

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

Task XIV

**MARKET MECHANISMS FOR WHITE
CERTIFICATES TRADING**

Task Status Report
April 2006

Antonio Capozza
CESI SpA
Operating Agent

CESI SpA, Via Rubattino, 54 – 20134 Milano - Italy

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 30/06/06. It will be based on 5 **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 five events will be processed and synthesised in 5 corresponding **Critical Synthesis (CS) Reports**. After approval, each of the five 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 sixth 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 2005 - April 2006)

- Hold the fourth open workshop (Groningen – October 2005)
- Hold the fifth experts' meeting (Groningen – October 2005)
- Hold the fifth open workshop (Trondheim – March 2006)
- Hold the sixth experts' meeting (Trondheim – March 2006)
- Preparation and issuing of the fourth deliverable

1.3. Progress against objectives

The task activities began on 1/6/04. A first Task Status Report was issued on October 2004. A second Task Status Report was issued on April 2005. A third Task Status Report was issued on October 2005.

1.3.1. Fourth workshop – Groningen – October 27th 2005

Senternovem jointly with Groningen University offered to host this workshop. This workshop was held in the frame of “ENERGY CONVENTION GRONINGEN 2005- Energy scenarios and strategies for change in countries, regions and cities”, October 26-28

The title of the workshop was: “ Organisation / practical issues: additionality, penalties, costs ”. The workshop was open to all the local stakeholders and interested people; it considered in particular:

- Presentation and updating of ongoing energy efficiency certificates trading scheme currently implemented in France, Great Britain and Italy.
- A review on the Energy Efficiency policies adopted in the past in Netherlands
- Some ideas on the characteristics of a White Certificates scheme to be implemented in Netherlands in the next future.

Two round tables considered the main subjects of the workshop and focused the positions of the participating Countries on:

- How to evaluate the amount of energy savings connected to a project which is specific of the project itself and would not be attained in absence of the project (additionality)
- What the actual values are of the penalties for non-compliance of the energy savings targets and what the right criteria are to identify them
- Which the values are of the costs involved in the whole White Certificates lifetime, with special reference to the transaction costs

The presence of:

- Dutch Ministry of Economy
- Senternovem - the Dutch contracting Party in the Task
- University of Groningen - Department of Economics
- CEA - a consulting organisation in the field of sustainable development focusing on the implementation of governmental policy
- Ecofys - an organisation specialised in energy saving and renewable energy solutions
- EBM-consult - a consulting organisation in the field of sustainable development focusing on research and development

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

1.3.2. Fifth experts meeting – Groningen – 26th and 28th October 2005

The above workshop was connected to a Task experts meeting, devoted to a deeper insight of the results of the workshop and the preparation of the next one to be held in Trondheim on March 23rd 2006. During this meeting also comparisons among national schemes on White Certificates and among national implementation of particular energy saving measures were discussed. Finally, the definitive structure and aims of the Task XIV Final Report were considered and agreed among experts and OA.

1.3.3. Preparation and issuing of the fourth Task Deliverable

The content of the presentations, the comments and the discussions of the Groningen workshop (par 1.3.1), integrated with the most remarkable conclusions of the experts meeting (see par. 1.3.2) and of the all the past workshops and meetings, was critically processed into a Draft 0 of the Final Report

The organisation planned for the Final Report in the present Draft 0 was the following:

