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Multilevel Modelling Approach on Household Energy Consumption in France

&

Prediction Model / Data Visualisation with R-Shiny



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Abstract

As many other countries, France is facing the challenge of modelling its residential energy consumption. Modelling residential energy consumption is essential to be able to understand national energy problematic and predict future trends, thus to be prepared to adapt French policies and legislation in order to meet energy efficiency requirements at global and European levels. Most of residential energy consumption models created in the past, and based on datasets provided from various surveys, were built under standard multiple regression frameworks with usual variables taken in account for explaining the residential energy consumption. Those standard models are generally not capable of capturing more than 55% of the residential energy consumption variance. A multilevel regression model (MRM) offers an interesting approach in the comprehension of the residential energy consumption (REC) based on the "Phebus" national survey" stratified dataset. This dataset is consisting of 2090 unique cases distributed within 81 geographical administrative divisions so-called "départements" (DEP). MRM offers the possibility to extract area effects from total variation of REC and to explain the remaining variation with relevant explanatory variables at the most disaggregated level (individual). Multilevel Regression Models can help to answer the following question: Is the geographical context influencing the residential household energy consumption? The study showed the ability and effectiveness of the MRM to quantify 12% of geographical effects (level-2) and 55% of household effects (level-1) of the variance of the REC.

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Glossary

CSTB	Centre Scientifique et Technique du bâtiment
INSEE	Institut National de Statistiques et Etudes Economiques
DEP	Département
REG	Région
HDD	Heating Degree Day
MRM	Multi level Regression model
REC	Residential Household Energy Consumption
GeS	Greenhouse Gas Emission
ADEME	Agence de l'Environnement et de la Maitrise de l'Energie

INTRODUCTION

Accounting for more than 30% of the total energy consumption in France, the residential sector is consuming more energy than the industrial sector and almost a similar amount than the transportation sector. Moreover, residential sector is contributing for more than 16% of national CO_2 emissions, hence representing a high potential for energy efficiency incentive measures in order to mitigate greenhouse gas emission (GeS). As housing units built prior 1975 represent 61% of the housing stock across the country, this particular group of housing units constitutes the primary target for housing refurbishment programs.

Electricity and gas constitute the two main sources of energy consumed by households in France, and electricity used for space heating represents more than 60% of household energy consumption. Noticeable improvements were made on space heating technology in recent years with the use of more efficient space heating systems, such as condensing boilers and heat pumps, along with the quality enhancement of housing insulation materials. Furthermore housing refurbishment programs reduced significantly the yearly household energy consumption to approximately 180 kWh/m² in 2012.

In recent years, energy consumed for space heating represents the type of energy consumption that has reduced the most significantly across France. The amount of energy consumed for space heating has decreased by 33% since 1990, but at the same time the amount of energy consumed specifically for electrical appliances has increased by 40% due to the use of numerous new home electronics devices (smartphones, electronic tooth brushes, ...). In order to pursue the global reduction effort on household energy consumption and adopt incentive measures in this sense, a recent policy framework has set up the objective of reducing by 40% the amount of residential energy consumption by 2030 [1].

In this context, and with the aim of adapting framework policies to enhance energy efficiency within the residential sector, conducting and analysing a national energy consumption survey that would provide detailed information on households characteristics and their impacts on the energy consumption has proven to be particularly judicious.

^[1] Loi Relative à la Transition Energétique (2015)

Such a study would allow for better understanding of the households energy consumption, and for modelling and predicting energy consumption according relevant households characteristics.

Structure of the paper

Part 1 will introduce a brief description of the CSTB, while Part 2 will provide a detailed description of Phebus dataset. It is reminded here that the results of the national Phebus survey constitutes the base of all modelling approaches that will be built for the purpose of explaining variations of residential energy consumption among households in France. Furthermore Part 2 will deliberate on the motivation for applying multilevel regression analysis. In Part 3, various step-by-step models will be carried out, and a first standard multiple regression model approach, using only household features at micro-level (individual) will be proposed. The advantage of starting with a standard multiple regression model is that, following a selection of relevant predictors that are supposed the explain residential household energy consumption (REC), it will also point out the limitation of explanation power of such model and will therefore motivate the use of a new modelling approach like multilevel regression analysis. The step-by-step work will be pursued, starting with building "null models" in Part 3, aiming to select which grouping variable would represent the best aggregated level (level-2) to be considered for a multilevel regression model (DEP or REG). Once a level-2 grouping variable is selected, a third model introducing level-2 predictors will be elaborated, again in part 3. An estimation of the explanation power of the third model compared to the null model will give a batch of results that will confirm or not the selection of the level-2 explanatory variables. Again in Part 3, a fourth model will be built, first incorporating some of level-1 predictors used with the standard regression model, then together with level-2 predictors, prior estimating the significance of such models. Building a model with all level-1 and level-2 explanatory variables will then form an "almost full" multilevel model capable, hopefully, to demonstrate the effects of environment or contextual indicators and specific household characteristics on residential energy consumption. All models elaborated in Part 3 will contain methodological discussions and empirical specifications. Following a cautious conclusion on the results obtained after the use of a multilevel regression model, an online predictive model using R-Shiny framework will be proposed.

1.1 Presentation

CSTB stands for Technical and Scientific Center dedicated for Building.

