ENERGY EFFICIENCY WATCH

# What's the story? – New narratives for the energy transition

Key results from the Energy Efficiency Watch 5 project

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# Imprint

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# Editorial

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As member of the European Parliament and President of Eufores, it is an honour to present you the results of the project Energy Efficiency Watch 5, summarized in this brochure.

Since its beginnings in the early 1960s, the EU has been enormously successful: we have managed various large transformations towards being highly competitive and prosperous. This has not happened by itself, but due to a highly sophisticated legal framework, developed in open and democratic societies. Today, Europe is the one reliable, peaceful, fair and rule-of-law-based continent in the world.

Currently, there is a lot of debate about our future economic positioning. This is necessary and per se positive: open questions need to be discussed transparently in the public to come to viable solutions. However, what seems to be predominant in public perception is problems rather than our ability to address them. Therefore, our overall successes are not as visible as it would be appropriate.

In fact, we are excellently positioned, and we can be more self-confident here. Europe is a highly innovative continent. We can be proud of what we have - we may not always be the fastest, but we are stable, reliable and the European model is attractive for many.

Our goals are to preserve our own European resources and of course the global resources. We want to keep and further develop Europe's stability, based on its industrial strength and innovative capacities, a people driven economy, safe and high-quality jobs, and sound societies. We want to do everything to keep Europe a peaceful, reliable, secure, resilient, innovative continent, which is liveable and friendly.

This story we need to tell more and in better ways, and we should be self-confident that we have all necessary resources and options to achieve this.

Here, Energy Efficiency Watch 5 is making a very valuable contribution by analysing shortcomings in current narratives, and showing how to develop new, positive narratives supporting the Clean Industrial Deal.

# Key Policy Recommendations

In recent years it became obvious that the **implementation of policies** highly depends on **positive narratives**. E.g. 'It's in our national interest to be a **forerunner on clean technology**, or: 'Renewable Energy (RE) and Energy Efficiency (EE) are key pillars of our regional economy'. However, **counter-narratives** can be a **massive show-stopper**, e.g. 'it is safer to keep old energy technologies than going for a costly and uncertain shift…'

## Rule 1: Understand the **relevance of the right narrative**

In the public debate (e.g. by media but also by policy makers and related key players), the Energy Transformation / The Clean Industrial Deal are often characterized by terminology like:

- Great transformation
- Disruption
- Fundamental change, etc.

Stakeholders using such terminology intend it to be descriptive in a neutral sense.

But among the broader public, **change** is often **not positively connotated**, being associated with **uncertainty, structural ruptures** leading to **poverty, destabilization** or even **loss of control**.

Reasons for this are rooting in historic experience, e.g. sudden closure of coal mines / heavy industry between 1970s – 1990s, and insufficient distinction when comparing today's transformation with past ones, ignoring what has been learned or can be done better

- i.e. leading to an **upfront trust gap** on change
- If your narrative does not work on the meta-level, all good arguments may not work or **turn against you**
- In politics, this is leading to a growing tendency to suggest voters a choice between change and no change – which is a **problematic misconception**

**Creating trust** must be the essential first step for a successful Clean Industrial Deal.

Change is not for change's sake – but because we aim for **preserving competitiveness, prosperity and stability**.

## Rule 2: Manage the **meta-level connotation** of your narratives

In recent years, climate protection / decarbonization has been declared (and on some aspects factually become) subject of a 'culture clash', characterized by

- a **morally loaded debate**
- versus the **instrumentalization** of **fear of loss** (e.g. suggested job losses when replacing old industries)
- The energy transition becoming subject to **political calculation** (e.g. preventing success of political opponents seemed more important than solving problems)
- **science-based concepts** being replaced by **vague, opportunistic slogans**

The term 'industrial society' is connotated as a strong symbol for **prosperity and progress**. Across the EU there is broad political consensus that its foundations must not be put at risk.

While arguments coming more from an ethical perspective (e.g. 'to save the planet we must fundamentally change our attitude on growth') must also have their room in the debate, they often seem to **conflict with the concept of 'industrial societies'**, resulting in a lower degree of political buy-in or even a clash when prioritizing one over the other.

Narratives for the Clean Industrial Deal must be based on the **broadest societal buy-in possible**. Economically there is **good potential for common ground**.

## Rule 3: For the sake of broad political consent, **avoid mingling economic and other** - e.g. ethical – **arguments**, if one creates more **buy-in** than the other

So far, with many stakeholders there is still a surprising shortcoming on using economic arguments when speaking in favour of the energy transition. For overcoming the initial dilemma 'transformation = uncertainty = economic risk' and the misconception that there was an option to not transform, **economic evidence needs to become mainstream. Successful, permanently ongoing transformation processes** must be illustrated by economic data.

## Rule 4: Use a **full set of economic parameters** – rather than focusing only on short payback times / advantage of energy cost savings

The various aspects of the Clean Industrial Deal and its sectoral policies involve multiple **stakeholder groups with different preferences**. Narratives cannot be 'one-fits-all' but must be differentiated.

**Yesterday's narratives don't work today** – they must change with time. Volatile situations require agile narratives, appropriate **for the situation**, and they should be conveyed by the right messenger. Already think of **tomorrow's narrative**!

- Rule 5: **The world is changing, so must our narratives** – understand who your target group is and adjust your message to the societal and time related context

People have **short-term questions**, long-term answers will not satisfy them ('**help me don't tell me!**'). Wherever possible, the transition should be **de-politicized**.

A perceived **over-complexity** in reasoning (e.g. EU target architecture) must be replaced by a **broadly comprehensible narrative** that policies are in peoples' genuine economic interest, and not for the sake of fulfilling abstract policy targets.

