

Principal Researcher: Ibon Galarraga - Basque Centre for Climate Change - BC3

Title: ENERgy Efficiency POLlicies in Spain: analysing consumer choices.

Main purpose of the project:

To understand the effectiveness of energy efficiency labels (market based instrument) and a Low Emission Zone (LEZ) (command and control instruments) in Spain. We will estimate willingness to pay for energy efficiency in appliances and understand the role of providing monetary information. In addition, we will study the case of the Madrid LEZ.

Design/methodology/approach:

The project will involve:

- (i) A hedonic estimation of the willingness to pay for energy efficiency in appliances.
- (ii) A controlled lab experiment to test the effectiveness of providing monetary to nudge energy-efficient appliances adoption.
- (iii) A natural experiment based on Madrid Central to test the effectiveness of LEZ policy.

Potential results:

The project should provide useful recommendations to improve the design of policies to influence consumers' choices of energy efficient technologies. Specifically, it will allow us to provide insights on the effectiveness of different instruments in the transition towards a low carbon economy.

Social relevance of the research:

In the context of climate change many policies are being suggested in Spain to reduce the carbon intensity of the economy. However, household behavioural change has not received enough attention yet. The potential of the household sector to significantly contribute to a low carbon transition is considerable.

Originality/value of the project:

Information provision on energy efficiency issues at household level has been successful in Europe and US. However, there is no consensus with respect to including monetary information. LEZ also seem to be working well to generate incentives towards more efficient mobility modes and improve air quality. Innovative research methods are suggested.