

# Reporting on socio-economic evaluation of PAMs under the MMR and plans for the future

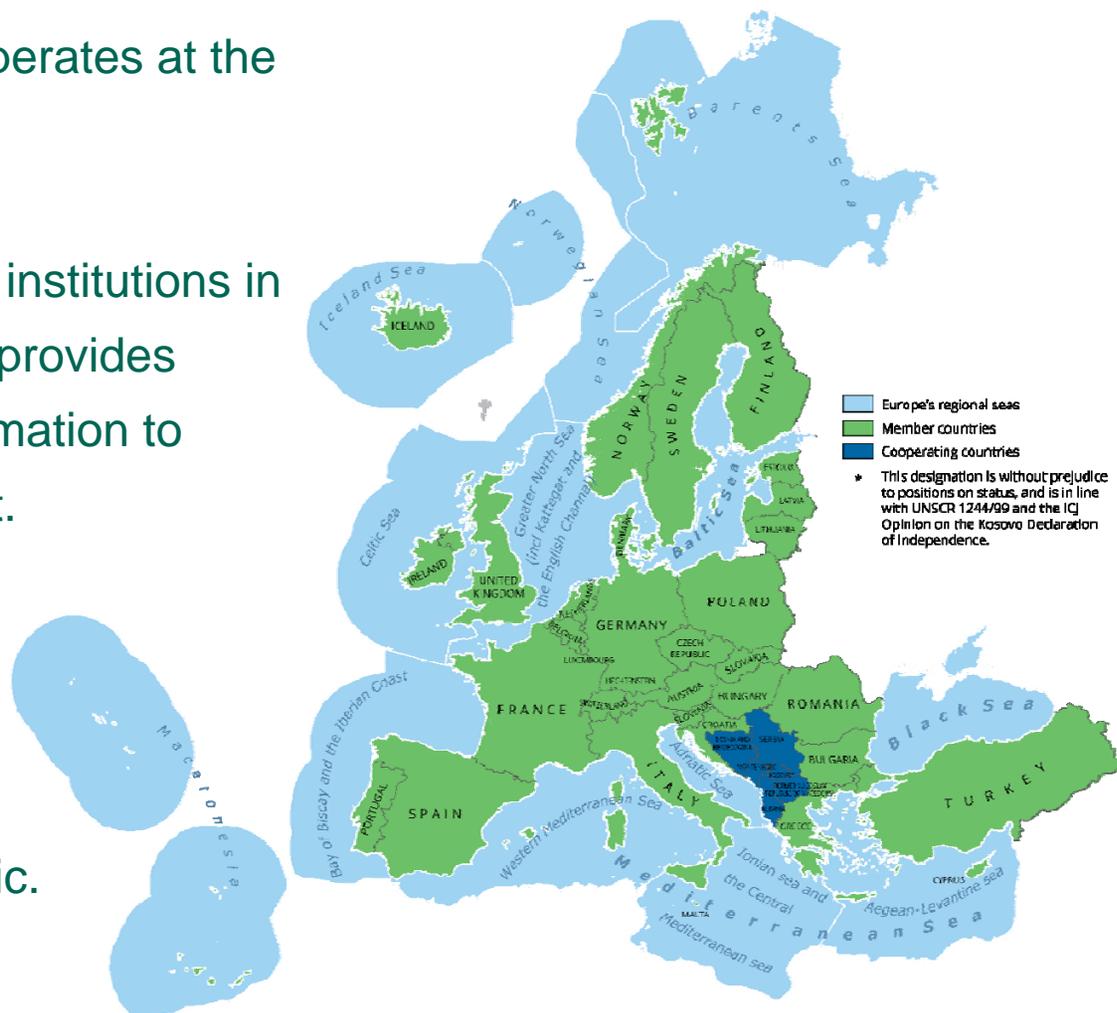


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# Socio-economic evaluation: a case to be made

1. Reporting on PAMs' socio-economic aspects under the MMR is very weak
2. The Energy Union could broaden the scope of climate and energy policy evaluation
3. The way forward: new governance, new tools, learning by doing, experience sharing...

# Reporting requirements on PAMs under the MMR

- Monitoring Mechanism:  
2004 Decision → 2013 Regulation
- MS to report every two years (annual updates):
  - Description of (climate) PAMs
  - Ex-ante and ex-post impacts
  - Costs and benefits

# Effectiveness: incomplete reporting on savings



- Only 3 MS reported ex-post GHG savings
- Better reporting of ex-ante savings
- Reporting did not improve compared with previous years
- No requirements on methodologies: considerable differences in methodological approaches

# Efficiency: incomplete reporting on costs

- 5 MS reported information on projected or realised costs
- Net costs reported for:
  - in euros: for 58 PAMs
  - in euros/tonne for 34 PAMs
- No specific information reported on benefits

	Belgium	Czech Republic	Estonia	Finland	France	Total
Energy consumption	2	13	5		1	21
Energy supply	2	9	10		2	23
Transport	1	18	8	1	2	30
Industrial processes		1				1
Waste		1	3			4
Agriculture						
LULUCF			12			12
Cross-cutting		2				2
Total	5	44	38	1	5	93

Source: EEA, 2015, 'EEA viewer of climate change mitigation policies and measures in Europe' (<http://pam.apps.eea.europa.eu/>).

