

Consultation on Mandatory Water Efficiency Labelling

September 2022

We are the Department for Environment, Food and Rural Affairs. We're responsible for improving and protecting the environment, growing the green economy, sustaining thriving rural communities and supporting our world-class food, farming, and fishing industries.

This is a joint consultation with the Scottish Government, the Welsh Government and the Department for Infrastructure in Northern Ireland and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland.

We work closely with our 33 agencies and arm's length bodies on our ambition to make our air purer, our water cleaner, our land greener and our food more sustainable. Our mission is to restore and enhance the environment for the next generation, and to leave the environment in a better state than we found it.

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Introduction

Climate change and population growth are increasing pressure on our water resources. The latest regional water resources plan's state we will need an additional 4,000 million litres of water a day by 2050, almost a third (28.5%) of current public water supplied in England. As outlined in the Environment Agency Review of England's emerging regional water resources plans, over half of this will need to come from reducing demand for water - 2,000 million litres of water per day. This is about the same amount of water needed to supply the cities of London, Cardiff, Belfast, Glasgow, and Edinburgh combined.

The UK government's 2021 <u>Written Ministerial Statement</u> on reducing demand for water included an action "to make regulations to introduce a mandatory water efficiency label to inform consumers and encourage the purchase of more water efficient products for both domestic and business use". This policy will also help meet the proposed <u>Water Demand Target</u> under the Environment Act 2021 (the act) in England and priorities for sustainable water use in Scotland, Wales and Northern Ireland.

Water Efficiency is a policy area where responsibility is devolved and as such this is a joint consultation on behalf of the Scottish Government, the Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland.

We are seeking views on our proposal to introduce a Mandatory Water Efficiency Label in the UK via secondary legislation under section 52 and Schedule 6 of the Environment Act
2021. The act requires a relevant national authority to consult any persons the authority considers appropriate and have regard to the extent to which the proposed regulations are likely to reduce the product's impact on the natural environment at any stage of its production, use or disposal, the environmental, social, economic or other costs of complying with the regulations, and whether exemptions should be given, or other special provision made, for smaller businesses. This consultation asks questions about our policy proposals and the costs and benefits to support our future impact assessment.

A Mandatory Water Efficiency Label will give consumers the information they need to make informed decisions when purchasing new water using products for their home. It will also help developers and water companies to improve water efficiency in buildings.

See Annex A for how to respond to this consultation and questions around confidentiality and information sharing. Annex B includes a list of the stakeholder organisations involved in our pre-consultation workshops and steering group.

Proposed Mandatory Water Efficiency Labelling Scheme

Labelling scheme approach

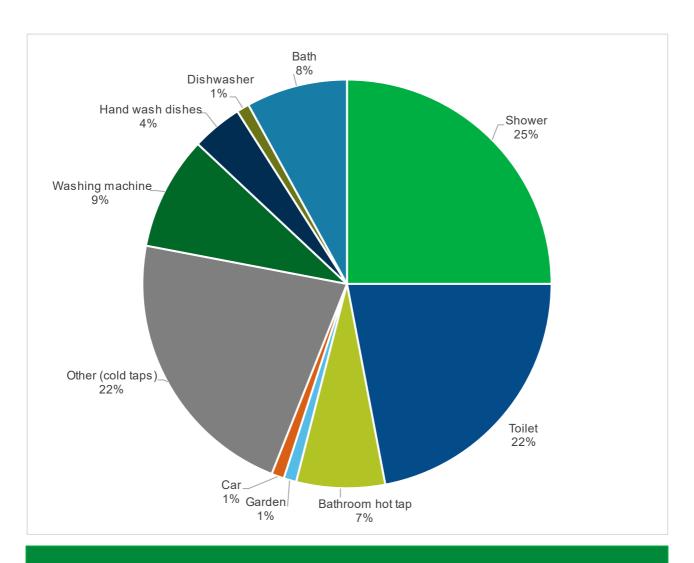
Our approach is based on the <u>ISO 31600:2022 Water efficiency labelling programmes – requirements with guidance for implementation</u>. The <u>ISO standard provides</u> a set of best practices, guidance for the preparation and implementation of a mandatory water efficiency labelling programme for plumbing products and water consuming appliances and included representatives from the UK. The <u>current voluntary Unified Water Label scheme has also met this ISO standard</u>. We consider this approach to developing the mandatory water efficiency label should decrease costs for UK businesses, improve access to overseas markets for UK manufacturers, and increase compliance with the scheme in the UK.

