

What role for energy efficiency auctions in the energy transition?

Samuel Thomas, Regulatory Assistance Project
sthomas@raponline.org



This project has received funding from the European Union's Horizon 2020 Research and innovation programme under grant agreement No 840034. This document only reflects the authors' views and EASME is not responsible for any use that may be made of the information it contains.

Introduction to ENSMOV

What is an energy efficiency auction?

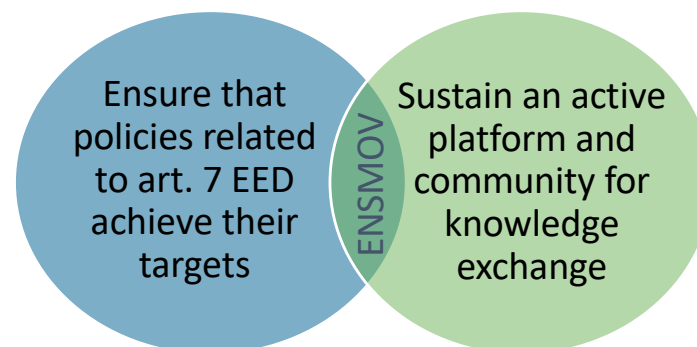
Why might you choose an auction vs another subsidy regime?

Pay as bid or pay as clear?

Auction experience to date

Energy efficiency auctions and the energy transition

Strategic objectives:



To facilitate and expand sharing of knowledge and experience amongst Member States for the implementation of policies under Article 7 EED

To develop a suite of tailored resources and tools for the implementation of Article 7 EED to address the specific needs of Member States

To assist national authorities' in-house monitoring, reporting and verification (MRV) schemes with a view to ensuring they have robust data and insight to inform the (re)design of policies towards 2030

ENSMOV partners and country engagement grid

- Institute for European Energy and Climate Policy (IEECP)
- The Regulatory assistance project (RAP)
- Italian Federation for the Rational Use of Energy (FIRE)
- Association Technique Energie Environnement (ATEE)
- Centre for Renewable Energy Sources and Savings (CRES)
- Austrian Energy Agency (AEA)
- Wuppertal Institute (WI)
- Krajowa Agencja Poszanowania Energii S.A (KAPE)
- Romanian Energy Regulatory Authority (ANRE)
- The Energy Saving Trust (EST)
- Energy Institute Hrvoje Požar (EIHP)
- Sustainable Energy Development Agency (SEDA)
- Hungarian Energy and Public Utility Regulatory Authority (MEKH)
- The University of Piraeus Research Centre (UPRC)
- Energy Agency of Lithuania (LEA) HQ and facilitation



