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TRANSACTION COSTS IN ENERGY EFFICIENCY POLICIES IN THE CZECH REPUBLIC

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OVERVIEW

The paper analyses transaction costs in energy efficiency policies in the Czech Republic.
The level of transaction costs is by far not negligible [1]. It may prevent energy efficiency measures from being implemented or it makes the programmes for support of energy efficiency much less effective. Yet, the structure and size of transaction costs remain still rather unclear, partly also because the common method to evaluate them and include them into decision making does not exist.
The paper will thus analyse the origin and structure of transaction costs in the energy efficiency instruments in the Czech Republic. In the same time, the relationship between transaction costs and other barriers to energy efficiency in the Czech Republic will be assessed.

METHODS

The analysis focuses on the two main branches of subsidy programmes in energy efficiency in the Czech Republic: the Operational Programmes of the European Union (EU) and the national programmes (represented by Green to Savings Programme). The Operational Programmes are devoted to applicants from public and to SMEs, whereas the Green to Savings Programme is meant for residential sector (households).
The method will be based on an in-depth analysis of the policy programmes. The individual phases of the programmes will be analyzed, including the preparation phase, the implementation phase and monitoring and verification. In the implementing phase, the focus will be on administration and evaluation of the applications for subsidy.
The analysis will be complemented by a questionnaire survey among major stakeholders. The survey will be qualitative, concerning the structure and level of the transaction costs. The interviewees will be selected from the representatives of subsidy programme administrators, authorized applicants (both successful and unsuccessful will be studied), Energy Service Companies (ESCOs), construction sector and investors into energy efficiency. The applicants will be selected based on requirements of the Programmes – public administrations, small and medium sized enterprises and households.
Based on the results of the above case studies, a method for optimization of transaction costs and their inclusion into decision making will be proposed. The purpose is not to develop a tool to minimize transaction costs, but rather to optimize their levels taking into account the economic effectiveness of the (public) programmes and in the same time the energy effectiveness.

RESULTS

The paper will present the first results of the analysis on what is the structure of transaction costs, what is the share of different transaction costs in the overall costs of the selected programmes.
It will also present the method to monitor transaction costs in energy efficiency policies.

The paper will not show the exact levels of transaction costs, but will serve as a basis for a model, which can be used to optimize the level of transaction costs in energy efficiency policies. Such model should consequently lead to higher effectiveness of the programmes as such and ultimately to higher energy savings.

CONCLUSIONS

Disregarding of whether an investment is of private or public origin, the important factor to take into account in decision making is the economic effectiveness of such investment. Transaction costs tend to be of significant levels in public programmes for energy efficiency and tend to decrease the effectiveness with which public money is being used. Furthermore, the level of transaction costs must not prevent cost-effective energy efficiency measures from being implemented.

The article will show the basic structure and levels of transaction costs in energy efficiency programmes in the Czech Republic and will suggest the features of a model to optimize transaction costs in such programmes to increase their economic effectiveness, and in the same time to contribute to realization of the cost effective energy savings potential.

REFERENCES

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