E.g. building renovation policies narratives should make their owners feel supported in selecting a suitable option ('**help me don't tell me!**') for preserving the value of their house, instead of coming across as intrusive for the sake of an abstract 'greater good'.

- Rule 6: Put **people in the focus** of your narrative and take them along

The **EU's legal framework is highly developed**, providing an excellent basis for **successfully managing the Clean Industrial Deal**.

However, administration is often perceived (over-)complex, which may undermine the role of regulatory policies, often described as 'Policy Fatigue'. Keeping a **good balance between reducing bureaucracy** and **ambitious policy pathways** is key.

- Rule 7: The **framework** is the **solution not the problem** – don't steer by technocratic targets but by **enabling key stakeholders**

When policy measures become subject to criticism, it is beneficial to show responsiveness and make adjustments. However, this runs the **risk of not coming across as a success**, but as a correction of an initially unsuccessful approach.

New policies should always start with **communicative strategies**, establishing a positive general narrative, while managing expectations on potential adjustments during the process.

- Rule 8: Never get into reaction mode! Always establish an **upfront communication strategy**

When talking about any new policy, aim at an **upfront positive connotation**, like

- preserving stability
- maintaining and fostering competitiveness
- providing security and freedom
- increasing resilience
- enabling growth and innovation

- Rule 9: Put each narrative under a **positively connotated guiding principle**

Paradoxically, the public debate is often characterized by uncertainty and fear about the energy transition. While challenges should not be neglected or ignored, the overall narrative must be corrected into what it is: an **overwhelming success story**.

**The EU and its member states successfully managed a multitude of transformation processes** in recent decades.

A **good part of the way has already been made**: the EU has laid strong foundations for future economic prosperity and growth, and for keeping energy prices relatively stable and cheap under its geo-economic conditions. Coming from there, our **further prospects are way better than current narratives suggest**.

- Rule10: Yes we can! **Communicate the success**, not the struggle

# Energy Efficiency Watch Survey Report 2023
## Insights from over 1,370 energy efficiency experts

### The survey

A key activity of the EEW5 project was an extensive survey in which 1,376 energy efficiency experts from all 27 Member States were consulted. The aim of the survey was firstly to learn how they see the "real-life" progress of energy efficiency policies in their own countries (similar to the EEW surveys carried out in 2012, 2015 and 2020). Secondly, it aimed to contribute to a deeper understanding of what constitutes successful narratives. It enquired about the current positioning of energy efficiency in the public debate and the perception of key stakeholders' opinions on it.

The survey was carried out between March and July 2023, mainly using an online questionnaire. Participants were mostly from the business and public sectors, universities and research, and energy agencies. The very high level of response was due to intensive roll-out activities.

### Key results

#### The ups and downs of policy progress: „fluctuators and one-day wonders"

- The first part of the survey was dedicated to gathering views on energy efficiency policy progress in the last 3 years. In order to compare the progress across countries and policy fields, a "progress indicator" was calculated.
- The ups and downs in policy progress continue in many countries. Compared to previous surveys, new countries appear among those with most progress (2023: Ireland, Lithuania, Romania, NL).
- "Traditional policies" (energy requirements and certification for buildings, public funding, labelling) have the strongest impacts. A key question for future policy making is whether strengthening these instruments is enough, or which new instruments are needed to meet the increased ambition levels. A central aspect will be an improved balance between impact and bureaucratic requirements.

#### Progress indicators 2023 Ranking – Comparison to 2020

| | 2023 | 2020 | |
|---|---|---|---|
| Austria | 14 | 13 | |
| Belgium | 21 | 22 | |
| Bulgaria | 25 | 13 | ↓ |
| Croatia | 21 | 11 | ↓ |
| Cyprus | 18 | 22 | |
| Czech Rep. | 7 | 17 | ↑ |
| Denmark | 9 | **2** | ⇩ |
| Estonia | 8 | 5 | |
| **Finland** | **1** | **1** | |
| France | 24 | 19 | |
| Germany | 11 | 17 | ⇧ |
| Greece | 13 | 11 | |
| Hungary | 26 | 27 | |
| **Ireland** | **2** | 19 | ↑ |

| | 2023 | 2020 | |
|---|---|---|---|
| Italy | 14 | 7 | ⇩ |
| Latvia | 21 | 13 | ⇩ |
| **Lithuania** | **2** | 6 | |
| Lux | 6 | **3** | |
| Malta | 26 | 26 | |
| NL | 4 | 13 | ⇧ |
| Poland | 18 | 24 | ⇧ |
| Portugal | 18 | 7 | ↓ |
| Romania | 4 | 24 | ↑ |
| Slovak Rep. | 14 | 10 | |
| Slovenia | 12 | 9 | |
| Spain | 9 | 21 | ↑ |
| Sweden | 14 | 4 | ↓ |

