

12 June 2018

# Market-based instruments for energy efficiency – can they support the energy efficiency industry?

eccee Industrial Efficiency Summer Study, Berlin, 11-13 June

---

Dr Jan Rosenow

Director of European Programmes

The Regulatory Assistance Project (RAP)®

---

Rue de la Science 23

B-1040 Brussels

Belgium

---

+44 7722 343137

[jrosenow@raponline.org](mailto:jrosenow@raponline.org)

[raponline.org](http://raponline.org)







# **Market-based Instruments for Energy Efficiency**

*Policy Choice and Design*

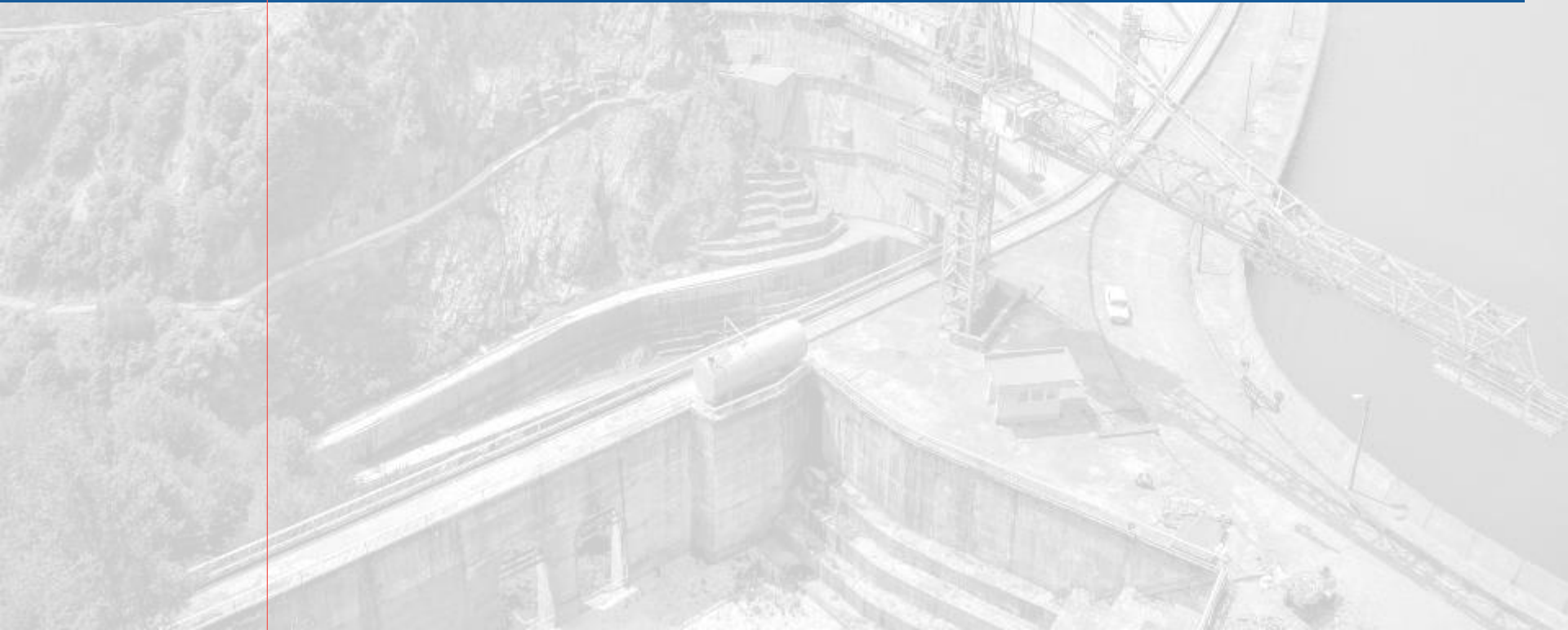
The views expressed in this paper do not necessarily reflect the views or policy of the International Energy Agency (IEA) Secretariat or of its individual member countries. The paper does not constitute advice on any specific issue or situation. The IEA makes no representation or warranty, express or implied, in respect of the paper's content (including its completeness or accuracy) and shall not be responsible for any use of, or reliance on, the paper. Comments are welcome, directed to [energyefficiency@iea.org](mailto:energyefficiency@iea.org).

---

# Five questions on market-based instruments

- 1) What are MBIs?
- 2) Where can they be found?
- 3) How much investment is triggered by MBIs?
- 4) How cost-effective are MBIs?
- 5) How to design an MBI?

