# State vs Market: Do Energy Price Elasticities Differ?

Sebastian Gechert, Bianka Mey, Franz Prante, Teresa Schäfer & Ali Tok

*Chemnitz University of Technology, Chair of Macroeconomics*

**Abstract**

Whether consumers respond differently to state-led versus market-driven energy price changes matters for the design of effective climate policy. Using over 2000 elasticity estimates from a meta-dataset of price elasticities for heating and cooling in buildings, we compare demand responses to different types of price changes while controlling for study-design characteristics. The analysis also captures the role of the broader policy environment, such as country-level carbon price levels. Our preliminary results point to price changes accompanied by information provision eliciting stronger demand responses, possibly due to increased visibility of the price changes themselves. Reductions in fossil fuel subsidies may also play a significant role in curbing energy demand. Furthermore, countries with higher carbon price levels seem to show stronger demand responses when energy prices change. These patterns differ when separated by time horizon. Our early findings suggest that well-designed policy interventions that combine clear information, appropriate pricing signals, and a credible climate policy framework could effectively steer energy demand toward sustainability goals.