We are considering a banded (tiered) labelling programme that allows products to be labelled with various rated levels of water consumption, similar to the energy efficiency label.

Products covered by the label

Following stakeholder group discussions, we propose that the products in respect of which a water efficiency label should be required are: toilets, urinals, kitchen sink taps, bathroom basin taps, non-electric shower outlet devices and shower assembly solutions, dishwashers, washing machines and combination washer-dryers. These are defined in ISO 31600:2022 and covered by similar international labelling schemes.

The pie chart below illustrates the breakdown of water use within households as outlined in the <u>EST's At Home with water research</u>. Showers are the biggest water user in the house (25%), followed by toilets (22%), and cold water from taps (22%) used for brushing teeth, cooking, cleaning and drinking. For many businesses, these domestic type uses of water make up the majority of consumption also. This supports our decision to focus on labelling the products listed.



Question 1: Does the list of products we selected set the right level of ambition? [yes, no] [If no], please outline why not and what other product(s) we might consider labelling in future and why? [open text]

Label design and features

We propose to introduce a standalone water efficiency label. This option will ensure that water efficiency ratings are clearly identifiable on products for consumers and this option was supported by stakeholders. A standalone water efficiency label introduced via regulations made using powers conferred by the Environment Act 2021 will enable us to make water the focus of the label, choose the way water efficiency information is presented and apply it to the water using products we intend under our proposals.

We explored the possibility of including water on energy efficiency labels introduced using powers in the retained Energy Labelling Framework Regulation (EU) 2017/1369 however, we are not pursuing this option because if we did so we would be limited in the water using products we could cover and limited in the scope of water efficiency information we could include.

Question 2: To what extent do you agree or disagree that a standalone water label only is the most appropriate way to deliver mandatory water efficiency label policy? [strongly agree, agree, neutral, disagree, strongly disagree, don't know-no answer]

We propose to introduce dual labels for washing machines, dishwashers and washerdryers, which already have an energy label. Of the products listed above, dishwashers, washing machines and washer-dryers already come under the UK Energy Label. Some water use information is included on this label, but this is not considered clear and simple for consumers (meaning it is a single number and not a banded approach). Water products which are not energy related do not have this label and therefore no water use information linked to them.

Stakeholders supported dual labelling in pre-consultation workshops, however some expressed concern around the increased regulatory burden on manufacturers from introducing a mandatory water efficiency label for products requiring a UK Energy Label which already includes some water efficiency information (for example, washing machines dishwashers and washer-dryers). However, dual labelling is common in many countries (examples in Annex C).

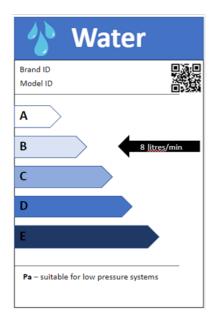
Question 3: In what ways can the impacts of dual labelling on manufacturers be minimised? [open text]

Label Design

We propose that the preferred water efficiency label should be:

- a separate or standalone water label
- simple in design including minimal icons if necessary
- indicate the water flow rate or consumption per cycle (X litres/min)
- follow the approach for the existing energy label design, but be identifiable through, for example, a different colour scale

The image below illustrates our proposed design options for a mandatory water efficiency label, which reflect input from stakeholders. This includes brand and model information, and a rating scale. There may be occasions, such as for use on small catalogue images, online images or on smaller packaged items, where it might be necessary to have a smaller version of the water efficiency label. A similar approach has been taken by the energy label, so we have developed a 'thumbnail design' also in the image below. This example includes only the rating (for example "B") and the flow rate.





