

D 4.7 Consolidated Report on the reception of 10 narratives by policy makers

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Executive summary

This report consolidates the reception of the 10 narratives by policy makers. It will thereby give specific feedback stemming from the parliamentary events, which are testing the narratives in the political arena.

Introduction:

Based on multiple inputs from policy makers, business stakeholders and energy experts collected through dedicated workshops and an online survey, EEW4 is identifying and developing argumentative drivers in public discourses that facilitate the adoption and effective implementation of energy efficiency policies in the EU.

The present consolidated ten narratives are elaborated by the EEW4 project team on key themes distilled from the input received. This report analyses and consolidates enabling narratives for energy efficiency that resonate in different national or regional contexts by linking to recognised benefits that, beyond energy and costs savings, may include aspects such as innovation, competitiveness, modernisation of buildings, job creation and others.

Methodology:

This consolidated narratives report first presents a summary of the key tenets of the identified narrative, then it illustrates their reception, reporting the relevant input received before analysing the narrative's functioning principle and rationale. The analysis concludes with an assessment of the narrative's implications for policymakers stemming from the parliamentary events and its transferability in the political arena.

Narrative 1: 'It is beneficial to be a front-runner'

Description:

The aspiration to pioneer the energy transition and to be perceived as a leader in the carbon-neutral transformation can be an effective driver for advancing energy efficiency policies and pursue their effective implementation.

This narrative revolves around the theme and recognition of 'being a front-runner' with a focus on national governments, but it also considers economic sectors, individual businesses, and analyses how these can be leveraged to frame energy efficiency policies in ways that resonate effectively in public discourses.

Ambitious and credible targets, prior achievements in implementation, and shining lighthouse projects with demonstrated benefits, also in the broader economic and societal sense, are key vectors to build on the recognition and associated narrative around the theme of 'it is beneficial to be a front-runner'. In such a context, marketing bold energy efficiency policies with story lines around this theme then significantly facilitates their adoption and effective implementation. Perceptions and narratives of 'being or becoming a front-runner' are likely to take time to build. Indicators for their success can inter alia be seen in:

- clear and recognised economic benefits from energy efficiency business cases that may include technological leadership and developing industry sustainability champions;
- broad agreement across society and industry regarding the benefits of bold energy efficiency measures;
- consistency over time of such societal agreement that also translates into a stable political orientation and framework regardless of changes in government;

- government efforts to develop and maintain a leading role in energy efficiency in the sense of a credible advocate at both national and EU level.

Reception by policy makers:

Most of the comments to the narrative “it is good to be a frontrunner”, were predominantly expressed during business stakeholder workshops in Denmark and Italy.

Danish National Parliamentary Workshop:¹

- “Denmark is really a front-runner in energy efficiency. [...] the core narrative consists of the conscience that it is good for us.”
- The Danish government plans to continue pushing Denmark as a frontrunner.
- Historically, Denmark’s strong track record since its early decision to invest in the development of renewable energy and efficiency measures in reaction to the oil crisis in the 1970s and the related development and leadership in sustainable technologies such as in the wind power sector, with renewables and energy efficiency considered as ‘two faces of the same coin’
- The productive interaction of ambitious policies, industrial development and industries in turn asking for increased policy ambition, informing the perception of Denmark as a frontrunner for pioneering the transformation

Italian National Parliamentary Workshop:²

- Governments should be held accountable for their claimed comparative leading position regarding the energy transition; but we should challenge them if the claimed leading role is unfounded. The usual narrative of the Italian government is “we did well, and we are very advanced compared to others”, but this is not true. To beat the narrative, we need to present facts.
- In Italy there are unspent money in energy efficiency, and this fact could be used as a narrative.

Conclusions and Feedback

As illustrated by Danish policymakers, Denmark is widely perceived to pursue leading energy efficiency and renewable energy policies. Consistency between rhetoric and action over time is a key dimension and enabling factor. Similarly, it is also key to operationalise general principles established in policy strategies or even regulation to implement them in tangible measures.

The Danish stakeholders also pointed to the historical background of the oil crisis in the 1970s as a starting point for strategic reflexions on how to enhance resilience to such shocks, progressively leading to the paradigm of pioneering the development of renewable energy and energy efficiency technologies. Strong and multifaceted considerations for the resilience of society, e.g. also including aspects of health, social

¹ <http://www.energy-efficiency-watch.org/media/pdf/EUFORES-Danish-National-Parliamentary-Workshop.pdf>
For the speaker lineup and their PowerPoint presentations, cf. <http://www.eufores.org/index.php?id=307>

² Event Report: EEW4 EVENT REPORTING EUFORES NATIONAL WORKSHOP ITALY.docx

cohesion, competitiveness, environmental protection etc., thus form the bedrock on which the front-running narrative builds.

As policy makers commented during the Italian Workshop, governments understood the advantages of using the narrative of “being a front runner”, however not in all cases this narrative is used in a trustworthy manner as there is no real evidence to back it up. Therefore, the credibility and accountability of official narratives on being a frontrunner are key in order for the narrative to have successful results.

Narrative 2: ‘Energy efficiency as integral improvement of the production cycle’

Description:

Currently, energy efficiency investments are often assessed against their potential to provide energy cost savings. Investment decision-making in the private sector focuses on short-term profitability based on a one-dimensional assessment of payback times, determined by cost of energy and required investment. Awareness among company leaders and policy makers needs to be raised that energy efficiency investments tend to pay off in the longer term and contribute to a sustained competitive advantage not only through cost reduction but also due to higher process efficiency and improved product and service quality.

Understanding energy efficiency in terms of opportunities for innovation and growth can be achieved when embracing a more holistic view on energy efficiency. This includes state-of-the-art technology options, cutting-edge digital solutions, the potential to improve the production cycle and output quality through well-considered energy efficiency measures. Thus, energy efficiency ought to be understood as an integral improvement of the production cycle instead of a purely energy-focussed issue.