Created with mapchart.net ©

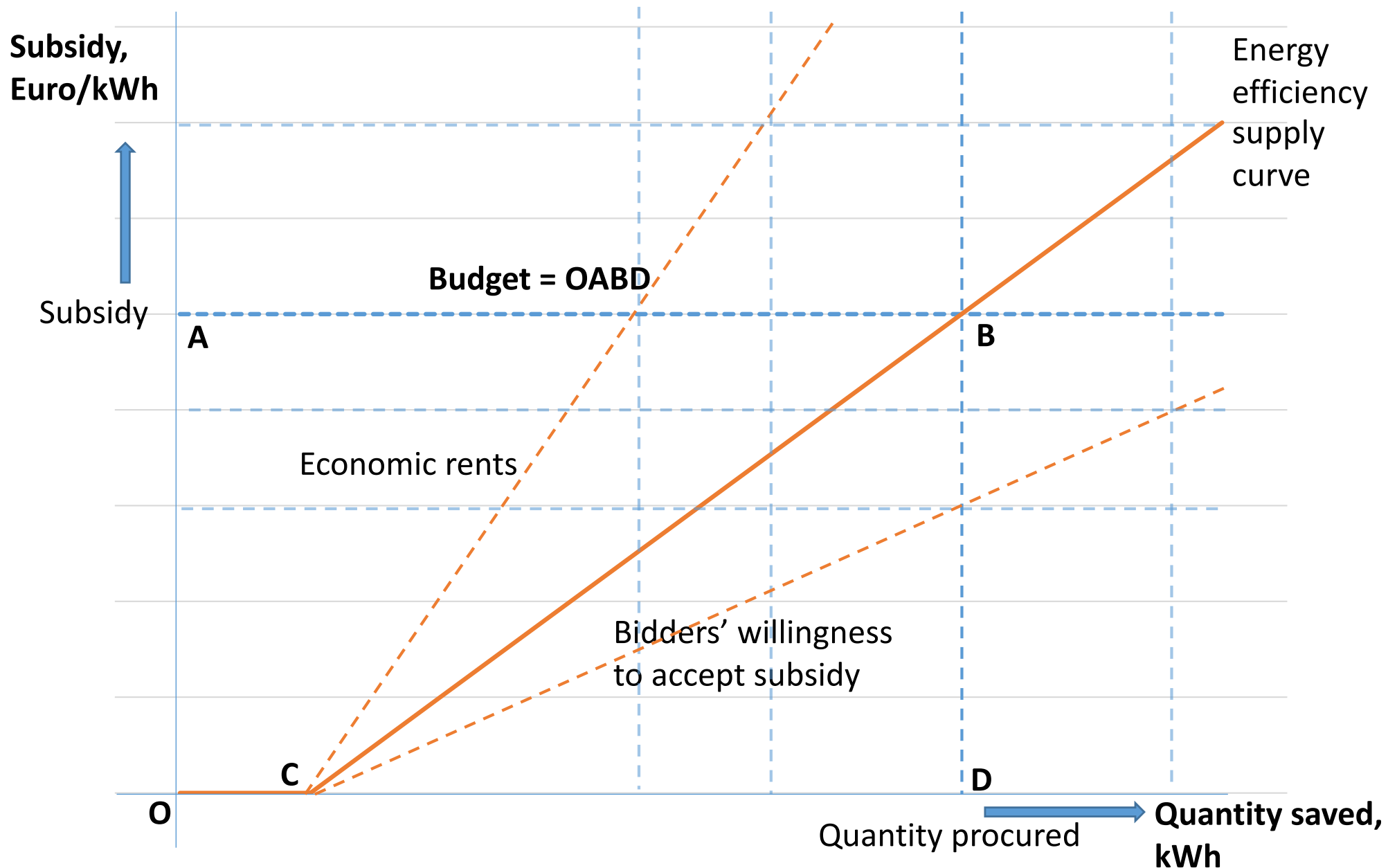
- ✓ 15 partners
- ✓ 14 MS directly represented
- ✓ ALL EU MS covered through the action of the ENSMOV partners

What is an energy efficiency auction?