Source: ESV, EEW5 survey

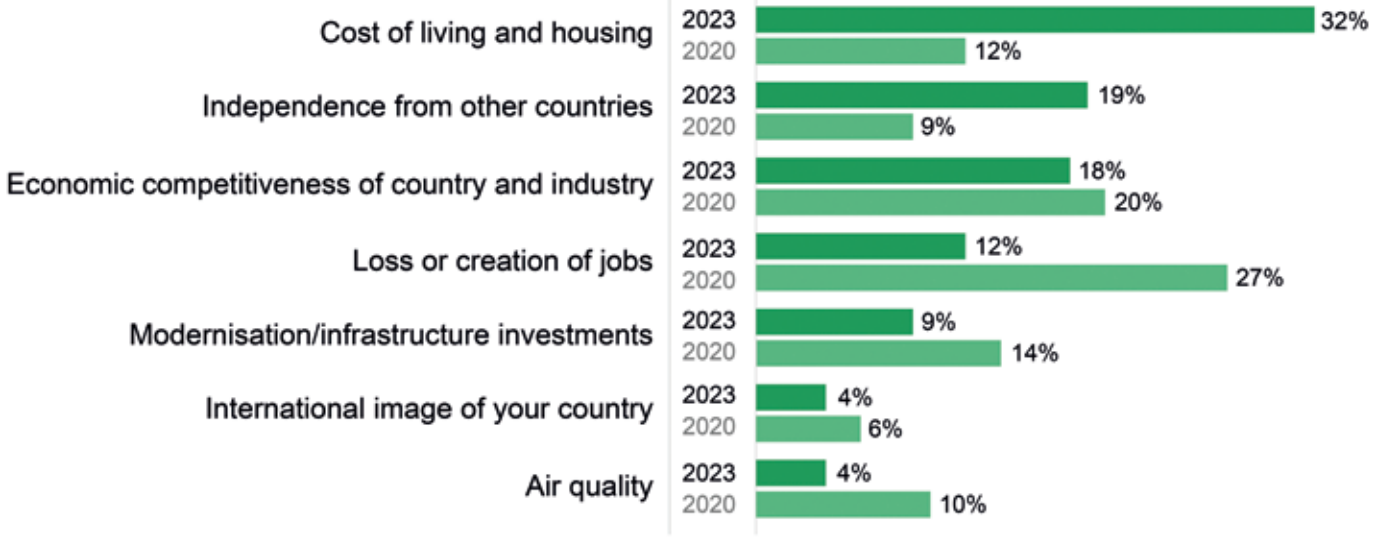
## Positive Clean Industrial Deal narratives in times of populism

- The positive societal impacts of the Clean Industrial Deal beyond energy and climate (e.g. less import dependence, industrial competitiveness, decreased housing costs, healthier buildings) are very weakly embedded in the public debate and in policy making. The "why" is often still missing. Previous EEW projects have shown that policy ambition is maintained in a specific country or region despite political changes where a consensus has been reached on why energy efficiency should be prioritised.
- Increasingly, the opposite can be observed with "Anti-Clean-Deal" narratives appearing, many of them claiming that the Clean Industrial Deal weakens our economies (loss of competitiveness through phase-out of combustion engines, excessive bureaucracy for businesses and farmers, replacing the dependence on fossil fuel imports by the dependence on imports from China). This is not only driven by populists but also groups worried about losing votes to them or about acceptance within their groups.
- Successful narratives appropriate for the current times demonstrate how Europe gains strength by transforming itself to a cleaner, more competitive and more social society.

## Volatile geopolitical situations require agile narratives

- For narratives to be successful, it is critical that they are linked to subjects of importance in the public debate - these can change quickly. In the 2020 survey, the most important subject in the public debate were jobs. In 2023, this was replaced by "cost of housing and living" (which was number 4 in 2020), while jobs moved to number 4.
- Therefore, it is critically important that communication about the Clean Industrial Deal as well as wider narratives are continuously adapted.
- For the situation in 2020, a strong focus of narratives on the positive economic impacts of energy efficiency on jobs, industry and competitiveness was most suitable. In 2024, topics like energy cost stability or decreased import dependence are more promising.

## EU27: Importance of topics in the general public debate Changes 2020 – 2023




Source: ESV, EEW5 survey

Source: shutterstock, Markohanzekovic

# Case 1: Creating Trust –
## On the connotation of change

The Clean Industrial Deal and its sectoral policy elements are frequently hampered by a crucial mismatch on narratives: 'the connotation of change'.

The Clean Industrial Deal is often characterized as 'fundamental change', 'massive disruption', 'the greatest economic transformation ever', accompanied by cost estimates beyond imaginable range. Stakeholders (e.g. media, policy makers) use such terminology mostly with best intention: to describe that climate change forces us to fundamentally re-think our way of manufacturing and consumption.

The communicative trap here is that 'disruption' or 'massive change requirements' are often not **positively connotated**, but are associated with

- **Uncertainty** and both societal and individual **risks**
- **Destabilization** and **loss of control**
- **Experiments** at the expense of the population
- **Structural ruptures** leading to poverty

People remember e.g. the sudden closure of coal mines / heavy industry in the 1970s – 1990s, or in eastern European countries, economic 'shock therapies' leading to massive job losses.

Without considering this meta-level connotation, the term 'change' will trigger fear of loss rather than optimism. Part of this communicative dilemma is the insufficient distinction between historical ruptures and today's envisaged transformation. Learnings from the past and chances to do better are not sufficiently explained. It is also ignored that our economies run on permanent change, essential for competitiveness, innovation and prosperity. Most transformations happen smoothly and successfully. Only a small number create recognizable ruptures (often due to previously missed opportunities) but are absorbing all – negative – attention. Result is a growing tendency in politics to suggest voters a choice between change and no change – a problematic misconception.

For breaking out of this communicative trap, make sure your narrative **creates the required level of trust** for stakeholder buy-in. Explain **why** change is required – where do we come from and what are we going for. If we don't act, **we may lose control** – therefore **we should use our potential** wisely. Break up the political fiction that 'normal' means 'no change'. Change is not for change's sake, but because we aim for **stability, competitiveness, prosperity**.

Illustrate how to ensure success, mitigate negative effects and show experience from successful change processes.

Explain what everyone's benefits will be, compared to a non-change scenario (e.g. jobs, diversification, innovation, development of infrastructure, etc.).

