

# POLICY INSTRUMENTS FOR THE ENERGY EFFICIENCY SECTOR: ENABLING MECHANISMS FOR A “FIT FOR 55”

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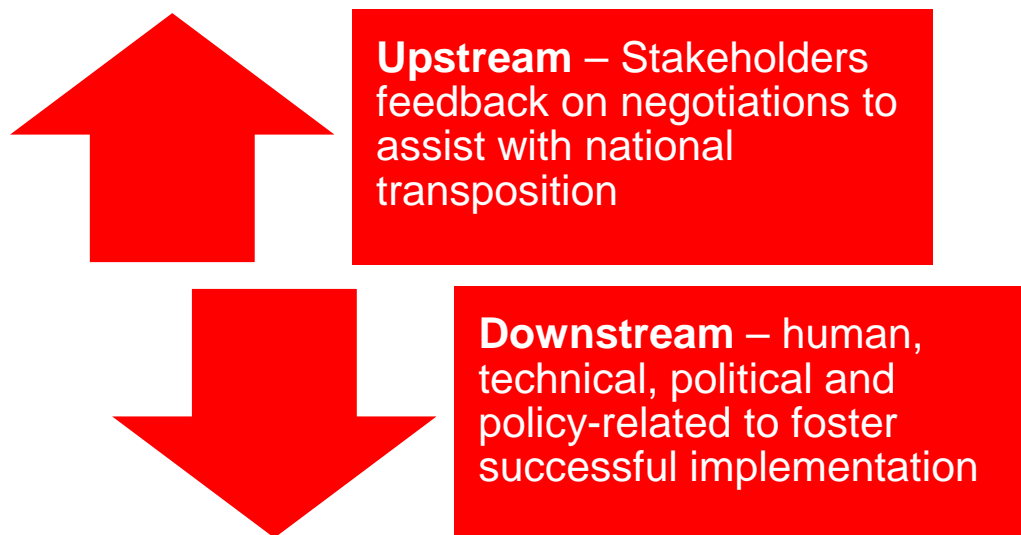
May 12th 2023

## Outline

- Goal
- Expected results
  - Persistent gaps in policy
  - Households EE renovation decisions
  - Incentives and barriers
- Past and future activities

## Goal

The goal of *PIREES55* is to shed light on the enabling mechanisms needed to reach the proposed targets of the European Commission's "Fit for 55" legislative package in the energy efficiency field.



## Expected results

1. Insights into **persisting gaps** in the European legislative framework on energy efficiency and subsequent guidelines for policy implementation at national level
2. Large-scale data on **household energy efficiency renovation decisions**
3. Insights into **incentives and barriers that support or work against household motivation** to invest in building renovation.