The organisation is an EPIC ("Etablissement Public à caractère Industriel et Commercial"), which is a category of public undertaking in France. It includes state control entities of an industrial or commercial nature, including research institutes and infrastructure operators such as RATP, IFREMER, ONERA, BRGM.

The CSTB was founded in 1947 following World War II, aiming to support the reconstruction effort. The main mission of the CSTB is to ensure quality and safety of the buildings, and support innovation from the idea to the market. There are approximately 900 people working within four CSTB sites in France (Champs-sur-Marne, Sofia-Antipolis, Nantes and Grenoble).

1.2 Four keys activities

The CSTB is focusing its effort on four key activities: research and consulting, assessment, certification, and diffusion of information.

Diffusion of Information

The CSTB is rending scientific and regulatory information accessible and directly usable trough edited products and information services, product softwares and adapted training sessions to companies. Hence it contributes to the sharing of knowledge of professionals in relation with performance stakes of a building, evolutions of regulations, and progression of innovation.

Certification is a process allowing the characteristics of an offer to comply within a reference framework. This quality label is essential as it provides the buyers and users with confidence when comparing and selecting a new offer available in the market. Moreover this certification process provides building actors (promoters, constructors, independent tradesmen such as plumbers, electricians, painters, carpenters,) with a medium that differentiate their offer from others offers in competition. Certifying organization accredited, the CSTB is a key actor in the certification of products and building services.

Assessment

Innovation assessment by CSTB provides building actors with some crucial information regarding level of performance of processes used, materials, or any elements or equipment involved in the building contraction process. CSTB delivers guidelines to building actors, thus privileging emergence of innovations and access to the building market, while securing and re-assuring them. Moreover, the CSTB offers assessment services to construction companies wishing to develop innovations on the market. On a European scale, CSTB is a technical assessment certified organism, which is guiding certification processes and delivering CE label.

Research and expertise

The CSTB is focusing its research efforts in priorities domains. It mobilises its expertise to support framework policies and assist building professional actors. Also it develop a systemic approach including overall socio-economic stakes regarding safety, health and comfort, environment and energy. Research work in the CSTB is often carried with the cooperation of the "Ministère de l'Enseignement Supérieur et de la Recherche", and is generally financed through European Union partnerships, national programs and various socio-economic actors.

Based on the knowledge acquired from past research studies and perpetual innovation assessment, activity of CSTB expertise is also leaning on a deep knowledge of professional buildings actors.

At a national, European, and international level, the CSTB is participating to the normalization and technical regulations related to building construction.

2.1 Phebus Dataset

2.1.1 Description of dataset

Phebus is a new punctual national survey, implemented by INSEE (National Institute of Statistic and Economical Studies) and including two sections realised separately: a face to face interview with housing occupants randomly selected, with questions regarding their house equipment energy- consuming, global energy consumption and attitude vis-à-vis energy, and another section which comprises a diagnosis of energy efficiency of the housing unit. The objective of Phebus national survey is to deliver a clear photography of households energy use within French metropolitan housing stock in 2012. The 2012 Phebus dataset consists of observations taken from 2356 housing units selected to represent the 27.6 million housing units that are occupied as a primary residence. Only housing units corresponding to an individual house, housing units located inside building, independent rooms inside buildings with private entrance, and home dedicated to elderly people are taken in consideration during data collection and survey. Phebus survey has been conducted from April to October 2013, across 81 "départements" (DEP) and 12 "regions" (REG) within French metropolitan territory. No data is available for Corsica. The data was collected using an area-probability sampling scheme, coming from national census data collection in France, and is representative of housing units across regions, climatic zones, housing type (insulated house or multi-unit housing) and year of housing construction.

2.1.2 Geographical divisions in France

Since 2015, French territory inside Europe is divided in 13 administrative regions (12 metropolitan regions plus Corsica region). The scope of intervention of French administrative regions is quite wide as it concerns among other things school and transport administrations, economic development, tax system, sustainable development policy, and biodiversity protection. French "départements" constitutes another essential subdivision of France metropolitan territory. There are 96 "départements" located in French territory inside Europe, in both metropolitan regions and Corsica. The subdivision "département" represents a level comprised in-between levels "Régions" and level "Arrondissement", last one being another smaller subdivision of level "département". From now on, let's consider level ""département"

as level DEP and level "region" as level REG. From a general point of view, one REG contains various DEP and one DEP is subdivided in various "arrondissements". The two levels REG and DEP will form the two possible aggregated levels that could be considered for a multilevel approach.

Let's investigate how the subdivisions DEP are represented among the households interviewed during Phebus survey. The below figure is a "bar plot" type of graphic summarizing the number of households interviewed within each "department" in France where the survey took place. Each bar corresponds to a household interrogated during Phebus survey. The amount of energy consumed is corresponding to a yearly energy consumption scale at the bottom of each bar plot. The black vertical line is related to the national mean amount of energy consumed per household (18000 kWh).



Figure 1 : Bar Plot representing the amount of households interviewed, along with their 2012 energy Consumption and organized by DEP

At first glance, one can be noticed that some DEPs comprise a number of households interviewed much higher than others DEPs. For instance, there are only four households interviewed in the geographical division "Mayenne" while there are 23 households

interviewed in "Orne", although both DEPs are pretty much similar in terms of number of habitants.

Also from the same graphic, one can observe that the average household energy consumption in Paris is significantly lower than the average of household energy consumption in France.

