

IEA-DSM  
Task Definition  
**MARKET MECHANISMS  
FOR WHITE CERTIFICATES  
TRADING**

A. Capozza - **CESI** - Italy



# Background

- Issuing of National Decrees on mandatory targets on primary energy savings (24.4.01), including an Energy Efficiency Certification Trading (EET or WhC) scheme
- Interest of IEA-DSM gathered in Barcellona Executive Committee meeting (October 2001) and promotion of a dedicated workshop
- Workshop on Energy Efficiency Certification Trading - 17 April 2002, Milano, Italy, coorganised by IEA-DSM and CESI



# Background

- Actions within IEA-DSM to promote a new task on EET - Preparatory work by L. Hull (EA Technology - UK)
- Interest of Italy to take over as Operative Agent of the task (Canberra and Paris ExCo meetings - 2003) - Set up of a draft Concept Paper
- Interest explicitly gathered from six Countries: Belgium, France, Italy, Norway, Sweden, UK (possibly Australia and Denmark)



# Background

- Preliminary meeting in Milan (5/12/03):
  - aimed at gathering wider interest and consent
  - focused on discussing the goals and the organisation of the task and revising the draft Concept paper
  - open also to interested organisations and Countries willing to contribute to a more definite finalisation of the goals,
  - participants (13):
    - Belgium (1)
    - Greece (1)
    - Italy (4)
    - UK (1)
    - EC (1)
    - IEA (1)
    - Norway (1)
    - France (1)
    - Sweden (1)
    - Central European University



# The task: general goals

Studies on methodologies to attain:

- primary energy savings
- reduction of CO<sub>2</sub> emission

through market mechanisms based on:

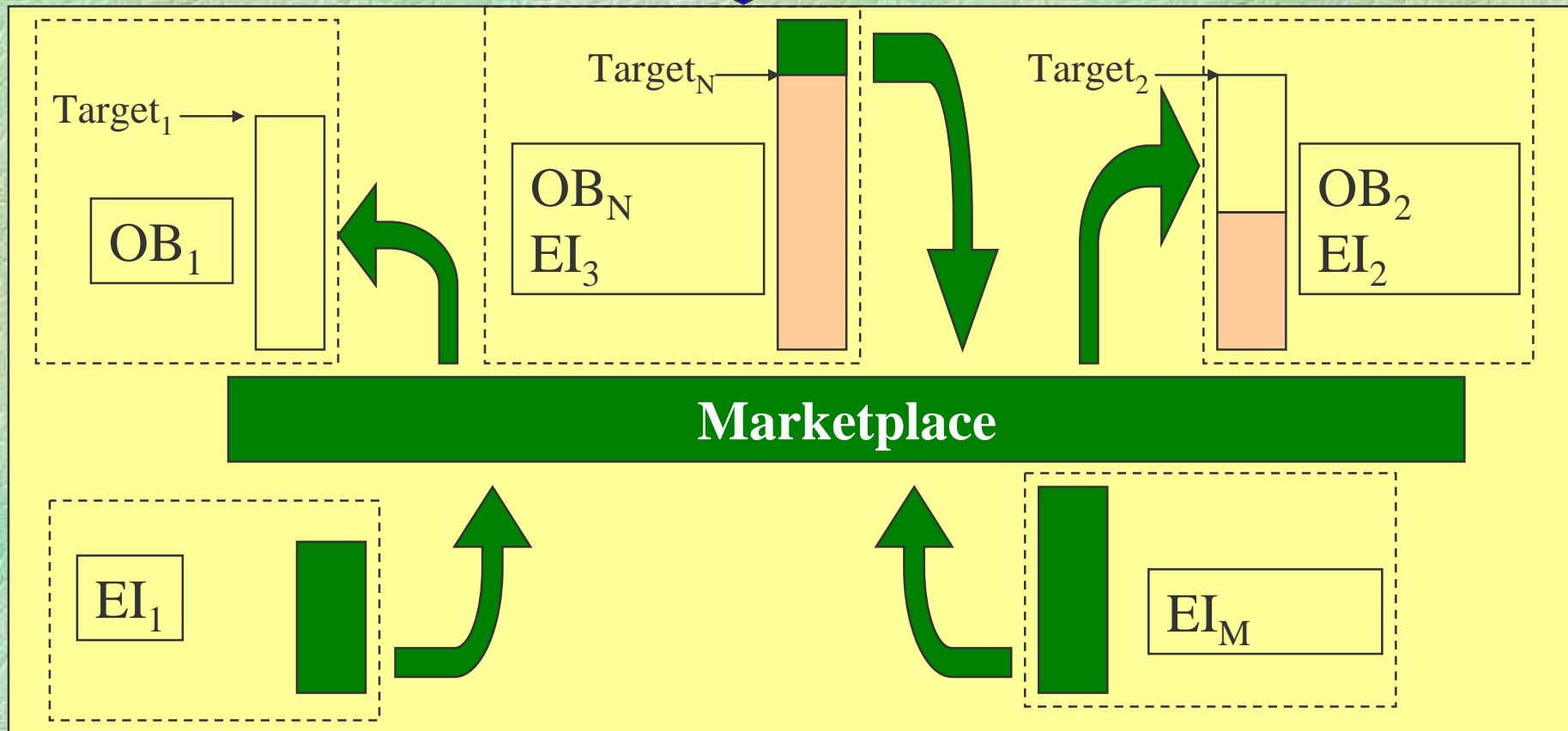
- schemes of Energy Efficiency Certificates Trading (*White Certificates* - WhC -Trading)