We propose that the regulations which introduce the mandatory water efficiency label will set out the label design and specifications based on ISO3600:2022. This will include:

- rating representation (for example bars and colours), design of label, where the label needs to be placed and size of the label, font type and font size
- language, for example all information in English
- water efficiency label information, for example rating, brand, model number, water consumption, type of product, number of place settings (dishwashers), rated capacity (washing machine or washer-dryer, for example place settings per kg load of washing)
- additional label information (for example test standard applied to the product, name of supplier, intended application, label dimensions, colour specifications, registration number, QR code)

Question 4: To what extent do you agree or disagree that the example label designs appropriately deliver water efficiency information to a consumer?

[strongly agree, agree, neutral, disagree, strongly disagree, don't know-no answer]

Question 5: Are there any additional elements required in the labelling specification? [open text]

Energy information on water efficiency labels (taps and non-electric showers)

In the 2021 Written Ministerial statement, we committed to considering the potential to achieve energy savings, as well as further water savings, and explore how these can be achieved in a way that minimises the impact on consumers. Energy is required to heat the water used in taps and non-electric showers, more efficient water products use less water and so require less energy for the heating process.

Question 6: To what extent do you agree or disagree that including energy information on the label (for taps and non-electric showers) would be beneficial?

[strongly agree, agree, neutral, disagree, strongly disagree, don't know-no answer]

Question 7: What would be the most effective way for energy information to be included in the label? [open text]

Label display

Extent of obligation

The regulations we propose to make to introduce the mandatory water efficiency label using powers in the Environment Act 2021 can apply to persons connected with the manufacture, import, distribution, sale or supply of the product. We propose to place the following obligations on the following persons:

- the supplier that first places a regulated product on the market, or puts it into service, would be responsible for self-assessing the water efficiency rating of their product(s) and labelling them accordingly as prescribed by the requirements of the regulations This extends to any means of online selling, distance selling, hire and hire purchase
- supplier is considered to be the manufacturer, authorised representative or importer of a product which requires a mandatory water efficiency label
- the dealer (for example product wholesaler) or retailer (for example storefront or
 online retailer direct to the public) would have obligations to clearly display the
 mandatory water efficiency labels provided by suppliers with their products when
 displaying and selling them, in line with what is specified in the regulations. This
 includes in store and via distance selling methods such as internet sales and
 catalogues

Label visibility

The water efficiency label must be visible to the customer. We have set out our proposals for manufacturers and retailers in Annex D. In summary these are:

- the label should be produced or printed in full or proportionately larger, in accordance with the label specifications, or in any case of a size such that it can be reasonably be read and comprehended by consumers
- for show rooms, if an item is displayed without packaging, anywhere in a showroom
 or display window the item must have the full label displayed on it or directly
 adjacent to it, for example next to the price
- advertising should include the thumbnail and full label

Question 8: To what extent do you agree or disagree that the display requirements are suitable to ensure water label visibility to the consumer?

[Strongly agree, agree, neutral, disagree, strongly disagree, don't know-no answer]

Please include any additional comments on the above proposals. [open text]

Database of products registered with the mandatory water efficiency label.

ISO Standard 3600:22 recommends requirements to maintain a proper record system of the labels applied to the products for traceability and to facilitate ongoing review of the mandatory water efficiency labelling scheme. This will support compliance and enforcement activity, and enable developers and consumers to identify water efficient products with ease, including those that meet the requirements of the Approved Document Part G which supports regulation 36 and Part G of Schedule 1 to the Building Regulations 2010 Databases are used globally to support both water efficiency and energy efficiency labels. We have set out the information we propose to collect on a database in Annex E.

Question 9: To what extent do you agree or disagree with the information we propose for the database in annex E?

Question 10: Should any additional information to that set out in Annex E be included in a database? [yes, no (if yes, please explain - open text)]

Requirements to support mandatory water efficiency labelling

The ISO Standard 31600:2022 (water efficiency labelling programmes) states that as a prerequisite, all labelled plumbing products and all components included as part of a labelled product assembly should conform to all the requirements contained in the applicable national regulations or national Standards of the nation of intended installation. The Energy Saving Trust have highlighted a range of relevant standards.