Convey **self-confidence**: 'If we do it right, it will be OK!' **Create trust in the process and its outcome**.

### For breaking out of this communicative trap, it is helpful to follow some basic rules:

- be mindful of terminology
- If your narrative fails on meta-level, all good arguments will **turn against you**
- Be clear to address your **intentions** in your narrative
- Highlight examples of well managed change – don't leave the stage to problematic cases
- Don't avoid the term change, but **take the fear out of it** by putting it into the right perspective
- Connotate transformation to terms like **continuity**, **reliability**, **predictability**, **maintaining a lifestyle** and/or (the EU's and its MS's) **competitiveness**
- **creating trust** must be the starting point of any communication around the Clean Industrial Deal

Source: shutterstock, alfotokunst

# Case 2: Image –
## Transformation goes better than you think!

Transforming regions often **struggle with their negative image**.

Public perception mostly ignores Europe's abundance of successful transformations. Media attention and public perception focus on deep struggle, sometimes with dystopic elements, whilst most transforming regions have work to do but all in all with good perspectives. Stakeholders stand out against a 'loser's image', a showstopper to new investment and being attractive to qualified workforce – a key criterion for success.

Lower Silesia (Poland) still struggles with its bad image from the 1990s (sudden closure of industries, not backed by supportive measures) – though today the region is a success story. Lower Silesia is responding with image campaigns to re-brand the region.

Another element unintendedly nourishing a problematic image is the predominant debate on financial support for transforming regions. In public perception, this can create a misleading image of poverty.

If a **problematic image** has built up already, it is a huge **showstopper in meta-level communication**.

To overcome this dilemma, one must 1) acknowledge it and 2) overwrite it by new narratives.

Transforming regions have developed a range of communicative strategies:

In Medio Tejo (Portugal) an element for a new narrative is pride in the region about being a forerunner on reducing Portugal's $CO_2$-emissions by stepping out of coal.

The Zasavje region (Slovenia) works with their identity from the past as long-established technology region. In contrast to a stereotype about mining areas, it is not based on nostalgic reference but re-interpreted to a 'yes we can'-attitude. Collaboration between businesses, municipalities, regional economic agencies, schools and civil society has established 'founders' hubs', transforming old engineering traditions the region's work force into new technologically leading businesses. This is a **momentum of surprise** to outside visitors, creating an u**nexpected, unconventional, positive image**.

The Wielkopolska / Konin region, a former coal-based monostructure, sets focus on keeping their population. Stakeholders engage with both the **young generation** and the elderly, still rooted in old industrial structures. The exchange generates **differentiated views** on transformation and **awareness for positive opportunities**, showing also the relevance of 'soft factors' like quality of life and cultural openness.

The Rheinisches Revier (Germany) is characterized by a heterogeneous economic structure, requiring a joint strategic effort and stringent priority setting. To turn around their image of the past, one of their aims is a regional expo, showcasing both challenges (how to convert Europe's deepest open pit into a habitable landscape), but also the multitude of positively surprising effects. The **new positive image illustrates that transformation can go better than we think**.

### To create a positive image by new narratives

- don't get trapped into an already existing negative image, but manage to turn it around
- highlight successes and use the power of surprise
- illustrate and explain reasons and key elements of these successes, actively involving the people of the region and referencing to local traditions fostering self-confidence
- put people in the focus and make the new narrative resonate with them
- let transforming regions step out of the shade by pro-actively communicating about their development (e.g. image and media campaigns, Expo projects)

Source: Fronius International GmbH

# Case 3: Experience as an asset – The power of active transformation

In public perception, often echoed by politics, transformation is not regarded as a 'winner topic'. Accordingly, immanent chances are underrepresented in the debate, e.g. transformation being a **valuable source of economic experience**.

Leveraging the full transformative potential of a region usually is complex, requiring more than a one-time financial compensation. But stakeholders from transforming regions often experience the pattern "compensate – transform – shut up", i.e. a tendency of politics to deny the long-term character of the change process and to quickly close the unpopular chapter.

Symbolic policy slogans like "energy region remains energy region" or "creating new 'energy valleys'", suggest that a transformation could be a 'quick fix', but bearing considerable risk of jumping too short. Former mining / industry regions typically have attractive features (rail, roads, waterways, energy infrastructure, huge areas for industrial estates, qualified work force, etc.). These should not erode before a transformative strategy is developed.

Broadening the considered range of transformative chances for regions requires a full stock-taking beyond just replacing one technology by another, e.g. putting PV on former landfills. Stakeholders from transforming regions must be empowered to actively shape the transformation and develop appropriate narratives. Potential allies in the process (e.g. regional chambers of commerce and development agencies, founders' hubs, youth associations, schools and other educational institutions) must be incorporated in effective networks.

