

Regulatory Impact Statement

Revision to Minimum Energy Performance Standards and labelling for air conditioners and revisions to energy rating labelling for domestic refrigerator and freezer appliances

EXECUTIVE SUMMARY

Air conditioners and refrigerators have been subject to energy efficiency regulations since 2002. In this time, improvements to the energy efficiency of these products have resulted in energy reductions worth an estimated \$38M (\$29M for fridges and \$9M for air conditioners). Continued energy savings from these products will be compromised unless energy efficiency criteria are updated. The proposal is to update energy rating labels for both products, and minimum energy performance criteria for air conditioners. The proposals return a positive net benefit of \$113.9M by 2020 (\$16.1M for fridges and \$97.8M for air conditioners).

ADEQUACY STATEMENT

The Ministry of Economic Development has reviewed this Regulatory Impact Statement and considers it to be adequate according to the adequacy criteria.

STATUS QUO AND PROBLEM

Household refrigerators and air conditioners have been subject to energy rating label requirements and minimum energy performance standards (MEPS) in New Zealand since 2002, under the Equipment Energy Efficiency (E3) Programme¹. Existing labelling and MEPS criteria are typically reviewed every three to five years and, if necessary, updated (e.g. to clarify the standard or adapt it to changes in technology). New Zealand and Australia work jointly to keep their standards as closely aligned as possible.

Growth in product use

Household refrigerators and freezers (refrigerators) make up 12-15% of New Zealand's residential electricity demand. Since labelling and MEPS were introduced, sales of fridges have increased by 45% but their overall energy consumption has decreased by 30% and further reductions are forecast.

An estimated 7% of New Zealand's residential electricity demand is used for air conditioners (primarily used as heat pumps). Sales of heat pumps have increased 40% over the last year alone. While the existing labelling and MEPS programme is expected to curb growth in energy demand, increased energy use from these

¹ The E3 Programme develops measures to improve the energy efficiency of products and equipment sold in New Zealand and Australia - in order to reduce energy consumption, energy costs, and energy-related greenhouse gas emissions, in order to strengthen New Zealand's energy security. The key measures used in the programme are energy rating labels and minimum energy performance standards (MEPS).

products is nonetheless forecast to double by 2020 (if recent sales trends continue) in the absence of revisions to the standards.

Market research² shows that 95% of consumers are familiar with the energy rating label and that 60% rank energy efficiency as an important factor in their purchase decision.

Since the labels were introduced, the energy performance of both refrigerators and air-conditioners/heat pumps has improved to the point where ratings for most models are now bunched at four-to-six stars out of a possible six.

While this indicates substantial improvements to the energy performance of products available on the market, it also means star ratings now need to be adjusted if the label is to remain effective as both a source of information for consumers and to facilitate future improvements in the energy performance by manufacturers importing to New Zealand.

Changes in technology

Technology has changed, so MEPS now needs to reflect:

- **Energy used by products in heating mode:** Although air conditioners are primarily used for heating in New Zealand, their energy performance is assessed in cooling mode;
- **Non-operational energy use**, such as the energy products consume in standby, which is essentially wasted;
- **Advances in technology** in the past three years: MEPS needs to keep pace with average market performance to ensure they remain effective;
- **Demand response capability**, i.e. the ability for products to be switched off or turned down remotely, which can conserve energy, reduce peak energy demand and enhance security of supply (without the need to increase marginal supply)
- **Impact on the electricity network:** power factor should be as low as possible (i.e. power drawn by an appliance should match power used as closely as possible) in order to minimise disruption to the electricity supply network and enhance security of supply.

Alignment with Australia

As part of the trans-Tasman Equipment Energy Efficiency (E3) forward work plan 2008 – 2013, the Australian Government approved plans to adopt revised standards for air conditioners and household refrigerators and freezers into Australian State and Territory legislation from April 2010.

Working in conjunction with Australia offers industries in both countries improved economies of scale and reduced compliance costs. Consequently, the E3 forward work plan is an important regulatory harmonisation programme that promotes trans-Tasman co-operation and serves to reinforce trans-Tasman Mutual Recognition

² EECA Market Research April 2008 to September 2009 (Consumer Monitor)

Arrangement principles, thus contributing towards the Single Economic Market objective.

