Stakeholder workshop on governance practices in transition to low-carbon energy

PRESENTATION

ENABLE.EU
Enabling the Energy Union

Workshop's overview (1)

- **Aim of the workshop**: To discuss governance practices in the areas of heating and cooling and prosumers-practices that could be seen as:
  - ✓ Bottlenecks in the design and implementation of low-carbon energy policies;
  - ✓ Obstacles for public acceptability of low-carbon energy transition
- **Workshop specific objective**: To identify and discuss:
  - ✓ Options for future policy actions
  - ✓ In line with expected and unexpected local or global phenomena
  - ✓ Within short- (up to 3-5 years) and mid-term (up to 5-10 years) period.
- **Workshop expected outcomes**: Formulated policy recommendations, aiming at
  - ✓ Overcoming bottlenecks in the design and implementation of low-carbon energy policies
  - ✓ Facilitating public acceptability of low-carbon energy transition policies
    - Policy options in short- and mid-term horizons
- **Workshop length**: 1 day (two half-days)

Workshop's overview (2)

- Setting: working in small groups
  - ✓ There is no "less important idea"
- Activities:
  - ✓ Hints from preliminary research findings (ENABLE.EU team)
  - ✓ Hints from practitioners – each participant presents:
    - **1-2 major governance bottlenecks** in the design and implementation of low-carbon energy policies in **his/her own country**
    - **1-2 major obstacles** for public acceptability of low-carbon energy transition in **his/her own country**

    ➡ focus on **heating and cooling** and **prosumers-practices**

  - ✓ Preparing a list of policy domains (addressing bottlenecks and obstacles) requiring targeted actions

Workshop's overview (3)

- Working in small groups
  - ✓ On a list of identified and further elaborated policy domains
  - ✓ discuss possible influence of expected and unexpected local or global phenomena
  - ✓ provide options for policy actions within short- and long-term horizon
- Presentations of groups' results and plenary feedback on them
- Closing remarks and further steps (ENABLE.EU team)

Sources of governance constraints (1)

- Political viability:
  - ✓ Existence of government support:
    - Existence of related policies, programs, plans, strategies, laws
    - Policy origin: policy makers vs. policy takers
    - Existence of institutions required to perform different activities
    - Provision and sufficiency of resources – human and financial
  - ✓ Long-term stability of government support:
    - Consistency of government targets (strategic planning vs. ad-hoc decision-making)
    - Longevity of financial and political commitments
    - Existence of incentives for stakeholders to comply with policy

Sources of governance constraints (2)

- Organisational capacity of relevant institutions:
  - ✓ Available human, professional and financial resources
    - Number of staff engaged with the given policy
    - Experience and skills of staff engaged
    - Availability of budget
    - Availability of specific capabilities within the given institution
  - ✓ Institutional potential to implement policy

Sources of governance constraints (3)

- Policy credibility:
  - ✓ Achieved results against the foreseen targets
  - ✓ Achieved results against their public acceptance
  - ✓ Clear assignment of responsibilities among the institutions
- Compatibility or conflicts with other policy priorities
- Transparency and accountability:
  - ✓ Of relevant state institutions
  - ✓ Of related major stakeholders

Examples of governance constraints (1)

Prosumers H&C	• The energy poverty issue placed within the social security policies and not in energy policy itself results in lack of incentives for energy poor households to become prosumers or to improve the energy efficiency of their buildings (RS, BG, …); • Lack of end-user knowledge about technical and economic characteristic of RES technologies (FR, Bg, RS, PL, HU, …) • Low levels of social acceptability of RES in general and of decentralized generation in particular; RES perceived as expensive energy source (BG, FR, RS, PL …) or as threat to national interests in oil and gas (NO) • Lack of policy priorities for introduction of smart metering, incl. heat cost allocators (ES, BG, RS …) • Complex, fragmented, costly and long-lasting administrative procedures without coordination between the different institutions and different levels (central, regional, local) regarding permits, approvals, licensing, grid connection, etc. (ES, BG, RS, PL …) • Market development and actual demand still strongly driven by the availability or the lack of public funding (BG, RS, HU …) • Lack of stakeholders participation in the policy decision making (BG, RS …)

Examples of governance constraints (2)

Prosumers	• Sitting issue / NIMBY attitude, especially stronger towards foreign investors (FR, BG, PL, ES, …) • Lack of long-term policy / lack of commitment (PL, BG, …) • Lack of qualified human resources in public administration (BG, RS …) • Insufficient incentives for investing in smart grids (BG, RS, PL, HU …)
H&C	• Lack of professional expertise within the administration, together with lack of independent advisory bodies (experts come from large private companies) • Market development and actual demand still strongly driven by the availability or the lack of public funding (BG, RS, HU …) • Low level of public awareness especially for RES-based H&C solutions (BG, RS, UK …)

