



A DE-CENTRALIZED MODEL OF ENERGY TRANSITION IN THE RESIDENTIAL SECTOR

A PUBLIC POLICY APPROACH TO CLIMATE POLICY

NEOLIBERAL SECURITY VS CLIMATE CHANGE

- Growth rationale and markets' political leverage
- Climate change responses undisruptive to most culpable market activity
- Market orthodoxy - Market mechanisms ensure optimal efficiency and flexibility

THE UNPRODUCTIVE MARKET LOGIC

THE MARKET STORYLINE

- Support schemes for renewables will generate profits – emissions reduction markets' by-product
- Scale of reductions undetermined

BUT

- Markets exclude the least well-off
- Markets exclude the ones who do not opt to become prosumers
- Emissions reductions do not materialize

THE RESIDENTIAL SECTOR: A CASE FOR SWITCHING FROM A MARKET TO A PUBLIC POLICY APPROACH

- The logic driving climate policy
- The modes of engagement with market agents
- The rationale of climate policy
- The investments-outcomes calculus
- The state, rather than the market, determines levels of emissions reductions
- The state does not simply provide incentives to market actors, but employs them for specific tasks
- Profitability not a goal – sustainability with sound finance is and requires reshuffling sources of finance towards sustainable investments
- Bundling public policy issues and reshuffling sources of finance is the key to restructuring the investments-outcomes calculus

CLIMATE MEETS ENERGY POLICY

- *Towards an inclusive, progressively de-centralized model of energy transition in the residential sector*
- Increasing energy efficiency
- Boosting renewables generation

A BUNDLED SCHEME TO:

- Bring residential and commercial buildings up to the highest energy efficiency standards
- Procure energy-saving appliances in them, and
- Install renewable energy generation infrastructure to fuel residential and commercial facilities
- Outcontracting to engineering companies the retrofitting of all buildings
- Utilities undertake energy audits and proceed accordingly
- Installation of renewables' facilities by engineering companies or utilities

FINANCING THE SCHEME

- A fixed, progressive charge on electricity bills to cover partially investment costs (charges for consumers must not go up)
- Shifting finance targeting fossil and outdated energy infrastructure projects towards the investment triplet suggested
- Bundling these investments together with those necessary for the accomplishment of other public goods
 - ❑ Auditing the directly and indirectly monetizable benefits
 - ❑ Energy investments can reduce existing or necessary in the future spending in the bundled sectors
 - ❑ Overall, a more balanced, if not superior, balance sheet emerges

HEALTHCARE AND AIR QUALITY

- Investments at source offset costs implicated in treating an increasing number of serious health conditions at the medical level
- Stress on public health systems relieved
- Toll in terms of human lives lost, medical treatment needed and days of work lost comes down

ECONOMIC PROSPECTS AND SOCIAL POLICY (I)

- Investments necessary to offset future climate-related costs
- Fewer energy imports translate into substantial foreign exchange savings and an improved trade equilibrium
- Inward investments stimulate the local/ national/ European supply chain
- Substantial auditing/ replacement/ insulation and installation job creation
- Boost of aggregate demand and healthier recycling of money

ECONOMIC PROSPECTS AND SOCIAL POLICY (II)

- Energy poverty contained/ eliminated
- Poorer people can more easily make ends meet and contribute to a healthy economy
- This also saves severe public costs in terms of unemployment benefits, decreased social policy costs and costs involving the combat of anti-social/ criminal behaviour

ENERGY SECURITY

- Energy risks call for energy policies that raise energy prices (diversification, liberalization, storage etc)
- Energy prices volatility threatens economic welfare
- Energy security and ensuing geopolitical costs and risks vast, but hardly monetizable
- Inward-looking energy policies minimize imports, ensuing dependence and associated energy security costs

POLICY IMPLICATIONS

- Climate policy becomes inclusive, expansive and efficient - granting the EU much wanted **external legitimacy**
- A bundled economy-society-climate change mitigation approach can yield extensive and diverse benefits - granting the EU much wanted **internal legitimacy**, not least as it targets the middle and lower classes
- Showcasing the superiority of public policy to market-based solutions – towards a denser public policy agenda?
- A step closer towards energy democracy and an inclusive EU? Focus on renewables resonates with self-generation, self-consumption and community energy, thus posing real possibilities for placing energy progressively out of the market realm

CONCLUSION

- Merits of the bundling approach – key in cases where single-cause investments appear costly and difficult to effect
- Bundling issues, targets and financial sources can help accomplish more profound and pervasive outcomes than single policies for single issues
- Implementing bundling to effect reduction in industry and transportation-induced emissions?
- Extending bundling to other issue-areas? Geopolitics stands out as a promising case