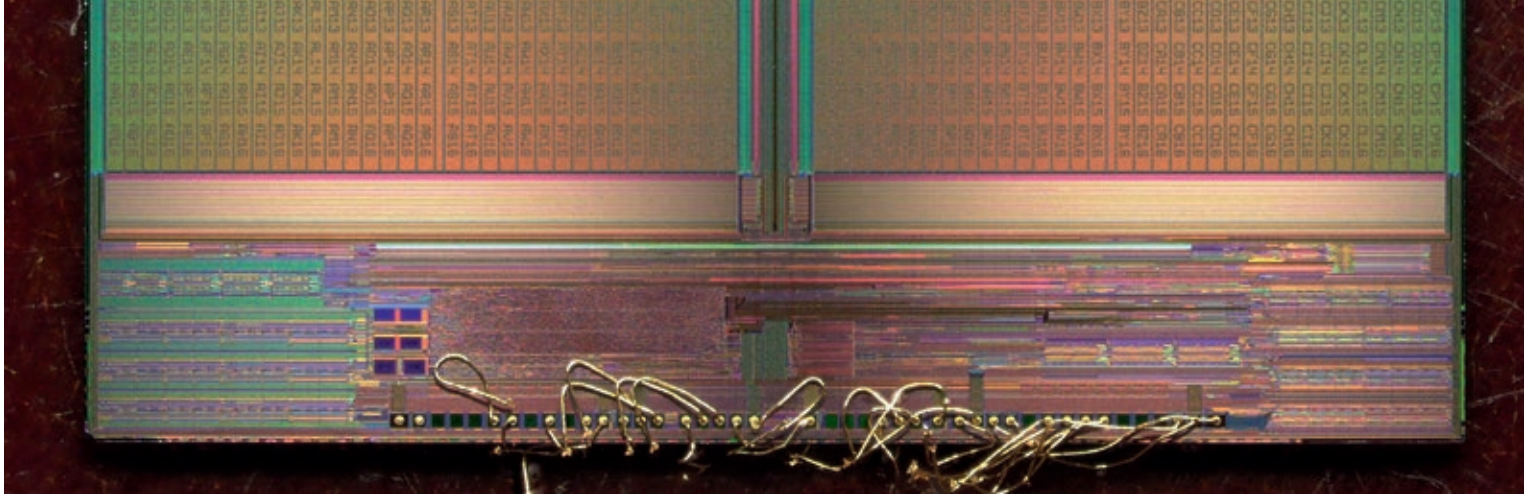
Successes must be showcased, same as the transformational process itself (searching for the best solutions, experience of what works and what not, and for which reason).

Networks with other transforming regions should be established to share this experience, develop a broader spectrum of options and lobby for political and societal support.

Existing exchanges between transforming regions have shown an enormous knowledge potential, being an **economic asset of its own**. **Industrial regions of today will be the transforming regions of tomorrow**. Those will be keen on learning from those having gone through a transformative process.

### An essential narrative based on the above:

- **share the experience of transformation** with other regions, acknowledging that it is it an economic **asset of its own**
- It is key to prepare and share excellent data on economic parameters (also on the quality of investments) for a region, to show the potential compensation of job losses in previous industries by new options, e.g. industrial / other economic cluster options or knowledge & innovation-based economie
- Networks between transforming regions should aim for developing bold and **positive narratives** to gain broad attention and interest also from outside one's own region, getting transformation out of the undeserved 'dirty corner' and creating an understanding for its broad economic relevance as an **asset for reaching a higher degree of economic resilience in the future**



Source: Fronius International GmbH

# Case 4: Competitiveness & Innovation –
## The need of a fast and firm industrial transformation

The debate on the EU's economic competitiveness and innovation has developed in an ambiguous way. The former 'Green Deal' was promoted as Europe's core growth strategy, but many relevant actors neither used its narrative nor the underpinning data. Instead, maintaining the EU's industrial basis was often reduced to postulating lower energy and labour costs.

This ambiguity resulted in subsequent questions: which level of energy subsidies is affordable? How big is the remaining energy price gap compared to third countries?

A dominant counter-narrative was to slow down the EU's transformation to maintain its industrial basis. Even in the EEW5 stakeholder survey it was shared by 50% of the participants, being representatives of the Renewable Energy and Energy Efficiency community.

However, also the ambiguity was seen by the EEW5 stakeholder community: unclarity on the right strategic approach bearing a **risk of losing focus** and time, in the end weakening our competitiveness. It was seen as key for the EU's global competitive position not to lose technological momentum, requiring a **fast and ambitious transition**.

How to combine these two seemingly contradicting elements in a new, positive narrative? The EU's energy prices are structurally higher than on other continents. Therefore, the EU should rather optimize its economic position under this assumption than closing a price gap by subsidies. International competitiveness means

- Making better use of energy efficiency options
- aiming for fast increase of renewable energies, being the cheapest domestic option
- get into a forerunner position on industrial decarbonisation
- distinguish here between cleantech and industry in general: cleantech being an enabler, other industries gradually forming the basis for structural innovation
- embed energy efficiency and renewable energies into the energy system of the future, serving as additional enabler for e.g. all-electric, H2 and digitalization.

This must be framed by the new narrative that **we are taking control of our costs, instead of remaining dependent.** When talking about high energy costs, **think and communicate in options**.

Policy framework is the solution, not the problem. A well-structured policy pathway flanked by clear narratives help mobilize necessary investment. **The EU's way forward is maintaining the competitiveness of its industrial regions and grow through the energy transformation and not despite it**.

### Key sectors and regions have different starting points

- therefore they need tailored narratives, but competitiveness is always related to key messages
- as a region and as a business, you will no longer be competitive if you don't actively master the energy transition
- not acting means losing out / becoming less resilient
- competitiveness means to transform fast and firm, for which the EU provides good framework

Source: shutterstock, IM Imagery,

# Case 5: Opportunities – New value chains

The potential of new value chains illustrates another 'communicative trap'. On the one hand, we see media stories and stakeholder campaigns suggesting massive opportunities in e.g. battery fabrication, green steel production, etc. On the other hand, these are often corrected afterwards, when detailed parameters on cost, technical or legal challenges are available, turning the initially optimistic statements into a narrative of failure.

This sequence of euphoria and frustration can be described as an **'effect of communicative disillusioning'**, leading to an **erosion of credibility in the economic potential of the energy transformation.** It nourishes the **counter narrative that old economies are perceived safer** and should be kept up rather than 'sacrificing them for expensive flops'.

