

# CESI

## MARKET MECHANISMS FOR WHITE CERTIFICATES: ISSUES AND CHALLENGES IN DEVELOPING NEW POLICY MEASURES

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# MAIN GOAL

Establishment of

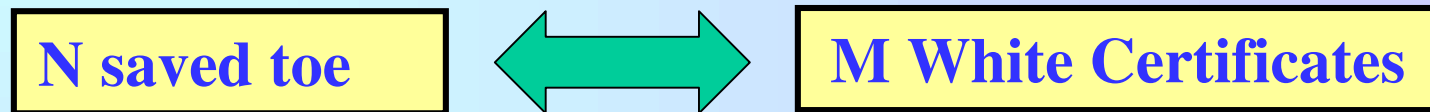
- **Energy Saving programmes**
- **on energy end-uses**

## STEP I

- A Public Board (e.g. Governmental) defines:
  - Energy saving national targets (e.g. Mtoe/year)
  - Eligible Energy Saving Projects
  - Obligation-bound actors (**OB**)
  - Apportionment of the global target on **OB**'s
  - Eligible implementers of Energy Saving Projects (**EI**)

## STEP II

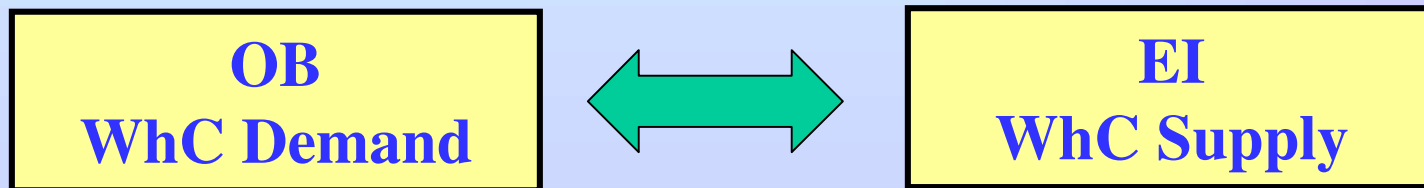
- Equivalence between attained target and a proportional amount of **White Certificates (WhC)**



- **“White certificates”**: certificates issued by independent certifying bodies confirming the claims of market actors for savings of energy, as a consequence of energy end- use efficiency measures (From *Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on energy end-use efficiency and energy services*)

## STEP II

- **OB** must comply with a WhC target obligation: WhC demand
- **EI** may gain and own WhC: WhC supply

