

POSITION PAPER FOR THE WORKSHOP
"Energy Efficiency Policies and the Rebound Effect"
Panel Discussion: "Policies to Overcome the Rebound Effect"
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EXECUTIVE SUMMARY

1. The following represents E.ON's views on the above mentioned topic. Schemes are planned in the EED and European wide binding measures have been put in place. E.ON regards these measures as misguided as they do not address the ultimate consumers but generation companies and DSOs.
2. E.ON supports energy efficiency measures and keeping the rebound effect in bounds.
3. Measures to do so should put the burden of action on the ultimate consumers. Both energy efficiency and the avoidance of rebounding should be at the same entity, the consumer. Such measures should be designed taking behavioural considerations into account.
4. More research needs to be conducted with regards to the latter, to better steer regulatory design.

INTRODUCTON/BACKGROUND

5. The European Commission (EU COM) adopted a new Energy Efficiency directive, which will replace the existing Energy Service directive and the directive for Combined Heat and Power. This new proposal aims to achieve the so far non-binding energy efficiency target of 20% by 2020. In its impact assessment, the COM declares that the EU will fail to reach primary energy savings in that order by far (only 10% might be achieved) and therefore further action is claimed to be needed. However, this action has a severe impact on utilities and is not in line with the EU internal markets for electricity and natural gas due to notable regulatory intervention.
6. The COM proposes that energy sales companies or DSOs are obliged to achieve a reduction in energy consumption per customers by 1.5% per year. However, member states may opt to take other measures to achieve equivalent savings.

ISSUE

7. Technically and theoretically the rebound effect has been included in energy efficiency policies as the projected efficiency gains are considered to be "net" effects, i. e. efficiency gains including the rebound effects.
8. E.ON is of the view that the obligation of energy sales companies or DSOs to reduce the energy consumption of their customers takes the wrong market players under obligation. The possibilities to ensure a more efficient use of

energy is limited for utilities or DSOs given that they are not directly involved in the customers' decisions for or against energy efficient technology.

9. E.ON supports the overall topic of Energy Efficiency but believe that the incentives have to be set at the consumers, not the utilities or DSOs.
10. So far the focus has mainly been regulation for energy efficiency at the level of utilities and DSOs, rebound effects are netted out and not addressed explicitly in policies nor are the behavioural consequences of energy efficiency programs on consumers clear at this point.
11. Even though the regulation takes into account net effects, the consumer's perception of efficiency gains may not interpret the goals of regulation this way and may still show rebound behaviour.
12. Policies should aim to impact the awareness and thus behaviour and responsibility of the ultimate consumer, in private households as well as in industrial and commercial settings.
13. The added benefit of consumer targeted regulation is that it allows to adjust measures to base levels which vary by income levels as well as country and region. For instance a home with a certain level of purchasing power vs. a home which can barely cover costs (energy poverty).
14. Therefore, E.ON believe that more research with regards to the influence measures can have on behaviour, both for efficiency and rebound effects, needs to be conducted in order to better provide a basis for the proper design for energy efficiency programs, which does not necessarily mean regulation but could well be due to marketing or communication design.

RECOMMENDATION

15. E.ON is of the opinion that increased energy efficiency can be achieved and is a valid aim.
16. Measures and regulation should, however, not address the energy sales and DSO companies but instead set the right incentives at the end consumer level—private, commercial, industrial to not only increase the efficiency of the end use energy but also limit the rebound effect.
17. E.ON recommends deeper analysis into behavioural patterns and changes at the consumer level, to better influence these constituents when energy efficiency policies are designed.