Awareness for the broad business improvement potential and innovative character of energy efficiency measures can be triggered by more supportive audit regulation. This potential for business improvement can only be tapped when companies do not regard audits primarily as a formal obligation to comply with but as providing valuable insights on how to modernize the value creation of a firm. To improve the benefits of audits, they should provide decision makers in businesses and industries with integrated and profound guidance rather than generic recommendations. Supportive energy efficiency audits can create significant added value to ensure international competitiveness of EU companies and industries and making them ready for the future on their path towards decarbonization.

Reception by policy makers:

The role of energy efficiency for the improvement of the production cycle was predominantly expressed during business stakeholder workshops in Italy and Ireland but also mentioned by stakeholders in other Member States.

Ireland – Business Stakeholder Workshop³

³ EEW4 External Event Report, available at: <http://www.energy-efficiency-watch.org/media/publications/NAVIGANT-National-Business-Stakeholder-Workshop-in-Ireland.pdf>

- Bringing communication about audit results to board level is key. Anchoring energy considerations deeper into organization's procedures, e.g. on board-level and in finance departments, can help to increase the broader relevance of energy efficiency for profitability.
- Often, the bigger plan / full potential for optimizing the production cycle is only seen when an audit is completed => have it read by the right people to mobilize investment
- Energy audits are a chance to create client relations and to reveal unknown energy efficiency potentials. Stakeholders suggest that energy audits should be combined with an obligation scheme for closer relation and constant exchange between companies and auditors.
- Mandatory corporate carbon reporting was suggested as a potential lever to increase awareness for energy efficiency in companies.
- In all companies, tax is dealt with at board level, cost of energy typically not => paradigm needs to be changed

Italy – Business Stakeholder Workshop⁴

- Energy is often a central cost factor for businesses, industries and public services but still energy efficiency is not a priority, e.g. due to sometimes long payback periods or perceived complexity of proposed measures, among SMEs in particular.
- The implications of energy efficiency measures should be explained in monetary terms instead of energy values to convince decision makers. Highlighting economic benefits of improving energy efficiency is essential.
- Focus on the client perspective as a policy maker: monitoring energy performance and key performance indicators allow for process improvements, e.g. in production. Communicate measures for the support of energy efficiency investments to reduce payback time. Highlight effective business models.
- Establishing long-term relations is essential for ESCOs to reduce the cost risks of clients, e.g. through energy performance contracting and by including success fees, internalising external costs in energy prices and balancing costs of electrical and thermal energy.
- Frequent mistake: potential of digitization to make EE potential / other optimization potential visible is often neglected / underestimated.
- The implementation of innovative and energy efficient processes can contribute to a company's positive image, e.g. quality improvements through digitalisation and automation.

Conclusions and Feedback

The narrative of energy efficiency as an integral improvement of the production cycle, was widely supported by policy makers, especially participants of the Italian Business Stakeholder Workshop expressed that the implementation of innovative and energy efficient processes can improve product quality and contribute a positive company image. It became clear that appropriate and predictable carbon emission prices, are essential to enable companies and other energy consumers to take future-oriented investment decisions. Support programs for energy-efficient production processes, e.g. via Carbon

⁴ EEW4 External Event Report, available at: <http://www.energy-efficiency-watch.org/media/publications/NAVIGANT-National-Business-Stakeholder-Workshop-in-Italy.pdf>

Contracts for Difference (CfD), can close the gap in industries where carbon prices do not yet trigger the technology and process investments that will be necessary to reach the agreements among the international community.

Policy makers gave high importance to audits as well as the potential of digitization which have been highlighted as means to reveal the potential for energy efficiency and process optimization. Audits tailored to the needs of businesses and industries are a key lever to promote the implementation of innovative and sustainable production processes. The value of audits can be improved through specialisation of auditors on particular technologies, industries and digital solutions. Allowing for steady relation building between industry and auditors instead of one-off contacts is key to increasing the quality of audits and developing tailored services and according business models.

Narrative 3: 'Only talk about the real business case for energy efficiency'

Description:

When the first policy instruments for energy efficiency were created, it was expected that business cases would gradually develop and become stronger when demand was increasing. What in fact was the case for renewable energy upscaling often remained very scattered in the more complex field of energy efficiency. Here, the amount of viable business cases is not only a function of cost degression of technical solutions but requires a comprehensive level playing field in relation to both competing solutions, energy prices, counter-productive subsidies etc., which have often not been addressed to the degree needed. Thus, many energy efficiency business cases remained niche solutions. To broaden their range, a positive narrative is built around non-economic 'co-benefits' (assuming that customers may want to e.g. contribute to cleaner air). However, this well-meant, altruism-based narrative may reach the opposite: it frequently contributes to the counter-productive impression of just putting gloss on a per se non-convincing business case.

Focusing on the "real business case" helps to further strengthen an honest, transparent and credible narrative about what the business case is - and what it is not. It similarly adds clarity where political steering is needed for levelling the playing field.

Reception by policy makers:

Business stakeholder workshops in Ireland, France, Cyprus, Italy and Germany all alluded to the impression that the way the business case of energy efficiency investments is built and communicated is flawed – it is sometimes overly optimistic, often incomplete and most of the time not driven by hard economic facts. Professionalizing the way business cases are assessed and communicated is, according to the workshop participants, required to enable an economy-driven rollout of energy efficiency measures.

Business stakeholder workshop, Ireland⁵

- Never try to sell EE for a non commercial reason

⁵ EEW4 External Event Report, available at: <http://www.energy-efficiency-watch.org/media/publications/NAVIGANT-National-Business-Stakeholder-Workshop-in-Ireland.pdf>

- People will see / appreciate co-benefits, but decisive for their willingness to buy is commercial viability / an attractive package
- Use green features or other aspects on top for marketing purposes, but be clear it IS marketing and not the core economic reason to buy
- One of the initial mistakes (also from the direction of the EC): assumption that 'business cases will develop' / over time prices and payback times would go down without major supportive action
- Often unrealistic payback times expected / envisaged

Business stakeholder Workshop, Cyprus,⁶

- Entrepreneurial potential for innovative business given, but lack of informedness about legislative measures and framework in which this can be implemented

Business stakeholder Workshop in Germany⁷

- Important to establish long-term view on return on investment. Not just short-termed payback time, but longer-term value of, for instance, real estate.
- Mid-caps play a core role and help in developing new business models.
- There are linkages of energy efficiency with digitalisation, innovation and new lifestyles, as well as a nexus between regulation and freedom or local economic benefits of efficiency measures.