Similar analysis of household energy consumption can be carried by observing the below map of France build with R-Shiny framework.



Figure 2 : Map of Residential Household Energy Consumption in France (2012)

2.2 Modelling approach

National Phebus survey provides detailed information regarding household characteristics that could explain variations of the total amount of energy yearly consumed. Most of traditional modelling approaches explaining household energy consumption in France are historically based on a single individual level model, although the dataset of reference can be considered as stratified. A few other modelling approaches, including various approaches studied in the USA, enabled to point the fact that variations of energy consumed by households can be explained not only at a individual level (household), with the inclusion of individual household's characteristics, but also at a more aggregated level in which are considered the impact of contextual or regional effects.

The key concept here is to understand that the group in which are belonging individuals can be considered as a relevant context to the extent that it comprises a game of influences having effects on the behaviour of individuals. Interesting approaches made by Wang & Wang [2] or Tso & Guan [3] studies, indicate that area variations or regional effects have a significant impact on energy consumption. The results of both studies are showing that spatial interaction among households energy consumption in the United States becomes weaker with the farther neighbour states, thus confirming that within a same group, households can interact between themselves and may influence each other in their way of consuming energy.

In this document it is proposed a multilevel modelling approach of the household energy consumption in France with using predictors at individual level data (level-1 - household) and aggregated level data (level-2 – geographical administrative division).

^[2] Spatial interaction models for biomass consumption in the United States (2011).

^[3] A multilevel approach to understand effects of environment indicators and household features on residential energy consumption (2014).

2.2.1 Multilevel approach adapted to Phebus dataset

The use and study of various simple indicators, such as the use of the heating degree day (HDD), indicating the thermic energy consumptions in function of winter temperatures, can be helpful to explain the residential household energy consumption. It is a typical indicator of household energy consumption for space heating. However this indicator is far from being sufficient to explain variations of a complex variable such as the yearly household energy consumption, which depends on numerous independent quantitative and qualitative variables. In addition to regression models, researchers have worked on sophisticated methods such as neural networks for predicting energy consumption, or principal components analysis followed by regression analysis for explaining energy consumption. Each method has its advantages and disadvantages, and results can be found to be satisfactory, but very few methods are taking in account the contextual effects on household energy consumption.

Multilevel models are particularly appropriated for analysing data presenting complex structures involving stratified characteristic levels. Those levels are found to be forming a combination of micro-unity and macro-unity, for instance households and their contextual environment or geographical living location which could hereby be defined as DEP and REG. In the study of relations between households and their environment, the environment characterizes a context in which households are included and that is assessed to be relevant in order to understand the household energy consumption. In social sciences, the group of affiliations of individuals is often considered as an extremely relevant context to be studied.

The two questions that could be asked at this point are: "Is the household energy consumption influenced by the geographic living localisation of the same households within a DEP or REG? – "How and according which process is the environment affecting household energy consumption? ".

One of the advantage of multilevel regression models, compared to a more multiple regression model, is that regional effects are extracted from the variance of residential energy consumption, thus allowing to explain the remaining variance with usual explanatory variables. In statistical models such as multiple regression models, which consider only a single level of aggregation, there is always an unobserved part, in other words a part of reality that is not explained by the model. In a multilevel model, dissociating different levels of 16

observation allows to finely detect this unobserved heterogeneity and provides a measure of variance per level. (in MRM the heterogeneity is expressed in terms of random intercepts and slopes).

2.2.2 Aggregation bias and various assumptions discarded

An important benefit of using multilevel models is that, by differentiating levels of analysis, it helps avoiding the aggregation bias effect (also known as the Robinson effect) which is consisting in inferring conclusions on a individual level based on data provided on an more aggregated level. Indeed, basing on results given by aggregated data models and inferring conclusions on individual behaviours (hence household energy consumption) may well turn out to be false, and lead to what can be called the aggregation bias effect. The use of multilevel regression model also helps avoiding the atomist effect which is the opposite of the aggregation effect – inferring conclusion on a aggregated level based on data provided on a single individual level.

One of the base-assumption of classical regression models is the independency of errors. This assumption is excluding a grouping effect involving that members of the same group would tend to look alike than members not belonging to the same group. Yet it is precisely the environmental and grouping effect that is studied with multilevel regression models. When using MRM, the assumption of independency of errors is discarded and replaced by intra-group (intra-class) errors, which corresponds to the fact that households within the same group, or geographical division, tend to look alike. Moreover, classical regression models are founded on the assumption of homoscedasticity of residuals, i.e. the stability of residual variance. MRM replace the homoscedasticity assumption by a weaker assumption stipulating that residual variance can vary as a linear or non-linear function of explanatory variables.

Multilevel models are mixed models adapted to stratified data analysis. It contains various error terms, at least one error term at each level of the structure model.

According Snijders & Bosker [4], it is important to note that the dependant variable in a MRM shall be of a level-1 type. In other words, a MRM is a model with the aim of explaining something happening at the lowest, i.e. the most detailed, level possible.

2.2.3 Fixed effects and random effects

When modelling effects of some variables, it is convenient to understand which type of effect is modelled. It is therefore important to operate a distinction between fixed effects and random effects. Fixed effects are non-stochastic effects that are falling within a limited subset of modalities of a factor. When studying fixed effects, only effects of this or that specific modality of a factor on a dependant variable is assessed. With Phebus dataset, evaluating fixed effects would be limited for instance to assess the effects of the 3 housing area modalities on household energy consumption. When analysing fixed effect, it is the precise effect of the affiliation of the household to one of the three housing area modalities that is studied.