# 1. Persisting gaps: the policy landscape

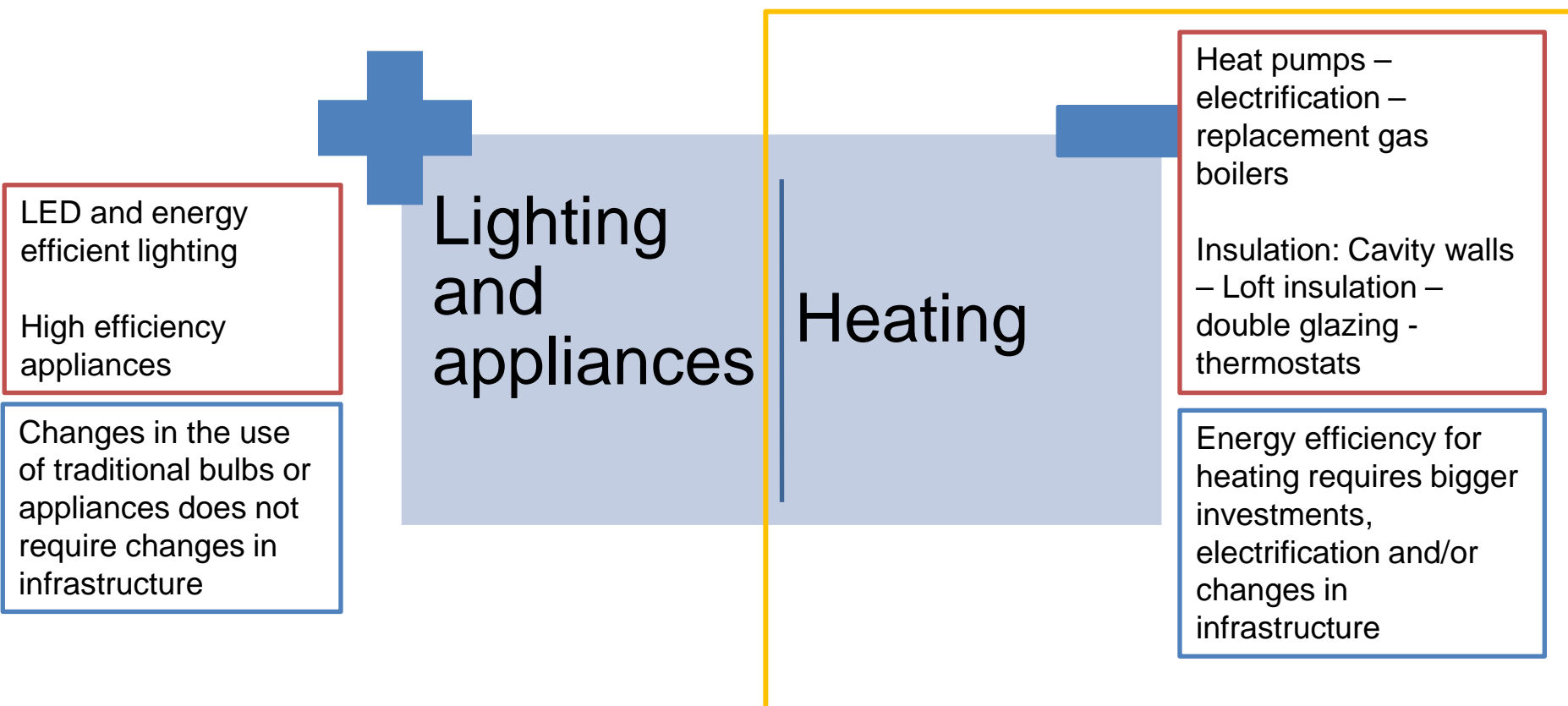
## Initial results and next steps

- Need for better harmonisation of clean energy policies at EU level (esp. EED, EPBD, RED)
- No national targets for EE → Binding measures and stringent implementation
- Need for accompanying Member States through implementation of complex settings (esp. Energy efficiency obligations of Art. 7 & 8 EED)
- Alignment with national plans & policies → Governance Regulation is outdated and needs adaptation

## 2. Households EE renovation decisions: the challenges of EE in households

Important distinction to make when talking about energy efficiency in households:

**Types of energy efficiency measures installed**

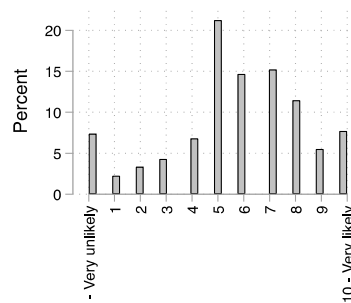


### 3. Incentives and barriers

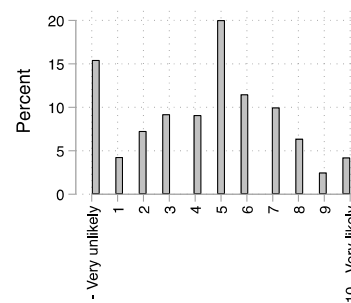
#### Initial results and next steps

**Outcome 1: Examining the Effect of National-Level Energy Efficiency Policies on Household Adoption: Barriers and Social Challenges in the UK**

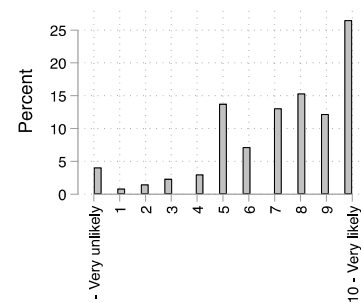
1. Scheme awareness –  
Lack of information
2. Impacts on bills – Ex -  
post effectiveness
3. Likelihood of adoption –  
Policy preferences



