

How can a policy theory guide implementation and monitoring of new policy instruments

Results from the AID-EE project (**A**ctive **I**mplementation of the **D**irective on **E**nergy **E**fficiency)

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Reasons to the project (1)

- EU Directive on **End-use Energy Efficiency and Energy Services (EE-Directive)** that will enter into force on the 17th of May 2006
- The EE-Directive sets an indicative target of 9% cut in energy use compared to business-as-usual in the period 2008 – 2017
 - Most Member States currently don't have separate official energy efficiency targets in place
- The Directive requires Member States to draw up a series of energy efficiency action plans (EEAP)
 - First deadline is 30 June 2007.

Reasons to start the project (2)

- Directive puts strong focus on ‘measuring’ energy savings
- Role of the **AID-EE project** within the implementation process of the Directive:
 - Provide lessons learned on success and failures, and on the impacts, effectiveness and efficiency of policy instruments that should help Member states in implementing effective policies to reach the target set in the EE-Directive
 - Providing input to Member States for drawing up their Energy Efficiency Action Plan (EEAP)



Approach: theory based evaluation

- Application of a standardised evaluation methodology based on the 'theory based policy evaluation', which not only focuses on the final impact (energy savings), but also on intermediate indicators and on the interaction between instruments.
- Ex-post evaluation of 20 instruments applied in different sectors (households, services, industry, transport) across Europe.

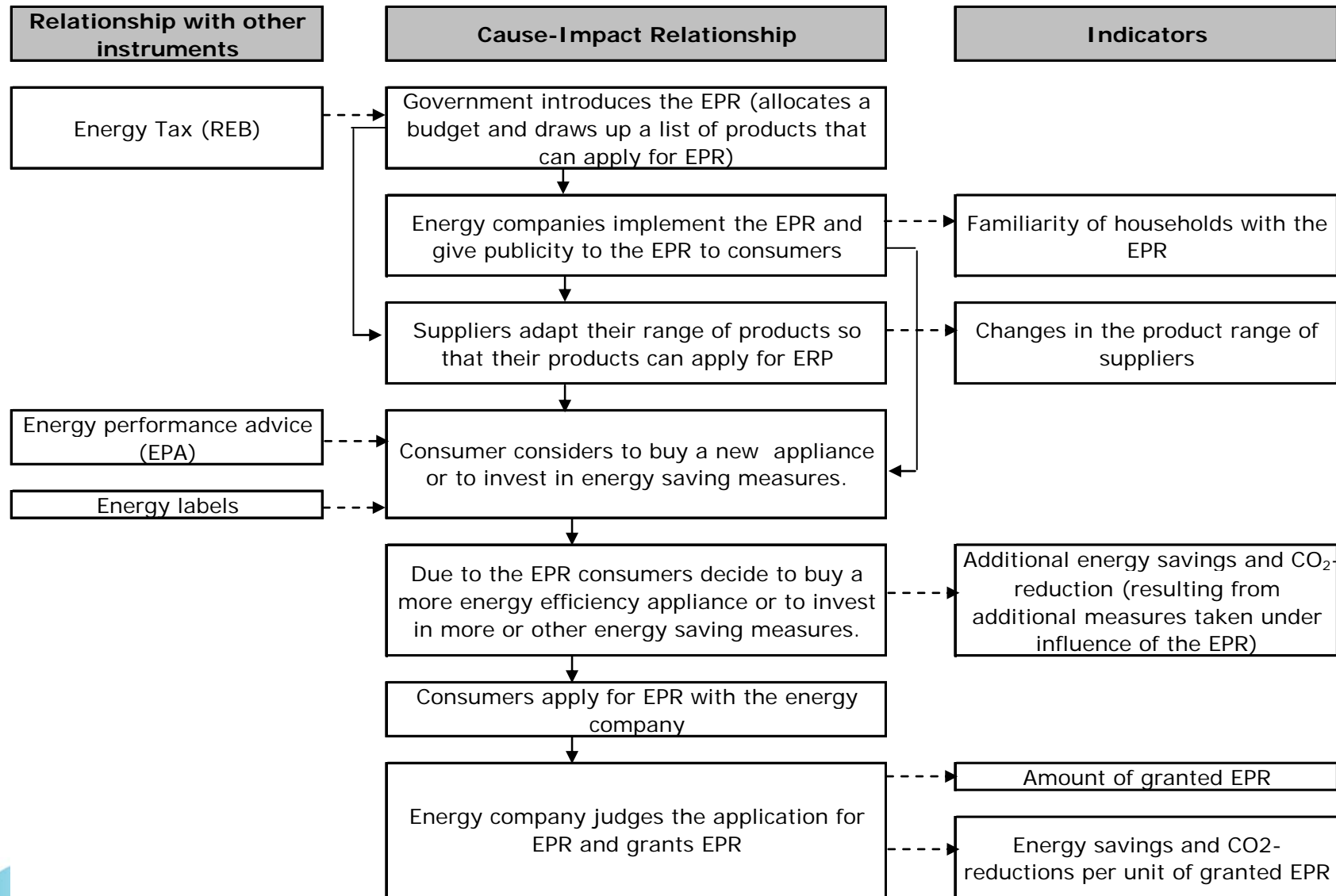
Main characteristics of the theory based approach