OBJECTIVES

1. To ensure that energy rating labels and MEPS for air conditioners and refrigerators remain effective at facilitating industry improve the energy efficiency of their products and provide greater consumer choice in energy efficiency products.
2. To reduce projected growth in energy demand and energy related costs and greenhouse gas emissions from air conditioners and refrigerators to below the levels projected under a business as usual scenario, through improving their energy efficiency and standby energy losses.
3. To maintain consistent regulatory requirements with Australia, with respect to commercially traded goods, in accordance with the TTMRA and the Closer Economic Relations (CER) Agreement.

ALTERNATIVE OPTIONS

Air conditioners: Voluntary labelling Algorithm Change

Industry could be voluntarily encouraged to adopt the new labelling algorithm that underpins the energy rating scale. The advantage is that the voluntary nature would provide industry with greater regulatory flexibility i.e. the option of continuing to use the existing labelling or migrate to new labelling requirements when they see fit.

The key disadvantage with this option is that without an enforced timetable for transition, there is likely to be a mix of old and new labels on display on the market for a considerable time. Some industry stakeholder may resist migration to the new requirements as they would receive fewer stars for their existing product. A mixture of old and new labels will increase consumer confusion and probably undermine the overall effectiveness of the energy labelling programme.

Air Conditioners: Subsidy or Rebate

A subsidy or rebate could be provided for consumers to purchase more efficient air conditioners (heat pumps). The advantage is that a rebate could be an effective means for changing consumer purchasing patterns, particularly towards high efficiency air conditioners. The key disadvantage is that to achieve an equivalent energy saving, the total value of rebates would have to be considerable.

The market response to the subsidy is also uncertain. Should the market response be small, the associated energy savings would be small. Conversely, a forecast significant increase in air conditioner (heat pump) sales could result in an over-subscribed scheme with funding exhausted over a short timescale.

Retail prices also often rise to absorb some, if not all, of the value of the rebate which means that the consumer is little better off compared to a non rebate approach. In

addition, there are likely to be those consumers that benefit from the rebate but who would have purchased the eligible product in any case i.e. free-riders that increase the total cost of the rebate.

Refrigerators and Freezers: Consideration of alternative options is not applicable in this case as the underlying policy is unchanged. The proposal is limited to amending existing regulation to ensure it remains effective and consistent with updated and revised labelling requirements in Australia.

PREFERED OPTION

The preferred option is to incorporate revised standards for refrigerating appliances and air conditioners into the Energy Efficiency (Energy Using Products) Regulations 2002. The revised standards will replace the versions currently listed in schedules 1 and 2 of the Regulations.

Air conditioners

Revisions to the energy rating label

- **Revised star rating scale** - will reduce most star ratings by about 2 stars.
- **Revised label design** - so that consumers can distinguish between heating and cooling ratings more easily.
- **Optional 7-10 star rating** - for “super efficient” products that perform at the very top end of the market.

Revisions to Minimum Energy Performance Standards (MEPS)

- **Cooling mode** - higher MEPS levels in cooling mode.
- **Heating mode** - a separate MEPS level for products that have a heating mode.
- **Non-operational energy** -standby energy will be included in the calculation of star ratings.
- **Demand response capabilities** - suppliers will need to declare whether the models they register on the energy rating database have demand response capabilities (i.e. can be switched off or turned down remotely during times of peak energy demand, to conserve energy). This will allow power retailers and consumers to identify products that can interact with advanced meters, home area networks and smart meters.
- **Power factor requirements** – to reduce the impact of network interference resulting from increased adoption of heat pumps

Refrigerators and freezers

Revisions to the energy rating label

- **Revised star rating scale** - will reduce most star ratings by about 2 stars.
- **Revised label design** - to help consumers and retailers to distinguish new star ratings from old during the transition period.
- **Optional 7-10 star rating** - for “super efficient” products that perform at the very top end of the market.

Revisions to Minimum Energy Performance Standards (MEPS)

- **Revised compliance method** - this will tighten MEPS requirements but does not increase the MEPS level.
- **More stringent testing tolerance** (i.e. a smaller ‘margin of error’) - to ensure less performance variance in the manufacturing process.

Costs and benefits: Inputs and assumptions

Time period: Costs and benefits are assessed for the period 2009-2020. Benefits for products sold in 2020 are assessed out to 2050

Discount rate: A five percent discount rate has been used for the base case (instead of the official eight percent discount rate) to account for the value of long term environmental and social benefits associated with energy efficiency. A 7.5 percent discount rate is used for comparison.