Stakeholders expressed concern not to create further burden on manufacturers by developing new testing requirements for products whereby suppliers must self-assess their products' water efficiency ratings and alternatively use existing testing processes where possible. We propose that any testing requirements prescribed by the regulations will be developed by appropriate technical specialists with support from the British Standards Institute (BSI), the European Committee for Standardisation (CEN) and be consistent with ISO 3600:2022 essential testing requirements. We also propose to develop the water flow/use ranges underpinning the water efficiency ratings included on a label using the same approach.

We will consider the testing requirements and ratings in the context of any changes to building regulations following our <u>roadmap on water efficiency</u> in new developments and retrofits.

Question 11: Are there any existing standards or regulations beyond those listed from pages 99 - 104 of the EST technical report, which you consider may have implications for the delivery of mandatory water efficiency labelling?

Please outline and provide explanation [open text]

Setting maximum flow rates for appliances (minimum standards).

Findings by the Energy Savings Trust (EST) suggest a mandatory water efficiency labelling scheme, linked to building regulations and minimum standards (which includes setting a maximum flow rate for products), to be the most cost-effective approach for delivering water efficiency savings. This combined approach also came out on top for water savings, carbon savings and cost savings to consumers. The modelling in this analysis introduced a maximum flow rate at year 5 after introducing a mandatory water efficiency label, with revisions made to tighten that flow rate at years 8 and 11. We may in future consider consulting on policy proposals to introduce minimum standards for water using products.

Enforcement

Effective enforcement is fundamental to ensuring we deliver our policy objectives to reduce public water consumption and to enforce the requirements of a mandatory water efficiency labelling scheme.

Provisions in the Environment Act 2021 provide a comprehensive framework for the relevant national authority to specify through secondary legislation a detailed enforcement regime. We propose that certain aspects of the enforcement regime follow precedents set by other laws and common practices where relevant.

Designating an enforcement authority

The relevant national authority can retain enforcement functions or confer those functions on a regulatory body or bodies (from now on they will be referred to together as 'enforcement authority'). Conferring those functions enables the enforcement authority to conduct relevant duties.

The 3 main function of the enforcement authorities should be to:

- monitor compliance: for example, by undertaking compliance checks on products, and in store displays
- investigate compliance: for example, by gathering further evidence to identify
 whether a party has breached the requirement to put a mandatory water efficiency
 label on a relevant water using product, due diligence, and reporting

 impose sanctions when a breach has been identified to bring businesses in scope back into compliance with the legislation, using civil sanctions set out in the Environment Act 2021

When determining a responsible regulatory body or bodies, we consider that the regulators should have:

- UK-wide remit to ensure that the enforcement authority has powers to operate across the territory of any potential application of the regulations
- capacity to regulate through established centres of expertise to deliver effective enforcement of the regulations
- capability and experience to deliver the functions of monitoring and investigating compliance and imposing civil sanctions when the requirements have been breached

Question 12:

Please outline the criteria which you consider the enforcement authority should fulfil, and explain your reasons? [open text]

Overview of enforcement regime

In line with the framework set out in the Environment Act 2021, secondary legislation will provide details on:

- how the relevant national authority can gather information to effectively monitor compliance
- how the enforcement authority should receive and share information with the relevant national authority, with other enforcement authorities, and with UK government departments
- how the enforcement authority should share information through reports on which regulated businesses have been issued with civil sanctions
- how the enforcement authority can investigate compliance his will include details
 on the suite of standard investigatory powers and how these can be used by the
 enforcement authority, including any restrictions
- how the enforcement authority may use civil sanctions where a business has breached regulations to bring the offender back to compliance
- the types of criminal procedures that may be used for offenders who have failed to comply with civil sanctions imposed, or who obstruct or fail to assist an enforcement authority in the operation of their duties
- the process for appeals, should a business dispute a civil or criminal sanction
- the method of charging regulated businesses for the cost of enforcement activity this will include an equal charge for each regulated business to recover the total cost of enforcement activity in each year

We will provide guidance to businesses on how civil sanctions will be used. We propose to explore alignment with the enforcement regime already set in place for the <u>energy labelling enforcement</u>.