New industries are often still **too volatile to serve as showcases** for success (e.g. announcements on battery manufacturing at various locations).

## So how to start a new narrative from here?

We must acknowledge that **incomplete information about economic parameters does not mean there will be no opportunity.** But further exploration is required to identify what, where and how. The communicative process must be steered firmly from the beginning: a **strong story is required,** but at the same time, **expectations need to be well managed.**

Everyone in the process, e.g. business stakeholders and policy makers, must be aware of their responsibility: premature bold messages on new value chains will nourish counter-narratives.

## How to set the right economic expectations?

**Think and communicate in opportunities, but avoid being simplistic**: first, assume a net positive result, don't leave the interpretation to others (e.g. 'take back control'). Then be sure your audience understands the dimension of the task. Build up a modular scheme of arguments, making the interdependence of opportunities transparent, e.g. if this development takes place, it may lead to further opportunities.

Explain the potential of the EU's critical raw materials act for re-industrialization, and under which assumptions and conditions e.g. new extraction projects can make sense. To steer the debate, **start your argument with illustrating potential benefits**. Don't avoid controversial topics (e.g. new mining vs. ambitious environmental & social standards) but embed them into an **overarching communicative strategy**.

Key for a new positive narrative is the right balance between showing the potential of new value chains along the above criteria AND putting it into perspective regarding aspects still to be explored. Broad acceptance is needed to prevent future political turmoil leading to missed opportunities for the EU's industrial strategy.

### The full transformative spectrum of opportunities should be shown

- the potential for re-shuffling the relations of periphery vs current centres
- e.g. should new industries move to peripheral regions where cheap electricity becomes a key asset?
- can traditional 'extraction regions', having been in the role of mere raw material providers, become diversified new industrial centres?
- Public acceptance comes with answers on which key sectors to invest in?
- What are opportunities for future value creation, both on EU, national and regional levels?
- How does this impact the EU's international market position?

Source: Adobe Stock, Best

# Case 6: Preserving value –
## The relevance of a modern building stock

In recent years, ambitious building renovation policies got under massive pressure. The idea to protect citizens from price shocks through a policy-led technological shift (e.g. from gas to heat-pumps) did not come across. Instead, it was largely perceived as forcible and costly, contradicting house owners' interests.

What led to this communicative disaster? How to avoid it in the future?

Firstly, we need more **societal awareness** for **high fossile price risks** in the future. Policy measures were blamed as ideological, burdening house owners 'for the sake of abstract targets'. The erroneous assumption was conveyed that a high-price scenario could be politically avoided by questioning the transition. The market for new technologies like heat pumps became uncertain, climate effort slowed down, and accompanying measures like ETS2 got under pressure.

Secondly, the economic relevance of buildings to their owners must be comprehensively analysed.

The concept of the 'homo oeconomicus' suggests that investment in buildings is driven by entrepreneurial motivation.

However, for private owners, buying a house typically is the largest investment of their life. Their economic motivation is to

- mitigate cost of living
- gain security at old age
- protect savings against inflation
- be resilient by re-selling at a good price
- preserve their property and inherit to the next generation.

A good entry point for a new narrative is the question: 'under which conditions will **buildings keep their value in the markets of tomorrow**?' Robust data must illustrate the foreseeable market split along energetic performance: due to energy price developments, buildings at good energetic standard will increase value, whilst low standard or wrong investment decisions lead to loss of property value.

Psychologically, private homes often indicate the social status and individuality of their owners, causing reluctance against one-fits-all renovation schemes, even for standard constructions.

Coming from there, new narratives must be based on a solid target group analysis. Measures must be tailored accordingly. Will investment be triggered by financial support or rather **image-building** and **life-style arguments**, like **modernity** and **comfort**? Which role can neighbourhood peer groups play here? Differentiated building renovation narratives should be developed around these criteria. House owners should see a choice to act according to their preferences, where different answers are possible and they feel supported in their genuine interest (**'help me don't tell me!'**).

Essentially, new narratives on policies should focus more on preserving the value of buildings than return on investment of renovation measures.

### For developing a positive narrative, a couple of rules should be applied:

- People should not feel frightened off but become motivated. Positive stories work for (nearly) everyone, so frame the narrative accordingly
- To reflect the desire for individuality and the objective fact that priority setting may differ, a modular set of narratives should be on offer
- Talk more about influencing factors on the value of the asset, now and in the future (e.g. high increase of gas prices) than on the return on investment of the measures

Source: shutterstock, Viacheslav Lopatin

# Case 7: Security and Freedom –
## The geopolitics of the clean industrial deal

In recent years, stakeholders' views on energy security changed significantly. 2021 it seemed to be a minor feature of RE/EE deployment. After February 2022, this opinion took a sharp turn.

Today's debate on the EU's foreign energy relations sees two conflicting paradigms:

1) Free market relations are a constituting pillar of the EU, creating enormous gains in public welfare, allowing for cheap consumption and high dividends and re-shaping the EU's industrial landscape. Europe's economy successfully specialized on internationally competitive high-value goods and services, while emission intensive production like mining were shifted to third countries. This pathway seemed reliable and future proof – 'dirty' industries out of sight made climate action seem less urgent. It also contributed to the efficiency of the EU's energy systems: e.g. interconnectors making obsolete huge national reserve capacities.

2) Considering energy systems as critical infrastructure did not play a major role in investment and strategic planning during decades of peace and – seemingly – rationally driven trade relations with external suppliers of e.g. oil and gas. Recent shocks have shown Europe's – so far unexpected – vulnerability and brought an abrupt shift towards better control over the energy infrastructure and focus on security.

