

MARKET MECHANISMS FOR WHITE CERTIFICATES: A IEA-DSM INTERNATIONAL ACTIVITY

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About IEA Demand-Side Management

WHAT'S IEA

International Energy Agency

- established in 1974 within Organisation for Economic Cooperation and Development (OECD)
- programme of energy cooperation among its 26 Member countries + EC

About IEA Demand-Side Management

MISSION

- research, development and demonstration of new energy technologies to:
 - reduce excessive reliance on imported oil,
 - increase long-term energy security
 - reduce greenhouse gas emissions.

About IEA Demand-Side Management

ORGANISATION

- Collaborative programmes conducted under Implementing Agreements, signed by Government Agencies
- At present, 40 Implementing Agreements:
 - fossil fuel technologies,
 - renewable energy technologies,
 - efficient energy end-use technologies,
 - nuclear fusion science and technology
 - **Demand Side Management**

About IEA Demand-Side Management

The Demand-Side Management Programme
involves 17 Members:

Australia

France

Spain

Austria

Greece

Sweden

Belgium

Italy

United Kingdom

Canada

Japan

United States

Denmark

Korea

EC

Netherlands

Finland

Norway

About IEA Demand-Side Management

- 15 Tasks have been initiated in IEA-DSM,
- 9 have been completed.
- Each Task is managed by an Operating Agent from one of the participating countries.

About IEA Demand-Side Management

The Tasks somehow related to EuroWhiteCert

- Task I - International Database on Demand-Side Management
- Task X - Performance Contracting
- Task XIV- Market mechanisms for White Certificates Trading

The Task XIV: general goals

Studies on methodologies to attain:

- primary energy savings
- reduction of CO₂ emission

through market mechanisms based on:

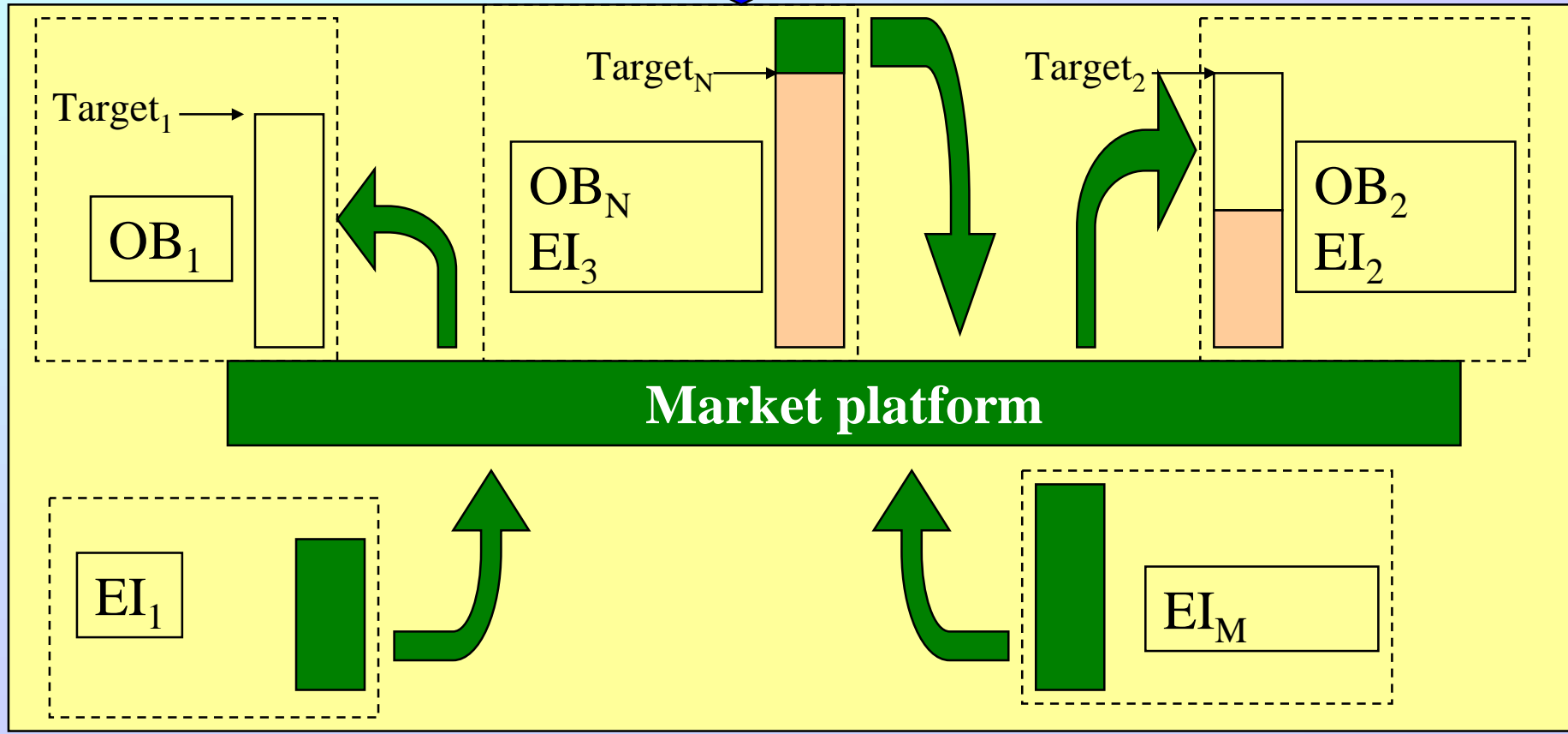
- schemes of Energy Efficiency Certificates Trading (*White Certificates* - WhC -Trading)