Question 13:

To what extent to you agree or disagree with proposed mandatory water efficiency labelling enforcement plan? [strongly agree, agree, no preference, disagree, strongly disagree.]

Question 14:

Do you have any further comments on the enforcement plan? [open text]

Reducing impacts on the natural environment

Abstraction of water for public water supply can have a significant impact on our rivers, particularly chalk streams. Around half of the 4,000 million litres of water a day needed by 2050 is driven by the need to leave more water in the environment. Introducing a mandatory water efficiency label aims to contribute to reducing the public demand for water. This should result in a number of positive environmental impacts including a saving per person of 1.5 litres/per person/per day (l/p/d) after 10 years, reaching 13l/p/d at 25 years, reducing the amount of water abstracted and so leaving more to support the natural environment. It will also support savings of 492,924 tonnes of carbon dioxide equivalent emissions (tCO₂e) through reduced use of hot water in homes over ten years. This section offers an overview, but the full detail can be found in Annex F – Impact assessment.

Question 15: To what extent do you agree or disagree that these figures are accurate? [strongly agree, agree, neutral, disagree, strongly disagree, don't know-no answer]

Please provide any information to support your view (open text)

Environmental, social and economic costs

The cost benefit ratio for our preferred option is 1:73 and is anticipated to cost government £4.1 million over a 10 year period, and manufacturers around £19.1 million over the same timeframe. There are not considered to be any environmental costs, only benefits, and there are not expected to be any costs experienced by the consumer. All financial savings have had a discount rate of 3.5% applied to them for the stated time period.

Introducing mandator water efficiency labelling will support meeting our proposed Water Demand Target. The total benefit of avoiding the need to undertake new supply schemes amounts to £875m in Present Value terms to 2037, and £3,340m to 2100.

Addressing the cost of living, this policy could help reduce water bills by £125 million and energy bills by £147 million over 10 years (based on 2019 prices). This section offers an overview, but the full detail can be found in Annex F – Impact assessment.

Question 16: To what extent do you agree or disagree that the costs and benefits are accurate? [strongly agree, agree, neutral, disagree, strongly disagree, don't know-no answer]

Please provide any information to support your view (open text)

Impacts on small business and equality

Smaller businesses

We anticipate only short-term initial costs in implementing the labelling scheme (for example display of the label in retail settings). These are expected to be minimal and diminish over time. This will reduce financial impact on companies both small and large.

Question 17. To what extent do you agree or disagree that there is limited impact on smaller companies?

[strongly agree, agree, neutral, disagree, strongly disagree, don't know-no answer]
Please provide any information to support your view (open text)

Equality impacts

We have considered equality impacts as outlined in the government's <u>The Green Book</u>: appraisal and evaluation in central government. On introducing the Water Efficiency Label, we have no plans to include minimum standards for products, something which has been introduced for some products as part of the energy label. This means there will be no requirement to remove products from sale and so we do not anticipate any effects on equality as might have arisen if we were to propose that a specific product is required by persons sharing a protected characteristic was removed from sale.

We also explored the need for exemptions from the label with stakeholders, particularly for health and safety products, however this was considered complex and unnecessary given the current policy proposals will not require any products to be removed from sale. This section offers an overview, but the full detail can be found in Annex F – Impact Assessment.

Question 18: To what extent do you agree or disagree with our assessment of equality impacts? [strongly agree, agree, neutral, disagree, strongly disagree, don't know-no answer]

Please provide any information to support your view [open text]

Question 19: In addition to the previous questions, is there any other information you would like to share regarding the proposed UK mandatory water efficiency labelling? [open text]

Next Steps

The development of the water efficiency labelling scheme and drafting of the regulations is likely to be concluded later in 2023 when we will aim to lay the statutory instrument and an implementation period (for example 18 months), will be allowed to enable transition to the new requirements. We estimate that the changes will come into force by early 2025. We will work with industry to implement the scheme sooner, including encouraging water companies to promote the scheme and uptake of water efficient devices.

