White Certificates: will local benefits and international trading be coherent?

Lena Neij

The presentation includes material earlier discussed by Lorenzo Pagliano, eREG, Politecnico du Milano at the EuroWhiteCert workshop in Milano 5th April 2005
Buying energy efficiency certificates abroad or implementing energy efficiency locally with local benefits?
Energy efficiency measures - Local Benefits

- Cost-efficient energy savings
- Reduced environmental effects
- Improved standard, comfort etc.
- Local employment (ESCOs etc)
- Technology improvements
Energy efficiency measures - Local Benefits

Private benefits:
• Cost-efficient energy savings

Benefits for the society:
• Reduced environmental effects
• Improved standard, comfort etc.
• Local employment (ESCOs etc)
• Technology improvements
Energy efficiency measures with trading-
Local Benefits

Private benefits:
Cost-efficient energy savings?
What are the transaction costs?

Benefits for the society:
– will there be an interest for these issues?
Energy efficiency measures with international trading

Drivers:
Private investors?

• Cost-efficient energy savings?
• What about barriers such as market and institutional conditions?
• Loss of social benefits?
Would the economic savings from trading be higher than the loss of local benefits?

- If cost of saved energy today is low - it is difficult to see that trading will reduce this cost significantly?

- If we don’t consider the cost/benefits for society but only the cost for the actor who bears the obligation to save energy, then it might be cheaper to buy an certificate in another country.

- When argued that trading reduces costs - it should also be specified for WHOM costs are reduced.