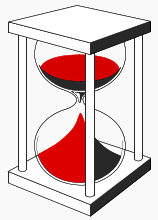
Association for the Conservation of Energy



Are ‘market’ and ‘multiple benefits’ frames helping policy makers?

Joanne Wade

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Briefly…

- These frameworks are extremely useful
- They are already helping policy makers

But

- We need to make better use of them
- We need to enhance them by telling stories and ‘making it real’

Key benefit of the frameworks

These reports are enabling us to work with policymakers to shift perception of energy efficiency

- … Away from a 'nice to have' add-on, if there is enough money
- …Towards the recognition that this is a fundamental element of our energy (and wider) infrastructure

Multiple benefits: current state of play

- More strength to the argument that energy efficiency makes economic sense
- Increasingly, some elements are integrated into policy and programme appraisal

- BUT
- Even when cost effectiveness is acknowledged, action is limited

The EE Market: current state of play

- ‘First fuel’ argument is beginning to be used
- Governments (national and local) are starting to support the development of energy efficiency finance
  - Green Investment Banks
  - Loan Guarantees
  - Subsidised interest rates
  - Capacity building for ESCos

BUT

- There is limited evidence that the need for policy certainty is recognised
- There is limited evidence that the importance of the sector is understood

Multiple benefits: new uses

Defining energy efficiency as infrastructure

- Unlocks investment; increases priority
- Other policy areas where multiple benefits are used:
  - land-use planning
  - major transport network developments
- These relate to investment in local and national infrastructure
- Energy efficiency has similar characteristics; so we should treat it in the same way

Multiple benefits: new uses

Engaging new groups

- Macro-economic: get the climate sceptics on board
- Public budgets: convince finance ministries to see this as infrastructure investment
- Health and well-being: persuade health professionals that they should devote resources to energy efficiency action

BUT

- Need to focus: using all the benefits dilutes the message
- Need the right messenger: someone trusted / with authority

The EE Market: new uses

Changing the conversation…

- Make it about investment, jobs, economic recovery…
- Use the decomposition analysis to show how energy efficiency is giving us so much more for our money:
  - move the conversation away from energy prices
- Use the country case studies to highlight how the right policy framework can lead to investment in energy efficiency supply chains (e.g. Japan and LED lighting):
  - move the conversation away from short term financial incentives to temporarily stimulate action

Bringing the two elements together

A question:

The markets report refers to an Italian tax deduction for residential sector energy efficiency measures

It is reported as costing €13 billion in foregone tax revenue to stimulate €23 billion in energy efficiency investment…

What were the benefits to the public finances of these investments?

If we bring the 'market' and 'multiple benefits' frames together, do we have an argument that is stronger than the sum of the two parts?

Multiple benefits: a story

Health benefits

- Local area in the East of England; high levels of deprivation: low incomes and poor housing quality
- New policy: health and well-being boards
- Housing manager in the local authority:
  - *the health professionals don't realise that they should work with us, because they can't see what a housing department in the council can do for them*
- Pilot scheme, GPs and health visitors referring patients to energy efficiency scheme:
  - *They can see the benefits for their patients and want to talk to us; we are at the beginning of a new working partnership*

The EE Market: a story

- Island community in the South East of England
- Local installers competent in energy efficiency installations and trusted by the local community
- Not able to participate in energy supplier schemes because framework contracts require willingness to work across wide geographical area
- Take the local market into account: pilot scheme, local delivery
- Local installers engaged; community trust activated; installers 'selling on' further energy efficiency work

Thank you

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