Electricity prices: the average residential tariff is put at 20.4 cents per kilo-Watt hour; 16 cents per kilo-Watt hour (KWh) is used as the figure for commercial tariffs. These prices are consistent with the Energy Data File 2008.

Greenhouse gas (GHG) emissions factor: 0.698 kilo tonnes per carbon dioxide equivalent (CO₂-e).

Price of carbon: Valued at \$22.36 per tonne. The value of emissions is not included in the cost benefit summaries. However, the value of avoided emissions is provided in the “national benefits” section for each product (see “costs and benefits by proposed measure”)

Costs and benefits: Are calculated in New Zealand dollars and apply to the New Zealand market only (except where specified). Where values have been converted from Australian dollars into New Zealand dollars, a conversion rate of 1.1 was used.

Air Conditioners and Refrigerators/Freezers: Cost-benefit summary

Cumulative costs and benefits 2009-2020 at a 5% discount rate: revised labelling and MEPS

Product	Total benefit (\$M)	Total cost (\$M)	Net benefit (\$M)	Benefit-cost ratio	Energy saved (GWh)	Emissions saved (kt CO ₂ -e)
Refrigerators/freezers: Revision	25.9	9.8	16.1	2.6	342.0	238.0
Heat pumps: Revision	113.1	15.3	97.8	7.4	1391.0	971.0
TOTAL	138.9	25.1	113.9	5.5	1733.0	1209.0

Average annual costs & benefits 2009-2020 at a 5% discount rate: revised labelling & MEPS

Product	Total benefit (\$M)	Total cost (\$M)	Net benefit (\$M)	Benefit-cost ratio	Energy saved (GWh)	Emissions saved (kt CO2-e)
Refrigerators/freezers: Revision	2.2	0.8	1.3	2.6	28.5	19.8
Heat pumps: Revision	9.4	1.3	8.1	7.4	115.9	80.9
TOTAL	11.6	2.1	9.5	5.5	144.4	100.8

Cumulative costs and benefits 2009-2020 at a 7.5% discount rate: revised labelling and MEPS

Product	Total benefit (\$M)	Total cost (\$M)	Net benefit (\$M)	Benefit-cost ratio	Energy saved (GWh)	Emissions saved (kt CO2-e)
Refrigerators/freezers: Revision	17.3	7.6	9.7	2.3	342.0	238.0
Heat pumps: Revision	78.2	12.1	66.1	6.5	1391.0	971.0
TOTAL	95.5	19.7	75.8	4.8	1733.0	1209.0

Average annual costs & benefits 2009-2020 at a 7.5% discount rate: revised labelling & MEPS

Product	Total benefit (\$M)	Total cost (\$M)	Net benefit (\$M)	Benefit-cost ratio	Energy saved (GWh)	Emissions saved (kt CO2-e)
Refrigerators/freezers: Revision	1.4	0.6	0.8	2.3	28.5	19.8
Heat pumps: Revision	6.5	1.0	5.5	6.5	115.9	80.9
TOTAL	8.0	1.6	6.3	4.8	144.4	100.8

Air Conditioners (Costs and Benefits)

Costs and benefits for revisions to MEPS for air conditioners outlined below assumed that all benefits and costs (besides taxpayer/programme costs) accrue to the consumer and the nation.³

Product	Total benefit (\$M)	Total cost to business (\$M)	Net benefit (\$M)	Benefit-cost ratio	Energy saved (GWh)	Emissions saved (kt CO2-e)
Heat pumps (air conditioners)	113.1	15.3	97.8	7.4	1,391.0	971.0

Costs

Updating existing MEPS for air conditioners will have the following impacts: market competition; product price; overall performance; and one-off costs. These costs, and an assessment of the flow-on impact to consumers, are provided below.

Market competition: Suppliers have had a two year lead time to source more efficient products where necessary. A review of models registered to current MEPS

³ Costs to the taxpayer of administering the E3 programme are approximately 195,000 - appropriated via Vote Energy to EECA.

requirements indicates that a large number of brands and models will remain available after MEPS is revised and adequate competition will continue.