- Evaluates the final outcome of policy instruments, i.e., the target achievement, net impact, and cost-efficiency
- Evaluates the WHOLE POLICY IMPLEMENTATION PROCESS through the identification and *quantitative* analysis of indicators for each step in the implementation process
- Analyses the main SUCCESS and FAIL FACTORS of policy instruments, through a *qualitative* analysis of the reasons behind different developments
- Provides insight on WHY a policy instrument succeeded or failed and how it can be adjusted (redesigned)

Practical approach: 6 steps

1. Make an initial characterisation of the policy instrument
2. Draw up a policy theory
3. Translate the policy theory to concrete indicators and identify success and fail factors
4. Draw up a flow-chart of the policy theory 
5. Verify and adjust the policy theory
6. Collect information and analyse all aspects of the policy theory (including target achievement, net impact and cost-effectiveness) 

Example: Subsidy scheme for households



“Buzz” words in policy evaluation

- NET IMPACT: The extent to which a policy instrument made/makes a difference compared to the situation without a policy instrument
- TARGET ACHIEVEMENT: To what extent do/did the policy instruments contribute to achieving the targets
- COST-EFFICIENCY. What was/are the cost effectiveness of policy instruments, and could targets have been reached against lower costs

Evaluated policy instruments

1. Building standard (NL)
2. Energy regulation buildings (IT)
3. Energy manager obligation (IT)
4. Top runner approach (JP)
5. Energy Efficiency Commitment (UK)
6. Mandatory targets for network companies (BE)
7. ACEA agreement (EU)
8. Voluntary agreement (DK)
9. Audit programme (FIN)
10. FEMP (US)
11. EE Procurement group (SE)
12. Energy+ (EU)
13. Advice service (DE/NRW)
14. Energy concept for industrial branches (DE)
15. Industrial EE network (NO)
16. Local energy advisors (SE)
17. Eco-driving (NL)
18. Appliances labelling (NL)
19. Soft loans for buildings (DE)
20. Energy investment deduction scheme (NL)