and possible connections with other schemes:

- Renewable Energy Commitment scheme (*Green Certificates* Trading)
- Carbon trading scheme (*Black Certificates* Tr.)

# WhC: actors

Public board: mandatory EE (=WhC) targets



OB = Obligation-bound actor

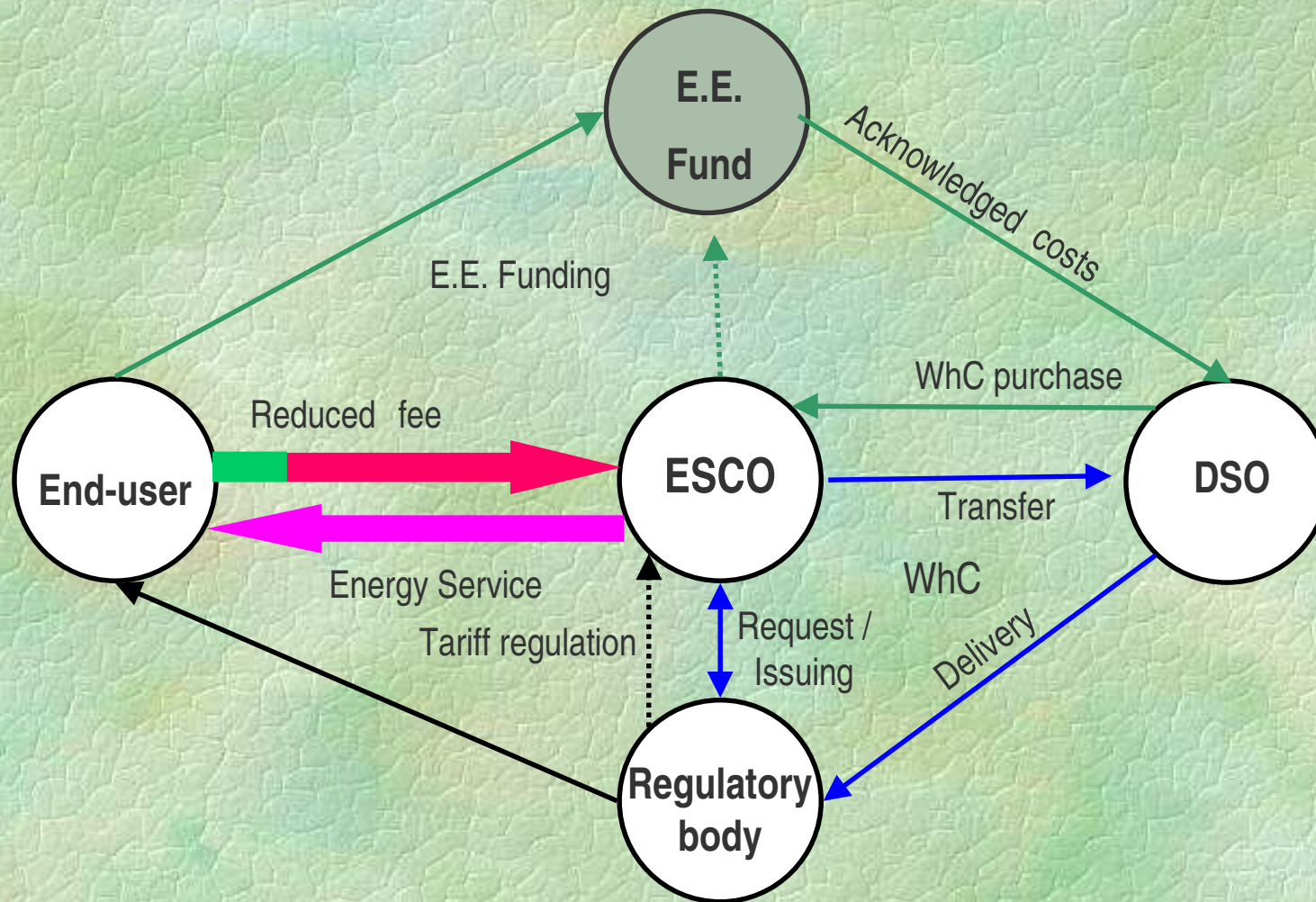
EI = Eligible Implementer

■ WhC excess

■ Gained WhC



# WhC: a possible trading scheme





# Rationale

- ☛ WhC attractive: pursue EE benefits through market-based instruments
- ☛ Being applied in UK and Italy
- ☛ To be introduced in France
- ☛ Attracting in principle Norway and Sweden
- ☛ In line with a Proposal of EC (Dec 2003) for a EU Directive on EE in end-uses and services
- ☛ Complements with REC and ET schemes
- ☛ Complements with ongoing IEA-DSM tasks



# Task features

- ☛ Interested Countries expressed a position (Milan / Pre-meeting) in favour of:
  - Concentrating works on WhC Trading (touching other schemes only for interactions)
  - Light task, e.g.:
    - duration: about 12-18 months
    - limited in cost sharing <==> more task sharing
- ☛ Priority to operational issues rather than policy
- ☛ No particular needs for division into sub-tasks



# Task features

- ☛ *Focus on market/trading aspects*
- ☛ Use of direct exchange of experience:
  - through open national events (workshop/seminar)
  - organised during the task
  - in the participating Countries
  - involving the national stakeholders
- ☛ Deliverable made up mainly of critical syntheses of presentations and discussions during the national events
