

**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 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 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 April 2005 - October 2005)

- Hold the second open workshop (Paris – April 2005)
- Hold the third experts' meeting (Paris – April 2005)
- Hold the third open workshop (Lund – June 2005)
- Hold the fourth experts' meeting (Lund – June 2005)
- Preparation and issuing of the second deliverable
- Preparation and issuing of the third deliverable
- Preparation of next events in Netherlands (Groningen – October 2005)

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.

1.3.1. Second workshop – Paris – April 14th 2005

ADEME offered to host this Task event, which took place at IEA premises. The title of the workshop was: “Principle/policy issues”. The workshop was open to all the local stakeholders and interested people; it considered 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.

A round table considered the main subject of the workshop and focused the position of France, Italy and UK relevant to:

- Motivations for the choice of a White Certificate System
- Eligible and obliged agents
- Ex-ante evaluation of energy savings

The presence of:

- French Ministry of Economy, Finance and Industry
- ADEME
- EDF
- CREDEN - Centre de Recherche en Economie et Droit de l'Energie - Université de Montpellier
- CIRED - Centre International de Recherche sur l'Environnement et le Développement
- GME - Italian Electricity Market Operator
- Energy Future Australia as advisors of Government of New South Wales - Australia;
- DEFRA – UK Department for Environment Food and Rural Affairs
- Journalists from specialised Press
- Delegate from United Nations Environment Programme

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

1.3.2. Third experts meeting – Paris – April 15th 2005

The above workshop was followed by a one day’s task experts meeting, devoted to a deeper insight of the results of the workshop held the previous day and the preparation of the next one to be held in Lund on June 16th 2005. During this meeting also comparisons among national schemes on White Certificates and among national implementation of particular energy saving measures were discussed.

1.3.3. Preparation and issuing of the second Task Deliverable

The content of the presentations, the comments and the discussions of the Paris workshop (par. 1.3.1), integrated with the most remarkable conclusions of the experts meeting (see par. 1.3.2), was critically processed into a Critical Synthesis Report. The draft of this report was submitted for comments to all the task experts, using also the task forum, incorporated in the Task website set up by the IEA-DSM webmaster. The report:

A. Capozza: “IEA-DSM Task XIV – MARKET MECHANISMS FOR WHITE CERTIFICATES TRADING. Critical Synthesis Report 2: Paris Workshop (14/4/05)”, CESI A5043072, 30/08/05

is going to be officially issued.

1.3.4. Third workshop – Lund – June 16th 2005

The International Institute for Industrial Environmental Economics (IIIEE) of University of Lund – Sweden, offered to host this Task event, which took place at IIIEE premises. The title of the workshop was: “National or international systems for White Certificates” and the subject of operational/practical issues relevant to White Certificates Systems was particularly handled. The workshop was open to all the local stakeholders and interested people; it considered in particular:

- Presentation of the schemes on White Certificates adopted or forecast at present in France, Italy and UK, with special emphasis to the operational aspects and the adopted national choices.
- Renewable Energy Certificates System - Prospects of Green Certificates in Norway-Sweden
- Transaction costs: how can these cost voices influence the overall cost of an energy savings projects and how they can affect the White Certificates market.
- National or international systems of certificates: advantages and problems in national or EU-wide systems of certificates

A round table considered the following subjects:

- Rationale of the choice of a White Certificates system
- Market problems in White Certificates trading- transaction costs
- EU-wide or national certificates systems?
- Experiences, conclusions and recommendations

The presence of:

- STEM (one of the Swedish Organisations participating to the Task)
- IIIEE (one of the Swedish Organisations participating to the Task)
- Elforsk (one of the Swedish Organisations participating to the Task)
- Fortum – Sweden
- Swedish representative from research and industry in the energy field
- ADEME - France
- French Ministry of Economy, Finance and Industry
- EDF -France
- Ministry of Economy – Netherlands
- Red Electrica - Spain

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

1.3.5. Fourth experts meeting – Lund – June 15th – 17th 2005

A task experts meeting was held in connection to the above workshop, devoted to a deeper insight of the results of the workshop itself and the preparation of the next one to be held in Groningen - Netherlands on October 27th 2005. During this meeting the subject of comparisons among national schemes on White Certificates and among national implementation of particular energy saving measures were carried out and some more precise choices were done on how to keep into account the involved costs.

1.3.6. Preparation and issuing of the third Task Deliverable

The content of the presentations, the comments and the discussions of the Lund workshop (par.1.3.4), integrated with the most remarkable conclusions of the experts meeting (see par.1.3.5), was critically processed into a Critical Synthesis Report. The draft of this report was submitted for comments to all the task experts, using also the task forum, incorporated in the Task website set up by the IEA-DSM webmaster. The report:

A. Capozza: “IEA-DSM Task XIV – MARKET MECHANISMS FOR WHITE CERTIFICATES TRADING. Critical Synthesis Report 3: Lund Workshop (16/6/05)”, CESI A5043490, 30/09/05

is going to be officially issued.

1.3.7. Miscellanea

Netherlands stated his official participation to the Task. The appointed experts was Vlasis Oikonomou from Groningen University

1.4. List of produced products

The Critical Synthesis Reports:

- A. Capozza: “**IEA-DSM Task XIV – MARKET MECHANISMS FOR WHITE CERTIFICATES TRADING. Critical Synthesis Report 2: Paris Workshop (14/4/05)**”, CESI A5043072, 30/08/05
- A. Capozza: “**IEA-DSM Task XIV – MARKET MECHANISMS FOR WHITE CERTIFICATES TRADING. Critical Synthesis Report 3: Lund Workshop (16/6/05)**”, CESI A5043490, 30/09/05

were produced as the second and third Task deliverables

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 108,000 Euros.
- At present, with a participation of six 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. All these invoices were honoured.
- A balance invoice of 9,000 Euro was sent at the beginning of 2005 to France, Norway, Sweden and UK. The payment relevant to one Country is still pending
- The official Notice of Participation is still pending from Netherlands. The invoice of 18.000 Euro is going to be issued
- The project expenditure (to the end of September 05) is about 60,000 Euro.

2. WORKPLAN FOR THE NEXT SIX MONTHS (PERIOD OCTOBER 2005 – APRIL 2006)

The activities relevant to the next period (October 2005 - April 2006) is relevant to organisation and accomplishment of the further two workshops.

2.1. Fourth workshop – Groningen – October 27th 2005

This workshop will be 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 will be: “Organisation / practical issues: additionality, penalties, costs”

The handled subjects will be the following:

- Analysis of French, Italian and UK schemes for White Certificates, focusing additionality and penalties
- Netherlands experiences in energy efficiency policies and design of a national White Certificates scheme
- Transaction costs
- Consumer’s cost/benefits from a White Certificates scheme

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 fourth Task deliverable. The workshop will last the whole day. It will be connected to a Task experts meeting.

2.2. Fifth workshop – Norway – March-April 2006

Sweden offered to host the fifth and last workshop on March-April 2006.

The subject will be: “ Interaction with other schemes/EE policies.”

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 will be followed by a one day’s task experts meeting.

3. MATTERS FOR THE EXECUTIVE COMMITTEE

- Approval of this Task Status Report