Conclusions and Feedback

In the various workshops, participants expressed the notion that energy efficiency investments are being sold by relating them to a range of economic and non-economic benefits. However, these are often mingled together and aspects like savings in energy cost are presented next to the overall "greenness" of an investment. This way of presenting the case for energy efficiency attempts to add a range of arguments to the decision making, which effectively touches upon very different types of benefits and relevant considerations. Instead of supporting an objective decision on an investment, this narrative approach tends to cloud the core economic issue at hand. This lack of transparency in presenting the case for energy efficiency is perceived as an attempt to cover-up for the potentially poor performance of energy efficiency business cases.

Various EEW workshops have shown that comprehensive business cases must be developed and presented. While this includes accounting for business impacts beyond direct energy costs, these additional impacts need to be incorporated into the economic business case. Added value to the client may include convenience, process modernization, or upgrading a firm brand. This added value should be monetized as much as possible to achieve a comprehensive view on the business case. Any other, non-monetizable, benefits may be referred to, but should be presented as separate from the economic business case.

⁶ EEW4 External Event Report, available at: <http://www.energy-efficiency-watch.org/media/publications/NAVIGANT-National-Business-Stakeholder-Workshop-in-Cyprus.pdf>

⁷ W4 External Event Report, available at: <http://www.energy-efficiency-watch.org/media/publications/NAVIGANT-National-Business-Stakeholder-Workshop-Germany.pdf>

Narrative 4: 'Ground energy efficiency on transparent foundations'

Description:

Especially against the background of increasing CO₂-prices, timely action on energy efficiency is key to hedge future price risks. It is therefore concerning that the public perception of the economic impacts of energy efficiency is often determined by simplistic, randomly selected or even false data foundations. Typically, short term payback considerations outweigh the mid to longer term perspective. In many contexts the factual base of narratives remains intransparent due to lack of independent guidance.

Positive features of energy efficiency are less evident compared to e.g. benefits of renewable energy generation, as actual savings in combination with further economic benefits (e.g. integral improvement of the production cycle) are more difficult to quantify and compare with a 'no measures' scenario. Where clear and transparent reference data are lacking, counter narratives based on randomly picked figures and statements (e.g. claiming a bad cost-benefit relation of energy efficiency) can lead to a negative image of energy efficiency.

Improving transparency around the impacts of energy efficiency policies and investments is a prerequisite to enable the broader energy efficiency narrative and is required to improve the acceptance and popularity of specific energy efficiency measures. Moreover, improved transparency is required to enable new business models. Showing energy efficiency impacts needs to be based on a proper definition of baselines, adequate monitoring of impacts and access to the generated information. In addition

Reception by policy makers:

Business stakeholder workshops in Poland, Ireland revealed that a lack of transparency often undermines the credibility and acceptance of energy efficiency measures and hinders the development of new business models.

Business stakeholder workshop, Poland⁸:

- Effective successes of EE policies not broadly visible / subject to massive questioning, as no independently compiled data base available / where partially given, not recognizable as objective and independent
- Entry point for all sorts of fake facts and random interpretation
- Points of attention: independent data gathering AND refinement; more and better data generation, e.g. through direct metering, apps, etc.; targeted communication of saving success coming along with policy measures

Business stakeholder workshop, Ireland⁹

- Access to metered data is key
- Generate e.g. through auditing / in general through smart combination of measures

⁸ EEW4 External Event Report, available at: <http://www.energy-efficiency-watch.org/media/publications/EEW4-External-Event-Report-POL-Business-Stakeholder-WS.pdf>

⁹ EEW4 External Event Report, available at: <http://www.energy-efficiency-watch.org/media/publications/NAVIGANT-National-Business-Stakeholder-Workshop-in-Ireland.pdf>

Conclusions and Feedback

From the workshop it emerged that more should be done to ensure that the narrative on the benefits and achievements of energy efficiency is backed by clear and transparent reference data and a subsequent solid argumentation. Attention is required to the availability and accessibility of according data and appropriate methodologies which sufficiently contextualize achievements in energy efficiency (e.g. not only considering – in an isolated manner per measure - the payback period in comparison versus a business-as-usual scenario, but add further quantitative economic data such as future price developments, contribution to technological transformation etc.). These methodologies need to be fully transparent in order to build robust argumentation on them and allow to unveil random, misleading or even fake information.

Another topic discussed in the workshops is broadening the view on energy efficiency impacts. This aspect relates to several other identified narratives, such as case 3 (real business case) and case 1 on (integral improvement of the production cycle). Improved transparency on energy efficiency measures means to communicate very clearly in the economic and non-economic impacts. Economic impacts should include additional aspects beyond energy use, return of investments and payback times, such as value increases through energy efficiency investments in buildings.

In most country specific contexts and on EU level, data to serve as a transparent foundation already exist, but more effort is needed to select and further standardize across and within EU Member States to ensure their comparability.

Narrative 5: Successfully communicate the shift away from outdated technologies

Description:

Internationally, a significant number of policies and support schemes aim at phasing out outdated inefficient and emission-intensive appliances and technologies. Namely in the field of heating, a high potential of efficiency gains and thus emission reduction can be tapped, e.g. by replacing old electric storage heaters or oil heating systems. Most instruments to promote energy efficient technologies are based on a mix of regulatory measures and financial incentives. If target achievement is lagging behind, it is often assumed that the level of support was insufficient for levelling the cost difference to efficient technologies.

With regard to regulatory measures put in place to phase out outdated technologies, the image factor can also have a positive impact regarding acceptance and compliance. Tailored communication is key especially for those not responding to financial incentives. As a matter of fact, examples show that socio-economic analysis of the target groups allows for a more differentiated reading of appropriate instruments needed. Especially the image associated with certain appliances or technologies and the related popular perception can have substantial positive or negative impact on target achievement, independent from or even counter-indicative to the available financial support.

