12 January 2016.

Criterion 17 – Waste prevention: Disposable items

The EEB and BEUC very much welcome the request that disposable food service, towels and bedding items shall not be available to guests in rooms. However, this criterion is watered down by the amendment made to the last draft which exempt the applicant from its application if it “has an agreement with a recycler for such items”. Given that recycling is not waste prevention, in case this amendment is maintained, the title of the criterion should be “Disposable items” instead of “Waste prevention”.

Criterion 49 – Indigenous species used in outdoor planting

BEUC and the EEB accept the definition proposed by the JRC. However, we recommend the JRC to make the following changes:

- Replace “all existing planting by “all existing plants”;
- Introduce the concept of future plantings and include the notion of indigenous plants.

In case the verification is done by an expert, an additional point could be attributed if the plants are ‘real’ indigenous species and not just ‘adapted species’. Within the framework of an environmental label it is relevant to take account of visual impressions and environmental education of costumers.

Criterion 64 – Local and organic products

BEUC and the EEB welcome requirements to promote organic food as well as local and seasonal products.

Annex I – Text proposal for criterion 11

Criterion 11 - Procurement of electricity from a renewable electricity supplier

(1) In case the tourist facilities are located in an EU or non-EU Member State having a liberalised electricity market with at least three suppliers providing so-called “green” electricity offers³, i.e. tariffs that disclose a fuel mix containing 100% renewable energy sources⁴, the tourist accommodation shall purchase 100% of its electricity consumed exclusively under such an electricity contract.

This requirement is fulfilled either in case the overall fuel mix marketed by the supplier is disclosed as being 100% renewable or in case the product fuel mix of the purchased tariff is disclosed as being 100% renewable.

³ Amongst the EU Member States, electricity suppliers offer at least one “green” tariff disclosing 100% renewable energy sources in its fuel mix in the following 15 national markets: Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Italy, Luxemburg, the Netherlands, Portugal, Slovenia, Spain, Sweden, United Kingdom, see: Agency for the Cooperation of Energy Regulators (ACER)/Council of European Energy Regulators (CEER): Annual Report on the Results of Monitoring the Internal Electricity and Natural Gas Markets in 2013, October 2014, p. 42-45. “Green” tariffs are also available in the non-EU Member States Norway and Switzerland.

⁴ The annual mandatory fuel mix disclosure statement of the electricity supplier discloses a fuel mix with a share of 100% renewable energy sources. The renewable share is tracked and verified with the help of Guarantees of Origin (GOs) in compliance with the legal obligations on consumers’ right to be informed about the fuel mix, established in the Internal Electricity Market Directive 2009/72/EC, art. 3(9), and the Renewable Energy Directive 2009/28/EC, deliberations (52-54). Renewable energy sources are defined in the Renewable Energy Directive 2009/28/EC, art. 2.

(2) The non abovementioned Member States are exempted from this requirement and are allowed to statistically convert the fuel mix of their electricity tariff to a share of 100% renewable energy sources through the unbundled purchase of Guarantees of Origin which are traded in line with the Principles and Rules of Operation of the European Energy Certificate System (EECS). However, this exemption applies only if the following conditions are met:

- (a) If it is proven that there are not more than three renewable electricity tariffs backed by Guarantees of Origin (GO) available on the national electricity market;*
- (b) If a request has been made to the local default electricity supplier and at least three other potential national suppliers for an electricity tariff that discloses a fuel mix of 100% renewable energy sources;*
- (c) If the national regulations of both the exporting and the importing country provide domain protocols that were accredited by the Association of Issuing Bodies (AIB) under the Principles and Rules of Operation of the EECS in order to avoid double counting in case the customer opts for an unbundled purchase of GOs.*

Assessment and verification:

(1) The applicant shall supply the annual fuel mix disclosure statement from and the contract with the electricity suppliers, indicating the nature of the renewable energy source(s), the countries of origin of the GOs and the percentage of electricity supplied that is from a renewable source.

(2) The applicant shall supply the declarations from the electricity suppliers to fulfil criterion 2.b and the contract(s) with the Guarantees of Origin supplier(s) indicating the nature of the renewable energy source(s), the countries of origin of the GOs and the percentage of electricity supplied that is from a renewable source.