The label is at the centre of our policy pathway to deliver our proposed Water Demand Target under the Environment Act 2021. We have also asked water companies to set out how they can help promote this label and use it as part of incentive or rebate schemes.

The UK government and the devolved governments will collaborate to consider the most appropriate route to deliver this policy following the consultation.

Annex A - Responding to this consultation

A wide range of stakeholder have a role in helping us develop and deliver a Mandatory Water Efficiency Label in the UK. This consultation starts on 2 September 2022 and ends on 25 November 2022. We strongly encourage responses via an online survey on Citizen Space, an online consultation tool.

Consultations receive a high level of interest across many sectors and using the online tool assists our analysis of responses, enabling more efficient and effective consideration of issues. However, responses can be sent by email or post. In your response please state:

- your name
- your email address
- your organisation (if applicable)
- whether you would like your response to be confidential (if yes, please state your reasons)
- what country you live in (England, Wales, Scotland, Northern Ireland)

Enquiries and responses by post or email should be directed:

- by email to <u>water.resources@defra.gov.uk</u> including if you need a hard copy of the consultation
- in writing to Consultation Coordinator, Defra, 2nd Floor, Foss House, Kings Pool, 1-2 Peasholme Green, York, YO1 7PX

This consultation is being conducted in line with the Cabinet Office 'Consultation Principles'. If you have any comments or complaints about the consultation process, please address them by email to: consultation.coordinator@defra.gov.uk or by post to the Consultation Coordinator (as above).

A version of this consultation is available in Welsh. A version in Irish and Ulster Scots can be made available on request.

Confidentiality question

Question: Would you like your response to be confidential? [yes/no] [If yes] Please give your reason.

Confidentiality and data protection information

A summary of responses to this consultation will be published on the government website but will not include personal names, addresses or other contact details. An annex to the consultation summary will list all organisations that responded. Defra may also publish some or all of the content of your response to this consultation.

If you choose 'Yes' in response to the above question, you are asked to state clearly what information you would like to be kept as confidential and explain your reasons for confidentiality. Information within responses to this consultation may be subject to release to the public or other parties in accordance with the access to information law. Under this law, we have an obligation to disclose information in certain circumstances. In view of

this, explaining your reasons for requesting confidentiality would help us balance obligations of both disclosure and confidentiality. If we receive a request for the information that you have provided in your consultation response, we will take full account of your reasons for requesting confidentiality but cannot guarantee it can be maintained in all circumstances.

If you choose 'no' in response to the above question, we will be able to release the content of your response to the public, without including your personal name and private contact details.

There may be occasions when Defra will share the information you provide in response to the consultation, including any personal data with external analysts. This is for the purposes of consultation response analysis and provision of a report of the summary of responses only. Please find our latest privacy notice on Citizen Space for further details.

Geographical Scope.

This is a joint consultation between England, Northern Ireland, Scotland and Wales. Water efficiency is a policy area where decision making has been devolved/transferred to the devolved nations (Scottish Parliament, Welsh Government and Northern Ireland Assembly), and as such officials from across the UK governments have collaborated in formulating this policy.

Introductory Questions

Question:

Please select from one of the following to describe your interest in mandatory water efficiency labelling:

[Member of public, retail industry, manufacturing, NGO, water company, government body, union representation, other [please specify]

Question:

Please indicate which nation you are considering when completing this survey:

[All of the UK, England, Northern Ireland, Scotland, Wales, none]

Annex B - Stakeholder organisations involved in steering group and workshops

A list of organisations who participated in our stakeholder steering group and preconsultation workshops:

- AMDEA
- BA
- B&Q
- Bikbbi
- Bathroom Manufacturers Association
- BRC
- Consumer Council for Water
- Clasp
- Dwr Cymru
- Environment Agency
- Energy Savings Trust
- FEA
- Kelda showers
- Kiwa
- Neoperl
- NSF
- Sainsburys
- Screwfix
- Thames water
- UWLA
- Water regulations
- Water UK
- Waterwise
- WRAS approvals

Annex C - Examples of dual labelling

The examples below illustrate dual labelling in Australia and the USA and more information is provided in the <u>Energy Saving Trust labelling extension report</u>, which build on the costs benefit analysis work co-funded by Defra and water companies.