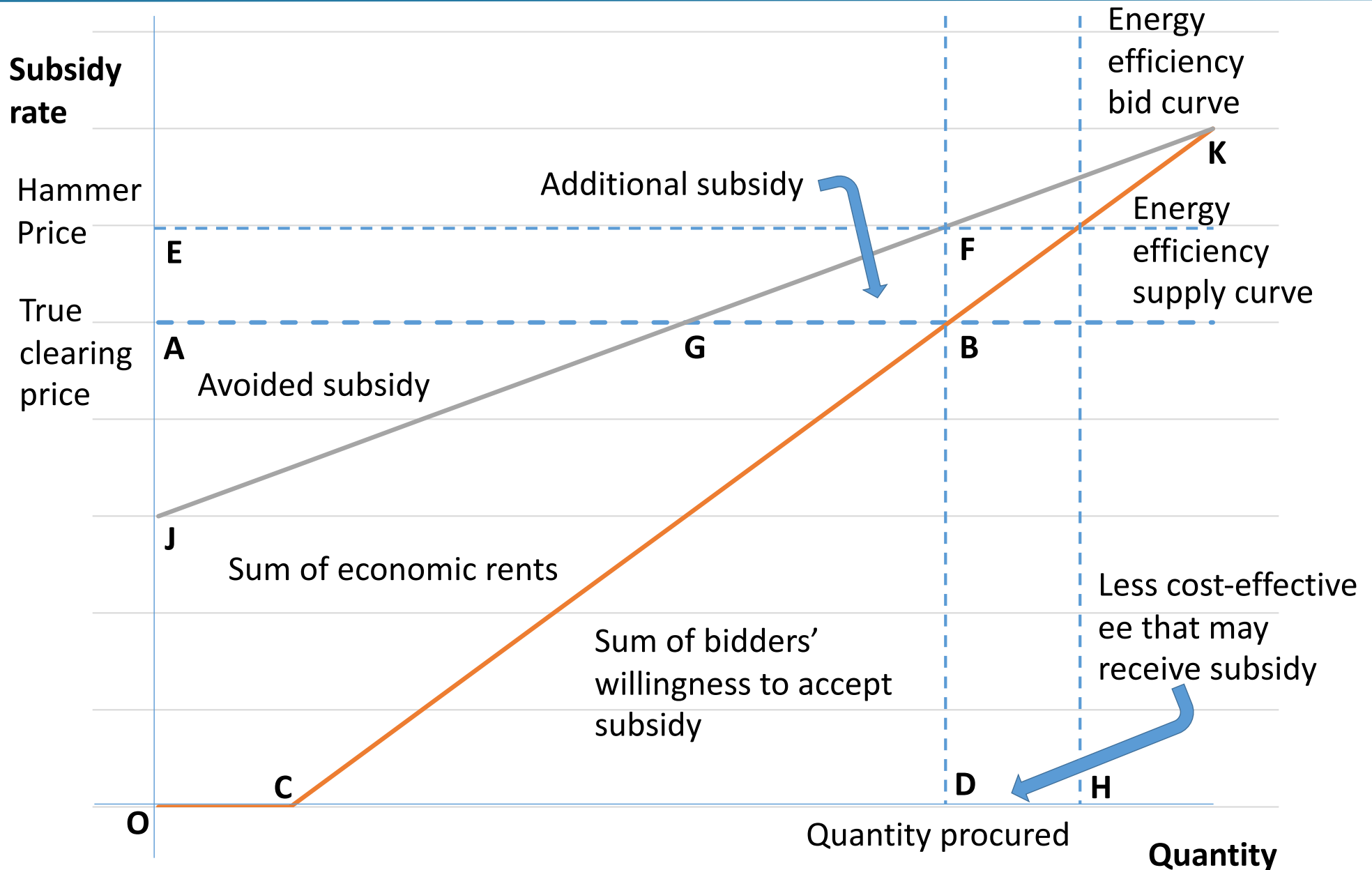
- A mechanism for the **allocation of (public) funds** to energy efficiency projects and programmes
- Potential programmes or projects must **bid** for funds
- The probability of success depends on **relative cost-effectiveness**
- Cost-effectiveness usually defined as the **subsidy required per unit of the desired policy objective**
- Policy objective most commonly **energy savings**