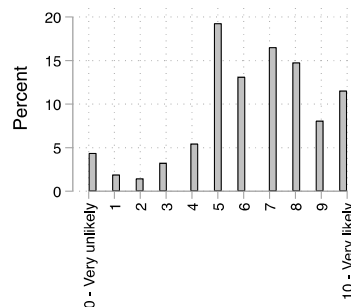
Tax credits



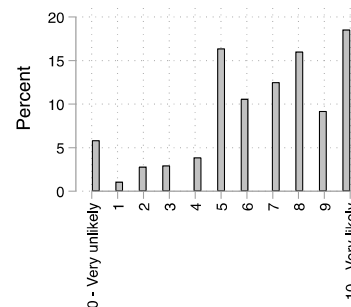
Loans



Grants



Elimination of administrative barriers



Payments to utilities

## Report on past and future activities

**12/22:** Pre-kick-off workshop jointly with the EIB in Brussels to gather field experts' guidance for the project.

- strong need for better European coordination of energy efficiency and clean energy policies.
- strong need to gather further data and insights on household renovation decisions beyond pure economic incentives.

**02/23:** Hire student vacataire: Emilie Wehler – thanks! Publication workshop summary report:

[https://www.sciencespo.fr/liepp/sites/sciencespo.fr.liepp/files/CR%205%20d%C3%A9cembre%20-%20Fit%20for%2055\\_0.pdf](https://www.sciencespo.fr/liepp/sites/sciencespo.fr.liepp/files/CR%205%20d%C3%A9cembre%20-%20Fit%20for%2055_0.pdf)

**03/23:** Analysis of UK survey for paper: *Examining the Effect of National-Level Energy Efficiency Policies on Household Adoption: Barriers and Social Challenges in the UK*

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**06/23:** Workshop organisation during the EU Sustainability Week 2023 (EUSEW) – interviews field.

**06/23:** Start paper: *After Energy Efficiency: Factors Influencing Energy Consumption in Households, Impact of EE Measures and Behavioural Adaptation*

**07/23:** Redesign and run survey for France, Germany and Spain. Experiment idea: SURVEY to test willingness to pay for energy efficiency measures after information about savings/health/environment. This would determine partially the amount of financial -and other types of- support needed to foster the adoption of EE measures.