At the contrary, when extrapolating the results of a study beyond the modalities strictly observed of a factor, random effects are in this case the objects of consideration. Random effects are falling within a wider subset, in fact within infinity of modalities of a factor, in which only a sample is studied. When taking an interest in random effects, one is trying to extrapolate results given by a subset of a dataset beyond the modalities strictly observed of a factor. In many modelling issues, experimental conditions are not allowing to dispose and study all potential modalities of a variable. Only a few modalities that are presenting an interest for the study. In the present case, the goal is to understand to what extent the geographical context has a control over the household energy consumption. The geographical context can here be resumed by two level-2 grouping variables indicating where households are geographically located: DEP and REG. It is not a particular effect of DEP and REG as an overall group.

^[4] Multilevel Analysis : an introduction to basic and advanced multilevel modelling (2011).

2.3 Data Preparation

As previously said, Phebus is a huge dataset in terms of number of variables involved, as it consists of 768 variables, including quantitative and qualitative variables. Overall 2090 individuals were interviewed at their home during the Phebus survey.

All variables included in the dataset can be easily decoded using a dedicated dictionary provided by INSEE. Each one of variable code is associated to a detailed description of what the code stands for.

Following the appropriation of the dataset and variable code dictionary associated, one of the main tasks can be resumed in filtering and reducing the amount of variables to a reasonably low number of variables explaining the household energy consumption, our variable response during the modelling work.

Referring to the existing literature on the subject, a first selection-base of variables explaining the household energy consumption in France can be made.

Following the selection, various tasks were performed on the data such as dealing with NAs, checking for any irrelevant data, studying data distribution among other tasks.

To be noted that due to the fact that households were invited to answer questions regarding their energy consumption and their housing unit, all variables selected in the Phebus dataset are at level-1 (households).

On the following chapters, some level-2 grouping variables will be proposed in order to build MRM models, and those variables will be taken from various source of data such as INSEE of ADEME.

PART 3: EMPIRICAL SPECIFICATION AND MODELS

3.1 Variables description

Prior starting to model household energy consumption using a Multilevel Regression approach, an interesting step would be to conduct a classical regression model using relevant explanatory variables at household level only (level-1- Households Individuals). Let's introduce the variable response and some level-1 predictors.

3.1.1 Variable response

In all models that will be conducted in this paper, the variable response is the 2012 energy consumption per household, measured in kWh. The household energy consumption corresponds to the quantity of final energy consumed by a household for space heating, production of hot water and electrical appliance in the housing. The histogram below is showing the number of households interviewed during Phebus survey in function of their energy consumption. The graphic shows an evident skewed distribution, with most of households consuming between 0 and 30000kWh of energy.



Figure 3: Count of households per yearly energy consumption.

On the above graphic, the red/grey section bars are representing the households renting their house/flat while the blue section bars stand for the number of household owning their housing. At first glance it can be noted that, with the amount of energy consumed increasing, the owners are slightly more represented than renters.

In order to reduce the skewed distribution of the response variable, and to increase the impact of the differences between values on the left side of the distribution, where the majorities of the observations are taking place, a logarithm transformation is implemented. The transformed response variable is named *LOGCONSTOT*.

3.1.2 Level – 1 Explanatory variables

LOGREV is a numerical variable indicating the gross household income disposed in 2012, with a log transformation to reduce a right skewed distribution.

AREA3G is a categorical variable indicating the area of the housing, divided in three groups: 0 - 40 m²; 40 m² - 100 m²; 100m² and above.

INSULHOUS is a binary indicator measuring whether the housing is insulated (=1) or adjoining to another housing unit (=0).

YEARCONST is a numerical variable indicating the year when the house was built.

ROOMNBR is a numerical variable indicating the number of bedrooms in the housing.

HEATSYST is a categorical variable indicating whether the space heating system is dedicated only for heating the housing, for heating a cluster of housing (collective space heating system), or a mixed system (individual and collective).

HEATSOURCE indicates the type of energy used for the space heating system. Three categories are defined: electricity ; gas ; other.

RURAL is a binary indicator showing if the housing is located in a rural area (i.e. less than 2000 hab). 1= Yes, 0 = No.

HEATTEMP is another binary variable indicating the heating temperature selected by the households to heat their housing is above 21°C (included). 1= Yes, 0= No.

ECS is a categorical variable indicating how is produced hot water. Three categories are defined: Electricity, boiler (using gas, fuel, or wood as energy source), and others.

UNOCCWEEK is a binary variable indicating whether the housing is unoccupied less than four hours during weekdays. 1= Yes, 0= No.

PCS is a categorical variable indicating household employment status. Three categories are defined: Executive status, Middle-level status, and other status.

NBRPERS is a numerical variable indicating the number of persons living in housing.

3.1.2 Level – 2 Grouping variables

DEP is a categorical variable indicating the identification number of the "département" where is living the interviewed household.

REG is a categorical variable indicating the identification number of the "Région" where is living the interviewed household.

3.2 Model 1 – Multiple Regression Model

Let's introduce a first multiple regression - Model 1, explaining residential households energy consumption using only level-1 explanatory variables.