Product price: A review of currently available models shows that MEPS compliant models will remain available across the price spectrum, and consumers will continue to have access to lower cost models, after MEPS is revised. It shows, moreover, that a number of highly efficient models are available at below the average price. While in-depth market analysis shows no correlation between price and efficiency, a small price increase (less than 1%) out to 2020 has been assumed for modeling of costs and benefits.

Overall performance: MEPS revisions will not have adverse effects on the performance of air conditioners or their range of functions.

One-off costs: incurred during the transition from the old to the new label. For existing models that continue to be manufactured or imported after the new label is introduced, additional costs will be incurred by manufacturers and suppliers, to recalculate the rating, re-register the model, and plan transitional arrangements (rotating and re-labelling stock) with retailers. These are outlined below for Manufacturers and suppliers:

Activity	Cost (NZD)
• Administrative costs	\$165 (per model)
• Registration fee*	\$165 (per model)*

*These costs are only incurred if the product is being registered in Australia. The total estimated cost – Australia and New Zealand inclusive – is \$NZD\$198,000 (AUD\$180,000). For Retailers the following one-off costs are incurred.

Activity	<i>Per unit</i>	<i>NZ Total (NZD)</i>
Staff training		
Label replacement in showrooms		
Stock handling		
Fielding customer enquiries	\$11	\$33,000

These costs are based on the assumption that 5% of stock from the affected models will pass through retail showrooms and will therefore need to be re-labelled. Funding has been allocated as part of government costs to assist and educate retailers during the transition.

Consumer Costs: It is assumed that -

- a) Businesses will ultimately pass on their costs to customers as a mark-up in the purchase price.
- b) Costs are typically marked-up in retail prices by a factor of two (the same ratio as the mark-up of wholesale to retail price).

The combined cost to manufacturers, importers, and retailers in Australia and New Zealand is about AUD\$0.5M (NZD\$0.55M). Marked up by a factor of two, this equals costs to Australian and New Zealand consumers of around AUD\$1M (NZD\$1.1M) in total. This works out at an increased cost to the consumer of:

- c) \$0.50 per appliance sold if business costs are recovered over a ten year period;
and
- d) \$5.00 per appliance sold if business costs are recovered over a one year period.

Benefits

The main benefits from revising the label will come from its continued influence on consumer purchasing decisions. The label will have a diminishing impact on purchase decisions if no action is taken.

As an example, a consumer buying a typical household heat pump⁴ who uses the revised label could save 20% per year in energy costs by choosing a 4 star model (currently rated at 6 stars) over a 2 star model (currently rated at 4 stars). That adds up to about \$100 per year or more than \$1000 over the life of the product.

Star Rating	Energy (kWh/Yr)	Energy (\$/Yr)	Accumulative Saving \$/Yr	Accumulative Saving %
1	2,278	\$539.6	\$0.0	0.0%
2	1,927	\$456.6	\$83.0	15.4%
3	1,670	\$395.7	\$143.9	26.7%
4	1,474	\$349.2	\$190.5	35.3%
5	1,319	\$312.4	\$227.2	42.1%
6	1,193	\$282.7	\$257.0	47.6%

The revisions to the label and to MEPS criteria are forecast to reduce annual growth in energy demand for this product by about 10% by 2020 (against business as usual). This helps to:

- o Enhance security of supply
- o Reduce the need to invest in new energy supply infrastructure (and associated costs and environmental impacts)
- o Reduce the absolute amount of energy required for New Zealand to meet its target of 90% renewable electricity generation by 2025

The energy savings will reduce CO2-equivalent emissions by an estimated 971kt over a 10 year period – worth about \$20M at today’s price.

⁴ The common term for an air conditioner when used for heating

Refrigerators/freezers (Costs and Benefits)

Costs and benefits for revisions to energy performance labelling for refrigerators/freezers outlined below assume that all impacts (beside taxpayer/programme costs) accrue to the consumer and nation.

Product	Total benefit (\$M)	Total cost to business (\$M)	Net benefit (\$M)	Benefit-cost ratio	Energy saved (GWh)	Emissions saved (kt CO2-e)
Refrigerators & freezers	25.9	9.8	16.1	2.6	342.0	238.0

Costs

The proposal is limited to amending existing regulation to ensure it remains effective and consistent with updated and revised labelling requirements in Australia i.e. costs for new models entering the market will be equal to those under the existing MEPS and labelling programme.