Different lines of argument for persuading consumers gain priority over energy or emission savings, levelled cost difference etc. These need to be carefully assessed before devising a tailored, target group focussed communication strategy. New technologies have to be made desirable beyond cost arguments associated with cost-value relation, safety etc. on the one hand and appeal, convenience, innovation and modern lifestyle on the other hand in order to address different layers of perception.

Reception by policy makers:

In several workshops carried out by EEW4, business stakeholder highlighted the relevance of narratives and communication strategies underlining the benefits of energy efficiency in terms of innovative business, qualified jobs for individual industrial sectors.

Cyprus – selected recommendations from business stakeholders:¹⁰

- Marketing for energy efficiency measures could be improved. It has been suggested to include people who deployed solar energy systems or implemented building insulation in promotion campaigns as “ambassadors” for their energy efficiency measure to spread awareness of the benefits, e.g. lower energy bills.
- Narratives and communication strategies highlighting the benefits of energy efficiency for the tourism industry would be of great value in Cyprus. COVID-19 can be a chance for the tourism sector to develop new business models. Image campaigns focusing on energy efficiency and sustainability could raise awareness for the topic, e.g. in the hotel and travel industry.

Slovenia – selected recommendations from business stakeholders:¹¹

- Re-consider image campaigns for good technologies
- Focus less on single technologies, e.g. wood boilers, as it might be difficult to overcome their traditional image
- Combine e-mobility, storage, PV, EE as central element for smart metering => make it desirable, associated with a modern, innovative and smart image, life-style
- Not only to individual clients but also to general public, e.g. associated with fostering modern industries and manufacturers in the country
- Expand educational programmes and incentives for stakeholders and broader public, e.g. in form of company programmes to reward the best diplomas in the field or competitions rewarding change of individual behaviours. New technologies to be made desirable beyond cost arguments, e.g. through campaigns/marketing to create appeal or convenience (e.g. link mobile app with smart meters)
- Promote easy access to energy data for consumers (good example: portal on EV charging stations)

¹⁰ EEW4 External Event Report, available at: <http://www.energy-efficiency-watch.org/media/publications/NAVIGANT-National-Business-Stakeholder-Workshop-in-Cyprus.pdf>

¹¹ Slovenia – Business Stakeholder Workshop held on 27-28 May 2020

- Embed energy efficiency as a centrepiece in the industrial strategy and develop a smart combination of innovative technologies (e.g. storage, EV, local production, ...) that connects with the existing industrial structure
- Appealing to political/ PR benefits of energy efficiency measures can be key vector, notably vis-à-vis local decision-makers (example: esthetical appeal of renovated buildings in a town).

Austria – network input from ESV

- Make sure you know and understand your target group
- e.g. their income structure and motivation to invest
- Develop tailored narratives
- Where money is not the key issue, work with emotion, empathy, perspective of success
- Make sure to be fully clear about your key messages: is it better to paint a threatening picture of the future? Is it really beneficial to be missionary? Or should we in our messages rather focus on respect, decency, responsibility and aspects of delight/fun?

Conclusions and Feedback

Arguments and storylines underlining the relevance of substantial communication and dialogue between the policymaking and administration and stakeholder spheres featured prominently in the input the EEW4 project collected from stakeholders across several Member States. At the workshops held for Cyprus and Slovenia, for instance, business representatives identified deficits in the involvement of and communication with stakeholders and the broader public by policymakers and the administration, referring both to inadequate levels and formats or platforms for structured communication. As an example, stakeholders criticised a lack of timely information on new legislation and missing opportunities to provide input before adoption or implementation, respectively. In Slovenia, too, business stakeholders emphasised the need to make consultation or dialogue formats an integral part of the policy process, notably on the level of local authorities. In this view, dialogue formats could be used to enhance trust between decision-makers and stakeholders, as well as between businesses and energy service providers.

Overall, energy efficiency must be embedded as a centrepiece in the industrial strategy and be developed as a smart combination of innovative technologies (e.g. e-mobility, storage, heat pumps, etc.) that connects with the existing industrial structure and local production.

Examples from the workshops showed that in order to foster a positive image and perception of energy efficient technologies among individuals and households, a targeted, clear, and multi-level communication strategy is essential. Socio-economic aspects that affect the decision-making process of the target group need to be considered in devising the communication strategy. A socio-economic analysis of the target groups allows for a more differentiated reading of appropriate instruments needed. Especially the image associated with certain appliances or technologies and the related popular perception can have substantial positive or negative impact on target achievement, independent from or even counter-indicative to the available financial support.

Narrative 6: 'Just Transition'

Description:

The term 'just transition' has become very prominent in the political debate across all member states from the moment when it became obvious that decarbonization until mid of the century was an inevitable political necessity and would have to be enforced. 'Just transition', as a short and catchy slogan, comprises in fact a broad range of associations and statements, which are all closely related with societal acceptance. The emphasis in the public debate that is laid on the term 'just' explains by historical experience of (often suddenly felt) structural change without social backing, occurring in numerous western European countries between the late 1970s and the early 1990s, and sharp structural breaks in eastern European countries after 1989. The impacts of these structural changes affected large parts of the respective populations and are often collectively remembered as painful and sometimes traumatic, leading to an emotional tone in the debate. Despite the validity of such experiences, they may create misleading narratives on the concept of transition.

1) Transition is inseparable from any economic action, so there is no 'opt-in' or 'opt-out' decision. 'Just' transition may be misunderstood in the way of a choice to be made: either you promise the transition will be 'just', or we will opt out. Against a tight time-frame for decarbonization, also the above order is problematic: first, financial compensation is to be promised, then societal consensus about decarbonization can follow.

2) The term 'just transition' may suggest that, without explicitly adding 'just', the transition would necessarily be unjust. It may thus downplay the compensatory effects (i.e. Creation of new jobs and economic perspectives) and result in structurally exaggerated, upfront claims for compensation without a clear analysis of particular needs.

3) Whilst the problematic experience dominates the collective memory, on a macro level the transition processes of past decades have generated valuable insights on how to be well prepared and take adequate pro-active measures to avoid ruptures and actually outweigh them by opportunities. This is a big asset for future transformation processes.