Model 1 can be contextually written with equation (1) as :

$$Y_i = \gamma_0 + \sum_k \beta_j . X_j + e_i$$

In Eq. (1), Y_i is the annual energy consumption of household i.

 X_i is the matrix of level-1 explanatory variables.

Other parameters in the equation need to be estimated.

 γ_0 is the intercept and β_i is the slope of level-1 explanatory variables X_i .

 e_i is the error term which represents the variability non explicated by the model.

The results of the multiple regression model can be found on the table below.

Model 1 (multiple regression)		
0	Estimate (Std Error) –	
Parameters	p value codes	
Intercept	9.113417 (0.508465) - ***	
LOGREV	0.086045(0.025743) - ***	
AREA3G		
100-inf	0.398126(0.109430) - ***	
40-100	0.223487(0.105132) - *	
INSULHOUS	0.220906(0.028592) - ***	
YEARCONST	-0.001316(0.000220) - ***	
ROOMNBR	0.099743(0.014281) - ***	
HEATSYST		
Indiv	1.238481(0.049766) - ***	
Mixt	1.501356(0.059138) - ***	
HEATSOURCE		
Electricity	-0.471268(0.035131) - ***	
Gas	-0.076311(0.034192) - *	
RURAL	0.106759(0.029169) - ***	
HEATTEMP (>21°C)	0.106637(0.026012) - ***	
ECS (ref.mod. others)		
gas,fuel,wood	0.239602(0.066698) - ***	
electricity	0.158986(0.066228) - *	
UNOCCWEEK	0.096351(0.025179) - ***	
PCS(ref.mod. others)		
Executive	-0.066157(0.040036)	
Middle-level	-0.085812(0.036835) - *	
NBRPERS	0.043580(0.010263) - ***	

Table 1 : Results of Model 1 using Im command in R

All coefficients (slopes) estimated with Model-1 appear to be significant (p-value < 0.1). Analysis of F-Statistic for the 13 level-1 explanatory variables and 2071 DOF as well as the associated probability indicates a correct global significance of Model1.

Various Model 1 diagnostics such as residuals normality diagnosis, homoscedasticity and colinearity evaluation, consolidate the acceptation of the model. Calculation of the R^2 determination coefficient, which indicates the part of the variance explained by the model (i.e. ratio of variance explicated by the model divided by total variance) gives a value of 0.5382.

Hence, approximately 54 % of variance of the yearly household energy consumption in France is explained with a classical regression model, using the 13 above level-1 explanatory variables.

At this point, it is interesting to consider the limitation of a traditional regression model, as the results are showing that only half of the variance of REC can be explained. All variables incorporated in the model have a significant influence on the energy consumption but an important part of its variance remains unexplained.

Our main problematic can be reminded here: "Does the geographic context has an influence on the household energy consumption? ". In such case, multilevel regression approach are found to be one the effective tools in order to demonstrate the regional effects on a dependant variable.

Multilevel regression modelling is as well founded to be well adapted to Phebus dataset in the way that the modelling method can establish a link between geographical context and household energy consumption. MRM can easily be implemented with the dedicated statistical nlme or Ime4 packages in R.

3.3 Model 2 - Null Models

3.3.1 Introduction to Null Models

A first step that must be taken in consideration, when analysing stratified data, consists of estimating how the variance of the studied phenomena is shared among the different levels that are supposed to structure the dataset. To this purpose, null models, which are the simplest possible multilevel models, are proving to be quite useful. A null model is equivalent

to a variance analysis with random effects (ANOVA) and is completely unconditional, which means that no explanatory variables are introduced in a null model.

A Null Model can be contextually written with the following equations:

$$Y_{ij} = \beta_{0j} + e_{ij} \quad (at \text{ level -1})$$

$$\beta_{0j} = \gamma_{00} + u_{0j} \quad (at \text{ level -2})$$

Integrating both equations in the equation (2):

$$Y_{ij} = \gamma_{00} + u_{0j} + e_{ij}$$
 (both levels 1 & 2)

In Eq. (2), Y_{ij} is the annual energy consumption of household i in reportable geographic group j. β_{0j} is the estimated intercept for each reportable geographical group j.

 γ_{00} represents the average annual energy consumption *Y*.

 u_{0j} is the random error associated to each geographical group j, and supposedly having normal distribution with mean value of zero and variance σ_{u0}^2 .

 e_{ij} represents a random error associated to each household i, supposedly having normal distribution, mean value of zero, and variance σ_e^2 .

A null model, or intercept-only model, comprises a fixed part (γ_{00}) and a random part with the two error terms $u_{0j} \& e_{ij}$. At this point, the calculation of an intra-class coefficient (ICC) turns out to be very useful in order to assess what would represent the share of intra-class variance compared to the global variance. The ICC coefficient can be contextually written with equation (3) as:

$$ICC = \frac{\sigma_{u0}^2}{\sigma_{u0}^2 + \sigma_e^2}$$

ICC coefficient can hereby be interpreted as a degree of similarity of households within the same geographical cluster (DEP or REG). Moreover, it can be resumed as a simple variance decomposition of the dependant variable. The key point to understand, when fitting null models, is that disparities u_{0j} between geographical groups are considered as random.

