

WP4 conclusions & recommendations

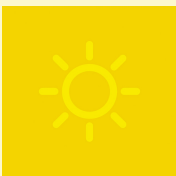
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WARSAW

Mains steps of a tax measure policy


- Definition of a fiscal policy: choice of a measure type
- Definition of the measure features: choice of the main characteristics that will determine the scope of the measure
- Coherence with other policies implemented
- Implementation of the measure: actions on communication and follow-up on the efficiency of the measure
- Monitoring of the impacts and the possible side effects



Definition of a fiscal policy



Advantages of a national fiscal measure

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- A very flexible tool
 - An easy tool to administer
 - A simple process for end consumers
 - A guarantee of budget availability

Definition of a fiscal policy

The choice of a type of fiscal measure

- Tax credit: more global measure (all consumers are concerned)
- Tax reduction: could be a good tool to complete regional actions for the lower income
- Tax allowance: most complicated system



Keep on with the national tax tradition is also a parameter to deal with

Definition of a fiscal policy

Main characteristics of a good RES support policy

- The RES support part must be clearly identified in the global measure
- The RES support must not be overshadowed by another section
- A financial support tailored according the RES situation
- Market and consumers need visibility on the measure

Definition of the measure features

Measure functioning

- A non-complex process
 - ✓ The financial participation should be easily calculated by consumers
 - ✓ Reduce the administrative weight of the process for professional and consumers



A national tax measure can attract a large part of consumers to RES

Measure process should not be a barrier for them

Definition of the measure features

Characteristics of the measure

- A measure with a real focus on RES

A combination with other type of investments could be possible but:

✓ RES area must be clearly pointed out

RES fiscal measure should be isolated from other fiscal measure to avoid restrictive ceiling effects


✓ No pooling with too heterogeneous topics (e.g insurance premium)

✓ No pooling with a investment that could eclipse RES (e.g property loan interest)


Definition of the measure features

Characteristics of the measure


- A significant financial participation
 - ✓ Different financial levels per type of investment should help to reach trigger effect on consumers
- The measure must cover the whole investment (material and installation) rather than just a part
- A fixed duration in time for the measure
 - ✓ To give insurance about the stability of the measure



Definition of the measure features



Determine the level of ceiling and the rate

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- A moderate ceiling and a high measure rate is the best way to reduce prices increase

Example of a 6.000 € investment

Case 1 : 4.000 ceiling and 45% tax reduction
Result : 1 800 € of measure participation and no trigger for seller to raise the appliance price to get closer to the ceiling

Case 2 : 10.000 ceiling and 30% tax reduction
Result : 1 800 € of measure participation but the seller could be tempted to raise his prices

Definition of the measure features

Leverage effect

- Defining different levels of financial participation can allow to focus measure on particular targets:
 - ✓ Enhance the efficiency of the capacity installed by setting specific financial conditions for the most efficient technologies

Definition of the measure features

Recommandations on the RES sectors targeted

- The sectors must be able to bear strong sales increase
 - ✓ To prevent distribution problems
 - ✓ Invest to strengthen production capacity
- The sectors must be technologically mature
 - ✓ Existence of quality standard and label on equipment and manpower are good points

Complementarity national/regional level

- National tax measure could really be completed by regional actions
 - ✓ A tax reduction (only for people who pay taxes) could be completed by regional subsidies for people not targeted
 - ✓ A national tax measure could be completed by regional subsidies which are focused on the most efficient equipments
 - ✓ Regional subsidies could help people in the waiting period between their investment and the refund

The total financial participation (from national and regional) on the investment must be closely followed up

Recommendations on the implementation

Complementary actions on quality

- Quality insurance on equipment and manpower (their know-how) are one of the most quoted issues from qualitative study
- Specific requirements on quality must be included in the measure texts

Recommendations on the implementation

A testing period can be a 1st step

- A first period with a « pilot » tax measure can be a step to break in the measure

In this case complementarity with regional actions are important

Changes in the features and characteristics can improve a measure



Recommendations on the implementation

Reasons for a communication campaign

- Without a national communication campaign a measure is inefficient
- A campaign is a strong signal that a technology can be trusted and enhances RES sectors credibility

Recommendations on the implementation

Communication on the measure

- Necessity of a central organism to disseminate information on the measure

National energy agency are quoted to have this role

- The crucial role of professional to take over the communication (sellers, installers, associations)

They need official brochure and document to convince individual consumers

Recommendations on the implementation

Monitor the measure results and impacts

- Some quantitative indicators are interesting to evaluate the measure impact:
 - ✓ Evolution of the sales
 - ✓ Evolution of the people who applied for the measure
 - ✓ Evolution of the cost the measure
 - ✓ Evolution of the quality label market share
 - ✓ Evolution of the average prices of the most representative equipment for each RES sectors
 - ✓ Evolution of the measure participation/average investment cost
 - ✓ Input/output macro-economic table to evaluate net impact on employment and economic activity

Recommendations on the implementation

Follow the measure results and impacts

- Qualitative studies can complete the economic indicators:
 - ✓ Measure perception by end-consumer
 - ✓ How the professional are using the measure in their selling process
 - ✓ The role of the measure in the purchasing process (compare to other external factors ex. fossil energy prices)

Follow the possible side effects

Complementary actions on the price observations

- Prices issue must be closely observed. Strong sales increase could be followed by unjustified prices increase

- ✓ Sector survey to analyse prices evolution and their causes
- ✓ Communication on average prices (RES associations, energy agency, etc.) towards end consumers to help them in their choice

Prices issue is one of the most quoted problem by officials and professionals. This phenomenon can disturb the positive impacts of the measure on sectors

Follow the possible side effects

Complementary actions on the market

- Market growth can attract new comers only led by search for short time profit. Agressive commercial behaviour and price distortion can be observed
 - ✓ These phenomena can negatively impact sectors image in the consumer's mind

The role of sector associations are crucial