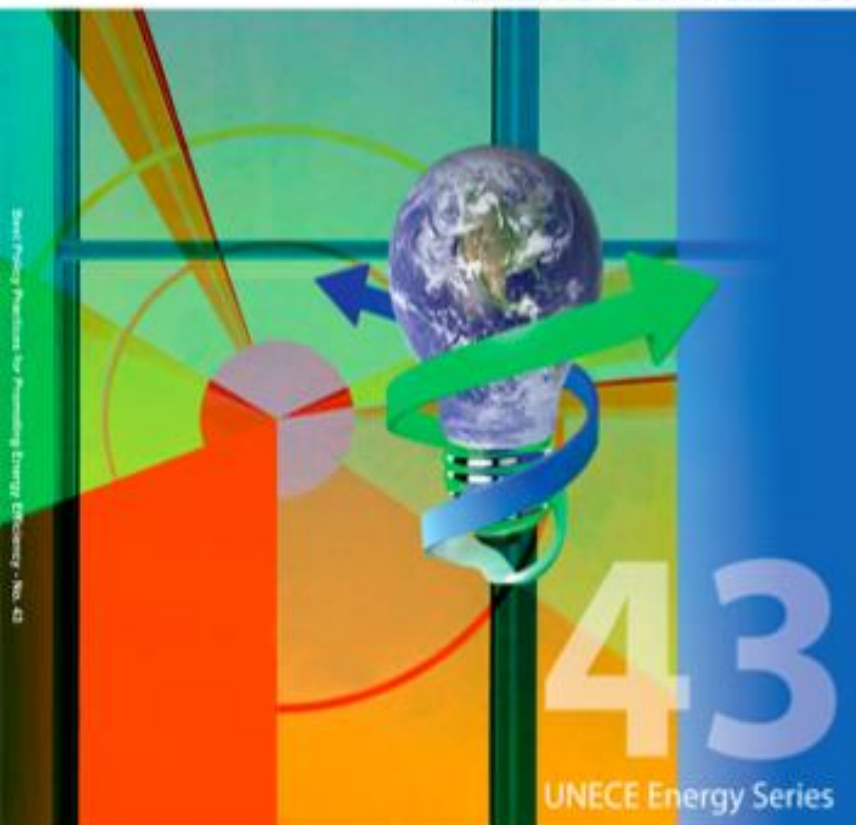


UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

**BEST POLICY PRACTICES
FOR PROMOTING
ENERGY EFFICIENCY**



Accelerating the uptake of BPPEE



UNITED NATIONS

Barriers to energy efficiency

Diverse socio-political contexts, but energy efficiency theory and practice derives from developed market economies:

- our ‘energy efficiency models’ don’t fit most countries.

Institutional barriers are particularly intractable:

- few economies have effective energy efficiency governance.

Underestimated consumer indifference.

- These barriers interact and synergise.
- The relationships between values, priorities, barriers, and benefits are unique to each consumer in each country.

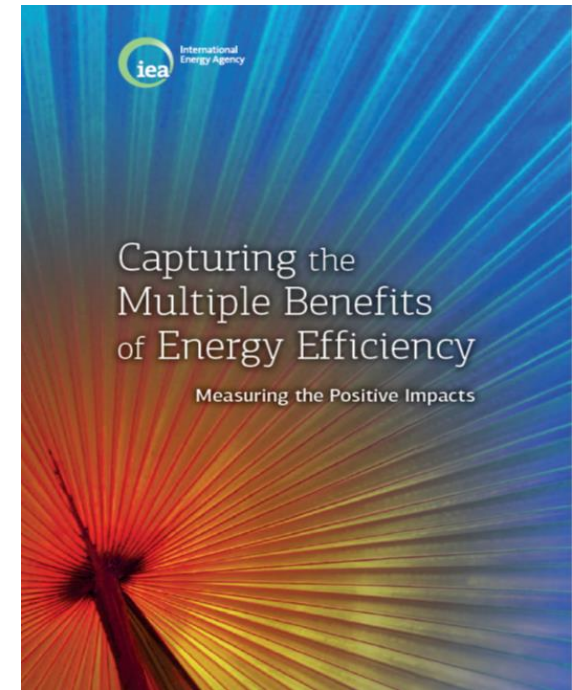
The big objective for energy efficiency!