1 EXTENDED SUMMARY

PART I - RATIONALE FOR TASK XIV AND ORGANISATION

2 RATIONALE FOR TASK XIV AND ORGANISATION

PART II - GENERAL PRINCIPLES ON WHITE CERTIFICATES

3 INTRODUCTION

4 SCHEMES FOR WHITE CERTIFICATES ADOPTED AT PRESENT

PART III - ANALYSES AND COMPARISONS ON SELECTED ISSUES

5 RATIONALE AND BASES OF WHITE CERTIFICATES

6 ADVANTAGES AND RISKS OF WHITE CERTIFICATES

7 POSITION OF NATIONAL STAKEHOLDERS

8 ELIGIBLE AND OBLIGED ACTORS

9 PENALTIES

10 EX-ANTE OR EX-POST PROCEDURES FOR EVALUATIONS OF ENERGY SAVINGS - ADDITIONALITY - FREE-RIDERS EFFECT

11 EVALUATION OF COSTS – USED METHODS

12 TRANSACTION COSTS AND WHITE CERTIFICATES SCHEMES

13 ROLE OF TRADING

14 RULES FOR TRADING

15 EVOLUTION OF THE MARKET - ROLE OF LIBERALISATION

16 NATIONAL AGAINST EU-WIDE WHITE CERTIFICATES SCHEMES

17 INTERACTION WITH OTHER ENERGY EFFICIENCY POLICIES

18 INTERACTION WITH OTHER TRADING SCHEMES (REC, ET): WHAT TO LEARN FROM GREEN CERTIFICATES

PART IV - RECOMMENDATIONS AND LEARNED LESSONS

19 RECOMMENDATIONS AND LEARNED LESSONS

REFERENCES

GLOSSARY AND ACRONYMS

APPENDIX A: EXPERTS PARTICIPATING IN THE IEA DSM AGREEMENT, TASK 14

APPENDIX B: OVERVIEW OF THE INTERNATIONAL ENERGY AGENCY (IEA) AND THE IEA DEMAND-SIDE MANAGEMENT PROGRAMME

APPENDIX C - REFERENCES TO THE PRESENTATIONS OF THE TASK 14 WORKSHOPS

This Draft 0 of the Final Report was submitted to the experts for comments. The Draft 0 in the OA initial version¹ was included in the fourth Critical Synthesis Report, which makes up the fourth deliverable of the Task XIV. This report:

A. Capozza: “IEA-DSM Task XIV – MARKET MECHANISMS FOR WHITE CERTIFICATES TRADING. Critical Synthesis Report 4: Groningen Workshop (27/10/05) - Final Report Draft 0”, CESI A6004836, 15/03/06

was officially issued.

¹ Before the experts' comments

1.3.4. Fifth workshop – Trondheim – March 23rd 2006

Norway offered to host the fifth and last workshop on 23rd March 2006, through the Norwegian contracting Party Enova.

The subject was: “ White certificates in interaction with other EE policy instruments”

The handled subjects were the following:

- Updates on French, UK, Italian and Netherlands schemes for White Certificates, focusing interactions with other EE policy instruments
- Adjourn on EU EuroWhiteCert project results relevant to the subject of the workshop
- Preliminary synthesis of the results evidenced from the Task XIV activities.

A round table considered the main subject of the workshop and gave the chance to take profit of some preliminary results obtained in this matter from the activities of WP3 of the EuroWhiteCert EU project.

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

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 fifth Task deliverable.

The workshop was connected to a task experts meeting.

1.3.5. Sixth experts meeting – Trondheim – March 22nd – 24th 2006

A task experts meeting was held in connection to the above workshop, devoted to a deeper insight of the results of the workshop itself, the discussion on the Draft 0 of the Final Report (see 1.3.3) and the actions to be taken in view of the closure of the Task XIV:

- Within 30/4/06: issuing a Draft 1 of the Final Report, including the comments gathered during the last experts' meeting.
- Within 31/5/06: issuing a Draft 2 of the Final Report, including any further comments
- Within 30/6/06: issuing the Final Report after approval of the entitled persons.

1.4. List of produced products

The Critical Synthesis Report:

- *A. Capozza: “IEA-DSM Task XIV – MARKET MECHANISMS FOR WHITE CERTIFICATES TRADING. Critical Synthesis Report 4: Groningen Workshop (27/10/05) - Final Report Draft 0”, CESI A6004836, 15/03/06*

was produced as the fourth Task deliverable

2. WORKPLAN FOR THE NEXT PERIOD (APRIL 2006 – JUNE 2006)

The activities relevant to the next period (April 2006 - June 2006) are relevant to setting up the last two deliverables of the Task:

- Fifth Critical Synthesis Report, relevant to the outcome of Trondheim event and to the Draft 1 of the Final Report
- Final Synthesis Report of the Task

and to the closure activities of the Task, which is due to end on 30/6/06

3. MATTERS FOR THE EXECUTIVE COMMITTEE

- Approval of this Task Status Report