

**IEA Implementing Agreement
On Demand Side Management
Technologies and Programmes**

Task XIV

**MARKET MECHANISMS FOR WHITE
CERTIFICATES TRADING**

Task Status Report
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1. PROJECT DELIVERABLES AND PROGRESS

1.1. Summary

Objectives

This Task aims to address:

whether – and how – a scheme involving the issuing and the trading of White Certificates (WhC) provides an effective means of attaining targets of reduction of:

- primary energy consumption (main concern)
- CO₂ emissions (secondarily)
- what is the most suitable design for such a scheme
- what implementation problems are involved, at national and extra-national levels
- how it can interact with other schemes (e.g., tradable green certificates, EU emission trading scheme).

Development

Principle (policy) issues - such as: who are the obligation-bound actors, target setting, who can buy and who can sell, interactions with other trading schemes - and **practical (operational) issues** - such as: criteria for design and development of projects for energy efficiency in end-use, monitoring and verification issues - will be considered.

Approach

The starting date of the task is 1/6/04 and the end date is 31/12/05. It will be based on 4 **regular events** (plus a kick-off meeting), at approximately four months' intervals, made up of:

- one day open thematic discussion/workshop with national practitioners and national experts;
- one day restricted meeting of IEA-DSM Task experts.

Deliverables

The content of the contributions and of the discussions relevant to each of the four events will be processed and synthesised in 4 corresponding **Critical Synthesis (CS) Reports**. After approval, each of the four CS reports will become an official task deliverable. A **Final Synthesis Report (FR)**, issued by the OA on completion of the Task's work, will be the fifth and last deliverable; it will contain a summary and a review of all the activities undertaken and experience gained during the progress of the Task.

1.2. Objectives for the last six months (Period October 2004 - April 2005)

- Hold the first open workshop
- Hold the second experts meeting
- Preparation and issuing of the first deliverable
- Preparation of the second open workshop

1.3. Progress against objectives

The task activities began on 1/6/04. A first Task Status Report was issued on October 2004

1.3.1. First workshop – London – November 8th 2004

DEFRA offered to host this Task event, which took place at DEFRA premises. The workshop was open to all the local stakeholders and interested people; it considered in particular:

- the experiences gained in UK in introducing a trading oriented scheme of their Energy Efficiency targets, in the frame of UK Energy Efficiency Commitment,
- present Italian experiences
- present expectations of other Countries (France, Sweden) on the matter.

The presence of:

- DEFRA - Department for Environment Food and Rural Affairs
- Ofgem - Office of Gas and Electricity Markets
- UKBCSE – UK Business Council for Sustainable Energy
- University of Warwick

as well as the attendance of the task 14 experts and guests assured a meaningful audience.

The achievements of the workshop, mainly relevant to the UK experiences and plans for a second period of EEC, were the following:

- Outcome of the first period of the UK Energy Efficiency Commitment (EEC),
- EEC planning until 2011 is planned, with a roughly doubled level of the targets
- Involvement of Energy Services Companies (ESCO) in EEC.
- The trading of Energy Efficiency (EE) obligations
- Experience in the field of Emission Trading (ET) schemes

1.3.2. Second experts meeting – London – November 9th 2004

The above workshop was followed by a one day's task experts meeting, devoted to a deeper insight of the results of the past workshop held the previous day and the preparation of the next one to be held in Paris on April 14th 2005.

1.3.3. Preparation and issuing of the first Task Deliverable

The content of the presentations, the comments and the discussions of the London workshop (par. 1.3.1) was critically processed into a Critical Synthesis Report. The draft of this report was submitted for comments to all the task experts. In this phase, wide use was done of the task forum, incorporated in the Task website set up by the IEA-DSM webmaster. The issued report:

A. Capozza: "IEA-DSM Task XIV – MARKET MECHANISMS FOR WHITE CERTIFICATES TRADING. Critical Synthesis Report 1: London Workshop (8/11/04)", CESI A5005393, 31/01/05

was put on the task 14 library and was sent in a paper copy to the reference expert of each participating Country.