*Thanks !*

## Setting the context

### Final energy consumption in buildings in EU-27

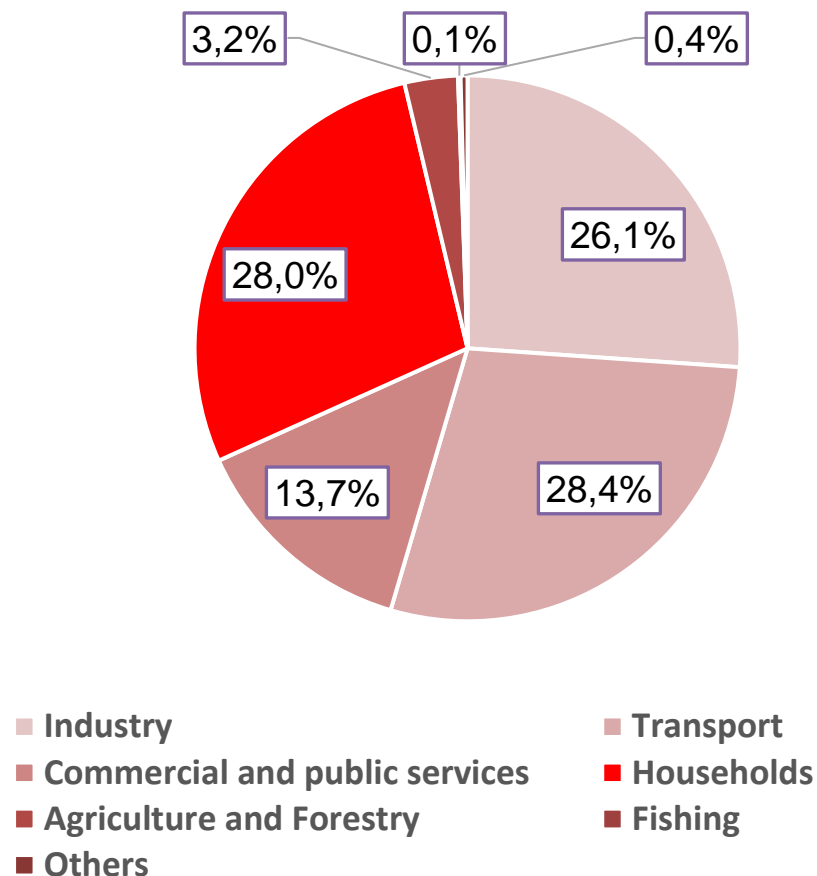
Source: Council of European Union 2023

## Setting the context

### Final energy use by sector EU-27 (%) in 2020

Source: Own elaboration with data from Eurostat

- Households are the second largest sector in terms of energy use after transport in Europe.



## Setting the context

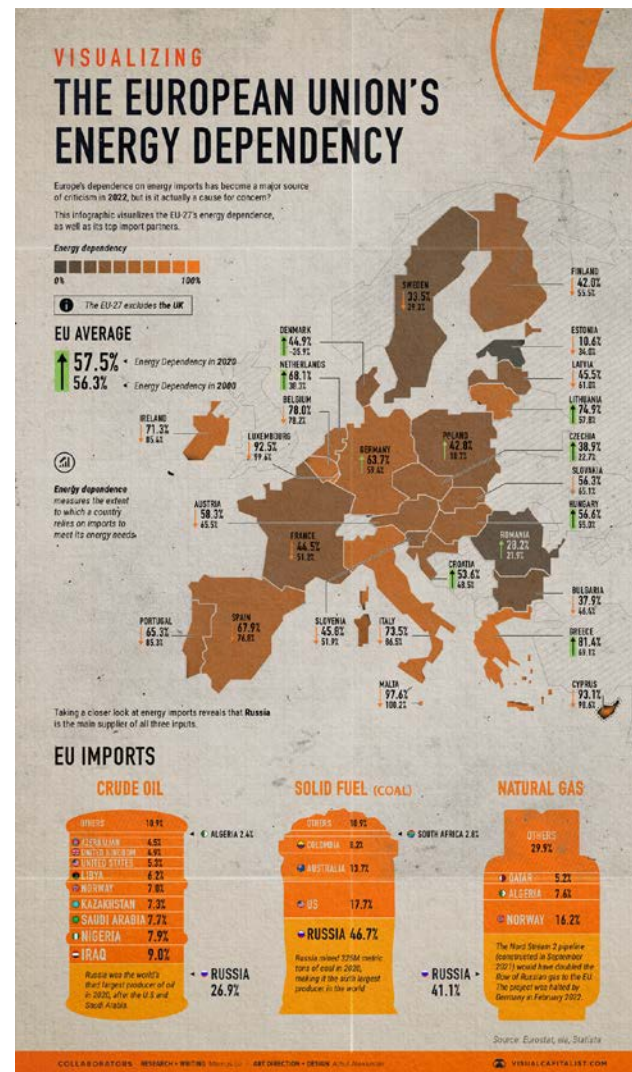
## One of the reasons for the increase in prices

Source: Visualcapitalist.com

*"In the past, clean energy options were supported for climate-related reasons."*

*“But today, the biggest driver of heat pumps, of solar, of wind power, or electric cars in Europe is energy security. So the driver has changed. **And energy security is now the main driver**”*

Euractive Interview with Fatih Birol - IEA's executive director (Euractive, 1<sup>st</sup> Dec 2022).



# 1. Persisting gaps: the policy landscape

Policies in a challenging political context

**REPowerEU: A plan to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition**

Source: EU, 2022

## TWO MAIN GOALS

1. End Europe's dependence on Russian fossil fuels as quickly as possible (by 2027) and with a 2/3 cut in Russian gas consumption by the end of 2022.
2. Securing long-term sustainability, cost-effectiveness and energy supply to the EU energy system.