Examples of governance constraints (3)

General RES policies	• Frequent and uncoordinated revisions of RES policies leading to complex regulatory framework with limited transparency and without clear division of responsibilities or jurisdiction (BG, RS …) • Actual protection of energy monopolies / oligopolies still prevails despite the enacted legislation and public declarations (FR, BG, RS, PL …); • Public administration still perceives the energy system as highly centralized and linked to gas and electricity from limited number of sources (BG, FR, UK, PL, HU, ES, RS, …); • Lack of legislation concerning the revolving door phenomenon (FR, DE, BG, RS, ES, UK …) • Stop-and-go approach in implementing RES policies – push on strategic level but delays and lack of synchronization on the level of separate administrative procedures, often dispersed among several different institutions, e.g. permits, grid connection, licensing, etc. (BG, FR, RS, …) • Policy implementation gap – legislation has changed without the necessary regulations to exist or to be coordinated with (RS, BG, …)

TASK 1 (2 hours)

Create a list of governance bottlenecks or constraints:

- Write down in bullet-style ():
  - **1-2 major governance bottlenecks**, constraints or deficits, which you think must be addressed in **next few years** in **your country**
  - **1-2 major obstacles** for public acceptability of low-carbon energy transition in **your country**

⇨ Use separate post-note for each suggestion

⇨ Indicate your name at the top

- Present your suggestions (up to 3 min)

TASK 2 (30 min)

- Prepare a full list of suggested policy issues
  - Grouping possible similar issues
  - Define the working groups

TASK 3 (1-1,5 hours)

- Work in 4-5 small groups according to identified domains for policy interventions to discuss:
  - ✓ possible influence of expected and unexpected local or global phenomena
    - Describe possible phenomena
  - ✓ possible options for policy actions within short- (3-5 years) and long- (5-10 years) horizon
    - Try to formulate at least 3 (better 5-8) options for each identified issue
    - Think about practices that do exist (in other countries, success cases, etc.) and not about generalized suggestions, e.g. "*establish a guarantee fund for low-income customers, investing in energy efficiency or own generation*" instead of "*ensure favorable financial conditions for low-income customers*".

TASK 4 (45 min)

- *Present your work*
- Get feedback

Working groups

- **Group 1:** Ineffective / insufficient / missing policy / incentives for the implementation of **energy efficiency** OR **prosumer practices** in households;
- **Group 2:** **Energy poverty**; (perceived) **high cost of investment** for RES installations;
- **Group 3:** Complex, long lasting, fragmented and costly **administrative procedures** and/or difficult-to-understand regulatory framework AND **costly or improper taxation**;
- **Group 4:** Missing or not sufficient **institutional administrative and professional capacity**, esp. on regional/local level and on the level of working with end-users;
- **Group 5:** Lack of **strategic thinking** and political commitment; unpredictability of legal framework;
- **Group 6:** **'Incumbent' effect** – energy system and policy is dominated by incumbent actors and "old-fashioned" male engineers from supply-centered oil, gas and nuclear areas;

Ministry of information ☺

Low level of awareness

Lack of information and transparency

Improper / inefficient communication

Low-trust attitude towards major energy stakeholders

Working groups

Group 1: Energy efficiency / prosumer practices

- Atanas, BG
- Eckehard, DE
- Frank, UK
- Sven, DE

Group 2: Energy poverty / high cost of investment

- Amy, UK
- Thomas, UK
- Tsvetomira, BG
- Željko, RS

Group 3: Administrative procedures / taxation

- Jelena, RS
- Zoltan, HU

"Ministry of information" group

- Alberto, IT
- Aleksander Popovic, RS
- Maksym, UA
- Rosie, UK

Group 4: Institutional administrative and professional capacity

- Andrii, UA
- Branislava, RS
- Marine, IT

Group 5: Strategic thinking

- Aleksandar Kovacevic, RS
- Marta, ES
- Paul, CH
- Yuliia, UA

Group 6: 'Incumbent' effect

- Pierre, FR
- Sanja Korać, RS
- Vitalii, UA

Short term

- All categories of consumers can achieve tax deductions if they document some energy saving, implement some energy efficiency measures, which should be certificated by energy auditor;
- Industry should be obliged to have the energy audit should be done in industry
- Regulations should be clear and stable (for at least 5 years) for both- consumers and investors
- For each regulation put some not-technical short explanation which ordinary people could understand – in aim to increase transparency end explain complexity of different regulations
- To increase billing transparency, which is usually very complex,
- We need define some exemption from regulation rules to stimulate innovations, define for specific period in some specified area; etc. micro grids could be interesting to investors if they be able to innovate that field, similar for mobility, PV…;

Long term

- Implement dynamic pricing and taxation for electricity (more CO emission- more taxis in almost real time)
- Regulations should be clear and stable for both- consumers and investors