# 1 What are MBIs?



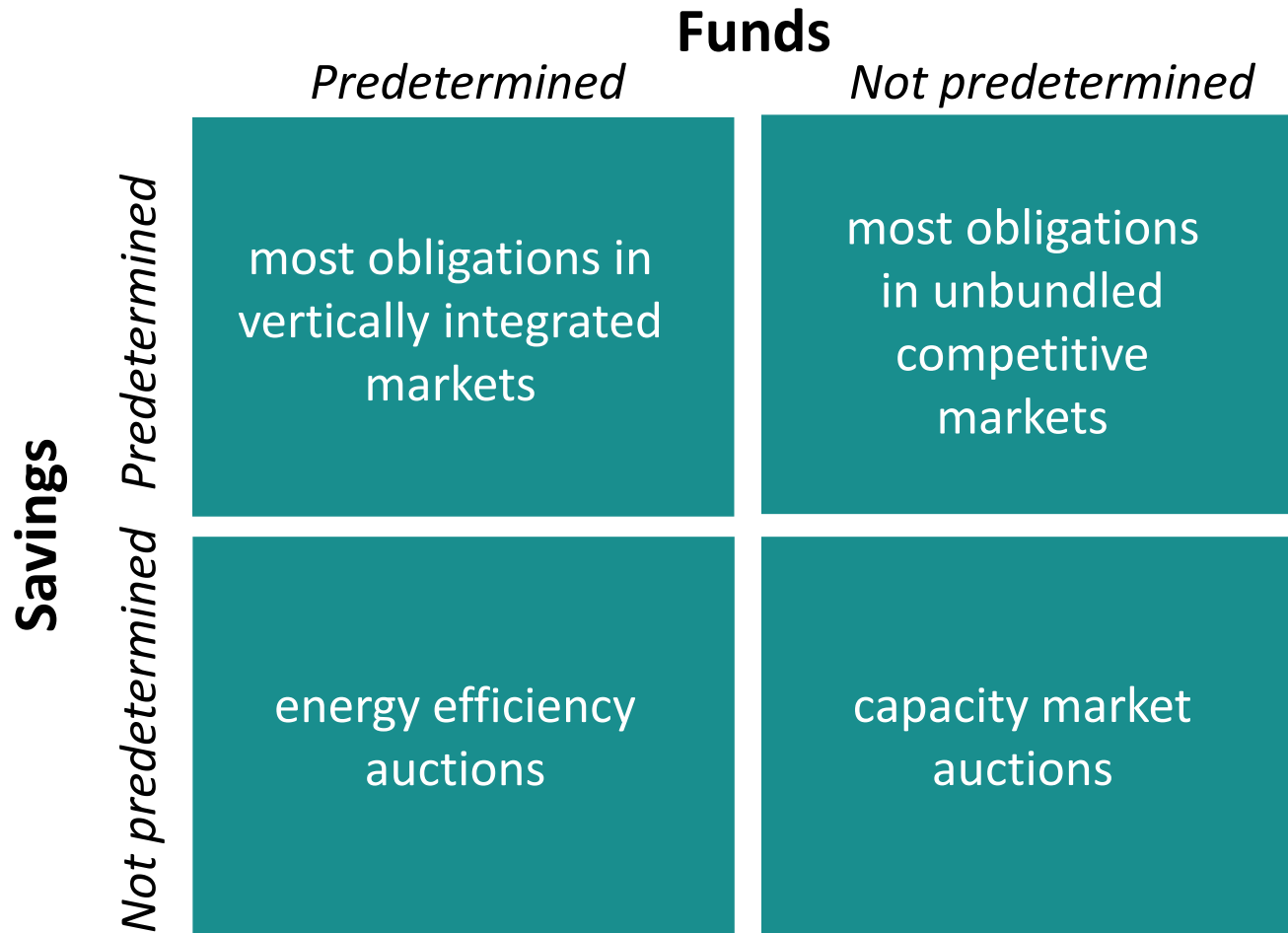


---

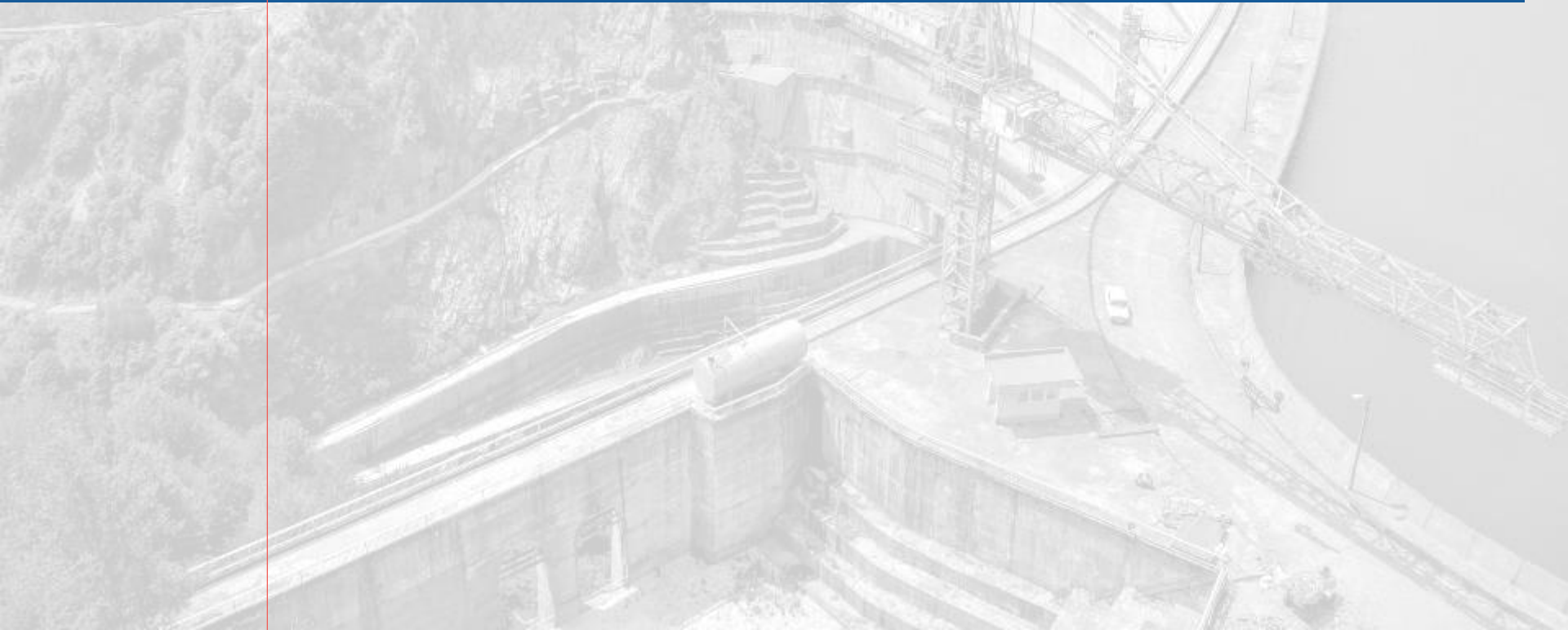
# What are MBIs?