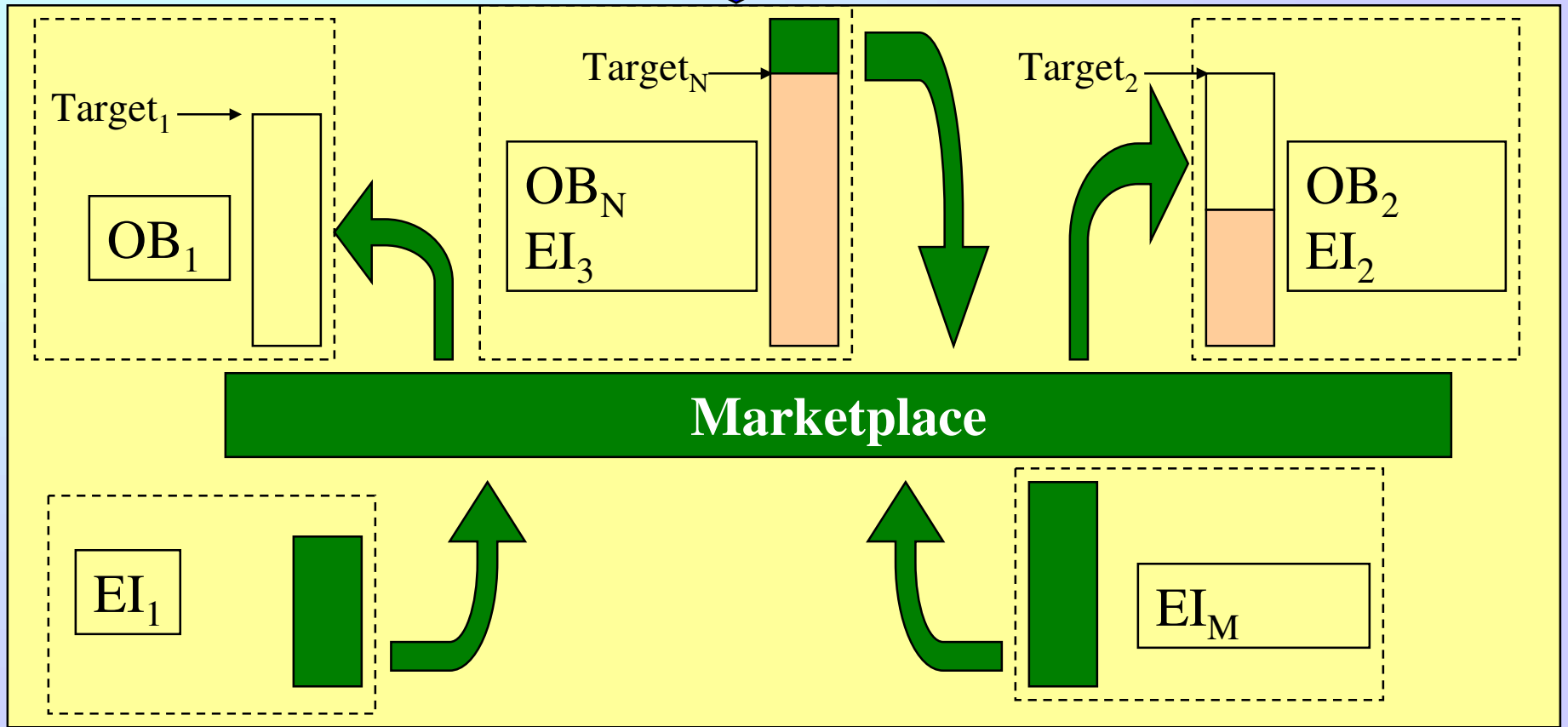


## STEP III

- **A market can be established where WhC demand and offer match:**
- **OB** can buy lacking WhC to reach their target
- **EI** can sell their WhC surplus:
  - they have no target to matchor
  - they gained WhC above their target

# GENERAL SCHEME

Public board: mandatory EE (=WhC) targets



Obligation-bound actor (OB)

Eligible Implementer (EI)

■ WhC excess

■ Gained WhC

## MATTER TO BE DISCUSSED

- Obligation-bound actors = WhC target fulfilment:  
**who?**
  - producers?
  - distributors (e.g. in Italy, distributors over a threshold)?
  - retailers?
  - consumers?



## MATTER TO BE DISCUSSED

- Eligible implementers of Energy Saving Projects  
= WhC gain: **who?**
  - obligation-bound actors?
  - exempted actors (e.g. in Italy: distributors below the threshold)?
  - energy services companies (ESCO)?
    - minimum requirements? official register?
  - consumers?
    - all? only large ones?
  - market intermediaries?

## MATTER TO BE DISCUSSED

- Apportionment criteria for Energy Savings targets on OB (= WhC targets) : **how?**
  - number of served customers?
  - volume of distributed electricity?
- Eligible (= WhC generating) Energy Saving Projects:
  - criteria
  - size
  - valuation of the saving impact = n. of WhC generated
  - persistence of the saving effects

# MATTER TO BE DISCUSSED

- Trading mechanisms:
  - participants to the market
  - lifetime of certificates
  - frequency of transactions
  - safety rules
  - banking
- Interaction with other trading schemes (REC, ET)
- Chance of extra-national enlarged market:
  - within EU (Proposal EU Directive on EE in end-uses)
  - within OCDE

## A POSSIBLE TRADING SCHEME - Italy

- Italian targets
  - Twins Ministerial Decrees of April 2001
  - Mandatory quantitative targets of primary energy savings at the national level (against the “business as usual” scenario)

<i>Year</i>	<i>Target (Mtoe/Yr)</i>	
	Electricity	Gas
2002	0,1	0,1
2003	0,5	0,4
2004	0,9	0,7
2005	1,2	1,0
2006	1,6	1,3

## A POSSIBLE TRADING SCHEME - Italy

- Obligation-bound actors
  - Electricity and Gas Distributors
  - Threshold: 100.000 customers as at 31.12.2001
    - gas: 22 distributors; 60% of total customers
    - electricity: 8 distributors; 98% of total customers

## A POSSIBLE TRADING SCHEME - Italy

- Apportionment criteria

Apportionment on the basis of the quantity of electricity/gas distributed to final customers compared to the national total, in the previous year

