

Mr. Georgios Takoudis  
Mme. Isabelle Michiels  
European Commission  
DG Energy  
Rue Demot 24  
1040 Bruxelles

Dear Mr. Takoudis and Mme. Michiels,

I am providing this letter in my capacity as Chair of the Steering Committee of the Voluntary Industry Agreement to reduce the energy consumption of Complex Set Top Boxes within the EU (the "CSTB VA"). The agreement became effective in 2010, and in 2012 the Commission approved it as an alternative to mandatory requirements under the Ecodesign Directive.<sup>1</sup> The purpose of this letter is to advise the Commission that the CSTB VA has successfully achieved its primary purpose and is being retired.

It is our opinion that it would be unnecessary and unproductive for the Commission to dedicate resources to initiating a proceeding to consider the development of replacement mandatory requirements for CSTBs for the following reasons.

The VA is no longer necessary as it has successfully accomplished its core objective. The average energy usage of CSTBs has fallen by 40% under the VA's commitments even as functionality has increased with support for high-definition and 4K content, improved interactive guides and search capabilities, home networking, and high efficiency video coding (HEVC).

A new proceeding focused on traditional CSTBs would be inappropriate as CSTBs are no longer representative of the future of the video market. In 2009, when the CSTB VA originated, set-top boxes were a large and growing contributor toward total residential energy usage, and were the only option for most consumers to access premium digital video programming. Since that time, radical changes in the video marketplace and significant improvements in the energy efficiency of set-top boxes and video service delivery have greatly diminished the relevance of CSTBs to ongoing energy policy in the 2020s.

Consumers are increasingly watching Internet-delivered streaming video services as alternatives to traditional cable and satellite video services. These new services have already secured one-third of all video subscriptions in Europe and will likely near or surpass a majority by the mid-2020s. In addition, consumers are also increasingly accessing video without set-top boxes using apps on their tablets, smartphones, Smart TVs, and streaming devices such as dongles and sticks that were not covered by the CSTB VA. As a combined result of these trends, global set-top box purchases have fallen sharply, especially in markets such as Europe and North America where the cable and satellite markets were already mature. Even before the COVID-19 pandemic that accelerated these trends, revenues from set-top box shipments to Europe were projected to drop by more than 40% from 2018 to 2023.<sup>2</sup> Purchases reported by the signatories for the VA's final reporting period fell by 23% from the prior year, mirroring an 18% year-over-year decline in set-top box purchases reported by the video service provider signatories of a similar voluntary agreement in the United States.

Maintaining a VA that only covered declining traditional set-top boxes but not surging alternatives would have been inconsistent with Commission requirements that self-regulation measures cover at least 80% of a relevant market to be recognised as alternatives to regulation. Moreover, disparate treatment of equipment serving the same larger video marketplace could undermine competition and innovation.

But instead of expanding the VA to cover additional types of video devices, the Commission's 801/2013 network standby requirements alone are more than adequate to meet energy usage policy objectives now that CSTB on mode power has been substantially reduced under the VA.<sup>3</sup> The application of the network standby legislation to CSTBs superseded the intention of the VA to serve as a stand-alone self-regulatory program, and the existence of overlapping regulatory schemes unnecessarily increased costs and potential confusion.

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<sup>1</sup> Report from the Commission to the European Parliament and the Council on the voluntary ecodesign scheme for complex set-top boxes, COM/2012/0684 (22 November 2012) at page 6.

<sup>2</sup> S&P Global Market Intelligence, *Total global set-top box shipments, revenue to decline through 2023* (20 November 2019).

<sup>3</sup> Ecodesign policy would be better served by a self-regulation measure for network standby and any other energy requirements for video and Internet service devices since these technologies continue to change rapidly.

For these reasons, the CSTB VA has successfully achieved its primary purpose and is being retired. Although the VA is concluding due to the transformation of the video market, the parties' conduct under the VA and the record of these annual reports may serve as a model for future self-governance measures, including openness of participation, added value, representativeness, quantified and staged objectives, involvement of civil society, monitoring and reporting, cost-effectiveness and sustainability. To assure that record of achievement is available transparently to all stakeholders, the Steering Committee of the VA decided to incur the additional cost for the Inspector to prepare the attached final report to complete the record.

Sincerely,

Bill Skeates  
Chair, Steering Committee of the CSTB VA