- Instruments that are
  - Facilitated by a policy framework **specifying the outcome**
    - energy savings,
    - emissions reductions,
    - capacity resources,
    - fuel poverty alleviation
  - Delivered by **market actors**
  - **Without prescribing** the delivery **mechanism** and the measures to be used

# What are MBIs?

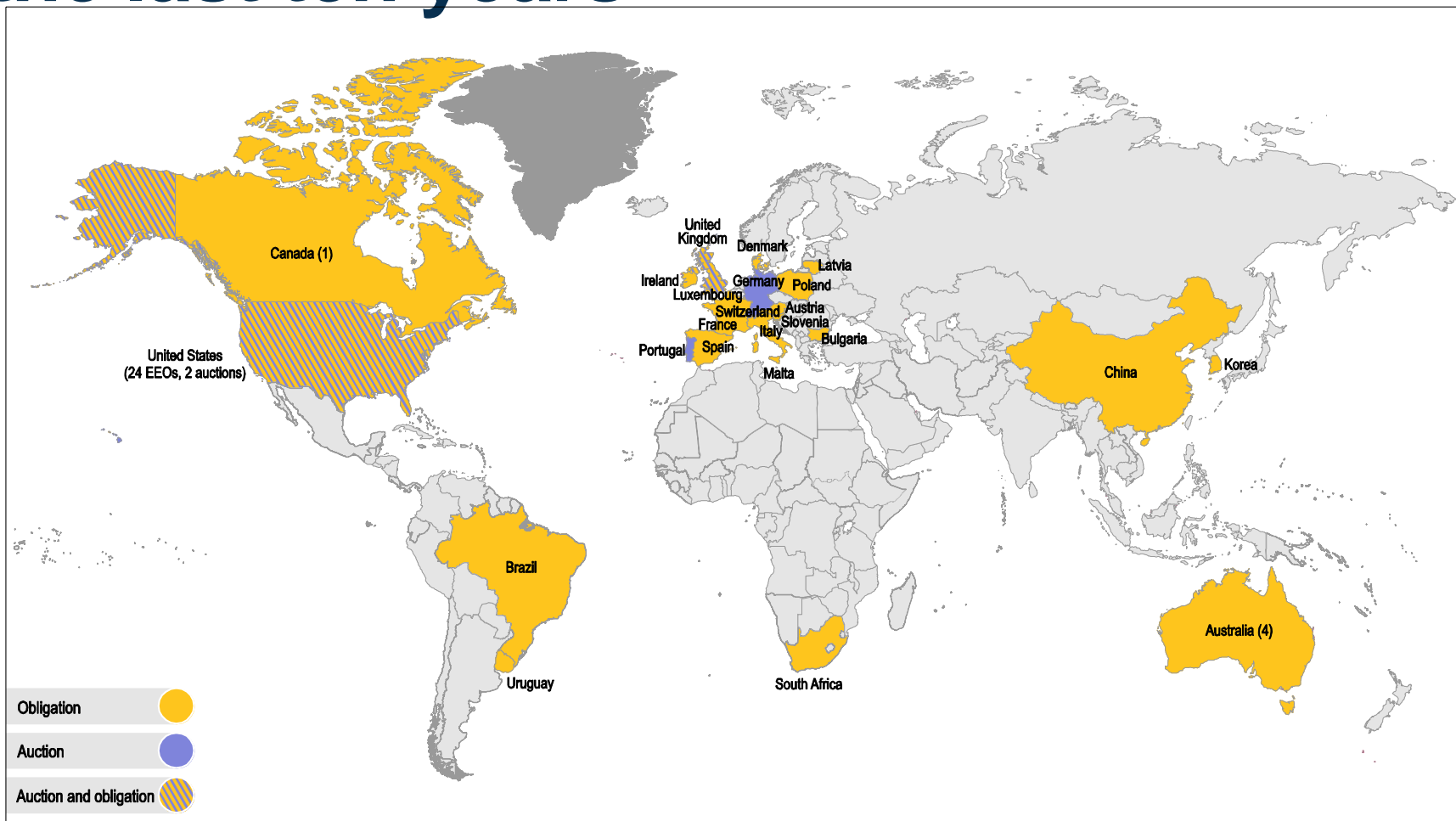


## 2 Where can they be found?





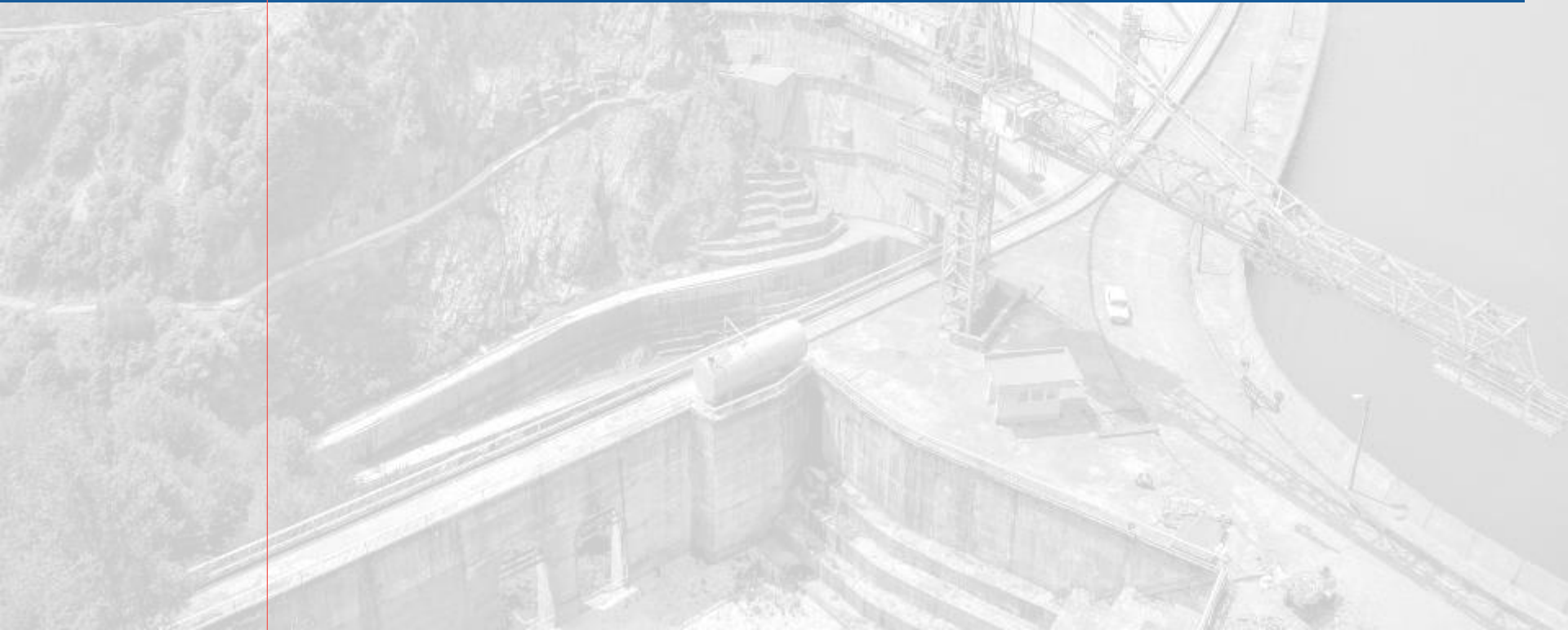
# Number of MBIs has quadrupled over the last ten years



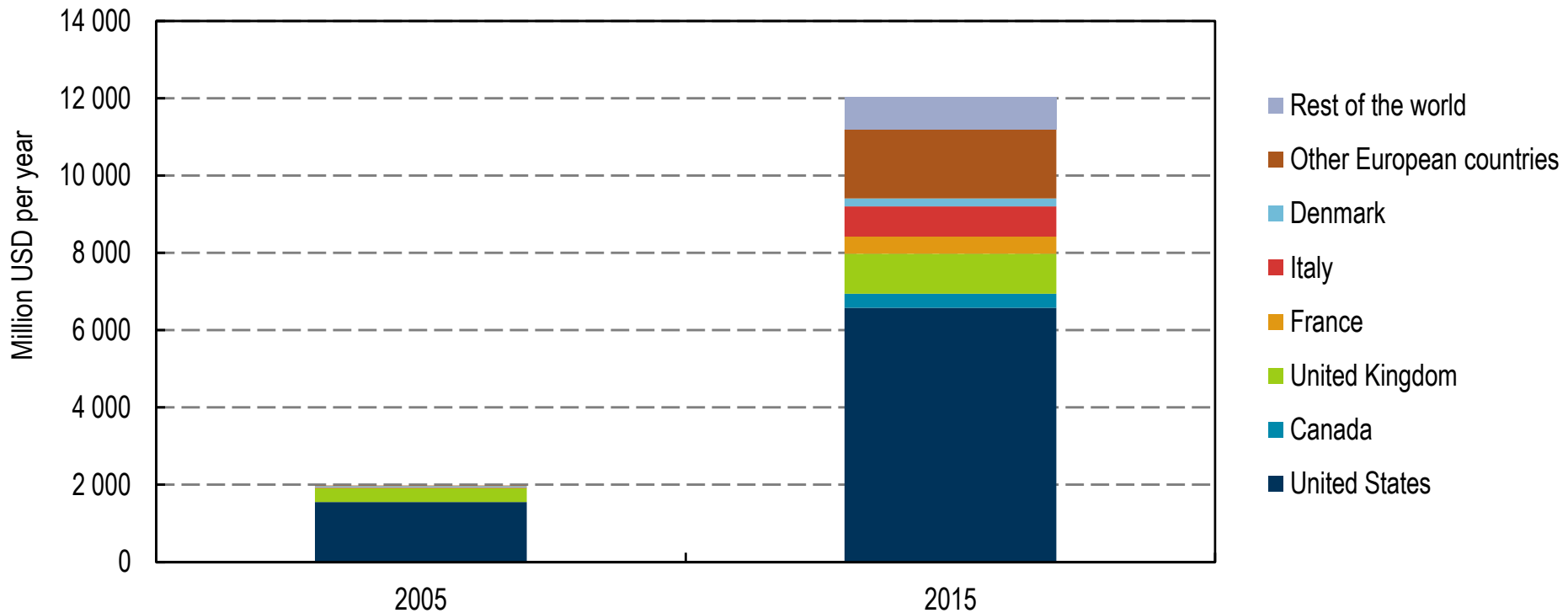
This map is without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries, and to the name of any territory, city or area.

