Addressing the non-financial barriers - making energy efficiency finance work

C4E Forum

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ENERGIE- UND KLIKAUFONDS

EKF-MILLIARDEN BLEIBEN UNGENUTZT LIEGEN

POLITIK 24.04.2018 - 14:44  GERWIN KLINGER  0  

Energieeffizienz
Three questions on non-financial barriers to energy efficiency

Why do energy efficiency finance instruments fail?

What are non-financial barriers?

What role for policy?
Why do energy efficiency finance instruments fail?
Example of the Green Deal

“The Green Deal will be a revolution. The most ambitious energy-saving plan ever put forward. A once-and-for-all refit that will make every home in Britain ready for a low-carbon future.”

*Chris Huhne, Secretary of State for Energy and Climate Change, 2010-12*
HATE RISING ENERGY COSTS?
GREEN DEAL WITH IT.

The Green Deal, set up by Government, is a new way to pay for home improvements like insulation, double glazing or a new boiler. It lets you pay for some or all of the improvements over time through your electricity bill. Repayments will be no more than what a typical household should save in energy costs.

Find out more at gov.uk/greendeal or call 0300 123 1234

UP TO £1020* CASHBACK (Electricity only)

*Based on installing solid wall insulation, loft insulation and a new boiler under the Green Deal. The Green Deal is not available in Northern Ireland. A different cashback scheme operates in Scotland. Full details available at gov.uk/greendeal.
Example of the Green Deal

Sources: BEIS 2017b; Committee on Climate Change 2013, 2017; Lees 2006, 2008; Ofgem 2003, 2005, 2008)
A post-mortem of the Green Deal reveals non-financial barriers played major part in its failure

Short communication

A post mortem of the Green Deal: Austerity, energy efficiency, and failure in British energy policy

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What are the non-financial barriers?
RESIDENTIAL LEASE AGREEMENT

Date: ______________________

1. PARTIES. This Lease is between you, the tenants(s) (list all people signing the Lease): ____________________________

(“Tenant”) and us, the owner(s): ____________________________ (“Owner”)

Tenant agrees to lease any grounds, garage or other improvements of the duplex located at: ____________________________ for use as a private dwelling. The term “Tenant” refers to all residents listed previously in this paragraph. If anyone else has guaranteed performance of this Lease Contract, each guarantor must be executed.

2. OCCUPANTS. The unit will be occupied by tenant and (list all other occupants not signing this Lease Contract).
How should policy respond?
One stop shop – example from NZ

Being more energy efficient is all about choices.

This site is full of practical information, advice and tools to help you make those choices at home and on the road.
Better qualification
Accreditation similar to Energiesprong and renewable energy installers
Tax reform to embed EE in long-term investment cycles

Example: property transfer tax

<table>
<thead>
<tr>
<th>Value of the property</th>
<th>€300,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current PTT of 4 %</td>
<td>€12,000</td>
</tr>
<tr>
<td>Energy performance (Energy Performance Certificate rating and kWh/m²)</td>
<td></td>
</tr>
<tr>
<td>A (40 kWh/m²)</td>
<td>€12,000</td>
</tr>
<tr>
<td>D (100 kWh/m²)</td>
<td>€12,000</td>
</tr>
<tr>
<td>G (200 kWh/m²)</td>
<td>€12,000</td>
</tr>
<tr>
<td>Change in PTT</td>
<td>-60</td>
</tr>
<tr>
<td></td>
<td>0 %</td>
</tr>
<tr>
<td></td>
<td>+60 %</td>
</tr>
<tr>
<td>PTT after adjustment</td>
<td>€4,800</td>
</tr>
<tr>
<td></td>
<td>€12,000</td>
</tr>
<tr>
<td></td>
<td>€19,200</td>
</tr>
</tbody>
</table>

Source: Jahn and Rosenow 2017
Conclusions
Conclusions

Even with good intentions EE policies can fail

Non-financial barriers remain pertinent

Policy needs to be designed to address all barriers
About RAP

The Regulatory Assistance Project (RAP)® is an independent, non-partisan, non-governmental organization dedicated to accelerating the transition to a clean, reliable, and efficient energy future.

Learn more about our work at raponline.org