In case the applicant has opted for an unbundled purchase of GOs, a proof of the cancellation of the GOs shall be provided to the national Competent Body awarding the EU Ecolabel licenses. The applicant has to prove that the amount of GOs acquired through unbundled purchased do match with the applicant's electricity consumption during an identical period of time.

Annex II. Estimations on additional costs for switching to a "green electricity" tariff and unbundled purchase of Guarantees of Origin (GOs) in France

Option 1. Switching to a 'green electricity' tariff covered by 100% renewable GOs (in countries with liberalised markets and 'green electricity' tariffs offered by at least three suppliers like France)

- 👉 By switching from the cheapest non-renewable tariff to the cheapest 100% 'green' offer in France, hotels with 50,000 kWh of annual consumption would pay 5 Euro more per year. Small hotels can even cut their electricity bill by around 20 Euro per year. Medium-sized hotels would pay approximately 4% more compared to the cheapest non-renewable tariff.*
- 👉 Up to a grid connection capacity of 36 kV, the number of 100% 'green' offers is always 10, thus there is a broad enough choice of 'green' tariffs even for energy-intensive huge hotels in France.*

Research results of 100% 'green' offers covering the average annual electricity consumption of a hotel in 75011 Paris, 12 kV, tariffication base, without VAT, on the official online price comparison tool of the French regulator CRE.

	large hotel (>150 rooms)		medium-sized hotels (50-150 rooms)		small hotels (4-50 rooms)	
Number of rooms	200		100		10	
Electricity consumption (kWh/m ² /a)**	165	250	70	120	60	100
Average annual electricity consumption (kWh)	33000	50000	7000	12000	600	1000
Number of 100% 'green' offers covered by 100% RES GOs (*)	10	10	10	10	10	10
Number of 50% 'green' offers	0	0	0	0	0	0
Cheapest 100% 'green' offer (in Euros)	3917	5835	982	1546	231	279
Most expensive 100% 'green' offer (in Euros)	4852	7230	1216	1915	321	377
Cheapest non-renewable tariff	3913	5830	947	1487	253	299
Additional costs when switching from the cheapest non-renewable tariff to the cheapest 100% 'green' offer (in Euros)	4	5	35	59	-22	-20

(*) Source: source: <http://comparateur-offres.energie-info.fr>

Option 2. Unbundled purchase of renewable GOs (only necessary in countries without liberalised markets and without 'green electricity' tariffs)

- ✎ Even large hotels (200 rooms) that consume up to 50,000 kWh of electricity per year would have to pay a premium of **less than 2 Euro per year** to increase the share of electricity covered by renewable GOs from 50% to 100%.

Results based on the lowest stock market price of one Guarantee of Origin (GO) for RES electricity per megawatt-hour of 0.07 Euro (*) without VAT and without additional transaction costs.

	large hotel (>150 rooms)		medium-sized hotels (50-150 rooms)		small hotels (4-50 rooms)	
Number of rooms	200		100		10	
Electricity consumption (kWh/m ² /a)(**)	165	250	70	120	60	100
Average annual electricity consumption (kWh)	33000	50000	7000	12000	6000	10000
Annual cost (Euro) for covering the hotel's electricity consumption with 100% RES GOs (in Euros) without transaction costs (traders etc.)	2.31	3.50	0.49	0.84	0.04	0.07
Additional cost compared to covering the hotel's electricity consumption with 50% RES GOs (in Euros) without transaction costs (traders etc.)	1.16	1.75	0.25	0.42	0.02	0.04

(*) Source: European Energy Exchange (EEX): GO Nordic Hydro prices between 2013 and 2015, <http://www.eex.com/en/market-data/power/derivatives-market/guarantees-of-origin#!/2015/04/30>, 21 April 2015.

(**) Source: Bohdanowicz et al.: Energy-efficiency and conservation in hotels – towards sustainable tourism, <http://www.greenthehotels.com/eng/BohdanowiczChurieKallhaugeMartinacHawaii2001.pdf>