Therefore, the debate around the 'just transition' should cautiously establish a narrative asking for acceptance of change and motivating for individual responsibility to take the opportunities of the green energy transformation. Assets of the change must be highlighted better: e.g. Industrial regions affected by structural change tend to have good transport infrastructures and experienced workforce. If well managed, those can provide a promising market environment for new business development that will not heavily depend on social transfer. Justice must also be interpreted as inter-generational, i.e. the next generation will be burdened inappropriately if no action is taken now. The new narrative allows to frame adaption to something new in an environment of change as a strength and elemental contribution to achieve the green economy transformation. It illustrates the huge historical experience of various regions in Europe in managing structural change, which proves that the EU is globally well-positioned to navigate successfully through the green economy transformation.

Reception by policy makers:

In the Bulgarian and French workshops carried out by EEW4, business stakeholder highlighted the relevance of "just transition" and what each of these terms mean to them, seen their historical context.

Bulgaria – Business Stakeholder Workshop:¹²

- Structural change and other specific circumstances of Eastern European areas have to be considered, transfer of experiences is needed.
- Coal is central to the Bulgarian society, the New Green Deal could be a chance, but a certain campaign is needed to convince citizens of this change
- Just transition funds cover three municipalities, where there are highly qualified people who are an asset for R&D and energy sector (away from coal); qualifications can be redirected to be also used in R&D sector
- Energy transition should be also based on innovation, not only investment, but innovation is typically riskier and harder to implement
- The local citizens are sensitive to the coal topic, because this has been their occupation for generations. Policymakers are trying to “play it safe” and avoid saying that these coal capacities need to be shut down and that preparations need to start now. Policymakers shy away from participating in debates on just transition; they do not want to start initiatives in this field because they believe it will give a negative sign for the future of these people. The debate is currently impossible to start and develop in a constructive way. The hopes are that the Green Deal may ease the strength on this process.
- The coal zones need to be revitalised and put to good use in the future – for example, with renewable energy capacities. There are possibilities for utilising waste from the coal pits, etc.
- There is a need for a larger campaign telling people what their future can be.
- Coal workers should not be afraid of the change, because they have strong educational background and long life experience in the energy sector and they should not be afraid that they will be unemployed as long as the state establishes other energy businesses and business environment to employ them. What the state plans to do remains to be seen, though.
- Energy businesses need to be involved in the just transition for these regions in Bulgaria, because people would rather trust actors with good practices and market experience behind their back rather than the political faces with promises.
- No matter what messages we send without the good example from the higher level, not only political, but also experts and social, the just transition may happen to be a painful process. So, examples must be given, practised and promoted. And to be generated.
- Transformations, including the energy transition as a transformative process, should be based on innovation.
- Bad example: the national procedure for innovative clusters – there was a call open twice and cancelled twice due to different reasons. This sent a bad signal towards the businesses that spent significant time preparing their applications.
- Due to lack of innovations in the companies/businesses, the economy is facing issues with limited competitiveness.
- Bulgaria lacks innovation structures (excellence centers, tech parks, etc.) and the Recovery Plan is a great way to address this.

¹² Event Report: EEW Business Stakeholder Workshop Bulgaria_Event Report.docx

- There should be a synergy between the businesses and the local communities in developing innovations, because the businesses may find their interests implemented only through the acceptance of the local communities.
- Nurturing the local business ecosystems and supporting them to grow into tech parks or similar ecosystems will improve their market competitiveness.
- Good practices for innovations are related to the existence of pilot projects. And in Bulgaria and Eastern EU Member States, there is a lack of understanding on political and administrative level for the need for pilot projects with the participation of businesses.. A recommendation would be to send out a message that more pilot projects are funded, through which adequate good practises are established and promoted.
- There is a strong need for infrastructure for research or for development of innovations and their market uptake. In Bulgaria, there is just one example – the HighTech park in Sofia. There was an idea that the Park is replicated in Plovdiv – where there are many universities, companies, clusters - but it did not receive support from the national level (although on local level there is some support).

France – Business Stakeholder Workshop held on 08.06.2021 – selected points:¹³

A just transition must be guaranteed: the question of who will be paying (e.g. for renovations of residential buildings, necessary infrastructure like hydrogen pipelines etc.) needs to be solved and communicated. Funding in the framework of the Green Deal and Covid-19 recovery will play a key role.

- The job impact of energy efficiency needs to be better communicated. Creating educational and transformational jobs, educating pupils on the energy transition and energy efficiency issues, convincing young people to choose related professions, and developing new jobs (e.g. mechatronics, craftsmen) is key. Energy efficiency and energy savings measures should be a focus of education and training.

Conclusions and Feedback

Narrative elements for the context of the Just Transition have been developed during the Business Stakeholder Workshop in Bulgaria and discussed with French Business Stakeholders.

The Just Transition narrative is used to communicate social policies with the objective of avoiding social imbalances in relation with the green economy transformation. As results from the Bulgarian workshop, it could, however, be argued that the Just Transition narrative is counterproductive. Talking about “Just” Transition raises expectation that there will be no social imbalances during the green economy transformation, a transformative process that will impact all sectors of the economy for the next decades.

This new narrative should stimulates individual responsibility of both, regions in structural change and its workers, and allows to frame adaption to something new in an environment of change as a strength and elemental contribution to achieve the green economy transformation to avoid climate change and protect our future generation. It builds on today’s broadly accepted perception that adaptive and dynamic economies and companies tend to be successful and robust in their business strategy. Becoming an active

¹³ Event Report: EEW Business Stakeholder Workshop France_Event Report.docx

driver of the green energy transformation allows for a positive framing of changes as progressive and forward-looking instead of something that is imposed by external forces. Establishing this progressive and positive future image instead of raising fears and preventing change is key to establish acceptance for structural change and the green energy transformation.

