

# *Energy Saving Policies and Energy Efficiency Obligation Scheme*



## ***ENSPOL***

### Task 2.2: Energy Efficiency Obligations outside the EU

Tina Fawcett, Nick Eyre  
Environmental Change Institute  
University of Oxford



ENVIRONMENTAL  
CHANGE INSTITUTE



Co-funded by the Intelligent Energy Europe  
Programme of the European Union

# EEOs outside the EU

Based on a scoping study, we have undertaken analysis of jurisdictions with significant documented experience of EEOs:

- California (USA)
- Massachusetts (USA)
- Ontario (Canada)
- Victoria (Australia)
- India

# Selected preliminary conclusions: design and policy goals

- There is a large diversity in scheme design, driven by policy context. Detailed conclusions are therefore not necessarily transferable to other countries.
- EEOs address a broad range of high level policy goals, including economic, environmental, energy security and industrial policy.
- This breadth of benefits may allow policy stability, even when there are changes in primary policy goals.
- EEOs tend to be used as part of a broader package of energy efficiency policies, as they are not most effective way to deliver R&D, minimum standards or community engagement.
- EEOs may not be ideally suited at all future challenges, e.g. high cost measures and major building works.

# Selected preliminary conclusions: costs & effectiveness

- EEO design incentivises energy efficiency that is cost effective. In some cases, there is explicit comparison to the cost of supply.
- EEOs have delivered very cost effective savings.
- In well established schemes, energy savings are significant, ~1% demand reduction annually, i.e. of the same order of magnitude of the requirements of Article 7.
- Costs of EEOs fall ultimately on utility customers, but distributional consequences can be affected by scheme design, e.g. low income programmes.

# Preliminary recommendations based on EEO schemes outside the EU

- EEOs should set ambitious goals, building up over time.
- Design details need to be appropriate for the market structure.
- Obligated parties should be either required or incentivized effectively, i.e. so that non-delivery is less profitable.
- EEOs should focus on delivering benefits over and above those from minimum standards.
- EEOs should be part of policy packages that include standards, innovation support and consumer engagement.
- Policy makers should investigate innovative approaches to delivery using actors other than energy companies.