Besides fast-track measures to meet geopolitical challenges, the EU must re-define its concept of domestic supply versus international energy trade, a tricky balance between security and cheapest price – on energy itself, but also on related technologies, e.g. batteries, PV-converters, grid components or cyber security.

Business is facing uncertainties whether to invest in a European production of these technologies if they can still be imported at lower price. Qualitative criteria in tenders are a start but need to be underpinned by a consistent narrative.

Reducing international trade in favour of domestic supply bears the risk of falling back into protectionism, massive subsidizing and economic inefficiencies, high debt, containment of markets, etc. Divesting international economic relations also brings up political challenges, e.g. the increasing risk of military conflicts with decreasing interest in a well-functioning European market.

The Net Zero Industry Act needs to be underpinned by guidance for investors in which areas innovation and technological leadership will be of strategic relevance.

The core of the new narrative must be that **security** and **freedom** go together with **increasing clean industrial technologies**.

**In parallel, a strong narrative on the EU's attractiveness for foreign investment must be developed, being**

- one of the world's strongest output markets
- technological leader
- a forerunner on transformation from which others want to learn
- game changer for regulatory framework.

This is necessary to mobilize the required capital for the transformation, but it must also be appealing for developing countries to encourage their transformation.

Source: istock

# Case 8: Economic rationality – Avoiding political polarization

In recent years, climate protection and decarbonization showed aspects of a 'clash of cultures'. While proponents of fast decarbonization often showed a moral attitude, supporters of a slower (or no) transition instrumentalized fear of loss (e.g. job losses). Science-based concepts were replaced by vague, opportunistic slogans like 'citizens are not willing to follow' because 'the measures are not well balanced', or even 'the poor shall take the load whilst business is benefitting'.

The energy transition often became subject to political calculation, aiming at preventing the success of political opponents, and thus neglecting its urgency.

The clean industrial transformative vision – and its narratives – in some parts require further specification. This opens the door to scepticism, especially on the future of industrial societies.

The self-concept of industrial societies is often underestimated. Complex interdependencies between political and economic decisions make them vulnerable to external shocks. The term 'industrial society' historically serves as symbol for **prosperity and progress**, linked to fear of loss if seen at risk.

'How can the EU prevent the current industrial basis from eroding?', 'Can the Clean Industrial Deal be a replacement?', 'Who will benefit, who will lose?'

Supporters of a fast transition often run into a communicative trap: mingling economic and ethical arguments. From a campaigning perspective it is often assumed that political majorities become more likely if a case is (morally) undeniable. But while it is legitimate to question compatibility of current economic growth concepts with the ecological boundaries of the planet, this is currently only shared by a minority.

However, beyond ethical categories a strong argument – **economic rationality** – exists, able to secure a majority. Surprisingly, most narratives still show **significant shortcomings in economic argumentation**.

New narratives need to support a full set of economic parameters become mainstream (rather than only referring to short payback times or advantage of energy cost savings) and thus show that a fast and firm Clean Industrial Transformation is a **matter of economic rationality**, not of ideology.

### A new, positive narrative must avoid the impression that

- the transition is motivated by 'anti-industrial' or even 'anti-modern' thinking, 'altruistic romanticism' or else
- politically 'industrial societies' are put at risk

Instead, it must

- focus on strong economic evidence, supported data and examples
- replace the idea of preserving the existing in favour of a new self-concept of the industrial society
- specify aspects like economic well-being, stability, standard of living, career and development paths ('premium jobs' in industry, personal choice of profession, education & access to personal development options), public infrastructure, etc.

Source: shutterstock, MikeDotta

# Case 9: Priority – Avoiding policy fatigue

A fast and firm transition is key for a successful clean industrial deal. However, administration is often perceived (over-) complex. Investors complain about bureaucracy slowing down their projects. This is also conflicting with time-critical targets for RE deployment, the ramp up of emission-free technologies such as H2, and on overall scale keeping the EU technologically competitive through and with decarbonization.

A **communicative risk** here is that the debate may undermine the role of regulatory policies as such ('Policy Fatigue'). Ambitious policies remain key for ensuring the transition – no priority setting, success monitoring or adjustment will be possible without according political and administrative framework.

**So how to speed up the transformation by an intelligent reduction of administrative barriers**? What is a suitable explanatory narrative on 'next generation EU-policies'? Keeping a good balance between reducing bureaucracy and public acceptance is key, e.g. when simplifying regulation on environmental & social standards), and not to lose the momentum that just started (e.g. CSRD) by changing rules too often.

As a policy initiative for simplification, Omnibus is a strong starting point. Regarding communication, it demonstrates **responsiveness to previous criticism**, but future approaches should **pro-actively be positively connotated**, not as reaction to a previous mismatch. A new narrative needs to create a **solid level of trust** ('yes Europe can!) and get all key stakeholders required for the transformation behind it. It should show a transparent and consistent master plan of deployment and establish a joint understanding what lean and clear structures mean. More **flexibility** along **broader guidelines** should be provided, under the umbrella of **priority**. This can e.g. encompass project task forces, or voluntary comprehensive approaches. Stakeholders should get a role as **agents of change**, feeling acknowledged, not burdened.

The new narrative should make clear that the **EU target architecture is essential for the Clean Industrial Transformation**, but that **it forms the background, it is not by itself the subject of narratives.** It should not circle around terminology like 'we must achieve targets and reporting obligations'. Instead, it should give all involved stakeholder the message that **speeding up the implementation** is key – therefore we are setting **priorities**.

