EXPLANATORY MEMORANDUM FOR EUROPEAN UNION LEGISLATION / DOCUMENTS WITHIN THE SCOPE OF THE UK/EU WITHDRAWAL AGREEMENT AND THE WINDSOR FRAMEWORK

COM(2026)565

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2017/1369 and Regulation (EU) 2020/740 as regards simplification and better use of digital options for energy and tyre labelling.

SUBJECT MATTER

1. On 24 June 2026, the European Commission published a proposal for a Regulation of the European Parliament and of the Council on simplification and better use of digital options for energy and tyre labelling (the "proposal"; the "Omnibus"). The exact application date will be determined following the upcoming formal adoption by the European Parliament and the Council.

2. The proposal would amend Regulation (EU) 2017/1369 setting a framework for energy labelling (the "Energy Labelling Regulation"), providing greater flexibility over the format in which labels accompanying products are supplied. The Ecodesign for Sustainable Products Regulation (EU) 2024/1781 (ESPR)14, which repealed and replaced the Ecodesign Directive 2009/125/EC15 as from 18 July 2024, subject to certain transitional measures, is not part of the Omnibus.

3. The proposal aims to simplify rules for suppliers and dealers by providing greater flexibility over the format in which labels accompanying products are supplied and improve compliance and enforcement by facilitating use of digital options and clarifying legal concepts and responsibilities.

4. Regulation 2026/565 introduces the following key changes in regard to energy labelling:

   - Flexibility as regards the format for energy labels accompanying products while maintaining the possibility to obtain printed labels on request
   - Fully electronic product information sheets
   - Stronger accountability for non-EU manufacturers and authorised representatives
   - Simplifying the transition to rescaled labels for suppliers and dealers
   - Clarification of responsibilities of stakeholders in the supply chain
   - Once-only principle for EPREL

5. Regulation (EU) 2020/740 (the "Tyre Labelling Regulation") sets out new requirements for the performance labelling of tyres, which are to be displayed at the point of sale to enable informed purchasing decisions by customers:

   - It requires standardised information to be displayed on the tyre's rolling resistance, wet grip, external rolling noise and, if appropriate, snow and ice performance
   - It also requires product information to be made available in the European Product Registry for Energy Labelling (EPREL)

6. Whilst this proposed update to the Tyre Labelling Regulation does not make significant changes to its high-level objectives and requirements, it does introduce a number of amendments focused on the improved functioning of the regulation, including:
   - Improving practical application of the regulation for suppliers and distributors and moving to a greater reliance on the digital product database (EPREL) rather than physical datasheets
   - It also aims to enable improved enforcement of the EU tyre labelling scheme for market surveillance authorities
7. Notable changes proposed for Regulation 2020/740 on Tyre Labelling include:
   - Clarifications to bring tyre fitters within scope to require similar obligations to those of tyre retailers
   - Providing some simplification and flexibility on display of the tyre labelling information for distributors, including permitting the use of simplified labelling information or nested displays in some circumstances where it may not be practical to display the full label
   - Providing a better link between the tyre label and the EPREL database within information seen by the consumer and removing the need for paper information sheets
   - Removing the obligation for vehicle suppliers and distributors to display tyre labelling information at the point of sale
   - Updates to the information required to be entered into EPREL by the tyre manufacturer
   - Increased delegation of powers for the European Commission to make changes to aspects of the tyre labelling requirements.

SCRUTINY HISTORY

8. Regulation (EU) 2017/1369 setting a framework for energy labelling was retained and then assimilated into GB law following EU exit. The assimilated version of the Energy Labelling Regulation continues to provide the framework for energy labelling in Great Britain, alongside relevant domestic legislation and product-specific regulations.
9. There are no previous scrutiny documents related to Energy Labelling and changes to the regulation 2017/1369 specifically.
10. The Department for Energy Security and Net Zero has previously submitted Explanatory Memoranda on EU legislation concerning ecodesign and energy labelling requirements for energy-related products, including product-specific requirements and rescaling of energy labels.
11. The original proposal for Regulation (EU) 2020/740 was subject to scrutiny from the House of Commons European Scrutiny Committee and the House of Lords European Union Committee in February 2019.

MINISTERIAL RESPONSIBILITIES

12. The Secretary of State for Energy Security and Net Zero has overall responsibility for existing ecodesign and energy-labelling regulations.
13. The Secretary of State for Transport has responsibility for tyre labelling policy.

INTERESTS OF DEVOLVED GOVERNMENTS

14. Ecodesign and Energy Labelling are not devolved matters under the devolution settlements in Scotland, Wales and Northern Ireland. We have shared this EM with the Devolved Governments.
15. Regulation (EU) 2017/1369 and (EU) 2020/740 are listed in Annex 2 to the Windsor Framework. The proposal therefore has potential implications for Northern Ireland and the operation of the UK internal market.
16. The Department for Energy Security and Net Zero will continue to engage with the Northern Ireland Executive and the Devolved Governments on the potential implications of the proposal as the EU legislative process progresses.