Nevertheless there are one-off costs for business incurred during the transition from the old to the new label. For existing models that continue to be manufactured or imported after the new label is introduced, additional costs will be incurred by manufacturers and suppliers, to re-calculate the rating, re-register the model, and plan transitional arrangements (rotating and re-labelling stock) with retailers. This will have a small impact on floor-room prices.

Manufacturers and suppliers

The test method was updated in 2007 and those models tested to this method (registered since its publication) will only incur costs for re-labelling and re-registering. (Option A in the table below)

However, those models tested to the pre-2007 test method will incur higher costs to either:

- have their test data re-processed (Option B in the table below, less costly than full re-testing and applicable to roughly half the affected models); or
- be completely re-tested (Option C in the table below, which applies to roughly half the affected models).

Activity	Cost per model (NZD)	Total cost Aus & NZ (NZD)
Option A		
• Administrative costs	330	
• Registration fee*	165	
• TOTAL	495	174k approx
Option B		
	330	

<ul style="list-style-type: none"> • Administrative costs • Recalculating rating • Registration fee* • TOTAL 	495 165 990	174K approx
Option C <ul style="list-style-type: none"> • Administrative costs • Recalculating rating • Registration fee* • TOTAL 	330 4950 165 5445	1M approx

*These costs are only incurred if the product is being registered in Australia

Retailers

Activity	<i>Per unit</i>	<i>NZ Total (NZD)</i>
Staff training		
Label replacement in showrooms		
Stock handling		
Fielding customer enquiries	\$11	\$110,000

Total costs are based on the assumption that 5% of stock from the affected models will pass through retail showrooms and will therefore need to be re-labelled. Funding has been allocated as part of government costs to assist and educate retailers during the transition.

Consumer Costs: It is assumed that -

- a) Businesses will ultimately pass on their costs to customers as a mark-up in the purchase price.
- b) Costs are marked-up in retail prices by a factor of two (the same ratio as the mark-up of wholesale to retail price).

The combined cost to manufacturers, importers, and retailers in Australia and New Zealand is about AUD\$1.9M (NZD\$2.09M). Marked up by a factor of two, this equals costs to Australian and New Zealand consumers of around AUD \$3.8M (NZD\$4.18M) in total. This works out at an increased cost to the consumer of \$0.40 per appliance sold if business costs are recovered over a ten year period, or \$4.00 per appliance sold if business costs are recovered over a one year period.

Benefits

The main benefits from revising the label will be come from its continued influence on consumer purchasing decisions⁵.The label will have a diminishing impact on purchase decisions if no action is taken.

As an example, a consumer buying a popular two-door fridge who uses the revised label could save 40% per year in energy costs by choosing a 4 star model (currently

⁵ Particularly valuable in the absence of clear price signals

rated at 6 stars) over a 2 star model (currently rated at 4 stars). That adds up to \$40 per year or at least \$400 over the life of the product.

Star Rating	Energy (kWh/Yr)	Energy (\$/Yr)	Accumulative Saving \$/Yr	Accumulative Saving %
1	578	\$137.0	\$0.0	0.0%
2	445	\$105.5	\$31.5	23.0%
3	343	\$81.2	\$55.8	40.7%
4	264	\$62.5	\$74.4	54.3%
5	203	\$48.1	\$88.8	64.8%
6	157	\$37.1	\$99.9	72.9%

- The existing programme is already forecast to reduce the absolute amount of energy used by refrigerators and freezers. However, additional energy savings will accumulate if the label is revised (an additional 10% per annum by 2020). Reductions in national energy demand provide the following national benefits:
 - Enhance security of supply
 - Reduce the need to invest in invest in new energy supply infrastructure (and associated costs and environmental impacts)
 - Reduce the absolute amount of energy required for New Zealand to meet its target of 90% renewable electricity generation by 2025
- The energy savings will reduce CO₂-equivalent emissions by an estimated 238kt over a 10 year period – worth about \$5M at today’s price.

IMPLEMENTATION AND REVIEW

The proposed revisions will be implemented in New Zealand through making an amendment to the Energy Efficiency (Energy Using Products) Regulations 2002 to revise the title of the relevant Australia/New Zealand Standards listed under Schedules 1 (for MEPS) and 2 (for labelling) of the Regulations⁶.

