

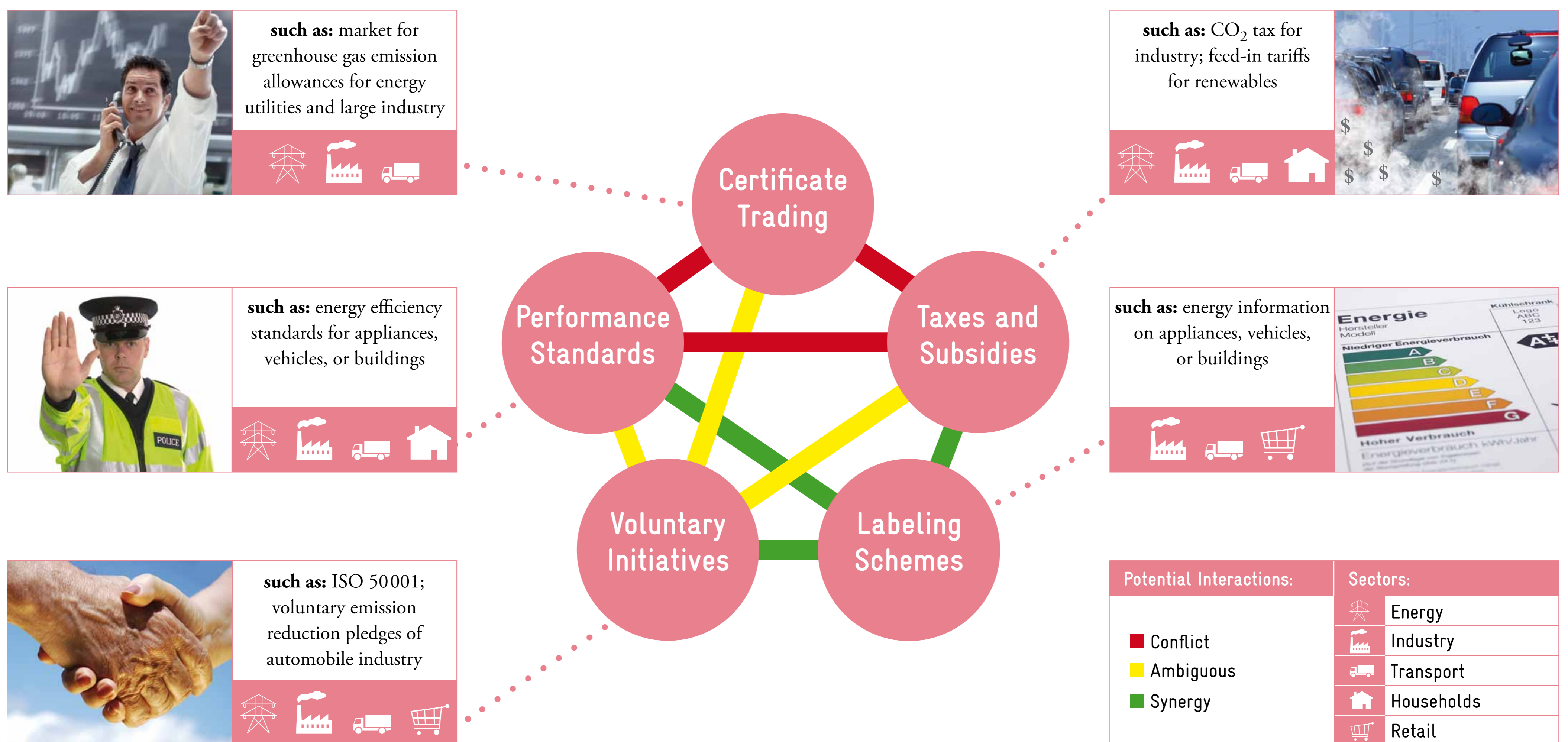


Instruments for Sustainable Energy Policy



A number of policy instruments are available to guide behavioral choices and investment decisions towards greater energy sustainability. Choosing suitable instruments depends on the sector as well as on the instrument's environmental effectiveness, economic efficiency, and administrative feasibility. If several instruments are used simultaneously, their potential interactions need to be considered.

Suitability and potential interaction of policy instruments



Identifying the best approach: criteria for instrument choice

	Environmental Effectiveness	Economic Efficiency	Administrative Feasibility	■ high ■ medium ■ low
Certificate Trading				<ul style="list-style-type: none"> introduces fixed cap or minimum target, guaranteed outcome leaves entities to decide what action to take demanding in terms of data needs and compliance monitoring
Taxes and Subsidies				<ul style="list-style-type: none"> define a price/remuneration, cannot guarantee a specific outcome leave entities to decide what action to take requires relatively easy data collection and monitoring processes
Labeling Schemes				<ul style="list-style-type: none"> provide additional information to consumers, cannot guarantee specific outcome offer great flexibility to addressees comparatively inexpensive to implement
Voluntary Initiatives				<ul style="list-style-type: none"> only limited assurance that outcome will be achieved offer great flexibility to entities monitored directly by entities
Performance Standards				<ul style="list-style-type: none"> high certainty of outcome do not reflect individual circumstances and abatement cost require substantial monitoring