- We are all ultimately trying to improve human welfare, not just reduce energy demand or address climate change.
- Two outcomes from energy efficiency:
 - Improved productivity
 - Reduced energy demand and related GHGs
- So how does energy efficiency deliver on welfare and productivity objectives?

Capturing the Multiple Benefits of Energy Efficiency

- Better human comfort
- Improved Industry productivity
- Better Utility performance
- Improved public budgets
- Improved local environment
- Improved macro-economic outcomes

Value of social and economic outcomes exceeds the value of reduced energy demand.



Policy – Market Strategy Paradigm™

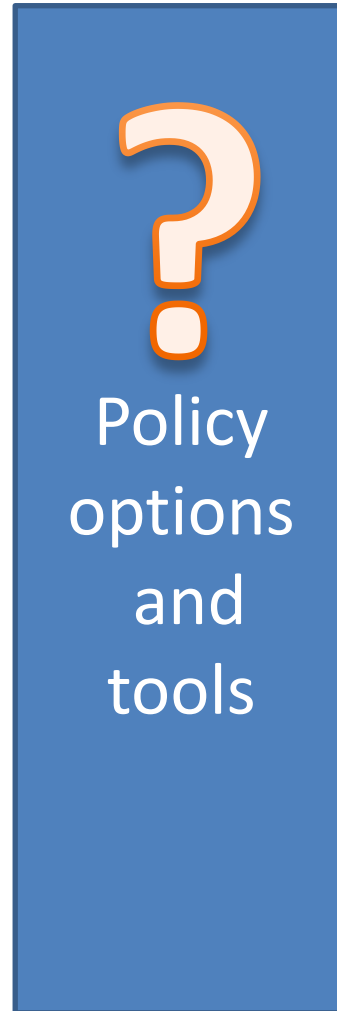
Market Drivers

Realisable
energy
efficiency
technology
potentials



The energy
efficiency
market place;

- Suppliers
- ESCos
- Financiers



Outcomes
that we
need

**How do we design
policies that draw
these elements
together and
accelerate uptake
of energy efficiency
outcomes?**

The actors:

- Household Consumers,
- Business Consumers,
- Government.
- .

Policy – Market Strategy Paradigm™

The Core Issue: The market doesn't value improved outcomes.

Consumers are indifferent:

- Unaware how good it could be,
- Inured to current imperfections
- Don't understand value,
- Don't value better options

Governments undervalue improved outcomes:

- Policy paradigms discount evidence based options
- Focus on budget not value
- Policy silos undervalue broader welfare outcomes
- Mis-perception that government must fund change;

Industry favours stability over strategic

Open to market led change but resilient to change;

- Short term profit / investment focus
- Perceive exogenous change as a risk
- Oblivious to global changes trends and perturbations

Technical Imperatives

- Contribution of innovation and better technology undervalued
- Inadequate quality standards undermine consumer confidence

Integrated approach

Commercial pragmatism

- Government
- Industry
- Consumer end-users

Derived from effective commercial marketing

research and techniques

Effective governance and strategies

Supportive operational policies and measures

Integrated Policy – Market Strategies & Tools

Finance

Utilities

Marketing strategies and engagement

Industry development

Evaluation

Clarity of Outcomes

What is the desired outcome?

Clearly targeted key outcomes

What does success look like?

- The overarching need to advance welfare is often overlooked

Marketing strategies and engagement (1)

Marketing strategies and engagement

Strategic marketing convinces consumers of energy efficiency benefits.

- Energy 'saving' benefits may be "small" in isolation but the overall benefit (wellbeing etc.) can make a material difference – this is often overlooked in "single focused programmes" and the associated marketing activities
- Energy efficiency is intangible, "you can't see the energy being saved" - therefore this becomes more a belief "it works"
- Energy efficiency is cumulative – the more you do the better, single actions don't result in behavioral change

Marketing strategies and engagement (2)

Marketing strategies and engagement

Motivate and enable consumers to engage in the process, and provide an easy risk-free way in which they can engage.

