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 (Decrees)

- 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 (Decrees)

- 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: \(60\% \times 75W + 30\% \times 18W + 10\% \times 73W = 58W\)
  
  Saving = 58-18 = 40W so 240 kWh (lifetime: 6 years, 1000h/y)
  
  Additionality: current sale: 3%
  
  So: 240-3\% = 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?