# Social aspects of PAMs in the MMR:

...4 measures (out of 1400) refer to the term “poverty”

## But what do we know about...

- Structure and distribution effects, e.g. impact of energy pricing on fuel poverty
- Compliance costs for regulated entities vs regulatory costs
- Macroeconomic effects (economy-wide), e.g. changes in GDP resulting from environmental policies
- Employment effects, e.g. job creation due to building renovation measures
- GHG emission reduction potential of changes in behaviour and consumption patterns
- Etc.

# A changing policy context: Energy Union

- Five mutually-reinforcing and interrelated dimensions to bring energy security, sustainability and competitiveness
  1. Energy security, solidarity and trust
  2. A fully integrated European energy market
  3. Energy efficiency contributing to moderation of demand
  4. Decarbonising the economy
  5. Research, innovation and competitiveness
- Achieving these objectives requires greater policy coherence across these dimensions
  - more socio-economic aspects in evaluations



# A new governance system for the Energy Union

- All actions at European, regional, national and local levels should contribute to the Energy Union's objectives:
  - More and longer-term policy coherence
  - Streamline current planning and reporting requirements
  - Engage with stakeholders to inform policy making and manage the energy transition
  - Improve data, analysis and intelligence to underpin the Energy Union and make it accessible to stakeholders
  - Annual reporting to address key issues and steer policy debate

# Planning, reporting, monitoring, evaluating

- National climate and energy plans
- Streamlined planning and reporting obligations
- Stepped up role and rights of consumers, transparency and predictability for investors
- More coordination of national energy policies and regional cooperation
- Systematic monitoring and evaluation based on key indicators, including *inter alia* on socio-economic aspects:
  - Energy poverty index
  - Share of energy and environment in total public R&D spending
  - Low-carbon technologies patents
  - Final energy consumption per m<sup>2</sup> in residential sector

*[ongoing and evolving dialogue!]*

# Increasing role for evaluation in EU policy making

- **Better Regulation:** designing EU policies and laws so that they achieve their objectives at minimum cost
- Expected and actual impacts of policies at every stage of the policy cycle - from planning to implementation, to review and subsequent revision
- A REFIT platform to advise on simplifying and making EU laws more effective and efficient
- Better regulation guidelines explain principles, objectives, tools and procedures to make sure that the EU has the best regulation possible



# Energy support measures and innovation in RES

- 2014 EEA Technical report
- Link between support measures for renewable energy and employment effects in wind and solar photovoltaics
- Findings:
  - *Despite growing interest in promoting renewable energy, in 2012 many support measures in Europe targeting fossil fuels and nuclear sectors were still in place, and continued to affect public budgets*
  - *Innovation relies in the renewable sector relies on political will to shift the focus onto the renewable sector, pre-existing innovation capabilities, level of R&D investment and renewable policy design*
- Main indicator: number of patent applications to the European Patent Office for various renewable energy technologies

# Knock-on effects of renewable growth in Europe

- 2016 EEA report
- Section 3.3 on “Renewable energy employment”
- Uses IRENA and World Bank data (2015)
- Wind, solar PV and solid biomass are the largest employers in Europe, but:
  - Jobs were lost in the solar PV industry over the past five years, including due to rising competition from China.
  - Some job were also lost in wind power: the sector entered a phase of consolidation in 2013 as competition from China kept growing
  - Despite this competition, jobs per person in the workforce in the EU-28 remain, to date, larger than in China

# EEA increasingly engaged with policy evaluation

- Internal EEA guidance on policy evaluation
- Regular work on PAMs reporting under MMR
- Benchmark of EEA PAMs database
- Evaluation of a selection of PAMs reported by MS
- 2 events at EEA in Copenhagen in September:
  - 5-6 September: EEA workshop on “reporting and evaluation of climate mitigation policies and measures”
  - 15-16 September: annual EEEN Forum on “Evaluation for better regulation in environment and climate policies – Lessons from research and practice”

# EEEN Forum 2015, “mitigation track” conclusions

- Too few ex-post results reported at EU level: reporting issue (Monitoring Mechanism) or do we lack evaluations?
- Most mitigation measures address the energy sector: evaluation must adjust to the increasing integration of climate and energy policy
- More comprehensive evaluation approaches to address other dimensions than GHG reductions, e.g. cost efficiency, innovation, industry competitiveness, etc.
- No ‘one size fits all’: a diversity of methods and evaluations can increase the knowledge base to understand specific causal drivers
- Long term transformative change should be kept in perspective, even in evaluation of short-term effects



# Which policies to achieve a long-term transition?

- The MMR does not lift the mystery on how socio-economic effects of climate mitigation PAMs are evaluated across European countries...
- Will the Energy Union (and its governance) be a game changer?
- Key role of policy evaluation – cf. “better regulation agenda” by the Commission
- Effectiveness, efficiency, relevance, coherence... what should we / Member States look into?
- Are Member States equipped with adequate tools?
- Are there information constraints?
- Is evaluation sufficiently “institutionalised”?

# Thank you

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# Policy evaluation framework