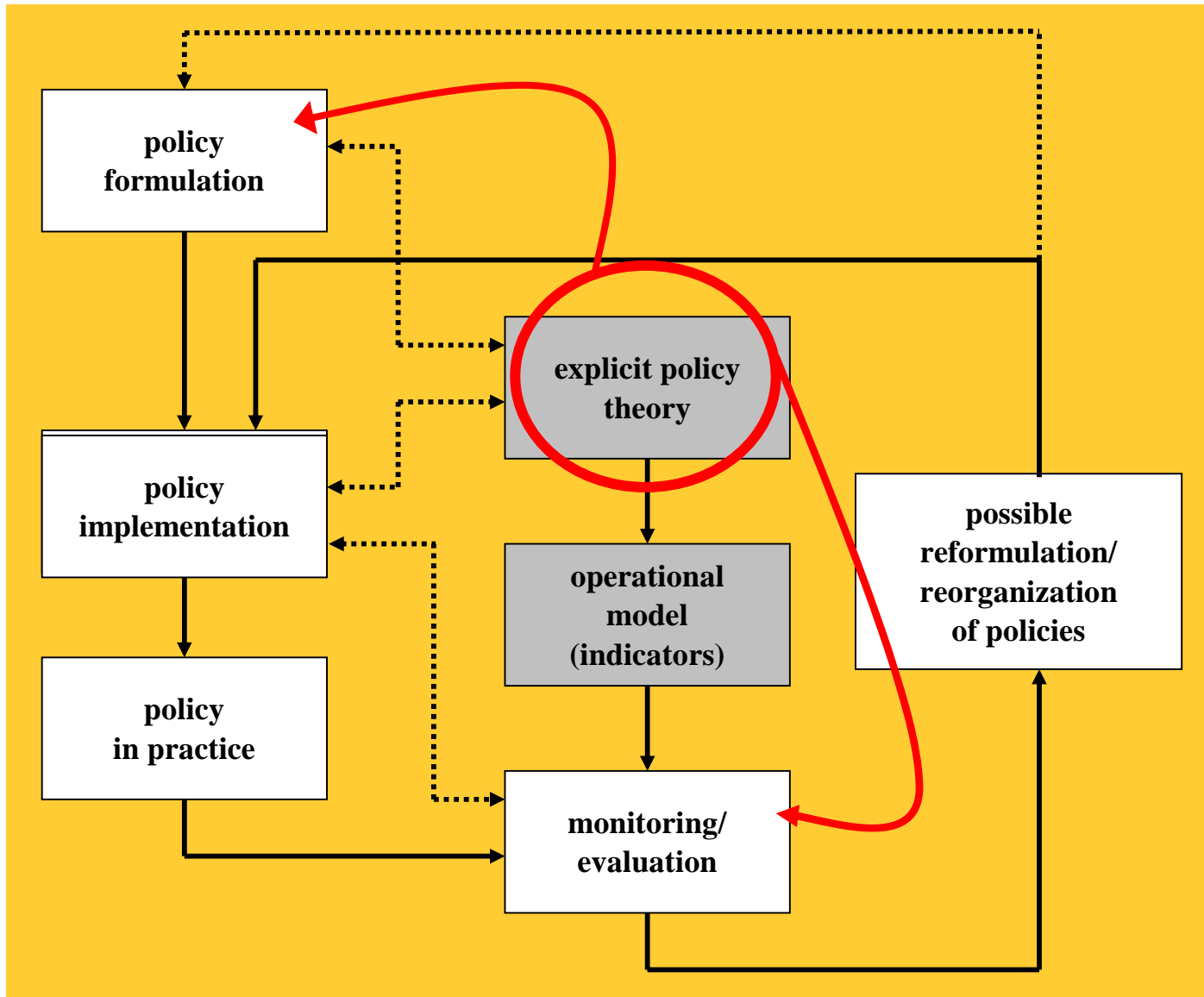
Separate reports of casestudies are available on the project website www.aid-ee.org



Classification of evaluated policy instruments


1. Energy performance standards
2. Mandatory targets/tradable permits
3. Labelling (appliances, cars, buildings)
4. Financial / fiscal instruments (such as soft loans, subsidies, investment deduction schemes, rebates)
5. Energy/carbon taxes
6. Voluntary agreements
7. Procurement programmes
8. Generic information and education campaigns

How can a policy theory guide implementation of new policy instruments



A policy theory can guide policy design and subsequent monitoring and evaluation efforts

The theory based approach in the phase of policy design:

1. Construct an explicit policy theory that is realistic and valid
2. Organise workshops to discuss the policy theory with involved stakeholders and market actors
3. Set boundaries and preliminary objectives for the instrument
4. Identify the need for packaging of instruments or supporting instruments
5. Perform an ex-ante evaluation on the expected outcome
6. Set SMART objectives for the instrument 
7. Identify the needs for monitoring

SMART objectives

- Smart objectives are good starting point for policy making but they are not always there:
 - Specified: be as concrete as possible, what is aimed for, who is targeted, what seems the most appropriate instrument or policy package to achieve the target
 - Measurable: objectives have to be measurable to determine whether results / effects have been achieved at a later stage
 - Aceptable: commitment within the target group facilitates policy implementation
 - Realistic: with respect to desired effect, available budget, the timeframe, a combination of these
 - Timeframe: It should be clear when the result / effect is to be achieved