# 3

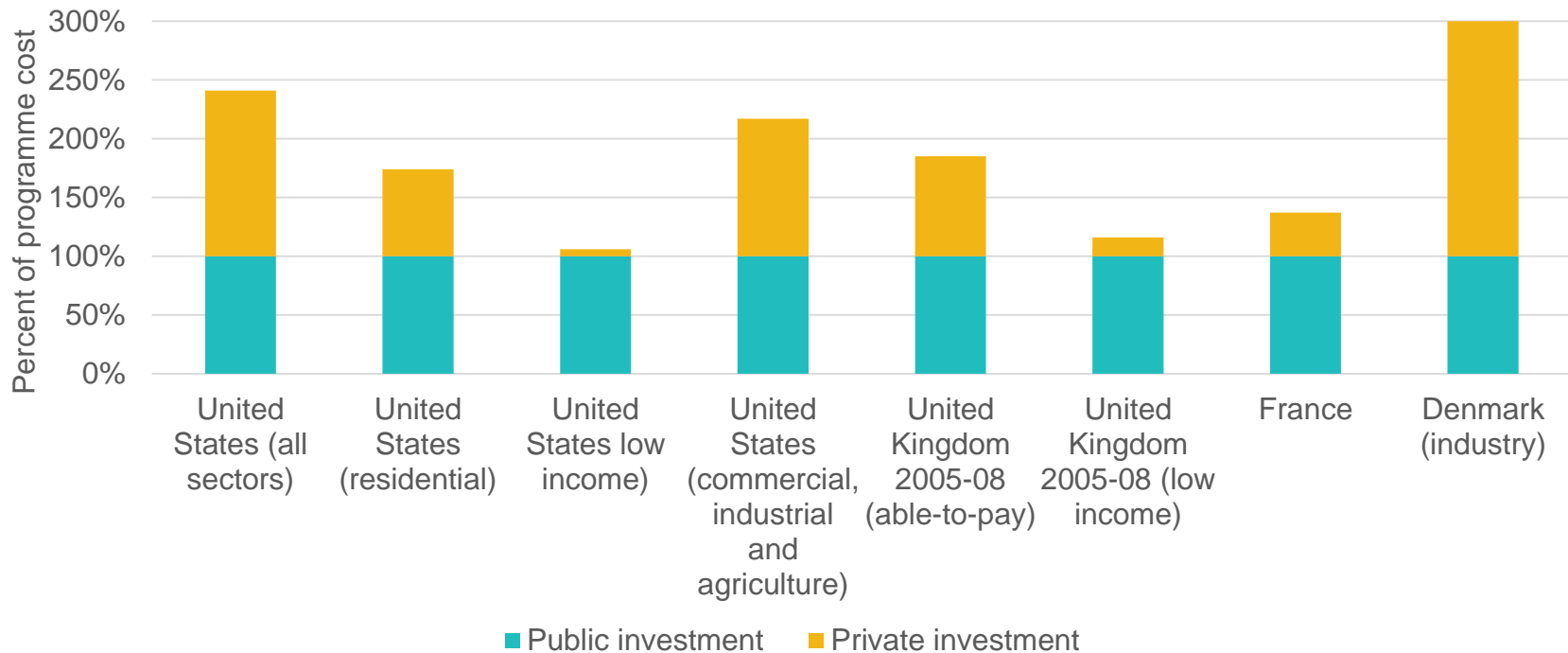
## How much investment is triggered by MBIs?



