## European Solar Manufacturing Council (ESMC)



## Feedback to

## Ecodesign and energy labelling for PV modules, inverters and systems Inception impact assessment https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12819-Ecodesign-

European-Commission-to-examine-need-for-new-rules-on-environmental-impact-of-photovoltaics en

The European Solar Manufacturing Council supports the introduction of sustainability policies for PV modules, inverters and systems, in particular the proposal for the mandatory policies Ecodesign and Energy labelling, coupled with the voluntary Green Public Procurement. We believe that these policies, if designed well, will promote sustainability and can contribute to the EU Green Deal and 'Fit for 55' proposals. The EU Recovery and Resilience Plans as well as the Just Transition Fund would be reinforced by these policies.

Manufacturing in Europe is more sustainable than in most other parts of the world and sustainability criteria therefor potentially provide a competitive advantage for European manufacturers. This has been recognized by the Commission and the EU Industrial Strategy Update (5 May 2021) therefore refers to "ecodesign measures for solar panels, including possible requirements on carbon footprint".<sup>1</sup>

The Impact Assessment needs to look at the effects of the policy options on the PV manufacturing industry in Europe, including jobs, value creation and trade balance. Furthermore, it should consider the strategic value of reducing the dependence on imports (largely from China) of PV components and modules, which is increasingly critical as solar energy becomes the most important source of electricity<sup>2</sup> and the central element of the green transition.

Sustainability in the broader sense includes social aspects, such as labour rights. Again, manufacturing in Europe potentially provides benefits in this respect as well, and the Impact Assessment should consider this too. The concerns about forced labour and human rights abuses for example against the Uighur minority in the Xinjiang province in China should not be ignored. An Environmental Impact Index<sup>3</sup>, a rating scheme for a holistic evaluation of sustainability, including Corporate Social Responsibility criteria, should be considered.

However, sustainability benefits and potential benefits for European manufacturers can only be realized if the policy is designed well, and the effects and impacts therefore depend on how it will be implemented. The policies need to be verifiable, as simple as possible, and have a strong element of verification/certification to avoid cheating and provide a level playing field. However, if the policies are too weak and leave loopholes, in the worst case,

https://ec.europa.eu/info/sites/default/files/communication-industrial-strategy-update-2020\_en.pdf

<sup>&</sup>lt;sup>2</sup> IEA World Energy Outlook, <u>https://www.iea.org/reports/world-energy-outlook-2021</u>

<sup>&</sup>lt;sup>3</sup> Expert Input Paper – Eco-Design & Energy Labelling for photovoltaic modules, inverters and systems in the EU, ETIP PV, SolarPower Europe, PVthin, European Solar Manufacturing Council, IECRE

they could be counter-productive, giving the impression of promoting sustainability, while in fact they might not.

We are especially concerned about the proposed Life Cycle Assessment methodology for carbon footprint. In particular allowing Energy Attribute Certificate (EAC) to count towards the carbon intensity of electricity, as is the case with the current PEFCR, would significantly weaken the policy; it would allow "dirty" producers to buy their way out, which implies a risk of "green washing". This would potentially undermine the benefits in terms of sustainability and the competitive advantage for European manufacturers. The Impact Assessment might need to consider the differences depending on which methodology is being used. We advocate a carbon footprint methodology which is based on the functional unit Watt peak (Wp) for modules (rather than kWh which is more appropriate for systems), carbon intensity of the national electricity mixes and not allowing EAC. This is for example the case in the tender system in France which has been successfully proven over many years. Other such methodologies include the EPD PCR<sup>4</sup> (the international EPD system is commonly used in the construction industry) and possibly the Global Electronics Council's EPEAT scheme<sup>5</sup>.

Furthermore, the administrative burden of the policies should be considered so that it does not pose any significant disadvantage for smaller companies / SMEs. European manufacturers are often significantly smaller compared to their Chinese competitors who dominate the global market.

We would be happy to engage in further detailed discussions.

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<sup>&</sup>lt;sup>4</sup> NPCR 029:2020 Part B for photovoltaic modules, <u>https://www.epd-norge.no/pcr-register/npcr-029-</u> 2020-part-b-for-photovoltaic-modules-article2642-353.html

<sup>&</sup>lt;sup>5</sup> Global Electronics Council's EPEAT scheme, <u>https://globalelectronicscouncil.org/epeat-policies-</u> <u>and-process/</u>, (extension to cover the carbon footprint under development)