Australia

Image of a Water Efficiency Labelling Scheme (WELS) water label next to an energy label on a washing machine and a dishwasher. The similar approach to rating scale using a star system is visible. This is an example of dual labelling in practice where labels are of similar size and use a similar rating scale but different colours.





USA

Images of the logos for United States Environmental Protection Authority (US EPA) Watersense water efficiency label (a water droplet and leaf stylised icon) next to a US EPA Energy Star logo (stylised word energy with a star).





Annex D - Labelling guidelines

Supplier Obligation

• The label should be produced or printed in full or proportionately larger, in accordance with any the label specifications, or in any case of a size such that it can be reasonably be read and comprehended by consumers.

Stores and shelving display (retailer obligation)

 Label to be displayed clearly on the products packaging and be outward facing towards the customer.

If an item is displayed without packaging this would be considered showroom style display.

Showroom display (obligation on retailer)

If an item is displayed without packaging, anywhere in a showroom or display window the item must have the full label displayed on it (Table 2) or directly adjacent to it, for example next to the price. The label should be of a specified size.

Table 1 Display of label in showrooms

Product	How label should be displayed with product
Taps and shower systems	A full label should be displayed either directly adjacent to the product alongside the price or should be displayed like a tag around the product and be clearly visible to the customer.
Toilets and Urinals	The label should be clearly displayed outward facing on the cistern (toilet) or bowl (urinal).
Washing machines, dishwashers and washer-dryers	The label should be clearly displayed on the front of the item, outward facing and adjacent to the energy label.

Digital (retailer or dealer)

- The full label must be inset on the opening image of the item as seen when browsing.
- The full label must be displayed as an individual image in the gallery, and within the product specification.

• A thumbnail version of the label must be displayed as part of images shown in searches. Digital sales platforms must include a filter option, to filter by a products water efficiency.

Catalogues and advertising (retailer or dealer)

- A thumbnail version of the label must be inset in the image of any product in shown in a catalogue.
- On any advertising digital, posters or TV the full label should be inset within the advert window, at a size which is easily visible to the reader.
- The information should include: water efficiency rating, product brand, product model number and registration number.

Annex E - Information to be included in a database

Information:

- product class (for example. Toilet, basin tap)
- company name
- water efficiency rating
- product name and model
- flow rate
- dimensions
- registration expiry
- noise levels (some items)
- image
- cost per unit

Annex F - Impact assessment

Reduction in impact of products on the natural environment (focus is on water and carbon in-use)

The Energy Saving Trust was funded by Defra and water companies to <u>develop the costs</u> and <u>benefits of water efficiency labelling</u>, this research provides figures which are UK wide in coverage although further EST research was done for Wales, Scotland and Northern Ireland individually. This included a range of scenarios - our preferred option for delivery of a water efficiency label is Scenario 1: to introduce a mandatory Government led label, with no associations. We have compared this to three other scenarios:

- scenario 2 Mandatory, government led label associated with minimum standards and building regulations
- scenario 5 a voluntary, government led label associated with buildings regulations
- scenario 6 a voluntary industry led label this scenario represents the current (Business as Usual) situation

Although the benefits of links to building regulations are much higher, we propose to transition to this after introduction of the label. This makes Scenario 1 and 6 (BAU) the most comparable and supports the preferred option. All financial savings have had a discount rate of 3.5% applied to them for the stated time period; as recommended by the Green Book.

