



# Qualitative cross country analysis

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# 3 similar profiles are identified



## Ecologists

- Reducing impact on environment
- Rejection of conventional fuels



## Cautious

- Ensuring independance from fluctuating oil prices
- Safety net for the future
- Ecological motivation secondary

## TechnoDIY

- Interest for the new RES technologies
- Impression that it is a smart investment
- No real ecological motivation

# Some country specific profiles



## Traditionalists

- Investment in wood heating appliances is a natural thing to do
- Parents also had such heating devices

## Comfort

- Be able to reach new level of life quality at low running costs
- No heating appliances before

## Newly retired

- New quality investment for a lifetime

# Awareness of the measure



- In Portugal and Austria to a lesser extent, measure is not well known for RES and more than half consumers learn about its existence during the purchasing process.
- Internet and radio + Important role of RES associations in France / of trade fairs in BE to get a deeper knowledge
- Ecologists tend to know more often about the measure before the purchasing process



# Role of the fiscal measure (consumer side)



- Three groups of countries
  - France and Belgium : Trigger role / facilitator / good surprise
  - Italy : more a facilitator role
  - Austria and Portugal : never a trigger role, can be a good surprise
- New profiles are entering RES thanks to the tax measure : looking for economic value and for protection against energy price fluctuations
- Type of role can be linked to technology as well because of level of ceiling :
  - ST more trigger role : BE
  - Heat pump : facilitator in BE



# Role of the fiscal measure (professional side)



- A part of the sales pitch in FR, BE and IT, but not the main argument. Installers are intent on not selling the tax measure.
- In PT and AT, more an information than an argument for sale.
- Always : a support / guaranty from the State to the RES sectors and the professionals of these sectors

# Failure factors : importance of economic factors



Professionals put forward economic factors :

- Conditions of measure result in insufficient incentive power (AT, PT, BE).
  - Relates to low ceiling
    - As such (AT) combined with pool of measures
    - Technology related : biomass and heat pumps (BE, PT)
- Existence of a peak in wood fuel prices contradicts effects of incentive measure (AT for subsidies)

# Failure factors : no targeting of RES sectors



- Confirmation that pool of eligible sectors is a disadvantage for RES technologies: Belgium, Portugal and Austria.
  - Insulation or loans are always favoured against RES investments (Trias Energeticas)
- Policies for economic efficiency and CO2 reductions are not favourable enough to RES. Promotion of RES is needed as such.

# Failure factors : insufficient communication



- Lack of communication on the measure (PT, AT) is a curb to the trigger effect, measure is only a windfall
- No targeted communication to professionals
- Unclear or confused energy policy (IT, PT):  
Existence of contradictory measures : no VAT reduction for wood fuel whereas there are some for fossil fuels (PT)



# Success factors



- **Rise of fossil fuels** creates a good context, but it has to be potentialised by financial measures to have a trigger effect  
The oil crisis alone would not have been sufficient



- State piloted communication gives some credit to fiscal measures and RES technologies
- Concept of tax reduction / credit itself : you are granted something from fiscal services... which can be 3 times enjoyed!

# Success factors



- National harmonised measure, important especially in countries where regions / provinces are very important. Well perceived by installers and other market players.
- Compared with subsidies, it is an element of certainty and stability (BE, IT). In parallel, it creates a good basis : no problem of shortage
- A measure that lasts long enough to enable professionals to organise (eg create a wood pellet supply chain in France PACA region)



# Side effects



- Forced sales emerge : France and Italy
  - « *The presence of many not skilled or ill prepared retailers damages the other retailers and the RE sectors as a whole* » (ST installer, IT)
- Unqualified population of installers
- Rise of prices
  - FR : ST
  - IT : ST and GHP
- Technology discrimination :
  - Investments are possible only as a replacement of old boilers eg Belgium with heat pumps against wood and Italy with GHP
- Professionals fear a brutal stop of the measure that would be a destabilising factor for the whole sector

# Recommendations for improvement



- Necessity to find the right level of support for each technology : no discrimination between technologies
- Ensure that the consumer is protected from ill skilled installers :
  - Qualification label (BE, FR, IT)
  - Insurance against ill functioning to be born by installers (IT)
- Target main linking actors between RES heating appliances and consumers : installers (all), condominium managers courses (IT), accountants (PT and IT)
- Facilitate administrative burden : limit number of fiscal instructions to consult (IT), clarify scope on spare parts (FR)

# As compared to economic analysis, confirmation of



- All : the sensibilisation effect of oil price crisis
- FR, IT : the triggering role of the measure for part of the consumers
- BE : the trias energeticas scenario implementation (pool of measures)
- AT, PT : no incentive effect at all

# As compared to economic, some surprises



- FR, IT, BE to a lesser extent, installers complain about tax measures because of phenomenon of low quality installers and tax measure sellers. Require labels and monitoring of installers' activity!
- BE : tax measure has a trigger role for many solar thermal installations



## Some countries have already started improvement or outphasing

- IT : less administrative burden for ST, but still too complex
- PT : possibility to combine tax deduction with house loan deduction since 2008
- FR :
  - ✓ Clearer fiscal instructions regarding spare parts
  - ✓ Different rates per RES technologies
  - ✓ in 2009 green loans **or** Tax credit