Narrative 7: Communication and dialogue

Description:

The effectiveness and added value of policies and measures – in the field of energy efficiency and beyond – can be enhanced significantly when these are grounded on meaningful communication with and involvement of stakeholders and society. As a recurring theme, this finding permeates the input received by the EEW4 project from stakeholders across several EU Member States. In essence, this view builds on the recognition that policy frameworks as well as individual policy instruments deliver better results if those affected by them are given the opportunity to feed their views and expertise into the adoption and implementation process, e.g. by means of consultation processes, parliamentary hearings, moderated stakeholder dialogues, engagement processes for citizens, etc.

The expected benefits of administrations actively engaging with stakeholders and society on legislative and other initiatives comprise an improved understanding of the measures at hand among the constituency, in most cases coming along with a broader level of acceptance. Even if controversial decisions are due, societal actors involved will likely be more inclined to accept them when having sufficient insight into the complexity and rationale of differing views. For policymakers and the administration, on the other hand, consultation and engagement processes can provide valuable information as to who in relevant stakeholder communities has which interest and takes which position, e.g. who is in favour (and under which conditions), who against (and why in particular), who might become an ally, who might be won over, who is indifferent, etc. Crucially, these are all importance pieces of information for devising robust and well-functioning implementation processes.

Meaningful consultation and engagement processes thus provide an opening for stimulating buy-in and acceptance, as well as important opportunities for building and popularising inclusive narratives to support the policy measure at hand, while also having the potential to inform and enhance the quality of policymaking as such.

Reception by policy makers:

Arguments and storylines underlining the relevance of substantial communication and dialogue between the policymaking and administration and stakeholder spheres featured prominently in the input the EEW4 project collected from stakeholders across several Member States, especially at the workshops held with Cyprus and Slovenia:

Business stakeholder workshop Cyprus¹⁴

- Municipalities and local authorities should be actively involved and drive Energy efficiency within the community.
- A dialogue between administration and citizens as well as between local and municipal administration and EU is lacking.
- Stakeholder dialogue with the right format to encourage exchange between all stakeholders could support the acceptance and implementation of energy efficiency measures.

Business stakeholder workshop Slovenia¹⁵

- Expand educational programmes and incentives for stakeholders and broader public, e.g. in form of company programmes to reward the best diplomas in the field or competitions rewarding change of individual behaviours. New technologies to be made desirable beyond cost arguments, e.g. through campaigns/marketing to create appeal or convenience (e.g. link mobile app with smart meters)
- Appealing to political/ PR benefits of energy efficiency measures can be key vector, notably vis-à-vis local decision-makers (example: esthetical appeal of renovated buildings in a town).
- Advances in building's efficiency are hampered by insufficient expertise of renovation contractors. Capacity building programmes for constructors and renovation contractors are needed to increase the effectiveness of energy efficiency investments.

Conclusions and Feedback

At the workshops held for Cyprus and Slovenia, for instance, business representatives identified deficits in the involvement of and communication with stakeholders and the broader public by policymakers and the administration, referring both to inadequate levels and formats or platforms for structured communication. As an example, stakeholders criticised a lack of timely information on new legislation and missing opportunities to provide input before adoption or implementation, respectively. Considerations for the impacts on and needs of business models, consumers, and market potentials would therefore not be sufficiently reflected in policy decisions. Correspondingly, the absence of established communication channels would often prevent feedback e.g. regarding required policy reforms from effectively reaching policymakers or administrators.

As a result, Cypriote business stakeholders noted a mismatch between policy instruments with available market potentials and consumer needs, leading to non-action or sub-optimal outcomes. Policy measures would accordingly often lack an effective design that would make it easy for target groups to understand and work with those instruments. Even worse, policy or administrative interventions are predominantly perceived as taking the form of 'hard' enforcement such as fees and sanctions, therefore antagonising regulated subjects and fuelling negative narratives against the policy at hand. In Slovenia, too, business

¹⁴ [EEW4 \(energy-efficiency-watch.org\)](http://energy-efficiency-watch.org)

¹⁵ [Slovenia – Business Stakeholder Workshop held on 27-28 May 2020](#)

stakeholders emphasised the need to make consultation or dialogue formats an integral part of the policy process, notably on the level of local authorities. In this view, dialogue formats could be used to enhance trust between decision-makers and stakeholders, as well as between businesses and energy service providers.

Potential for active engagement and developing enabling narratives in the sense outlined above may be seen in new ‘energy citizens’ who actively engage in the energy transition and want to control their energy supply, e.g. through energy communities, as Slovenian stakeholders pointed out. Digitalisation and decentralisation of the energy system are regarded as key trends with a potential to activate and empower an active role of consumer/ prosumers and stakeholders not just with regards to the energy system but also for the policy process.

8. Empowering research and innovation to fuel the carbon neutral transformation

Description:

Research, development, and innovation play a key role for implementing the transformation to carbon neutrality in general and for advancing energy efficiency in particular. Stakeholders consulted by the Energy Efficiency Watch 4 (EEW4) project highlighted the relevance of the research, development, and innovation landscape in EU Member States for advancing the energy efficiency narrative in multiple dimensions, underlining in particular:

1. research and development as fundamental vectors to develop – and help to popularise – the innovations, technologies and processes needed to deliver the transformation;
2. the central role of research and development institutions, innovating businesses, and the supporting funding bodies in stimulating a market uptake of innovative sustainable technologies and processes;
3. its elite building function, influencing societal debate on energy efficiency and energy transformation as aspects of technological innovation and contribution to industrial modernisation.

Reception by policy makers:

Business Stakeholder Workshop Bulgaria¹⁶

- Innovation as the bedrock of energy efficiency policies and markets to pave the way to the carbon neutral transformation – this storyline permeates key points and suggestions made by Bulgarian stakeholders in that ‘transformations, including the energy transition as a transformative process, should be based on innovation’.
- **There is a strong need for infrastructure for research or for development of innovations and their market uptake.** In Bulgaria, there is just one example – the HighTech park in Sofia.

¹⁶ Statement from the EEW4 Business Stakeholder Workshop in Bulgaria. Full Event Report available at: <http://www.energy-efficiency-watch.org/media/publications/EEW-Business-Stakeholder-Workshop-BG-Event-Report-ext.pdf>.

