

# **Beyond Cost: A Multifaceted Look at Financial Incentives and Residential Energy Renovation Behavior**

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This article analyzes the structural barriers hindering the massive adoption of energy efficiency investments, and fueling the well-known energy efficiency paradox. Based on a rich cross-sectional dataset surveying 3,000 French homeowners in 2018, a Logit model is developed to estimate the probability of households to renovate their homes. A focus is made on financial incentives for energy-efficient retrofit works, which take the form of direct subsidies. Accounting for dwelling and household heterogeneity, results suggest the existence of a threshold effect in the impact of financial incentives, estimated around 2,400 euros minimum, optimal around 3,000 euros. It is only above this amount of aid that households feel encouraged to undertake renovation work. This has implications for the design of future effective energy policies.

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