

## **Economic analysis of energy efficiency (EE) investments**

Improving the energy efficiency (EE) of an economy is the most obvious way to meet energy and environmental objectives, including security of energy supply. However, current investment levels appear suboptimal from an economic perspective. A better understanding of the economics of EE may provide insight on how to develop the EE investment potential in an economy.

The university research centre receiving support under EIBURS would be expected to set up a research programme to develop a general framework for analysing the welfare impact of EE investments and apply this to perform a cost/benefit analysis of different types of investment (including for new assets and the rehabilitation of existing ones). It should analyse the non-economic barriers to EE (such as split incentives, bundle rational or organisational failure), and ways to overcome them. It should also reflect on the need and scope for public intervention and draw lessons from the different policies to improve EE. In particular, it should analyse the usefulness of policies aiming at facilitating access to finance or developing specific financial instruments to support EE investments.

The project may involve any additional activity that the university centre would be ready to undertake with the sponsorship in the line of research, including:

- Organisation of courses and seminars
- Creation of databases
- Surveys