ESRI Research Bulletin

An examination of the abandonment of applications for energy efficiency retrofit grants in Ireland

Matthew Collins (ESRI, SEAI) and John Curtis (ESRI)

*ESRI Research Bulletin*s provide short summaries of work published by ESRI researchers and overviews of thematic areas covered by ESRI programmes of research. Bulletins are designed to be easily accessible to a wide readership.

This Bulletin summarises the findings from:

Collins, M. and Curtis, J. (2017) An examination of the abandonment of applications for energy efficiency retrofit grants in Ireland. *Energy Policy*, 100: 260-270

Available online:
http://www.sciencedirect.com/science/article/pii/S0301421516305730

An examination of the abandonment of applications for energy efficiency retrofit grants in Ireland[1]

Matthew Collins* and John Curtis

Policy Context

As part of an ongoing series of energy efficiency directives from the European Union, Ireland is obliged to promote energy efficiency and achieve a targeted reduction in energy consumption of 20% by 2020. One means of contributing to this reduction is to improve the energy efficiency of the nation's building stock. The Sustainable Energy Authority of Ireland administers the Better Energy Homes (BEH) scheme, which provides grant aid to homeowners for residential energy efficiency improvements. At present, 15% of first-time applications to this scheme are cancelled or allowed to expire by applicants who do not subsequently re-apply. Reducing this number could help contribute meeting Ireland's energy reduction targets.

Overview

The Better Energy Homes scheme provides grant aid for up to four retrofit measures. These are attic insulation, one of three types of wall insulation, a boiler with heating controls or heating controls only upgrade and solar collector installation. From the introduction of the scheme in 2009 to October 2015, over 157,000 homes have received grant aid but the proportion of applications which are abandoned has risen from 13.8% in 2010 to 17.6% in 2014. Reversing this trend could help increase the number of retrofits completed under the Better Energy Homes scheme and in turn lead to greater improvements in the energy efficiency of the residential building stock.

This analysis aims to identify homes that apply to the Better Energy Homes scheme but are more likely to abandon their application, i.e. cancel it or allow it to expire. By identifying these homes we gain insights into the causes of abandonment and thus how these causes can be mitigated to help improve the rate of completions in the scheme. This analysis also aims to identify whether the introduction of the energy efficiency obligation scheme has affected abandonment in this scheme. The energy efficiency obligation scheme obliges

[1]This Bulletin summarises the findings from: Collins, M. and Curtis, J. (2017) An examination of the abandonment of applications for energy efficiency retrofit grants in Ireland. *Energy Policy*, 100: 260-270. Available online: http://www.sciencedirect.com/science/article/pii/S0301421516305730 or http://dx.doi.org/10.1016/j.enpol.2016.10.030

*matthew.collins@esri.ie

energy retailers and distributors of a certain market share to achieve new energy savings of 1.5% of annual sales to final customers each year, 20% of which must occur in residential buildings. Some of these "obligated parties" have engaged home owners in undertaking energy efficiency retrofit works, using the Better Energy Homes scheme to further leverage home owners' investments.

Findings

Applications for aid comprising just one measure of either heating controls, attic insulation, cavity or solid wall insulation and a combination of attic and cavity wall insulation were found to be the least likely to be abandoned. Applications for retrofits of three or four measures were all found to be more than three times more likely to be abandoned than an application for attic and cavity wall insulation. As these more comprehensive retrofits would require a contractor to install insulation and most likely another to install a heating system upgrade and/or solar panel, the organisational burden is likely much greater, in addition to greater disruption and monetary costs.

As a whole, applications made via obligated parties are less likely to be abandoned than those made privately by home owners. Obligated parties possess a learning phase of six months, whereby a party's rate of abandonment falls steadily over its first six months of activity in the Better Energy Homes scheme. This rate of abandonment then stabilises to a rate almost half that of private applications once that level of experience has been accrued. This adds further credence to the idea that organisational burden is a cause of abandonment, as obligated parties generally organise for contractors to perform the workers and handle the administration of the grant application.

Policy Implications

As obligated parties possess lower levels of abandonment than private applications, lessons may be learnt from different types of contracting relationship. For example, if a party were to act as a go-between for home owners and contractors for more complicated retrofits, i.e. those requiring more than one contractor, the reduction in organisational burden for the home owner may reduce abandonment. The results of this analysis may also be useful in identifying applications with a higher risk of abandonment with a view to targeting care toward those applicants. This could include phone calls to check on the status of applications and to provide advice for applicants.