## A POSSIBLE TRADING SCHEME - Italy

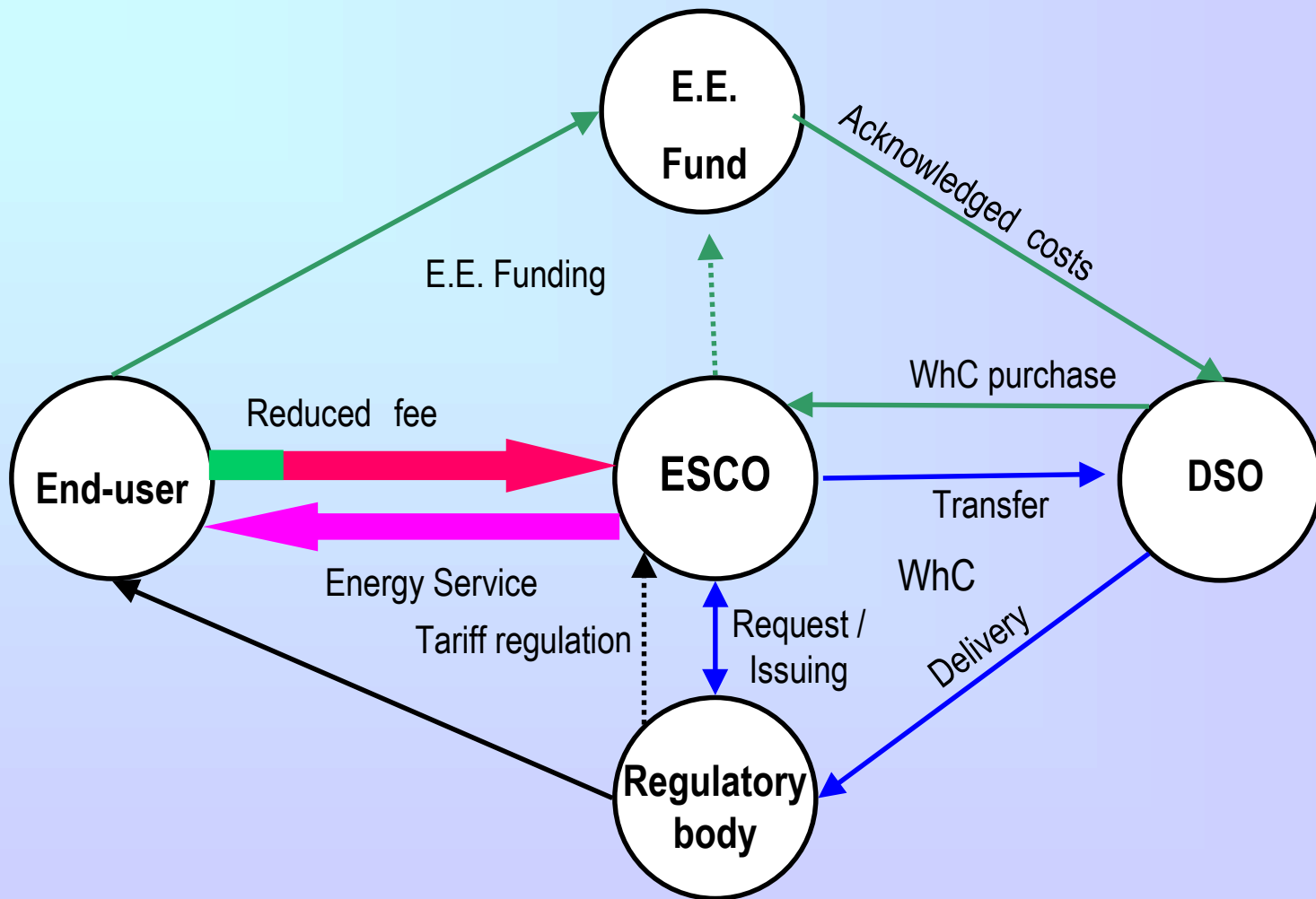
- Eligible Energy Saving projects
  - only demand-side actions (energy savings in generation uneligible)
  - illustrative list: 14 classes of projects with more than 35 sub-classes; among the others:
    - ☛ use of high efficiency electric devices/motors,
    - ☛ substitution with electric energy where convenient
    - ☛ containment of electricity leaking (stand-by)
    - ☛ increasing efficiency of lighting systems
    - ☛ power factor regulation in final uses
    - ☛ improving the combustion efficiency
    - ☛ building insulation

## A POSSIBLE TRADING SCHEME - Italy

- Eligible Implementers of the Projects
  - distributors (directly or via controlled companies)
  - ESCOs (still to develop)



# A POSSIBLE TRADING SCHEME - Italy



# WILL IT WORK?

- Implementation
  - time-shift of targets: 2 years
  - planned start-up: May 2004
  - Energy Savings certification = WhC issuing: within 2004
  - WhC trading: from 2005 on
  - Handled by the Electricity Market Operator
  - First verification of target matching: May 2005

## WILL IT WORK?

- Other interested Countries:
  - UK and New South Wales (Australia) are handling a similar scheme
  - France is going to introduce WhC trading
  - Sweden and Norway are interested in principle to the subject
  - Interest was stated also by Germany, Holland and Hungary

## WILL IT WORK?

- A new task on WhC trading is going to be launched within IEA-DSM:
  - Italy
  - France
  - Norway
  - Sweden
  - UK
  - Hungary (as observer)

**THANK YOU**

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