1.3.4. Preparation of the second workshop – Paris – April 14th 2005

France offered to host the second workshop. The workshop will be held on April 14th at IEA premises in Paris. The workshop is open to all the local stakeholders and interested people; it will consider in particular:

- the French background and the expectations in introducing a new trading oriented scheme for White Certificates, in the frame of their national energy policies and relevant Energy Efficiency targets
- Presentation of an ongoing energy efficiency certificates trading scheme currently implemented in New South Wales, Australia. These certificates are part of a larger Greenhouse Gas Abatement Scheme introduced by the State Government of New South Wales, the most populated state in Australia.
- Remarkable experiences in Countries where similar trading schemes are being applied (Italy, UK) present expectations of other Countries (France, Sweden) on the matter.

The presence is expected of:

- French Industry Ministry
- ADEME

- EdF
 - CREDEN - Centre de Recherche en Economie et Droit de l'Energie - Université de Montpellier
 - CIRED
 - Italian Electricity Market Operator
 - Energy Future Australia as advisors of Government of New South Wales - Australia;
 - DEFRA (probably) – UK Department for Environment Food and Rural Affairs
- as well as the attendance of the task 14 experts and guests, to assure a meaningful audience.

1.3.5. Miscellanea

- Participation was assured from a great part of the Task experts to the closure workshop of the EU SAVE project “White & Green”, focused on the different features of the White, Green and Black Certificates mechanisms and their interaction. The available Deliverables of the project were made available for the task works
- Participation at the kick-off meeting of the EU EIE EuroWhiteCert project on April 5th was granted as well from Task experts and OA. The presence of OA in the EuroWhiteCert Steering Committee was solicited in order to assure osmosis and synergies between the two projects.
- Contacts for possible further participation to the Task were undertaken with Australia, EC, Belgium and Holland. Official commitments will be expected from Holland in Saariselkä ExCo meeting on April 20th-21st 2005.

1.4. List of produced products

The first Critical Synthesis Report:

- *A. Capozza: “IEA-DSM Task XIV – MARKET MECHANISMS FOR WHITE CERTIFICATES TRADING. Critical Synthesis Report 1: London Workshop (8/11/04)”, CESI A5005393, 31/01/05*

was issued as the first task deliverable

1.5. Finance

- The Task-Shared Work Plan was arranged as a set of contracts directly with CESI on a fixed cost basis. The total Task budget is 90,000 Euros.
- At present, with a participation of five Countries, each Country is charged at the same rate of 18,000 Euro.
- Italy attends the Task through an expert belonging to the same Organisation who manages the task; then, CESI charges himself for the Italian share of cost-sharing.
- An advance invoice of 9,000 Euro was issued on 19/8/04 to France, Norway, Sweden and UK.
- A balance invoice of 9,000 Euro was sent at the beginning of 2005 to France, Norway, Sweden and UK, based on the actual number of participants
- The project expenditure (to the end of March 05) is about 40,000 Euro.
- At present (23/3/05), all the four non-Italian participating Countries (France, Norway, Sweden and UK) sent their Notice of Participation or NPP with name of designated experts and invoicing data.

2. WORKPLAN FOR THE NEXT SIX MONTHS (PERIOD APRIL 2005 – OCTOBER 2005)

The activities relevant to the next period (Apr 2005 - Oct 2005) is relevant to the second workshop of Paris and organisation and accomplishment of the further workshops.

2.1. Second workshop – Paris – April 14th 2005

The workshop considered in par. 1.3.4 will be actually held on April 14th 2005. The content of the presentations, the comments and the discussions of this workshop will be critically processed into a Critical Synthesis Report, which will be the second Task deliverable.

The workshop will last the whole day. It will be followed by a one day's task experts meeting.

2.2. Third workshop – Lund University – June 16th 2005

Sweden offered to host the third workshop at Lund University on June 16th 2005. The workshop will take very probably the whole day. The organisation has still to be carried on, but large room will be devoted to the activities of a Swedish National Group, involving all the Swedish Task experts, who is operating in the sector of energy policies involving market mechanisms to foster matching of targets related with energy/environment. This group is structured into parallel "mirror" sessions with respect to task 14. The main subject will be the *operational issues* connected to White Certificates trading (see par. 1.1).

The content of the presentations, the comments and the discussions of this workshop will be critically processed into a Critical Synthesis Report, which will be the third Task deliverable. The workshop will be followed by a one day's task experts meeting.

3. MATTERS FOR THE EXECUTIVE COMMITTEE

- Approval of this Task Status Report
- Decision for further Country support and participation to the Task