- ☛ Chance of attendance of Academia



# Objective of the study

- ☛ Deepening

- ☛ Discussing

through:

- ☛ periodical experts meetings

- ☛ open workshops

a group of items classified as:

- ☛ *Principle (Policy) issues*

- ☛ *Practical (Operational) issues*



# Objective of the study

## Policy issues (1)

- Specificity and effectiveness of WhC trading on EE
- Obligation-bound actors (DSO, suppliers, ESCO)
- Buyers and sellers (DSO, ESCO, other)
- Targeted sectors and EE programmes
- How to create a market (in altern. to bilateral contr.)
- Competition issues
- Possible cost-recovery mechanisms



# Objective of the study

## Policy issues (2)

- Interaction with other EE policy tools
- Interaction with other trading schemes (REC, ET)
- Chance of an enlarged extra-national market of WhC



# Objective of the study

## Operational issues

- Criteria for design and development of EE projects
- How to measure/evaluate the saving impact of a project
- Monitoring mechanisms (duration, responsibilities)
- Non-compliance regime
- Trading mechanisms (participants, transactions frequency and safety, banking)
- Rebound effects (unexpected upshots)



# Objective of the study

The following points will have to be deepened for the above issues:

- relevance for the national energy policies
- national expected/forecast/already adopted approaches
- problems connected to possible/actual implementation of the issue
- already gained national experiences - case studies



