

What makes a good policy?

Guidance for assessing and implementing energy efficiency policies



Data collection

The analysis starts with data collection.
This is usually based on literature review and evaluation/monitoring reports.



Exclusion criteria

- Answer the following questions with YES**
- Is the policy implemented?
 - Is it a recent P&M?
 - Is the policy cost-effective?
 - Does the P&M lead to energy savings per unit?



Rating and weighting

- Rate and weight the following criteria on a scale**
- The policy is well designed
 - An evaluation exists
 - The P&M includes innovative elements
 - The policy fosters worldwide BAT
 - The overall effectiveness is high
 - The P&M is in line with sustainability aspects

Comparison of policies and definition of good practice

The rating and weighting result in an overall score.
A policy can be considered as “good practice” if there is a total average score of more than 5 points.
The scheme can be used to evaluate, rate and compare all kinds of energy efficiency policies.



How and where this method is used

The web-based platform “bigEE.net - Your guide to energy efficiency in buildings” was developed to make structured information easily available and to enable policy-makers to make well-considered decisions. The demonstration of good practice policies is a way to highlight the success factors of these successfully implemented policies and to illustrate the transferability. This multi-criteria assessment scheme is used on this platform to define and list good practice policies and to provide detailed background information.

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Case Study **KfW**

The table below shows an analysis of two “KfW” programmes from Germany according to the multi-criteria assessment scheme. These being the two programmes “Energy-Efficient Refurbishment” and “Energy-Efficient Construction”. This analysis can be used to help decide whether the policies should be named good practice policies.

Background

In order to increase the energy-efficient refurbishment rate and the construction of new energy-efficient homes in Germany, the government offers comprehensive financial assistance to residential building owners and builders. The programmes are offered by the government-owned economic development bank KfW Bankengruppe. Grants or soft-loans with a grant element are approved

- to reduce the loan to be repaid for energy efficient new houses
- for refurbished houses that do not exceed a specific energy requirement defined in relation to that for a comparable new house

Assessment scheme

| Criteria | KfW | Fulfilled? |
|--|---|------------|
| The policy was implemented | The KfW programmes were first implemented in 2001 and updated many times. | |
| It is a recent P&M | It is an implemented P&M. | |
| The policy is cost-effective | The programmes result in about €6.3 billion of tax revenues, as compared to € 0.9 billion of budget allocations. | |
| The P&M leads to energy savings per unit | KfW investors saved 82.2 kWh/m²/yr annually and 7,148 kWh/yr per building unit through the refurbishment programme in 2010. | |

Rating and weighting

| Criteria | KfW | Result |
|--|--|-----------------|
| The policy is well designed | Several barriers were addressed for many investors, most notably the lack of funds and motivation. | 7 of 10 30% |
| An evaluation exists | For each calendar year, the programmes’ impacts are estimated through an independent evaluation. | 10 of 10 10% |
| The P&M includes innovative elements | The loan to the homeowner comes from a normal bank, but is re-financed by KfW on the capital markets, with the German Government providing a subsidy to keep interest rate low. | 7 of 10 10% |
| The policy fosters worldwide BAT | The demand for highly energy-efficient building design and technology is stimulated. The programmes differentiate between relatively energy-efficient buildings (close to LLCC, e.g. EH 115) and more efficient ones (BAT, e.g. EH 70). | 10 of 10 10% |
| The overall effectiveness is high | Considering that the cost-effective potential for energy savings in refurbishment in German dwellings is around 65% of energy savings and the programme achieved energy savings of around 31%, the effectiveness of the programme in tapping the potential in each case may be estimated at ca. 50%. | 5 of 10 30% |
| The P&M is in line with sustainability aspects | The programmes massively contribute to lowering the environmental impact of Germany’s footprint. Employment effects were calculated. | 5 of 10 10% |

Result

Overall average rating: 6.8 out of 10 points.
The policy is a good practice policy



The policy still has some weaknesses in the effectiveness and sustainability aspects but all in all the policy has a rating of more than 5 points and can therefore be described as a good practice example.