Indeed, not taking in account the random composition of geographical clusters leads to neglect the sampling variance affecting estimation calculations, and subsequently to biase the information due to an overestimation of the share of inter-class variance.

Null models are providing crucial information regarding the variance shared among levels that are considered to stratify data. The evolution of the part of residual variance over the subsequent modelling work will always be related to the variance shared among levels and provided by null models.

3.3.2 Fitting two Null Models

Let's start by fitting two null models with Phebus dataset, each one with a different level-2 grouping variable: DEP and REG.

In R this procedure can easily be done with Ime4 package using the following line commands:

NullModel1 <- Imer(*LOGCONSTOT* ~ 1 + (1 | *DEP*), data = Phebus) NullModel2 <- Imer(*LOGCONSTOT* ~ 1 + (1 | *REG*), data = Phebus)

The intercept denoted by 1 immediately following the tilde sign, is the intercept for the fixed effects. Within the parentheses, 1 denotes the random effects intercept, and the variables DEP or REG are specified as the level-2 grouping variable.

Results of the null models can be seen in the table below.

Fixed Effects	NullModel 1	NullModel 2
	Est (StdErr)	Est (StdErr)
Intercept y ₀₀	9.56344(0.03428)	9.54377(0.05815)

Random Effects	NullModel 1	NullModel 2
	Var(StdDev)	Var(StdDev)
Level 2 - Intercept	0.06652(0.2579)	0.03709(0.1926)
σ_{u0}^{2}		
Level 1 - Residual $\sigma_e{}^2$	0.52176(0.7223)	0.55489(0.7449)
Number of obs : 2090	Groups DEP : 81	Groups REG : 12

Quality criteria	NullModel 1	NullModel 2
AIC	4685.0	4736.1
BIC	4702.9	4753.1

ICC	NullModel 1	NullModel 2
σ_{u0}^2 / $(\sigma_{u0}^2 + \sigma_e^2)$	0.11307	0.06265

Table 2 : Results of Null models obtain using Ime4 command in R

The table above represents the parameters estimates and standard errors for both null models. NullModel 1 estimates the intercept as 9.56 which represent the logarithm of the average household energy consumption across all DEP geographical divisions and households (i.e. 14186kWh). On the other hand, NullModel 2 estimates the intercept as 9.54, thus average household energy consumption across all REG and households (i.e. 13904kWh).

Household features and their environment (geographical context) are two distinct sources of the variance of the energy consumption in the housing, and both sources of variance have to be modelled as random effects. A null model does not explain specifically the variance of the dependent variable. It only decomposes the variance into two independent components: σ_e^2 as the variance of the lowest-level errors e_{ij} , and σ_{u0}^2 as the variance of the highest-level error u_{0j} .

The two sources of the variance of household energy consumption can be resumed as a variance at the level of the grouping variable DEP or REG (level 2 – Inter Class Variance), and a variance, or residual variance, at the level of the households (level 1 – Intra Class Variance). The "residual" term is used to denote part of variance that cannot be explained or

modelled with the other terms. It is the variation in the observed data that is "left over" after are determined the estimates of the parameters in the other parts of the model.

Considering the models described above, the variance component corresponding to the random intercept is 0.06652. The two-variance components can be used to partition the variance across levels. The Intra-class correlation coefficient ICC for NullModel1 is equal to 0.06652/ (0.06652+0.52176) = 0.113, meaning that roughly 11.3% of the variance of the yearly energy consumption per household is attributable to the DEP-level. The calculated ICC implies that a clustering effect is greater than 10% and a multilevel regression analysis could help to control for this clustering effect. A similar process for the calculation of the ICC for model 2 indicates that roughly 6.2% of the global variance of the energy consumption per household is attributable to the REG-level. ICC calculated for Nullmodel 1 has a higher value than ICC calculated for Nullmodel2, and this difference would indicate that households are more similar in their consumption of energy within "départements" than within "regions". Thus, in order to build a multilevel model, a level-2 grouping variable related to "département" could be more appropriated than a level-2 grouping variable related to "regions".

We shall therefore consider as for now working on a multilevel regression using DEP as the level-2 grouping variable.

Since the null models described above do not contain explanatory variables, the residual variances represent unexplained error variance. The deviance term reported in the same table is a measure of model misfit; when adding explanatory variables to the model, the deviance is expected to go down.

3.4 Step-by-step – MRM Models

3.4.1 Level – 2 Explanatory variables

Prior fitting a complete multilevel model, including all relevant predictors, let's first introduce significant level-2 predictors that may explain variation of household energy consumption. All candidate variables described below are aiming to capture regional effects on the household energy consumption.

LOGREVDEP is a numerical variable indicating the logarithm of the average per capita disposable household income, per DEP in 2012 (source of data INSEE).

HDDDEP is a numerical variable indicating the heating degree days in 2012 (source of data ADEME).

The two above level-2 explanatory variables are proposed for explaining a clustering effect within DEP geographical divisions: DEP-average per capita yearly income in 2012 (*LOGREVDEP*), and heating degree-day per department in 2012 (*HDDDEP*).

To be noted that due to homogeneous energy policies among French administrative divisions (DEP and REG), average prices of energy remain identical across whole French territory and therefore can not be considered useful for explaining REC in our models.

3.4.2 Two Models introducing Level – 2 Explanatory variables

The two following R command lines will fit multilevel mixed models starting with the inclusion of a first level-2 explanatory variable for the first model, and finally the inclusion of all two level-2 predictors incorporated into the last model.