# Rise of public investment through MBIs

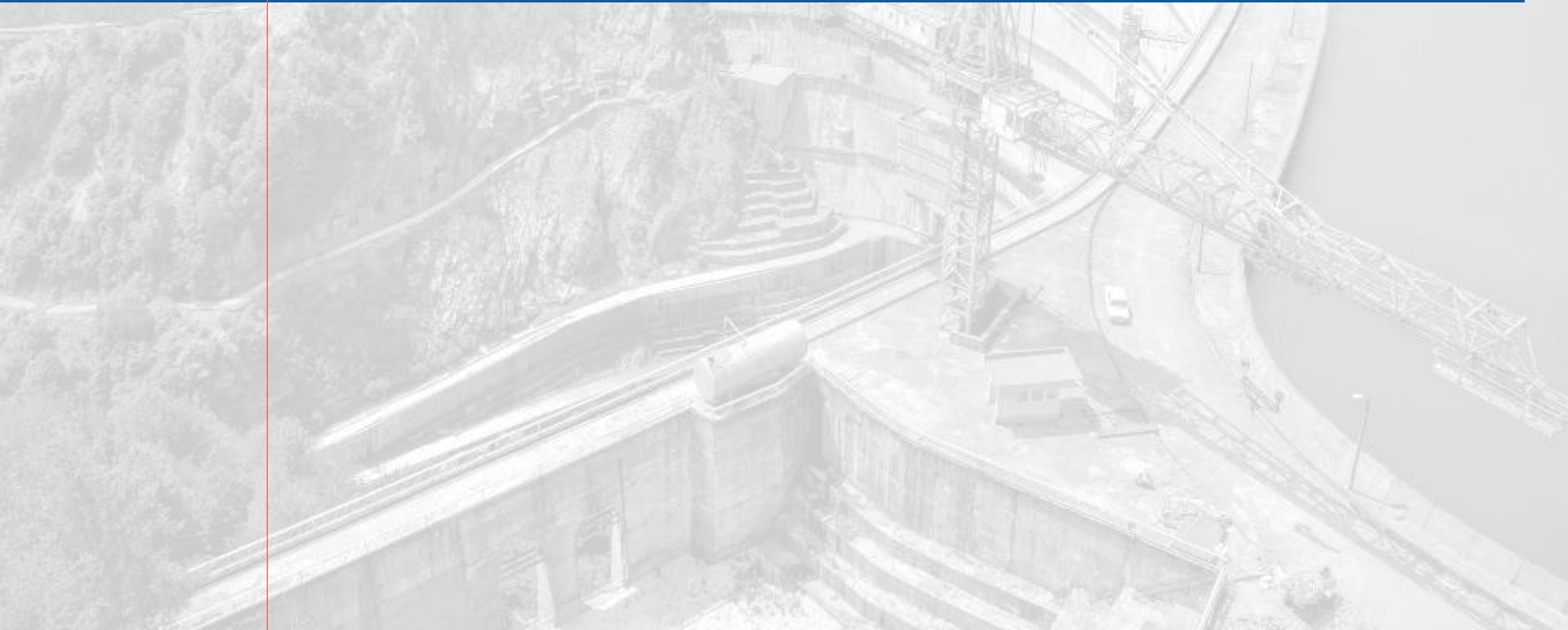


# Different MBIs reveal different leverage ratios



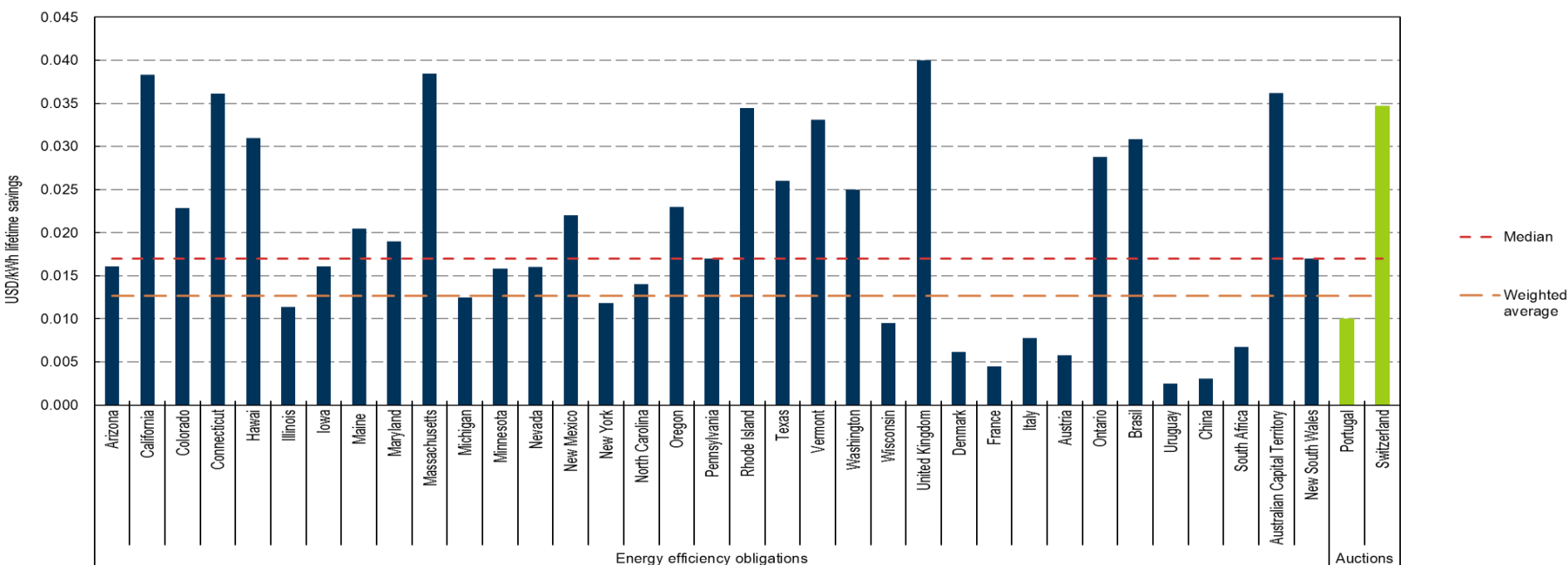


# 4 How cost-effective are MBIs?

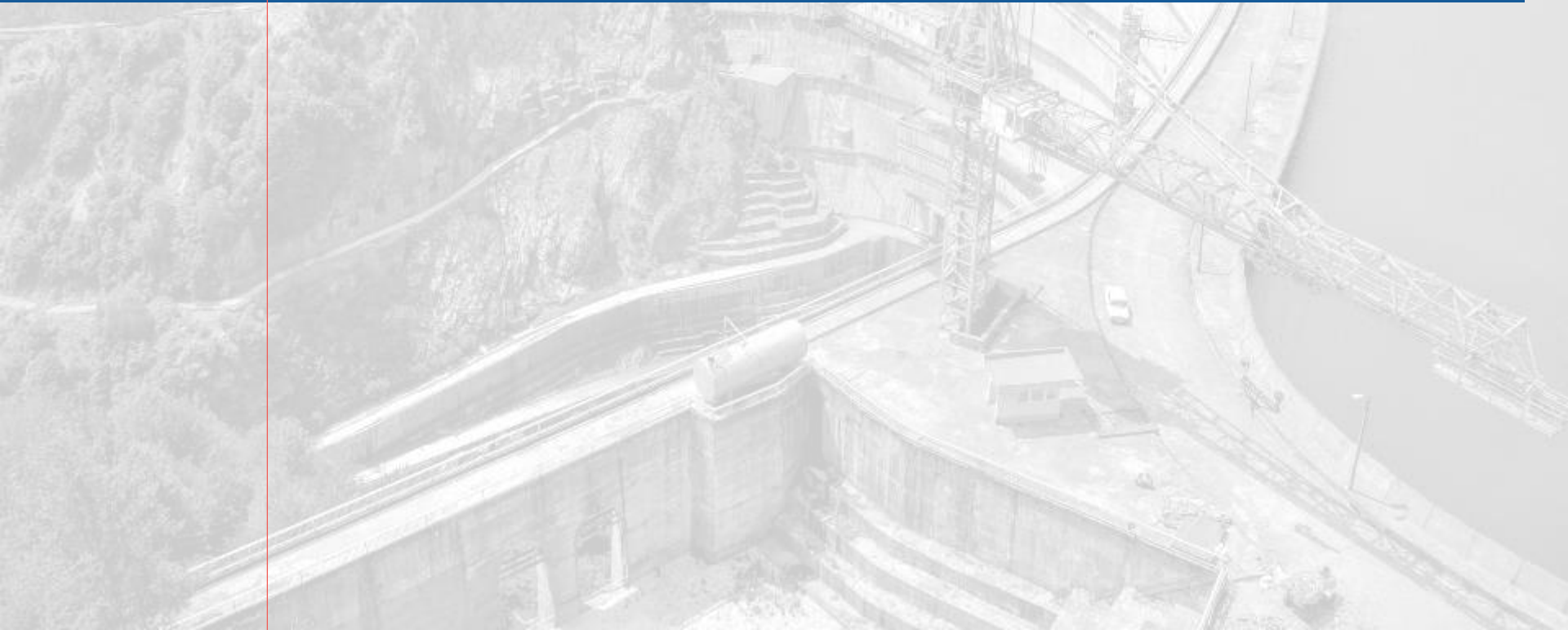