The term **priority** should manage expectations well: in the interest of the process, it cannot mean e.g. to abandon key policies by which the transition is steered, nor should public acceptance be put at risk e.g. by reducing essential standards. The new narrative must be explicit that the legal framework is **not the burden but the enabler** of the success of the transition.

## Key stakeholders must feel enabled

- policy makers at EU, national and regional level – they experience 'policy fatigue' by declining acceptance and often also their own struggle to develop and implement too many policy details on very short notice, with negative impact on the quality of implementation
- developers of e.g. RE or clean industry projects, dependent on fast and predictable permitting processes. 'Policy Fatigue' evolves where they feel hampered not supported by underlying rules
- other businesses subject to EU reporting requirements (e.g. CSRD, supply chain legislation etc.) – in their case 'Policy Fatigue' may be the perception to get over-burdened, leading to reluctance to engage

Source: shutterstock, Tom Buysse

# Case 10: Resilience – The key role of EE & RE

Despite its obvious success story, the role of renewable energies and energy efficiency (RE and EE) is still drastically **underestimated in the general perception**. Paradoxically, although we tend to lament about a challenging transition, regarding RE and EE - being an unprecedented paradigm shift in our energy system – we are much better than we think!

A good part of the way has already been made: with RE and EE, the EU has a strong and further growing base to keep energy prices relatively stable and cheap. Also in member states not at the forefront of deployment, RE and EE schemes are often immensely popular among citizens. The **EU laid the foundations for this success over 25 years ago**, but still it has not received the positive attention it deserves. However, their success story needs to be told in a way that a vast majority of society - and accordingly voters - from a broad spectrum see it. Further political action must not lose momentum.

A new narrative must highlight that the **resilience of the EU and its citizens depends on RE and EE**. A climate friendly transition of our economy is key for maintaining economic stability, for energy security, for avoiding societal disruption e.g. through price shocks, for geopolitical stability, e.g. by not becoming too dependent from others or by preventing climate related migration.

An initial rule for policy makers for better communication in this field is paying attention to different target groups – i.e. how to reach a critical majority with the right narratives. The term 'in-the-bubble-communication' describes a phenomenon originating in the early days of the RE and EE debate, where 'believers' were clashing with 'non-believers'. Today, the status of RE and EE is no longer that of an outsider but mainstream. However, communication often still seems stuck 'in-the-bubble'.

New narratives must comprehensively **embed the role of RE and EE in the overall economic debate**. They are key for protecting us against price shocks, import dependency, societal disruption, value decline of buildings and preventing other stranded assets or uncertainty of investment.

Any EU presentation should highlight this fact. Slowing down this process cannot be in the economic interest of the European citizens. In essence, **strong further RE and EE deployment is the core of our economic resilience**.

### More comprehensive communication of the RE and EE success story is required

- both within the so-called 'bubble' AND towards the outside
- Don't preach only to / among the converted
- use differentiated lines of argumentation for different target groups
- lay more focus on its qualitative strengthening of the energy transition – e.g. owners of PV-systems understand of load curves, allowing for insights into more complex aspects of changing energy markets
- use the multitude of positive examples, e.g. the technological jump initiated by LED technology

# Methodology and way of working

Based on the insights of Energy Efficiency Watch 1-4, EEW5 is looking beyond the classical analysis on effectiveness of policy instruments. It has become evident that, although there may be a good set of policy instruments in place, the quality of implementation highly depends on the way in which measures are promoted, how they are communicated to the target groups, i.e. which narratives are being used. Here, not only the communication directly related to an instrument is of importance, but also the background discussion, whether it is positive or negatively connotated, and how this influences the resonance of new policies. The approach of EEW5 therefore is to get in touch with stakeholders dealing with the implementation of the energy transition, to hear their observations on narratives working in favour of the transition or hampering it, and about the respective circumstances and root causes.

Accordingly, the EEW5 outcomes, i.e. **the 10 case studies on narratives**, the results of the **EEW5 Survey** and the **Key Policy Recommendations** are based on a multitude of inputs from a broad spectrum of stakeholders across all EU member states.

## EEW5 has three stages of collecting, refining and disseminating its findings:

1) The input phase, where the material was collected. This happened through dedicated stakeholder workshops in the member states, asking various stakeholder groups like representatives from businesses, industry, Members of Parliament, municipalities, regional governments or energy agencies for their experiences with (positive or negative) narratives, and their opinion on how to modify them for the better. In addition, 1376 experts from all 27 EU countries provided input via the EEW5 survey.

2) The testing phase, where the examples and cases compiled till that point were shared with a similar set of stakeholders, discussing and further refining them. Those testing results were then finalized into ten consolidated narrative cases by the EEW5 consortium with support by a 'focus group' consisting of long-standing energy policy experts. Based on the final cases, the Key Policy Recommendations were developed.

3) The dissemination phase, marked by the publication of this brochure, and to be continued by presenting the case studies, the survey results and the key policy recommendations at various events, conferences, workshops or European and National Parliamentary Meetings.


Source: Adobe Stock

The electronic version of this brochure can be found on the Energy-Efficiency-Watch website: www.energy-efficiency-watch.org

What is our story when we speak about the Clean Industrial Deal? Are we using the right terminology?
Are we addressing our target groups with appropriate arguments?
EEW5 has gathered comprehensive feedback on these questions from key stakeholders across the EU:
This brochure is presenting 10 case studies and Key Policy Recommendations on how to develop new narratives.

## Key publications

- **EEW5 Key Policy Recommendations**
- **Expert survey report and report summary including main findings**
- **10 narrative cases**
- **Energy Efficiency Watch 5 final report containing all findings**

available on the Energy-Efficiency-Watch website:
www.energy-efficiency-watch.org

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