Model3_1 <- Imer(LOGCONSTOT ~ 1 + HDDDEP + (1 | DEP), data = phebus, REML = FALSE)

Model3_2 <- Imer(LOGCONSTOT ~ 1 + HDDDEP + LOGREVDEP + (1 | DEP), data = phebus, REML = FALSE)

Results of the two models using level-2 explanatory variables can be seen in the following table.

Fixed Effects	Model 3_1	Model 3_2
	Est (StdErr)	Est (StdErr)
Intercept yoo	2,6169(1,2602) - **	14,8102(2,4373) - ***
LOGHDDDEP	0,8897(0,1614) - ***	0,9686(0,1357) - ***
LOGREVDEP		-1,2503(0,2258) - ***

Random Effects	Model 3_1	Model 3_2
	Var(StdDev)	Var(StdDev)
Level 2- Intercept σ_{u0}^{2}	0,04322(0,2079)	0,02334(0,1528)
Level 1 - Residual σ_e^2 Number of obs : 2090	0,52093(0,7218) Groups DEP : 81	0,52179(0,7223) Groups DEP : 81

Quality criteria	Model 3_1	Model 3_2
AIC	4685.0	4639
BIC	4702.9	4667,2

Table 3 : Results obtained in R when fitting models with level-2 explanatory variables.

AIC and BIC are information criterions that can be taken in consideration when checking for the suitability of above models. AIC is taking in account the number of parameters to estimate while BIC is taking in account the number of parameters and the size of the sample. The difference of value of AIC or BIC, when passing from a model to another, indicates the suitability of the models. Level-2 variable candidates are selected if it decreases AIC (or BIC) by 10 or more. To be noted that information criterions can't be considered as objectives indicators when they are considered alone. Those criterions represent an interesting tool when their value can be compared from a model to another.

The table above indicates that, when comparing from the null model to model 3_1, the variance components corresponding to the random intercept has decreased from 0.0665 to 0.0432. Thus, the inclusion of a level-2 predictors has accounted for some of the unexplained variance in the household's energy consumption. Nevertheless, the estimate is still more than twice of the size of it's standard error, suggesting that there remain some unexplained variance.

In Model 3_2, the aggregated predictors represent the contextual effect and somehow the inter-class effect on the households energy consumption. On one hand, a high value of heating degree day implies a high yearly energy consumption by households, which could be easily explained by the fact that it is necessary to use more energy to maintain a comfortable living temperature in housings during winter time. On another hand, the higher is the value of the average per capita disposable household income in a "département" division, the lower will becomes the household energy consumption in the same division, thus meaning that households living in geographical divisions where the mean income is low are consuming more energy than those who are living in divisions where the mean level of income is high. Although this last remark seems unusual, as usually a high level of income is correlated with high-energy expenses, it can be explained by what one can call "the Parisian effect" on the study of contextual effect. In Paris for instance, very few housings are insulated from each other and less energy is demanded for heating housings compared to other "départements" with a lower mean level of income but at the same time with housing units more insulated.

3.4.3 Model 3 – Random-Intercept Model - Level – 1 & 2 Explanatory variables

After having incorporated suitable level-2 variables, let's introduce level-1 explanatory variables described in chapter 3.2 in order to build a multilevel regression model.

Model 3 (random-intercept model) can be contextually written with the following equation (3):

$$Y_{ij} = \gamma_{00} + \sum_{k} \beta_{k0} \cdot X_{kij} + \sum_{l} \beta_{0q} \cdot Z_{lj} + u_{0j} + e_{ij}$$

In Eq. (3), Y_{ij} is the annual energy consumption of household i in geographical division j (DEP).

 X_{ij} is the matrix of level-1 explanatory variables and Z_j is the matrix of level-2 explanatory variables. Other parameters in the equation need to be estimated. For the fixed effects, γ_{00} is the intercept for fixed effects, β_{k0} is slope for level-1 explanatory variables, and β_{0q} is slope for level-2 explanatory variables. Regarding random effects, e_{ij} are errors at level 1

(households), and u_{0j} are residuals terms at level 2 (DEP). The variance of the residual error u_{0j} is the variance of the intercepts between DEPs.

The table below is resuming results given by NullModel1 fitted in chapter 3.3.2 as well as the results obtained after fitting a multilevel model including level-1 and level-2 predictors with no interactions between variables studied.

Fixed Effects	NullModel1 (DEP)	Model 3
	Est (StdErr)	Est (StdErr)
Intercept y 00	9.56344(0.03428)	5.292210(1.581710) ***
LOGHDDDEP		0.594353(0.077933) ***
LOGREVDEP		-0.069042(0.155860) *
LOGREV		0.099270(0.025610) ***
AREA3G		
100-Inf		0.329653(0.107710) ***
40-100		0.160861(0.103419)
INSULHOUS		0.201693(0.028163) ***
YEARCONST		-0.01324(0.000215) ***
ROOMNBR		0.098093(0.014047) ***
HEATSYST		
Indiv		1.222301(0.049564) ***
Mixt		1.489877(0.058777) ***
HEATSOURCE		
Electricity		-0.444014(0.034445) ***
Gas		-0.065390(0.033781) *
RURAL		0.059387(0.030740) *
HEATTEMP		0.104282(0.025533) ***
ECS		
Gas,Fioul,Wood		0.232124(0.065039) ***