For both products, the new requirements will apply immediately to new models entering the market but a transition period will be provided for existing models that continue to be manufactured and imported after the regulations take effect. This will allow for the sell-through of existing stock rated under the old label - to minimise confusion to customers, and reduce the costs of the transition from the old to new label for manufacturers, suppliers and retailers.

Impact on the stock of regulation (existing regulation)

The proposed regulation does not overlap or misalign with existing regulation, nor does it add to the existing stock of regulation.

⁶ The revision will be to update the year of publication in line with when the revised standards were published

Notifying affected parties

- **Advance notice**: Stakeholders have been notified at key points during the development of these proposed revisions so will be prepared for the changes when they are implemented.
- **Industry**: compliance fact sheets/online resources will be available to assist manufacturers, suppliers and retailers of the relevant products and equipment to understand the changes to standards and their implications.
- **Consumers and retail staff**: Information resources (e.g. online and printed fact sheets) and retailer training will be available to ensure that both retailers and consumers can understand the new label and apply it to purchase decisions, and to explain the changeover in the rating scale during the transition period.

Compliance, monitoring and enforcement

- ***Education***: New Zealand regulators use education as their primary tool for achieving compliance. This involves raising awareness of the regulations, creating resources to help industry members understand their obligations and working cooperatively with non-compliant business to achieve compliance.
- ***Penalties***: Under the Regulations, penalties of up to \$10,000 can be sought for each instance of non-compliance. This tends to be a last resort pursued for businesses that repeatedly fail to meet their obligations. Instances of non-compliance may also be publicised.
- ***Check-testing***: Sample models of products subject to requirements are checked to see whether they perform as claimed by the manufacturer when tested by an independent, accredited laboratory. Products are chosen based on risk factors such as: history of success and failure in check tests; newer models (likely to remain on the market for longer); high volume sales; high efficiency claims; and complaints.
- ***Sales data***: Under Section 9 of the Energy Efficiency (Energy Using Products) Regulations, those companies that register models under the labelling and MEPS programme must provide annual data on sales and imports of those models. The data helps with post-intervention evaluation, as discussed under “review” below.

Review

The sales data collected from industry is collated with energy data on the relevant products in the registrations database. The results are used to assess whether the measures are achieving the intended market transformation, including:

- Tracking actual against forecast savings;
- Checking the accuracy of pre-intervention assumptions about sales volumes and consequent energy use;
- Determining levels of compliance with criteria.

The standards and the market for products subject to measures are reviewed within three to five years. Revisions may be proposed where, for example:

- A loophole in the test method or energy performance criteria has been identified;
- Widespread adoption of more efficient technology or components means that higher energy savings are achievable through an adjustment to the criteria.

CONSULTATION

Air conditioners

The air conditioning industry has been closely involved in setting mutually acceptable levels and timeframes. As air conditioners have been subject to energy efficiency regulation since 2002, there is an established relationship between government and industry regarding labelling and MEPS.

Consultation began in 2005, and a number of stakeholder forums were held during 2007, 2008 and 2009, in addition to market research with consumers and retailers.

The proposal was publicly notified in the New Zealand Gazette in October 2007 and through the World Trade Organisation Technical Barriers to Trade notification process in June 2009.

Industry was represented on the standards development committee and invited to make submissions on a public comment draft before the standard was finalised for publication.

Submissions from industry were generally supportive and most concerns related to technical details of the proposal. A number of changes were made to the proposal in response to these. Some New Zealand stakeholders queried the value of expanding the rating scale to ten stars and it was noted that Australia and New Zealand standards for air conditioners are now set at world best practice.

Refrigerators and freezers

Like the air conditioning industry, the refrigeration industry has been closely involved in setting mutually acceptable levels and timeframes. Refrigerators and freezers are the longest-standing products subject to MEPS and labelling. There is an established relationship between government officials and the refrigeration industry regarding MEPS and labelling.

Industry was consulted on the proposal:

- October 2007: Proposal publicly notified
- November 2007: cost benefit analysis released for comment
- June 2008: regulatory impact statement released for comment
- June 2009: A World Trade Organisation Technical Barriers to Trade Notification

Industry was represented on the standards development committee and invited to make submissions on a public comment draft before the standard was finalised for publication.

Submissions were generally supportive of the proposal. Concerns were raised about how the revisions would affect existing stock but it was made clear that it will not be significantly affected. Concerns were also raised about transitional costs, and were taken into account.