- Stakeholders found that Bulgaria lacks the right infrastructure and network approaches such as excellence centres, technology parks, etc. to leverage its full innovation potential and bring innovations to the market.
- Implementation of good practices is difficult due to a lack of understanding for the need of pilot projects with involvement of businesses in Bulgaria and Eastern Europe; best practices are more convincing than political commitments.
- Businesses are willing to be part of innovation processes for products and services
- Due to lack of innovations in the companies/businesses, the economy is facing issues with limited competitiveness.
- **The feeling is that there is some understanding for supporting the academic bodies only.** The major criteria for selection should be relevant experience and not necessarily being a traditional academic body or a university.
- **An example are the excellence centers created throughout the country – currently, they are not operational, whereas the “Innovative Clusters” procedure was a success. Another failed procedure is the one for regional innovation centers – it was launched twice and then cancelled.**

Conclusions and Feedback

Stakeholders highlighted the relevance of the research, development, and innovation landscape. However, the research and innovation landscape in Member States is not always tapping the full potential in the above sense. Among the hampering factors applying to the respective national contexts, stakeholders identify 1) a missing involvement of businesses and organisations outside a restricted circle of institutionalised academia by the research sector and relevant public funding lines; and 2) a constrained capacity of the research and development sector to bring innovations to the market and stimulate broad market uptake, or to respond to rapidly evolving processes, technologies, and markets.

As a way forward, the input received by EEW4 suggests that only an effective and inclusive collaboration between education, academia, research organisations and businesses will enable the sector to deliver its full potential for powering the uptake of energy efficiency solutions and the carbon neutral transformation as a whole.

9. Making education, training and upskilling a strategic vector of the carbon neutral transformation

Description:

Educating and training professionals and future professionals to have the qualifications and skillsets needed at societal scale to deliver the transformation to climate neutrality is of the essence. Yet, business stakeholders, consumers and regulators (still) widely perceive significant deficits in the current levels and dissemination of relevant knowledge and know-how for delivering key decarbonisation solutions as well as for empowering multipliers and ambassadors for change and innovation.

This case study thus explores arguments pertaining to narratives around the theme and recognition of the need for education, training and upskilling in line with the prerequisites of the carbon neutral transformation. It analyses storylines with proposed solutions to the challenge collected by the EEW4 project and assesses how these can be linked to and framed to support energy efficiency policies in ways

that resonate effectively in public discourses. The narrative is contextualised with the European Green Deal and the European Skills Agenda before assessing its potential for transferability across different national contexts.

We find that the overarching narrative of observed deficits in education and qualification and related challenges encompasses different strands of arguments that may also depend on the context in which these are articulated. They include references to:

- Lack of technical knowledge and skills to deliver climate-friendly innovations but also available well-established solutions in key industries, for instance in the buildings sector, due to missing opportunities for continuous training and development. In the absence of incentives for change, this is complemented by a certain habitual inertia along the lines of ‘we have always done it this way’.
- A vicious circle of a supply side lacking know-how for providing state-of-the-art climate-friendly solutions and a demand side having little trust in the quality of available innovative market offerings, thereby leading to lock-in effects.
- This issue seems particularly relevant in the context of rising complexity of efficiency solutions in general and of highly fragmented markets in particular. Comprehensive home renovations to improve energy performance are a case in point, considering the significant transaction costs arising from the need to coordinate multiple crafts they often entail for consumers.
- On a more general level, a mismatch perceived between the focus of the education system and the qualifications needed to implement the energy transition.
- Overall, insufficient incentives and requirements found to foster training and upskilling in certain contexts.

The examples and lines of argument explored are particularly relevant for sectors of the economy whose workforce faces a need of enhanced continuous training and upskilling, for regions with a carbon-intensive or post-industrial background undergoing structural change where reskilling and requalifying staff from declining industries is a priority, as well for general education and basic training, respectively.

Reception by policy makers:

Policy Makers highlighted the importance of education and training to provide skills and qualification.

France - Business Stakeholder Workshop¹⁷

- The job impact of energy efficiency needs to be better communicated. Creating educational and transformational jobs, educating pupils on the energy transition and energy efficiency issues, convincing young people to choose related professions, and developing new jobs (e.g. mechatronics, craftsmen) is key. Energy efficiency and energy savings measures should be a focus of education and training.

Cyprus, Business Stakeholder Workshop¹⁸

¹⁷ Event Report: EEW Business Stakeholder Workshop France_Event Report.docx

¹⁸ EEW4 External Event Report, available at: <http://www.energy-efficiency-watch.org/media/publications/NAVIGANT-National-Business-Stakeholder-Workshop-in-Cyprus.pdf>

- Municipalities and local authorities should be actively involved and drive Energy efficiency within the community. Strategies and policies for the tourism and transport sector are needed and should be implemented effectively. Education programs considering environmental protection and energy efficiency for all ages are important to bring forward changes.
- Image / marketing factor of energy efficiency / ecotourism has a lot of potential but is still underdeveloped.
- Capacity building on all levels is a big problem, both for managers developing the concepts and business models and for staff dealing with appliances etc.
- So far few incentives / policy requirements in place which directly foster changes on qualification
 - Key relation between skills / qualification and narratives: no narrative => no change driver; no successful examples => no narrative which further people can follow; no skills / qualification => no convincing performance / change agent.

Italy, Business Stakeholder Workshop¹⁹

- Negative narrative in the building sector: low skills with builders, makes builders themselves often do not promote them. If they do, clients are sceptic / hesitant as they fear to get bad quality for a high price, lock-in of conventional way of construction / renovation.
- How to break this vicious cycle of low training? Needs to be beaten by facts to convince clients.
- Create best practice / strengthen innovative approaches and show case them.

Conclusions and Feedback:

Education and training institutions are key to raise awareness, empower agents of change and to provide relevant skills and qualifications. However, stakeholders e.g. in France observed a certain mismatch between the focus of the education and vocational training system compared to the qualifications and job profiles needed for the energy transition. Certain technical qualifications such as mechatronics for instance would not be sufficiently developed nor valued, even though they have a key role in delivering sustainable solutions. From a societal perspective, this potential needs to be activated to accelerate the transformation in line with the overarching climate objectives.