Other	0.162513(0.064558) **
UNOCCWEEK	0.111200(0.024596) - ***
PCS	
Executive	-0.050374(0.039155) -
Middle level	-0.083686(0.035862) - **
NBRPERS	0.042803(0.010016) - ***

Random Effects	NullModel1 (DEP)	Model 3
	Var(StdDev)	Var(StdDev)
Level 2 - Intercept σ_{u0}^{2}	0.06652(0.2579)	0.002826(0.05316)
Level 1 - Residual σ_e^2	0.52176(0.7223)	0.260016(0.50992)
Number of obs : 2090	Groups DEP : 81	Groups DEP : 81

Quality criteria	NullModel1 (DEP)	Model 3
AIC	4661	3183.1
BIC	4683.5	3318.6

Table 4 : Results obtained in R when fitting a MRM model with all level 1 & 2 predictors

The evolution of the estimations of the random effects between both models is quite interesting. Passing from Nullmodel1 to multilevel Model3 brought an explanatory profit. Let's examine this explanatory profit level by level. At level-1 (households), residual variance is 0.52176 for Nullmodel1 and is 0.260016 for model 3. Thus, the explanatory profit of model 3 is about (0.52176-0.260016)/0.52176 = 0.502. Model 3 is therefore explaining 50.2% of the residual variance of household energy consumption, compared to null model.

PART 4: PREDICTION MODELLING AND DATA VISUALISATION USING R-SHINY FRAMEWORK

4.1 R-Shiny Overview

Shiny is an open package from RStudio, which provides a web application framework to create interactive web applications (visualization) called "Shiny apps". The ease of working with Shiny has what popularized it among R users. These web applications seamlessly display R objects (like maps, plots, tables etc.) and can also be made live to allow access to anyone.

Any shiny app is built using two components:

- **UI.R** : This file creates the user interface in a shiny application. It provides interactivity to the shiny app by taking the input from the user and dynamically displaying the generated output on the screen.
- **SERVER.R** : This file contains the series of steps to convert the input given by user into the desired output to be displayed.

4.2 Random-Intercept prediction model on Phebus data

Our Model 3 has been implemented on a R-Shiny application using the predict function available with the nlme R package. Playing interactively with level-1 predictors described in chapter 3.4.3, one can easily predict the household yearly energy consumption in each geographical division DEP, according the value chosen selected for each one of the predictors.

The below map is indicating what would be the household yearly energy consumption on each geographical division department (DEP) if the household has a yearly income of $30k\in$, living a housing surface comprised between 40 and 100m2, in a insulated housing (not attached to other housing) built before 1975, with 3 rooms, an individual heating system, etc...



Figure 4 : Prediction of the yearly household energy consumption using a random intercept model decribed in chapter 3.4.3

The Shiny App is available at the following address:

http://www.remyzum.com/shiny/Phebus_Data_Analysis/

CONCLUSION

Scientists are usually describing a society with hierarchical structure and multilevel models were developed to appropriately represent such data structures by incorporating hierarchical levels inside the model. Countries like France are showing various hierarchical levels such as cities, department, counties, or region. Households leaving in different geographical divisions might differ in the way they consume energy, even if the households characteristics are similar (income, age, etc..). This difference could be due to numerous environmental indicators including cultural, economic, politic, or historic reasons. Households sharing the same environment might also some similarity in the way they are consuming energy, even if their individual characteristics are different. When using multilevel modelling, one is assuming that within a same group, or geographical division, individuals interact each other and therefore can mutually influence their way of consuming energy. In other terms "like attracts like" and "birds of a feather flock together".

Modelling the household energy consumption using a multilevel model allows for better understanding and increases the explanatory profit when compared to classical multiple regression models that are considering only a single hierarchical level in the data. The research studied in previous chapters seems to suggest that, while individual or level-1 information explains a larger part of energy consumption variation (88 % of global variance), there is some statistical evidence for contextual effects in the household energy consumption variation within French departments (12% of global variance).

Using multilevel regression modelling brings numerous advantages. For instance, and unlike classical multiple regression model, the independence of the residuals assumption can be violated as it is precisely the grouping effects that is studied when working with MRM. Another assumption can be violated: the homoscedasticity of the residuals (consistency of residual variance). Multilevel model replace the homoscedasticity assumption by a weaker assumption whereby the variance of residuals can be represented by a linear (or non linear) function of explicative variables. Another significant advantage of multilevel models is that working simultaneously with two hierarchical levels on a stratified dataset, mitigates the risk of having a bias aggregation error (or atomist error) which consists in inferring on an individual level what has been observed on a aggregated level.

However, Multilevel regression modelling also has its limitations. Firstly our sample size taken from Phebus dataset might un-sufficiently large to draw inference for a population of

households and a population of departments. Secondly, the results of the ad hoc geographical clustering confirmed the significant regional effect on households energy consumption, however the interpretation of the results was proved to be quite complex. In effect, although a multilevel model is increasing the explanatory profit from 55% to 67% of the global variance of the household energy consumption, it is quite difficult to precisely analyse and quantify the geographical effect of one specific department compared to another. To improve the model, another forward step would be to study a random slope and intercept model, or studying interaction between variables in the same model, which would have as well brought more complexity in the interpretation of the results of such model.

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