# 1. Persisting gaps: the policy landscape

## Policies in a challenging political context

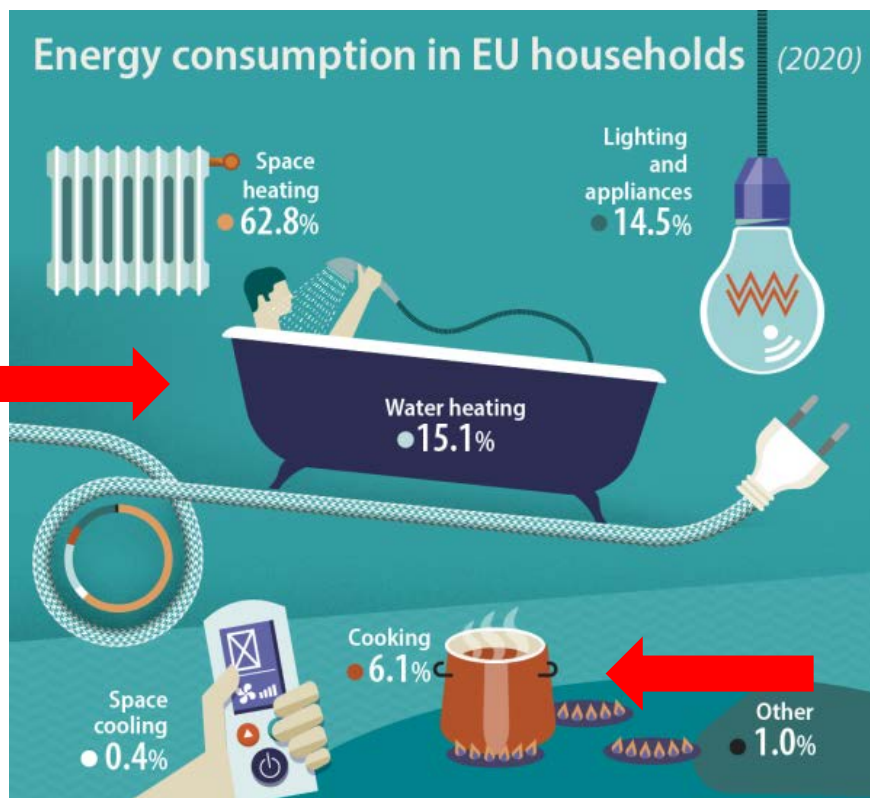
**REPowerEU: A plan to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition**

Source: EU, 2022

1. Increase from 9% to 13% the binding Energy Efficiency Target under the 'Fit for 55' package established in the Green Deal
2. EU Save Energy Communication detailing short-term behavioural changes to try to gas and oil demand by 5%
3. Foster the implementation of fiscal measures by Member States to encourage energy savings e.g. reduced VAT rates on energy efficient heating systems, building insulation and appliances