# Approach

- ☞ Little experience exists on WhC trading
- ☞ Task based on exchange of ongoing experiences instead of gained experiences
- ☞ Through regular events made up of:
  - one-day thematic open workshop with national stakeholders
  - a “day after” restricted meeting of designed task experts



# Approach

Event	Workshop	Workshop subject	Task experts meeting subject	Month*
1	NO		<ul style="list-style-type: none"> <li>– Kick-off .</li> <li>– Task organisation</li> <li>– Preparation of following workshop</li> </ul>	1 <b>June 04</b> <b>Italy</b>
2	YES	<b>Existing experiences and expectations at national level</b>	<ul style="list-style-type: none"> <li>– Discussion on the past workshop</li> <li>– Preparation of following workshop</li> </ul>	4 <b>Nov 04</b> <b>UK</b>
3	YES	<b>Policy/principle issues</b>	<ul style="list-style-type: none"> <li>– Discussion on the past workshop</li> <li>– Preparation of following workshop</li> </ul>	8 <b>March 05</b> <b>France</b>
4	YES	<b>Organisation / practical issues</b>	<ul style="list-style-type: none"> <li>– Discussion on the past workshop</li> <li>– Preparation of following workshop</li> </ul>	12 <b>June 05</b> <b>Sweden</b>
5	YES	<b>Interaction with other schemes/EE policies</b>	<ul style="list-style-type: none"> <li>– Closing meeting</li> <li>– Discussion on the past workshop</li> <li>– Discussions on the organisation and structure Final Synthesis Report</li> </ul>	16 <b>Oct 05</b> <b>Norway</b>

\* Assuming that the Task will officially start in Month "1"

16/4/04

IEA-DSM Task on WhC Trading

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# Deliverables

The deliverables of the task will consist on:

- Critical Synthesis Reports (CS) -  
one for each event involving a workshop  
(events 2 to 5)
- Final Synthesis Report (FR) of the task  
summary and review of:
  - undertaken activities
  - gained experiences



# Schedule of activities

Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Event	1			2				3				4				5		
Document					CS				CS				CS				CS	FR

CS = Critical Synthesis Report of the event (workshop + expert meeting)

FR = Final Synthesis Report



# Operating Agent's responsibilities

- Organise 5 task experts meetings, relying on the local assistance of the host-country expert
- Propose and discuss with IEA-DSM task experts the organisation of four national workshops
- Organise the results of each event into a Critical Synthesis Report, collecting and critically reviewing all the contributions and discussions
- Write and issue the Final Synthesis Report
- Internal and external steps for circulating the results



# National Experts' responsibilities

- Organise and host one of four national workshop; host one of five IEA-DSM experts meeting
- Attend all the organised national workshops and Task experts meetings
- Comment and discuss with the Operating Agent the content of four national workshops
- Assist OA in setting up the Critical Synthesis Report of each of the four events
- Comment on the draft Final Synthesis Report set up by the OA



# Administrative

- ☞ Duration: 18 months
- ☞ Min. 4 Countries; max 8 Countries
- ☞ Mix of:
  - **task-sharing** (work performed by the national experts, funded by the participating Countries - see Expert Responsibilities): **3 man-months per Country** - about 60%
  - **cost-sharing** (amount of Operative Agent's costs, shared among the participants' Countries) - about 40%



# Cost sharing

	Costs (k€)
OA's input	53
Assistants input	8
Travel	15
Administrative costs	9
Contingencies	5
<b>Total</b>	<b>90</b>

N. Participating Countries	Country Contribution (€)
4	22,500
5	18,000
6	15,000
7	12,857
8	11,250
<b>Total Budget</b>	<b>90,000</b>



# Remarks

- ✿ Written/electronic versions of presentations and of oral contributions in workshops are required
- ✿ Draft of CS and FR will be circulated by OA by e-mail. Comments and ballot on final versions will be required.



# Thank you

**Antonio Capozza**

**CESI**

**T&D Networks**

**Energy Trading**

**Via Rubattino, 54 - 20134 Milano**

**ph. +39 02 2125 5016**

**fax +39 02 2125 5843**

**e-mail capozza@cesi.it**

**website <http://www.cesi.it>**