- Often programmes are designed with a start and end – from a behavioral change perspective the end is generally too early – so marketing activities need to be seen beyond individual programmes.
- Often EE programmes are disconnected (either by different govt agency's and/ contrary incentive) this confuses the market and results in inefficient spend of market investments (by all)

Integrated Policies, Market Strategies & Tools.

Clarity about Strategy, Operational Tactics and Process

- Policy tools are often misperceived as the solution or process: e.g. an energy efficiency label project, communications programme, regulation, or grant.
- But they're only elements in a market transformation process

Policy Tool(s) work together within a **Strategy** to develop a **Market Transformation Process** to achieve a **desired Outcome**

- Policies are not the programme or process itself

Integrated Policies, Market Strategies & Tools.

Accurate consumer research: values, motivations, behaviors.

- Consumer values shape consumer behaviors.
 - What do the various decision makers value, what drives their decisions?
 - Who or what do they align with?
 - How do they want to be perceived?
 - How will they really behave or react to your energy efficiency offer?
 - What would it take to convince the consumer to pay for the energy efficiency intervention?

Unless policy efforts **resonate with consumer values**, overcome entrenched indifference, **motivational inertia** and cut through behavioral barriers there is little scope for desired outcomes or market transformation.

Integrated Policies, Market Strategies & Tools.

Marketing Strategy.

- It starts with very clear objectives (outcomes) which are measurable in consumer terms
- This determines
 - the scale,
 - the time
 - the degree of effort to affect change
 - The audiences affected by this change and what is required to support/adopt the changeand
 - the tactics to deliver to effect this change
 - Integration of messages/channels to market and alignment with intermediaries/industry

Market the outcomes

Integrated marketing Strategy



Examples: effective energy efficiency marketing initiatives.

ENERGY STAR

Voluntary measure complements mandatory

Stringencies adjust as industry responds

Responsive to tech and market changes

Clear brand management

encourages others to use brand with integrity

Global scale in global markets

very hard to set up your own energy efficiency brand

The ENERGY STAR Certification Mark: labelling guidelines

Only ENERGY STAR qualified products listed on the NZ ENERGY STAR website may be labelled with the ENERGY STAR Certification Mark. For information relating to the ENERGY STAR qualified product approval process, refer to the NZ ENERGY STAR website www.eeca.gov.nz/energy-star. The three label sizes available for use are:



Obtaining ENERGY STAR Certification Mark labels
To order labels, contact Rapid Labels on (09) 414 1700 or visit www.rapidlabels.co.nz.
Products labelled outside of New Zealand under US ENERGY STAR standards for home electronics and office equipment may use black and white labels (refer page 11). However, the blue labels are the preferred option and will have greater brand recognition within New Zealand.
For more information on ENERGY STAR labelling, contact the NZ ENERGY STAR team at info@energystar.govt.nz.

