

# Barriers to Maximising Compliance with Energy Efficiency Policy

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Mark Ellis, Ingrid Barnsley & Shane Holt

# Topics

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- Why is compliance important?
- Rates of compliance with energy efficiency programs
- Lack of data collection.....why?
- How can we improve compliance rates

# What are we talking about?

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- Compliance = following the rules at a programmatic level
- Applicable to all types of programs
  - But here focussed on Appliance and equipment, S&L programs
  - Longest running, most data
- Often a combination of processes and performance requirements
- Compliance activities = monitoring, verification and enforcement
- Compliance regime = regulatory framework, powers, resources, capacity

# How good is compliance now?

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- Very little hard data collected systematically
- Even less data made publicly available
- But evidence suggests:
  - incidents of non-compliance are widespread
  - non-compliance between 25% and 50%
  - developed countries no better than developing countries
- Evidence likely to be conservative

# Why isn't there more data?

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- Insufficient MV&E activities, e.g.
  - lack of regular market surveillance
  - limited measures to *facilitate* obligation holders to comply
  - few independent verification tests of performance
  - failure to follow-up on instances of non-compliance
  - enforcement procedures too cumbersome
  - absence of appropriate powers
- few programmes can claim that they have a well-planned and comprehensive regime in place

# Why is compliance important?

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- Lost opportunity for energy savings
- Higher cost of unit savings
- Failures to meet predicted savings
- Jeopardises future allocation of resources
- Non-compliance erodes credibility with consumers and industry
- Reduces the economic returns and competitive advantage for compliant industries
- Leads to a disincentive to invest in innovation

# How come we don't do more?

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- Lack of adequate resources devoted to compliance activities and infrastructure
- The issue has a low profile: perhaps because.....
- Lack of information on the missed savings opportunity and the potential costs and benefits to present a compelling case to policy makers
- Unwillingness of staff to identify any shortcomings
- Governments hesitant to admit policies are less successful than intended
- Structural division between policy development and implementation
- Little understanding by policy makers of the enforcement activity required to deliver an acceptable level of compliance

# What do we know?

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- It's about building a compliance culture!
- Transparency highly important – making everyone know what is being done, what the result are – creating a presence
- A multi-layered approach needed - to identify breaches and respond appropriately and quickly
- A little, well-publicised, enforcement goes a long way!
- New investment needed for capacity building
  - legal infrastructure
  - human resources a
  - technical capabilities
- Investment in compliance is likely to be highly cost-effective



# Best practice compliance regimes

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**With access to additional resources, considerable energy and greenhouse gas savings could be achieved through:**

- the integration of compliance and evaluation procedures into the design of new policies;
- appropriate legal and institutional infrastructure for ensuring compliance;
- transparent and fair procedures for assessing compliance;
- regular and public reporting of monitoring activities, including instances of non-compliance;

# Best practice compliance regimes

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- a suite of enforcement actions commensurate with the scale of non-compliance and the value of lost energy savings;
- a robust system for evaluating policy and programme success; and
- regional and/or international cooperation on compliance to maximise the effectiveness of limited resources as well as leverage the benefits of compliance activities.

# The good news!

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- Policy makers and programme administrators becoming more aware – e.g. European EuP
- Budgets have increased and greater attention given to achieving compliance in the design of new policy measures
- More sign of action the United States
- Still a considerable shortfall between the extent of compliance activities and the risks involved
- G8 to *maximise implementation* of IEA recommendations on compliance
- Possible joint 4E/CLASP project, late 2009

# Conclusions

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- Compliance must be tackled if e/e to be taken seriously as a reliable resource
- Needed to secure more resources, incl. carbon finance
- Owning up to the issue is part of maturing as an industry

# Questions

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- How can we raise the profile of compliance amongst policy-makers and governments?
- What tools might be useful?
  - Best practice guide?
  - Case study materials?
  - One location to store compliance results – open access?

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Thank you

Mark Ellis

Mark Ellis & Associates

[m.e.a@bigpond.com](mailto:m.e.a@bigpond.com)