and possible connections with other schemes:

- Renewable Energy Commitment scheme (*Green Certificates* Trading)
- Carbon trading scheme (*Black Certificates* Tr.)

WhC: actors

Public board: mandatory EE (=WhC) targets



OB = Obligation-bound actor

EI = Eligible Implementer

■ WhC excess

■ Gained WhC

Rationale

- WhC attractive: pursue EE benefits through market-based instruments
- Being applied in UK, Australia (New Wales) and Italy
- Being introduced in France
- Attracting in principle Norway and Sweden
- In line with a Proposal of EC (Dec 2003) for a EU Directive on EE in end-uses and services
- Complements with REC and ET schemes

Task features

- Interested Countries expressed a position in favour of:
 - Concentrating works on WhC Trading (touching other schemes only for interactions)
 - Light task, e.g.:
 - duration: about 12-18 months
 - limited in cost sharing \Leftrightarrow more task sharing
- Priority to operational issues rather than policy

Objective of the study

- Deeper insight
- Discussions

through:

- periodical experts meetings
- open workshops

on a group of items classified as:

- *Principle (Policy) issues*
- *Practical (Operational) issues*

Objective of the study

Policy issues (1)

- Effectiveness of WhC trading on EE
- Obligation-bound actors (DSO, suppliers, ESCO)
- Buyers and sellers (DSO, ESCO, other)
- Targeted sectors and EE programmes
- How to create a market platform (in alternative to bi-lateral)

Objective of the study

Policy issues (2)

- Competition issues
- Possible cost-recovery mechanisms
- Interaction with other EE policy tools
- Interaction with other trading schemes (REC, ET)
- Chance of an enlarged extra-national market of WhC

Objective of the study

Operational issues

- Criteria for design and development of EE projects
- How to measure/evaluate the saving impact of a project
- Monitoring mechanisms (duration, responsibilities)
- Non-compliance regime
- Trading mechanisms (participants, transactions frequency and safety, banking)
- Rebound effects (unexpected upshots)

Objective of the study

The following points will have to be considered for the above issues:

- relevance for the national energy policies
- national expected/forecast/already adopted approaches
- problems connected to possible/actual implementation of the issue
- already gained national experiences - case studies

Approach

- Little experience exists on WhC trading
- Task based on exchange of ongoing/gained experiences
- Through regular events made up of:
 - one-day thematic open workshop with national stakeholders
 - a “day after” restricted meeting of designated task experts

