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Abstract

Shifting consumption preferences are a crucial characteristic of ageing societies: the elderly tend to consume a set of goods and services different from younger individuals. Energy demand is no exception as several studies have shown that age matters in shaping the use of energy during the life-time. However, time has multidimensional effects on spending patterns: household energy expenditure decision may change if two families with the same income and demographic characteristics live at different times because of generational specific preferences. Our work supports the finding that also generations matter in defining energy use: each generation is characterized by common experiences, aspirations, and practices which define current and future consumption patterns. A recent strand of literature is useful to explain the behaviour of different population cohorts regarding energy consumption and environmental protection highlighting the role of so-called energy culture (Stephenson et al. (2015)). We contribute to the literature by disentangling the effects of ageing population, change in population dimension and overlapping generational behaviours. This paper aims to assess how ageing and evolving generational energy cultures may affect the future energy consumption, considering the expected changes in the population size, composition and location. We use a pseudo-panel of Italian households to estimate cohort and age effects by macro-area and then we combine them with official demographic projections to forecast the potential consequences for energy consumption up to 2050. Our findings show that overlooking the effects of age and generations would result in a severe under-estimation of total energy demand in the future.