

Energy Efficiency and Urban Residential Utility Affordability Study

A Forthcoming Study
on Energy and Water Efficiency Solutions
for Europe & Eurasia

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MUNEE Expert Advisory Work Group Meeting
July 1, 2005 – Geneva



ALLIANCE TO
SAVE ENERGY
Creating an Energy-Efficient World

Presentation Outline

- Goals of the Study
- Key Questions to be Addressed
- Types of Data Sought
 - Real Experience w/ Energy Efficiency in End-Use
- Research Approach & Methodology
- Expert Advisors' Role
- Next Steps – Your Input



Goals of Affordability Study

- Assess impact that reforms and restructuring in essential utility services will have on the affordability of heat, electricity, water & wastewater.
 - What will the impacts be on residents of multifamily buildings?
 - What are the implications for municipalities and social safety net services?
 - How will vulnerable households cope?
- Present the policy case for energy efficiency vs. traditional approaches (e.g. subsidies, “social tariffs”)
- Identify impediments – policy, legal, institutional, commercial, etc. – to using energy efficiency to provide an energy social safety net among vulnerable households.
- Tie in to the Energy Community for Southeast Europe and the role of energy efficiency
- Reach a broad audience
 - Governments, NGOs, development banks and financiers
- Document utility affordability problems and residential energy efficiency experience
 - Real energy efficiency gains and reductions in household expenditures
 - Experience using social welfare funds for energy efficiency among vulnerable households
 - Collect existing reports
 - Uncover previously undocumented experience in case studies



Key Questions

- Understanding the Urban Residential Sector
- Why has relatively little priority been given to urban residential energy efficiency?
 - What are the key issues and impediments to expanded residential energy efficiency such as: physical characteristics, management, ownership, maintenance, billing/payment relationships, and socioeconomic composition of urban households
- Policy & Regulatory Frameworks
 - Have tariffs and affordability of basic services changed in the past 5 years? Are there any best practices for dealing with tariff increases?
- Energy Efficiency Results
 - What is the net financial gain/loss to households and governments that adopt and invest in urban residential energy efficiency?
 - Do Energy Efficiency Programs target and benefit vulnerable households? Are they a viable alternative to payment of subsidies?
 - How do the costs and bill reductions from urban residential energy efficiency compare to those of alternative policy measures (i.e., social welfare payments, targeted subsidies)?



Types of Data Sought for MUNEE Analysis

- Municipal expenditures related to supplying **and consuming** heat, hot water, cold water and wastewater services
 - Heat includes gas, district energy, electricity
 - Electricity bills borne by municipality to supply and treat water, light public areas and buildings
 - **Direct energy subsidies paid for low-income consumers and indirect payments to utilities**
- Average household incomes, by income level
- Average annual household costs for essential services, by income level
- Percentage of household income needed to cover essential services
- **Amount and** percentage of municipal (or state) budget spent on:
 - **Utility** Operating Costs
 - **Utility** Capital Costs
 - Consumer Payments and/or Subsidies
 - Energy Efficiency Investments and Promotional Programs (including end-use)
- Percentage of household incomes spent on energy efficiency improvements



Research Approach & Methods

The Research Team is comprised of field-based consultants and partners led by the Alliance to:

- Review all available literature on topic
- Collect additional data where needed through surveys and interviews (w/ regulators, donors, utilities, project implementers, residential and real estate interests, retail sellers of energy efficiency materials/equipment)
- Develop case studies
- Conduct comparative analysis
- Produce discussion papers and collect input from partners and Expert Advisors
- Hold one workshop on residential energy efficiency experience and affordability (leveraged by REEEP)



Expert Advisors' Role

- Provide guidance on the research agenda
- Recommend key references for data and analysis already performed in this area – avoid possible duplication
- Help us engage other influential actors in discussion
- Point us to case studies
- Help us address data gaps
- Peer review of draft analysis
- Brief presentations at working meetings
- Preparation of white papers



Next Steps

- Build on Previous MUNEE Research on Low-Income Issues in South East Europe
- Identify, document and quantify the efficiency experience – focus on end-use improvements
- Coordinate with related research (incl. other USAID projects)
- Timeline – first draft this autumn, workshop by the end of this year or early 2006, final study by March 2006
- 2 roundtables
- Final conference



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