Stakeholders across the board also identified a need to expand general education on the energy transition and energy efficiency e.g. at school and university with a view to raise awareness, encourage climate friendly behaviour and spark interest in professions that drive the transformation. Possible ways of doing so could comprise adapting curricula, introducing new courses or establishing new programmes.

The challenge of providing adequate skills and qualifications for the carbon neutral transformation is one that transcends national boundaries, as evidenced by the stakeholder input received. While the buildings sector stands out as particular priority in this regard, it is not the only one requiring attention. For instance,

¹⁹ EEW4 External Event Report, available at: <http://www.energy-efficiency-watch.org/media/publications/NAVIGANT-National-Business-Stakeholder-Workshop-in-Italy.pdf>

narratives taking up this topic were also found relevant for the tourism sector and to develop sustainable tourism in particular, as Cypriote stakeholders highlighted.

10. Transformation in line with social justice

Description:

The political feasibility of the green economy transformation depends above all on the acceptance by the population. A socially balanced distribution of its costs and benefits and complementary social policies are essential, especially to ensure the acceptance of carbon pricing as the central instrument on the EU-level to mitigate carbon emissions. Carbon prices can be expected to increase significantly over the coming years. Increasing electricity and fuel prices will be challenging for vulnerable households and will need to be addressed by social policies. Enabling vulnerable households to lower their energy use is another elemental lever to counteract the carbon-price-induced increase of energy prices. Smart and effective energy efficiency measures will need to be supported and can play an important role to reduce the impact of rising carbon prices on households' income.

Reception by policy makers:

France – Business Stakeholder Workshop²⁰

- Energy poverty is regarded as one of the central issues in France. The cost issue needs to be addressed, especially with regards to the needs of low-income households. This includes matters of social housing, affordable energy renovations and financial tools for thermal renovation of houses and condominiums. Affordability and environmental considerations of mobility is another topic area with big discrepancies between rural and urban populations.
- There is a need to aggregate multifamily houses for upscaling energy renovations and to develop approaches on how to organise these on the level of regions.
- Stimulating behavioural change is seen as a further component of addressing energy poverty. Positive compensation of the individuals should be a focus, as well as developing attractive attributes and a corresponding image of energy efficiency solutions, e.g. with regards to smartness.
- Trust must be regained since the old narrative of the savings paying for the costs did not (always) deliver, participants found. Consequently, support of the economic actors of energy efficiency and for related policies was lost. The mainstream discussion focuses on deep renovation and technical issues, but the financial perspective is not a focus and therefore needs to be followed up upon in the discussion.
- A just transition must be guaranteed: the question of who will be paying (e.g. for renovations of residential buildings, necessary infrastructure like hydrogen pipelines etc.) needs to be solved and communicated. Funding in the framework of the Green Deal and Covid-19 recovery will play a key role.

²⁰ Event Report: EEW Business Stakeholder Workshop France_Event Report.docx

- The job impact of energy efficiency needs to be better communicated. Creating educational and transformational jobs, educating pupils on the energy transition and energy efficiency issues, convincing young people to choose related professions, and developing new jobs (e.g. mechatronics, craftsmen) is key.

Bulgaria – Business Stakeholder Workshop²¹

- Stakeholders asked for legislative and regulatory changes to accommodate the Energy Poverty definition
- The EP definition needs to be set on four criteria: income, energy price, building status, energy consumption behaviour.
- The definition may need in-depth study of the underlying EP factors and may turn out to be very fluid.
- First step to alleviate EP should be to develop a definition. The second step would be to develop new energy efficiency policies which in Bulgarian can be summarised in three categories: 1/ energy efficiency, establishing actions and measures for funding opportunities; 2/ mechanisms for informing the EP households about the process of liberalisation of the electricity market; 3/ measures for encouraging rational energy behaviour aimed at saving energy.
- The EP definition will allow for the development and establishment of mechanisms and policies for effective public spending and triggering energy responsible behaviours with a focus on the energy poor families.
- Example/proposal: if there is an EP definition, then it will allow for segmentation of the EP households so that they may get their renovation funded by the state at 100% whereas non-EP households may have to co-fund it at 50%
- Low-income households mostly live in single/multiple family houses are not aware of energy efficiency aspects (heating system with potential for improvement); need to reach out actively to them.
- Program run by Social Affairs Ministry (winter energy package, voucher for energy bills) didn't include behaviour changes.
- Good example: in the Plovdiv region, EAP and local businesses conduct EP campaign by providing energy saving equipment for EP households. The campaign can cover only about 100 households per season, but has a leverage factor of 3-4 times the initial investment, whereas the national policy does not have energy, environmental or financial effect. It only funds the energy bills of the applicants and thus does not motivate them to change their energy behaviour.

Conclusions and Feedback:

Business stakeholder workshops in Bulgaria and France alluded that energy poverty is a central issue for vulnerable households that needs to be addressed, also relating to matters of social housing, affordable energy renovations and financial tools for thermal renovation of houses and condominiums. In addition,

²¹ Event Report: EEW Business Stakeholder Workshop Bulgaria_Event Report.docx

significant discrepancies between rural and urban populations have been conveyed regarding perceptions of affordability and environmental considerations of mobility.

With the protests of the “yellow vests” movement, the *gilets jaunes* in France and beyond from 2018 onwards, the argument that vulnerable households are particularly affected by rising carbon prices as they spend a higher share of their income for energy gained prominence. A detailed analysis of the distributional impact of carbon pricing, however, shows that such accounts are often simplistic and predominantly unsupported by facts. To the contrary, in many cases carbon pricing can reduce the gap between rich and poor, as shown by a meta-study led by the Mercator Research Institute on Global Commons and Climate Change (MCC) in cooperation with the German Institute for Economic Research (DIW).²²

²² Ohlendorf, N., Jakob, M., Minx, J., Schröder, C., Steckel, J., 2020, Distributional Impacts of Carbon Pricing, *Environmental and Resource Economics*. Available at: <https://doi.org/10.1007/s10640-020-00521-1>