Approach

Event	Workshop	Workshop subject	Task experts meeting subject	Date
1	NO		<ul style="list-style-type: none"> – Kick-off . – Task organisation – Preparation of following workshop 	7-8 June 04 Milano Italy
2	YES	Existing experiences and expectations at national level	<ul style="list-style-type: none"> – Discussion on the past workshop – Preparation of following workshop 	8-9 Nov 04 London UK
3	YES	Policy/principle issues	<ul style="list-style-type: none"> – Discussion on the past workshop – Preparation of following workshop 	14-15 April 05 Paris France
4	YES	Organisation / practical issues	<ul style="list-style-type: none"> – Discussion on the past workshop – Preparation of following workshop 	16-17 June 05 Lund Sweden
5	YES	Interaction with other schemes/EE policies	<ul style="list-style-type: none"> – Closing meeting – Discussion on the past workshop – Discussions on the organisation and structure Final Synthesis Report 	Nov 05 Norway

Schedule of activities

Month	June 04					November 04		January 05			April 05		June 05		August 05			November 05	December 05
Event	1					2					3		4					5	
Deliverable						CS					CS		CS					CS	FR

CS = Critical Synthesis Report of the event (workshop + expert meeting)
 FR = Final Synthesis Report

Administrative

- Duration: 19 months
- Mix of:
 - **task-sharing** (work performed by the national experts, funded by the participating Countries)
 - **cost-sharing** (amount of Operative Agent's costs, shared among the participants' Countries)

Administrative

Participating Parties

Italy

France

Norway

Sweden

UK

Academia: Central European University -
Budapest (as observer)

Netherlands (newcomer)

Interaction with other projects

White & Green

EU SAVE

- presence of task 14 experts and guests to final meet.
- deliverables made available to task 14

CEN-CENELEC

Group on standards on EE, REC and WhC

- presence of task 14 experts

EuroWhiteCert

EU EIE

- attendance of task 14 Organisations/experts
- presence of OA at Steering Committee meeting

Attained results

From London workshop - November 8th 2005

- Participants from UK, France, Italy, Netherlands, Norway, Sweden, Denmark,
- UK expectations on EEC. Quantitative results of EEC-1st phase (in 2004: 3/4 of target reached). Doubled targets for EEC 2 phase 2005-2011
- Comparisons between EEC and the Italian EE scheme
- ESCO the solution to EEC success. Increased award to ESCO for energy savings. ESCO operation not so developed for legal and market barriers
- Direct trading of energy savings or obligations in UK: bi-lateral contracts in terms of saved TWh. No standard platform of WhC trading practised yet
- UK ETS versus EU ETS: need of International Emission Trading Registry with on-line real-time access

IEA-DSM Task XIV - MORE INFO?

- **SEE TASK XIV WEBSITE**

<http://dsm.iea.org/NewDSM/Work/Tasks/14/task14.asp>

- anyone is welcome as guest to share information through the Task 14 Forum - **ask OA**



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Task 14

Task Summary

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Experts' site

Guests' site

International Energy Agency Demand-Side Management Programme

'Promoting Energy Efficiency and Demand-Side Management for global sustainable development and for business opportunities'



Task XIV: Market Mechanisms for White Certificates Trading

<http://dsm.iea.org/NewDSM/Work/Tasks/14/WhiteCertificates.htm>

Market-based policies for accelerating energy efficiency programmes

- Send this to a colleague

General goal

This project ("Task") aims to address:

- Register your interest

- 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:
 1. primary energy consumption (main concern)
 2. CO2 emissions (secondarily)
- what is the most suitable format for such a scheme
- what implementation problems are involved, at national and extra-national levels
- how it can interact with other schemes.

- **Contact: Operating Agent**

Questions to be addressed

Policy and operational issues will considered throughout the task Principle (Policy) issues

1. Specificity and effectiveness of a certificate trading mechanism to promote energy efficiency projects:

Thank you

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