# Available data indicates that MBIs are cost-effective

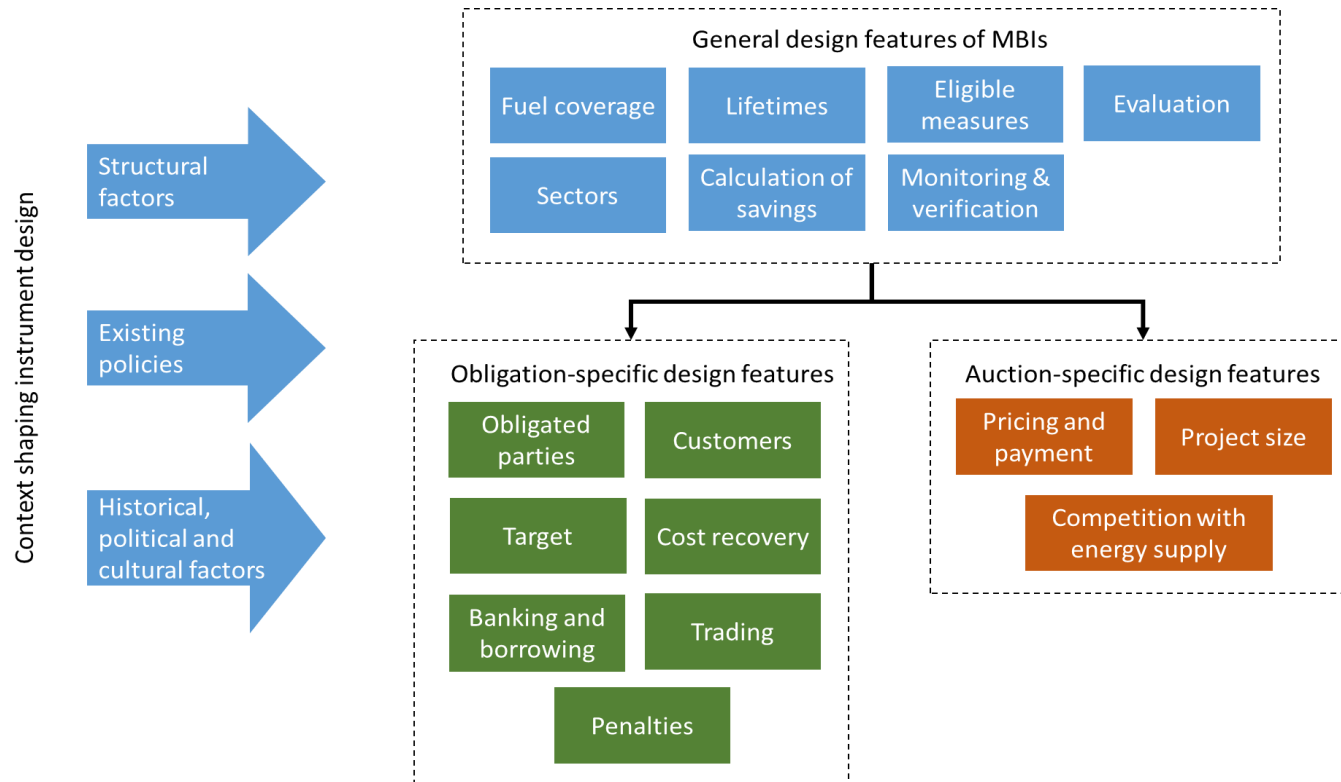
Expenditure by obligated parties and payments to auction winners per unit of energy saved