LEGAL AND PROCEDURAL ISSUES

17. Regulation (EU) 2017/1369 establishes the EU framework for energy labelling and provides the legal basis for the development of product-specific energy labels and delegated acts.
18. The proposal would amend Regulation (EU) 2017/1369. As a proposal for a Regulation of the European Parliament and of the Council, it is subject to the ordinary legislative procedure.
19. Regulation (EU) 2017/1369 and Regulation (EU) 2020/740 are listed in Annex 2 to the Windsor Framework. The proposed amendments that fall within the scope of Annex 2 would only apply to the relevant law in Northern Ireland.

20. The Tyre Labelling Regulation is part of the EU's approach to transport decarbonisation by addressing the contribution of tyres to vehicle energy consumption. These requirements are applied in Northern Ireland through their listing under Annex 2 to the Windsor Framework. Similar requirements are also applied in Great Britain through the assimilated version of Regulation (EC) 1222/2009 (the predecessor to Regulation (EU) 2020/740).

GB & NI POLICY IMPACTS

21. The Government is committed to improving the energy efficiency of products and ensuring that consumers have access to clear, accurate and useful information about the energy performance of products.
22. Energy labels play an important role in enabling consumers to compare the energy performance of products at the point of purchase. The Government recognises the potential benefits of digitalisation in reducing administrative burdens and improving access to product information, while ensuring that consumers continue to receive effective and accessible information.

23. The proposal would provide greater flexibility in how energy labels are supplied with products and digitalisation of labelling and PIS will reduce packaging, minimise duplication and administrative burdens. For GB businesses operating solely on the domestic market, the impact is expected to be limited. The proposal could create some additional complexity for businesses operating across both GB and EU/NI markets due to administrative divergence.
24. Some GB suppliers may face additional packaging, labelling, product information, EPREL or fulfilment requirements when supplying the NI market. This could increase administrative complexity for affected businesses and, in some cases, influence decisions on product availability in Northern Ireland. Any impacts are expected to be limited and largely transitional in nature, reflecting adjustment to revised regulatory requirements, and are likely to diminish over time as businesses adapt and align products and processes for the NI and wider EU markets.
25. The proposal would introduce additional obligations for Authorised Representatives and installers operating in NI, together with associated enforcement responsibilities for NI market surveillance authorities. While this is expected to create some additional administrative and compliance burdens, the Government's initial assessment is that the proposals are unlikely to result in significant disruption to existing GB-NI trade flows in the longer term, although businesses and enforcement authorities may require an implementation period to prepare for compliance and enforcement.
26. The change in the rescaling period from 4 to 12 months will introduce flexibility for businesses in NI and those operating across GB and NI, allowing them to prepare and comply with both sets of requirements for longer. However, it will result in different transitional timelines between GB and NI, potentially causing confusion and extended periods allowing for the use of multiple labels in NI.
27. This proposed update to the Tyre Labelling Regulation will have an impact of tyre retailers and vehicle dealerships in Northern Ireland. However, as the proposed changes primarily aim to simplify administrative and digital information requirements relating to the supply of tyre labelling information, we perceive that it is likely to lower the overall burden of applying the regulation. This will be particularly true for vehicle suppliers or distributors, who will no longer have to provide tyre labelling information. The amendments will mean that some tyre fitters could enter into scope of the requirements for the first time if they were not previously captured within the definition of a tyre distributor.

FINANCIAL IMPLICATIONS

28. In the EU, the proposed measures are expected to save businesses and market surveillance authorities up to €125 million annually over the next 10 years and contribute to reaching the €18.4 billion of administrative costs saving.
29. Initial assessment does not suggest significant costs implications for the UK market, with possible cost-reductions for traders selling to NI and exporting to the EU due to reduced paperwork and administrative savings. However, there is a possibility that businesses operating across GB and NI might face higher costs due to regulatory divergence and the need to comply with separate requirements. Further industry engagement is planned to determine the extent of such possible additional costs.

CONSULTATION

30. DESNZ officials will continue to actively engage UK stakeholders and the European Commission on arising impacts and continue to research energy labelling, to further develop our understanding of the implications of the proposals in question and assess the merits of analogical reforms in the GB.
31. DESNZ officials have also previously engaged with the EU commission during the initial consultation on the aspects of these proposals related to energy labelling, feeding in views gathered from OPSS and industry. We have further engaged selected stakeholders on the issue as part of our regular Ecodesign stakeholder Forums. Industry endorsed similar digitalisation initiatives and flexibilities in the UK but warned about growing dependence on EPREL and issues around its quality and functionality.

Yours sincerely,

Martin McCluskey MP
Minister for Local Energy and Jobs