Standard grant scheme vs auction

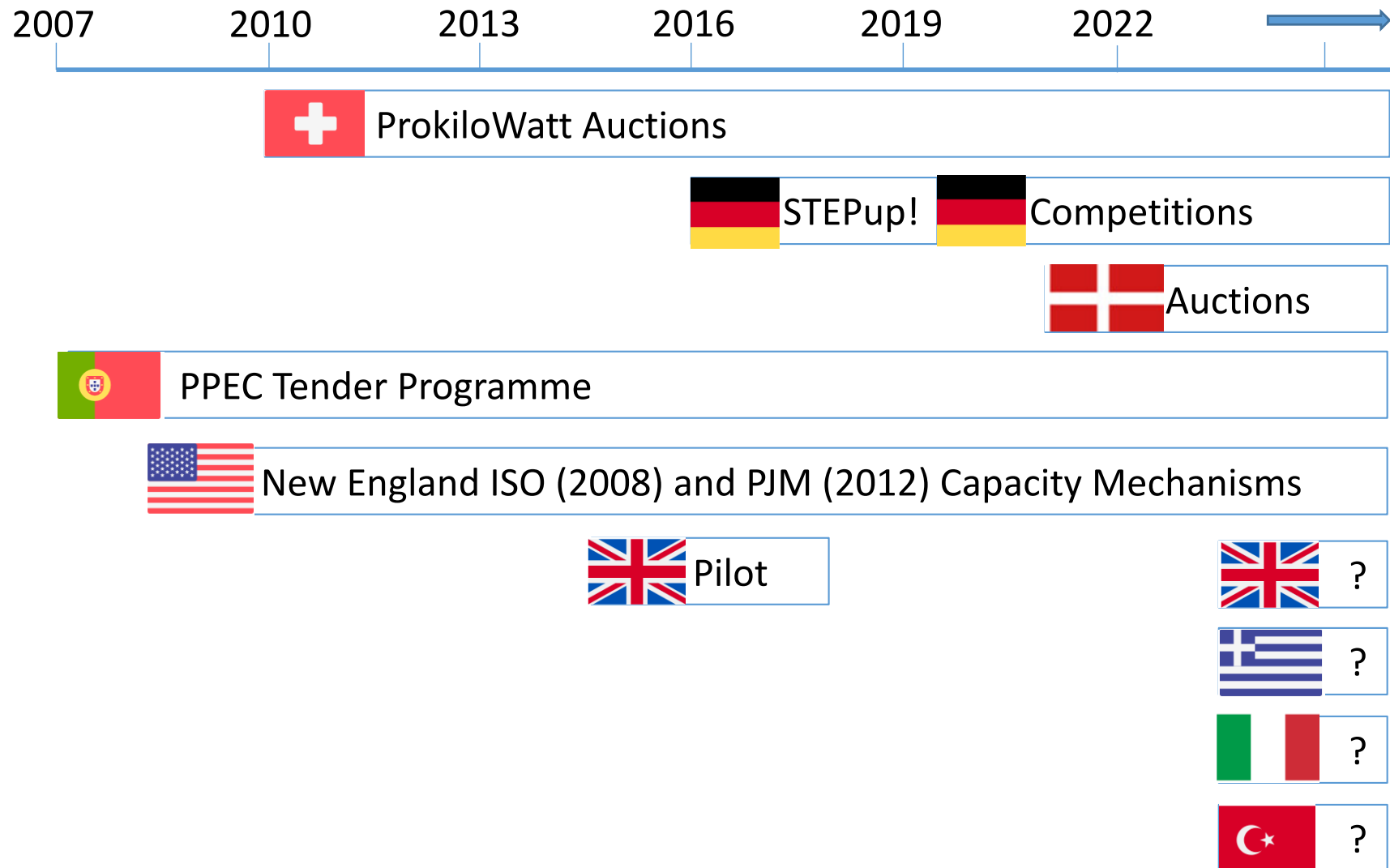


Pay-as-clear vs pay-as-bid auction



	Grant
Pros	Certainty for grantees.
Cons	Potential for low take-up . Potential for over-subsidization . Potential for large economic rents .

Where can we find energy efficiency auctions?



- Electrification and renewables make **peak electricity savings** more valuable
 - Possible role for energy efficiency in **capacity auctions** (if they continue to exist)
 - Need to **stack value** with other funding sources
- Stand-alone ee auctions **untested** as mechanisms for the level of **ambition** required to meet Fit for 55 goals
 - Swiss auction saves **0.2%** of final energy consumption p.a.
 - EU EED energy savings obligation proposal: **1.5% p.a.**
 - Likely to remain **niche** policy instrument
- Possibility to auction energy efficiency obligations

- Energy efficiency auctions are becoming more common
- Based on goal of improving value for money for public sector
- Theory would suggest that strategic bidding would erode the vfm benefits of pay-as-bid auctions over time
 - Evaluation evidence is thin
- Role of auctions as driver for ambitious energy savings unproven
- Capacity auctions offer scope for energy efficiency to compete



Samuel THOMAS

Regulatory Assistance
Project

sthomas@raponline.org

web: www.ensmov.eu

discussion group: www.linkedin.com/in/ensmovproject

Subscribe to the ENSMOV newsletter!