# 5 How to design an MBI?



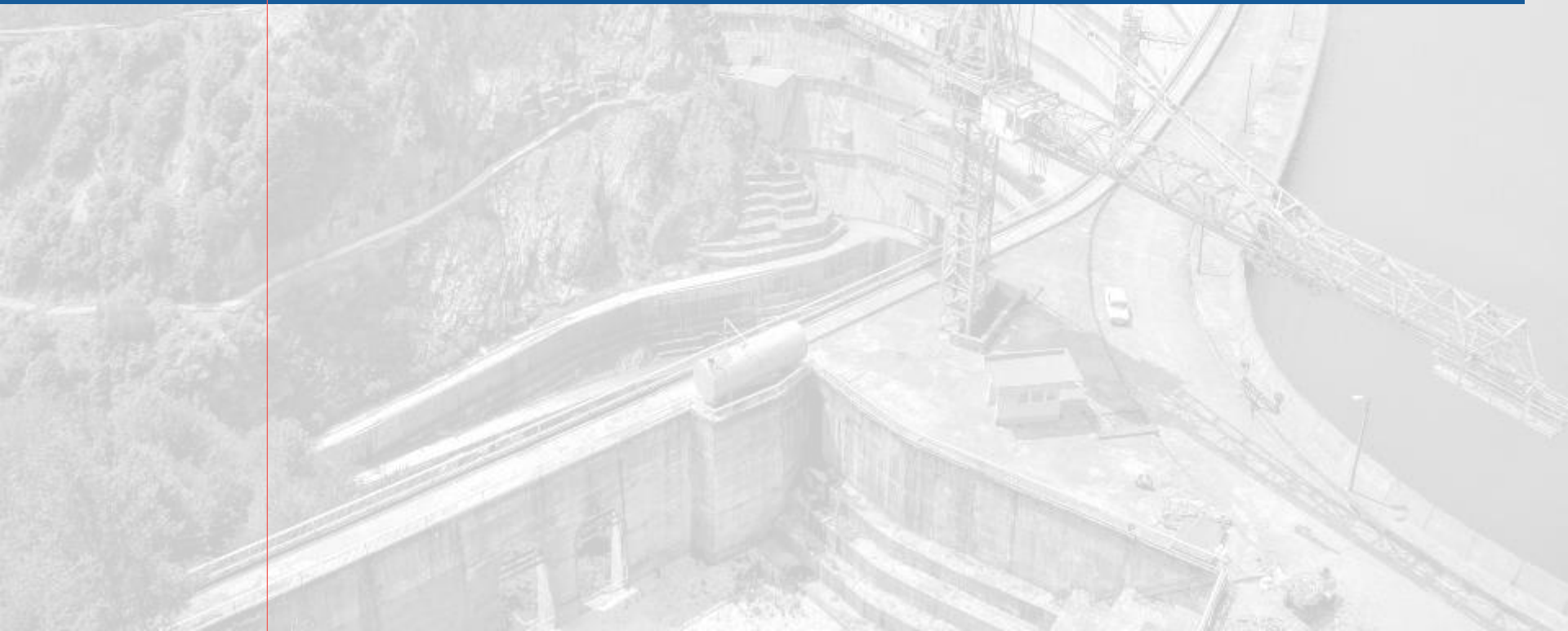
# Design choices for market-based instruments



**Plentiful option menu to choose from for designing market-based instruments needs to be tailored to (policy and cultural) context**



# 6 Conclusions



---

# Conclusions

- 1) Long history of EEOs (more than 40 years) and emerging track record of auctions.
- 2) The number of and levels of investment through MBIs have grown rapidly over the last 10 years.
- 3) Data shows high cost-effectiveness but heterogeneity of data complicates comparison
- 4) There is a great degree of variance among MBIs but many lessons learned are similar.

# 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](https://raponline.org)



Dr Jan Rosenow  
Director of European Programmes  
The Regulatory Assistance Project (RAP)®

Rue de la Science 23  
B-1040 Brussels  
Belgium

+44 7722 343137  
[jrosenow@raponline.org](mailto:jrosenow@raponline.org)  
[raponline.org](https://raponline.org) | [janrosenow.com](https://janrosenow.com)