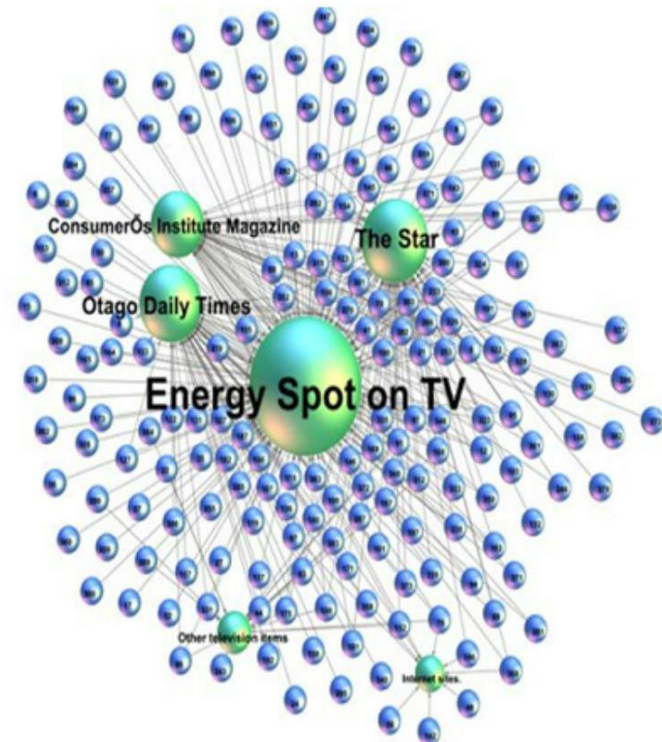
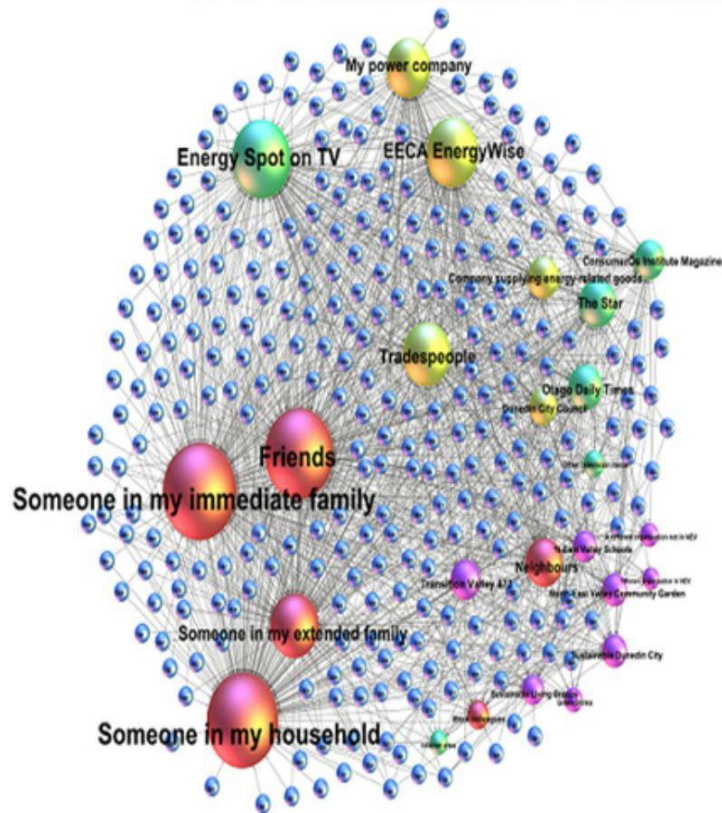


New Zealand's Most Energy Efficient Products

- 75% awareness amongst consumers
- Predisposition to upgrade increases overall by 22%, significantly higher at the margin (3 star MEPS level)
- Sales process still underplays the value of energy efficiency
- Energy efficiency engagement varies by product type
 - low involvement (Fridges / AC), high ENERGY STAR impact
 - high involvement products like TV, weak impact.
- Market share of ENERGY STAR grown beyond design 33% cf 25%. 66% share for ENERGY STAR A/Cs
- 3:1 private – government investment.

Getting energy efficiency messages to dominate consumer thinking

ENERGYWISE and ENERGY SPOT credible information source
Word of mouth is crucial – Otago University Study



Key Lessons

- Commitment derived from relevant multiple benefit outcomes that serve socio-economic development priorities
- Promote value of energy efficiency to consumers – watch for an overt energy savings focus
- Motivate the development of energy efficiency supply chains
- Scale is important: motivate leveraged private sector finance and private sector marketing visibility
- Strategic marketing campaigns based on real single-minded issues
 - Avoid telling and selling, watch out for over-creativity
 - Credible - above all, make it real for consumers
- Be positive and constructive (what would motivate you?)
- Modeling and evaluation to see reality behind the obvious
- Monitor market developments and move with them
- Use commercial marketing models (successfully selling soap and sausages and changing behaviors for years)