## 2. Households EE renovation decisions: the challenges of EE in households

Important distinction to make when talking about energy efficiency in households



ec.europa.eu/eurostat

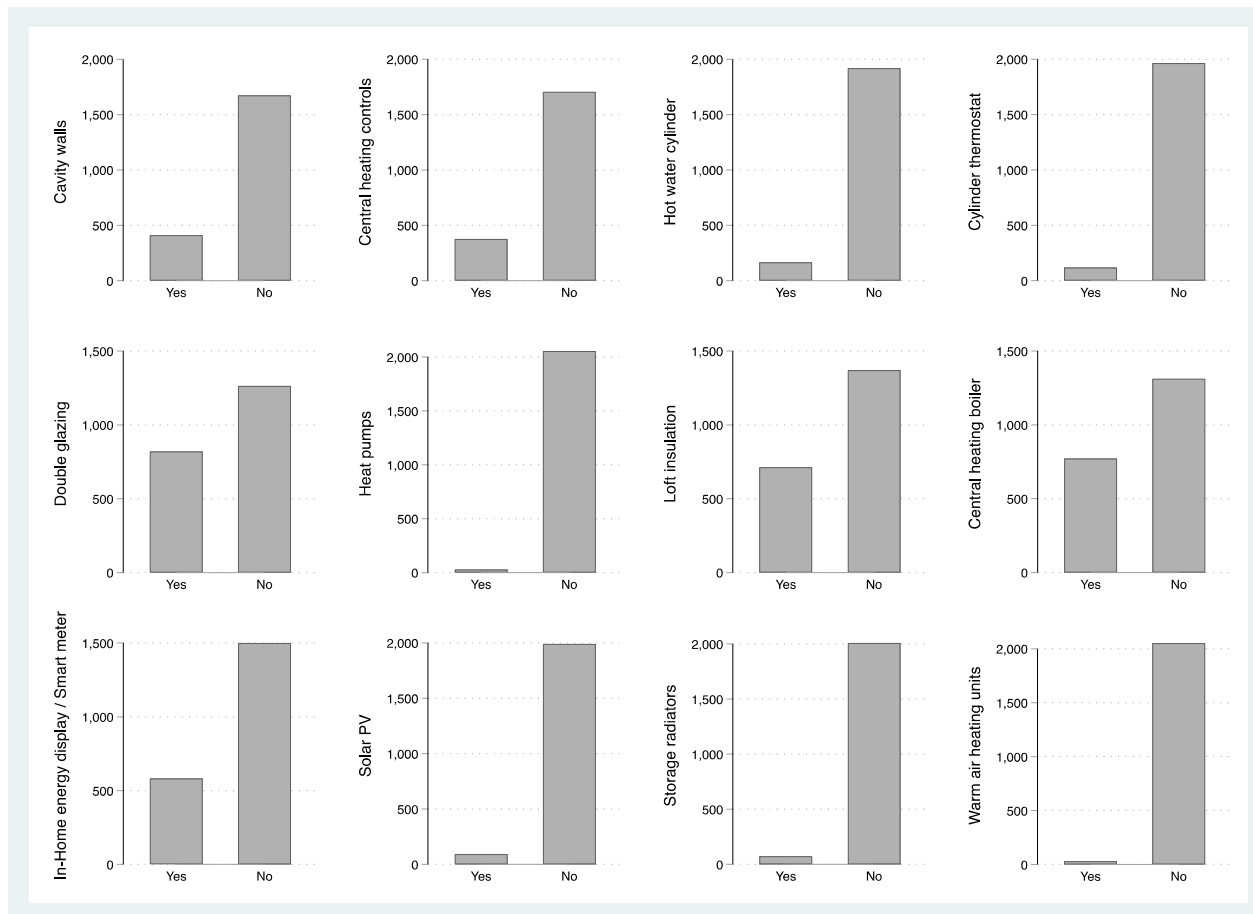
1. Types of EE measures installed
2. Scheme awareness – Lack of information
3. Impacts on bills – Ex - post effectiveness
4. Likelihood of adoption – Policy preferences

## 2. Households EE renovation decisions: the challenges of EE in households

### Initial results and next steps

### Measures installed

**Outcome 1:**  
*Examining the Effect  
of National-Level  
Energy Efficiency  
Policies on  
Household Adoption:  
Barriers and Social  
Challenges in the  
UK*



Source: Own elaboration with survey data (N=2,084 – representative sample UK)

