A succinct synthesis of the

French Academic Workshop on White Certificates

held on March 9th, 2005, at Ecole des Mines, Paris

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French Academic Workshop on White Certificates
March 9th, 2005, Paris, Ecole des Mines

• Organisation:
  – University of Montpellier (CREDEN Laboratory)
  – Ecole des Mines de Paris (CENERG Laboratory)

• Sponsors:
  – ADEME and EDF

• Participants:
  – 15 « academics » : professors, researchers, PhD students
  – 15 « involved practitionners » : EDF, ADEME and some other experts (including Energy Ministry)
Intellectual and institutionnal context of 9th March workshop

• First meeting in France between academics and professionals (under regulator’s eye)
• White Certificates, unlike CO2 allowances, is a new research field (at least in France)

and ..... 

• Energy Orientation Law (including WC scheme) not yet voted (3 weeks before 2nd lecture by Parliament)
• Several « control knobs » positions still not fixed
(starting) Disputed Problematics

- **White Certificates : system or market ?**
  - by D. FINON, CNRS/CIRED

- **Structuration of market : « obligated » and « eligibles »**
  - by M. GLACHANT, EMP/CERNA

- **Closure of WC system : which Energies ? Which Uses?**
  - by M. MARADAN, EPF-Lausanne (Suisse)

- **Additionality and Eligibility of EE actions**
  - by P. QUIRION, CNRS/CIRED

- **Regulation of market, and inducted Strategies**
  - by J. PERCEBOIS, Univ. Of Montpellier I, CREDEN

- **Transaction Costs associated (system and/or market)**
  - by J. ADNOT, EMP/CENERG
Highlights on trading requirement

- There can be a White Certificates system with obligations, and no market (ex. : UK)

- Unlike CO2 allowances on different Industry sectors, WhC cost functions are much more similar

- Emergence of trading needs many eligible operators, but leads to much more a complex system.

- Is the game worthing the candle?
Highlights on operator’s strategies

• Which strategy with an uncertain WhC price?
• Obligated operators (energy suppliers):
  – Will there be advantage to sell to a competitor?
  – How will an energy supplier develop its energy services offer? Inside or outside?
  – EE actions costs or comparative advantage on image?
• Eligible operators:
  – Eligible operators will access to final consumer and may have impact on suppliers’ competition.
  – Best strategy for eligible: certificates seller, or supplier’s contracting party?
Highlights on regulation issues

• Which is the best market size?
  • Too low, there is no market fluidity
  • Too big, administrative costs become too high

• Additionality implementation:
  • How to manage « free riders » without putting too hard constraints?

• Obligation system administrative costs
  • (i) General administration (ii) Validation and verification (iii) Sanctions and litigations

…… still uncertainties on values …..
Highlights on agent’s actions’ costs

• Operators will recover CCosts on energy and/or certificate prices…. But at market conditions.
• Will operators support, totally or partly, public CCosts?
• For “big” obligated operators:
  • Lower compliance costs,
  • ….. But EE potential yet broken
• For “small” obligated, and eligible operators:
  - Upper compliance costs
  • ….. But bigger EE potential, even if more wide spread
Highlights on innovation incentive

• Operator’s investment on R&D will reduce its own action cost and give comparative advantage, for a given certificate price.

• But many usual actions are low marginal cost. They will be implemented first, and for a long time, without R&D investment need.

• General opinion is that innovation incentives (public and/or market) must be coupled, in the future, to WhC system.
Highlights on ... miscellaneous

• The basics of a WhC system are (1) obligation and (2) thread of penalty (3) visibility

  So, conditions of success are: strong level of obligation, high penalties and simple pluriannual rules.

• As it is possible to have an obligation system without trading, there could be a certificates system without obligation: by auction buying back public fund.