Natural environmental Impact	Scenario 1	Scenario 2	Scenario 5	Scenario 6 – (BAU)
Litres saved per capita per day (after 10 years)	1.5	6.3	2.2	0.3
Litres saved per capita per day (after 25 years)	13.0	31.4	9.3	1.3
Water savings ml (10 year snapshot)	98,505	459,035	168,992	32,357
Hot water energy savings MWh (10 year snapshot)	2,517	11,411	3,995	748
Embodied water emissions savings tCO2e	103,627	482,905	177,779	34,040

Natural environmental Impact	Scenario 1	Scenario 2	Scenario 5	Scenario 6 – (BAU)
Household energy emissions savings tCO2e	492,924	2,239,731	787,665	148,002

Costs

The table below outlines the costs for the range of scenarios across government and manufacturers.

Costs	Scenario 1	Scenario 2	Scenario 5	Scenario 6 – (BAU)
Government (£ million)	4.1	5.2	0	0
Manufacturers (£ million)	19.1	55.7	3.5	8.8
Cost benefit ratio (over 25 year period)	1:73	1:103	1:82	1:18

The government are looking at ways to reduce public water use in order to adapt to the changing climate, its subsequent impacts on water availability, and to ensure we leave enough water to preserve the environment. This should increase resilience to drought risk making these both significant environmental and social benefits of water labelling and wider water demand reduction efforts. There are also economic benefits associated with this policy as outlined in the table below, which are reductions to consumer bills through water savings and also subsequent energy savings, related to hot water use. Water suppliers will also see savings in operational costs and deferring new supply options.

Savings	Scenario 1	Scenario 2	Scenario 5	Scenario 6 – (BAU)
Household water bill savings £ million	£125.7	£594.7	£206.7	£22.2
Household energy bill savings £ million	£147	£737	£270	£28

Savings	Scenario 1	Scenario 2	Scenario 5	Scenario 6 – (BAU)
Water supplier savings £ million	£8.4	£39.2	£14.5	£2.8
Cost of carbon savings £ million	£19.3	£86.4	£29.1	£5.2
Cost per million litres saved £/ml	£236	£133	£138	£352

Impacts on small businesses

Health and welfare exemptions

We have considered exemptions to labelling for products, particularly on health and welfare grounds. In summary, it is difficult to classify how products could be effectively described to be required for a health and safety purpose. This was similarly found to be the case for energy labelling.

Smaller businesses

It is anticipated that there may be initial costs in developing products and in implementing a new scheme. This is likely to be a short-term impact which would diminish over time.

Equality impacts

As we will not be requiring removal of products from sale, we do not anticipate any equality impacts due to the introduction of this policy. Research by Energy Saving Trust suggested no effects on the cost of more water efficient products in relation to label introduction.

In introducing the water efficiency label, we will not be outlining any minimum standards for products, something which has been introduced for some products as part of the energy label. This being the case means that there will not be any required removal of products from sale.

The issue being addressed is limiting the market failure of asymmetric information since the water efficiency of a product is not currently known at face value by consumers. Therefore, the label is not expected to have effects on people in UK society who share protected characteristics – race, religion and belief, sex, age, disability, pregnancy and maternity, sexual orientation, gender reassignment and The change we anticipate is that specified water using products will display a label containing information on the water

efficiency of the product, to enable consumers to compare similar products and consider water efficiency when making purchasing decisions.

Health related products

Through stakeholder discussion we explored the possibility of giving exemptions to products required for a health and safety purpose. The outcome of this exploration was that it is difficult to define a product as having a specific health and safety purpose, this was equally found for energy related products. As this is the case there is a risk of any definition being undermined to enable a wider range of products to go without a label than those which are used in a health or safety setting.

As we are not requiring removal of products, there should be no impact on the availability of any products, and therefore no risk to health and safety.

Water companies - vulnerable people list

Water companies, who supply water to the public have priority lists of individuals and families who would be particularly vulnerable to any limitation of water supply. We anticipate the water efficiency label will contribute to decisions to use products which use less water or have a lower water flow, however as part of the requirements for the label we will be looking to ensure that products still retain an acceptable performance level in delivering their function. Amendments to products through label implementation should not restrict access to water.