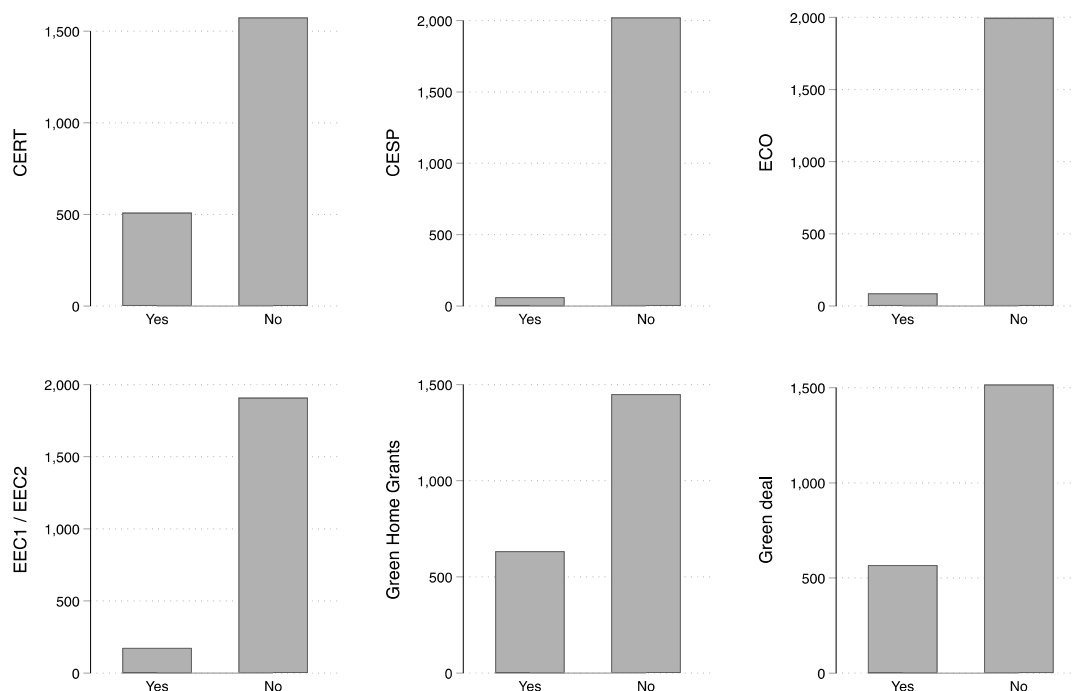


### 3. Incentives and barriers

#### Initial results and next steps

#### Scheme Awareness - Lack of information

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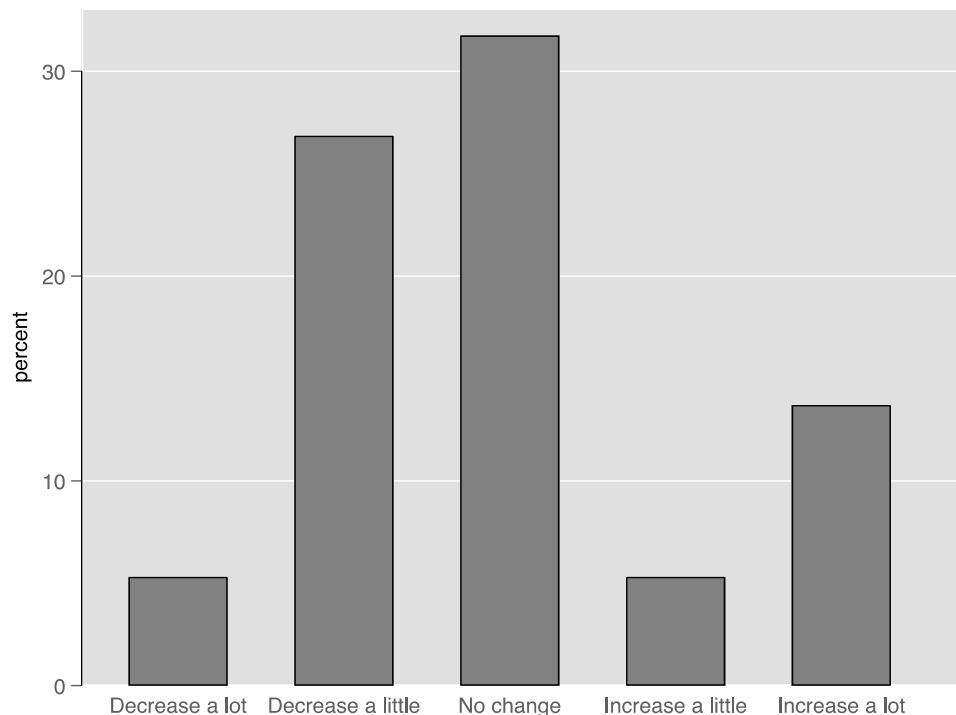
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### 3. Incentives and barriers

#### Initial results and next steps

#### Impacts on bills – Ex post effectiveness

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### 3. Incentives and barriers

### Likelihood of adoption - Policy preferences

#### Initial results and next steps

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