

Appendix 7 -

THE DRAFT OF FRENCH ENERGY LAW AND WHITE CERTIFICATES SYSTEM

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THE DRAFT OF FRENCH ENERGY LAW

- **Target : Energy efficiency**
 - **Reduce energy intensity: - 2 % per year, until 2015**
 - **Implementation of WC**
- **Situation :**
 - **Law : defines the main rules, but not voted yet, maybe in the middle of 2005**
 - **Decrees : precise thresholds, give details, 2 to implement WC, but still in draft versions (under arbitration)**
 - **Estimated implementation : in the middle of 2005 or at the beginning of 2006**



EXPECTED ADVANTAGES OF WC

- **Reach numerous and scattered small consumers through the existing commercial activity of energy suppliers**
- **A wide range of companies can be part of the system (craftsmen, retailers and producers of energy efficient products , local authorities , ESCOs...)**
- **A market based system that should drive down costs**
- **Question : economic efficiency versus administrative and transaction costs**



WHITE CERTIFICATES

Main Rules : Principles (Law)

- Energy suppliers (electricity, gas, LPG, heating, cooling and heating fuel suppliers) have to meet a target of final energy savings (or pay a penalty, 0.02€/kWh, which is full of discharge)
- They can implement energy savings actions or buy certificates
- Costs can be reported on the energy price
- Over a threshold of savings, “eligible” bodies (i.e. any economic actor) can make savings actions and get certificates
- Actions : - Energy savings must be “additional”
 - Standardised actions defined by policy makers



WHITE CERTIFICATES :

Main Proposals : Obligations (Decreets)

- **National target : 53.5 TWh (updated), for the first three years (2005-2008)**
- **Threshold for energy suppliers : e.g. 400 GWh/year for elec./gaz**
- **Proposal for the distribution of obligations : depends on market shares of energy sales turnover on residential and tertiary sectors**
 - turnover, and not energy supply (kWh)
 - Asymmetry between perimeters
- **Expected cost : < 20 €/MWh (penalty = 2 c€/kWh)**



WHITE CERTIFICATES :

Main Proposals : Certificates (Decreets)

- **Energy savings : any economic actor (firms, local authorities, ...)**
in any sector, (except plants under CO2 quota directive)
=> Whatever the sector, the supplier, the energy source...
- **Energy saving programs : > 10 GWh**
- **WC are delivered ex-ante, before the realisation of energy savings**
- **Accounting :**
 - **final energy savings cumulated over the life of products**
 - **WC added value when renewable energies are used or/and within some geographic (specific) zones**



ADEME's Role : Define standardised actions

- **Ministry of Industry : Allocation of certificates and control of actions**
- **ADEME : Define numerous standardised actions i.e. set methodologies for saving calculation and WC allocation => practical difficulties**

Idea : define simple actions, without complex details

Currently : 30 S.A. in residential/tertiary sectors

10 in industry

3 in transport

Non standardised actions : air-conditioning (=> audit)

OPEN QUESTIONS

- **Definition of baseline, and of “additionality” of certificates : accepted principle but practical difficulties**
- **Introducing quality for products and schemes (i.e. : bonus for audits...)**
- **Simple and affordable ex-post control system**
And last but not least :
- **Market : Will a real market exist ?**



OPEN QUESTIONS: Additionality and Baseline

- **Additionality : Distinction between obliged and not obliged agents**
 - obliged agents : actions don't increase the turnover
 - non obliged agents : actions don't increase the turnover or related to innovative product
- **Baseline : technical with/without economic aspects**
- **E.g. : Energy saving for low energy light bulbs :**
 - Baseline : $60\% * 75W + 30\% * 18W + 10\% * 73W = \underline{58W}$
 - Saving = $58 - 18 = 40W$ so 240 kWh (lifetime : 6 years, 1000h/y)
 - Additionality : current sale : 3%
 - So : $240 - 3\% = \underline{230 kWh}$

OPEN QUESTIONS : Market

- **Market : Will a real market exist ?**
 - **Do policy makers have to force obliged agents to buy WC from other agents?**
 - **Is the penalty (0.02 €/kWh) too low?**
 - **When will the market occur and for how long will it last?**

