

SESSA Conference “Investment for sustainability”

Regulation for a sustainable electricity model for the EU

THE PERSPECTIVE OF THE INDEPENDENT ENERGY REGULATORS

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Policy Target: Simultaneous Achievement of 3 Es

➤ Energy Security

- Addressing vulnerable energy structure with scarce indigenous energy resources

➤ Environmental Protection

- Stabilization of CO₂ emissions from energy origin at 1990 level

➤ Economic Efficiency

- Stable economic growth and promotion of deregulation to improve economic efficiency

General objectives of the new regulation

- 1. Guaranteeing power supply**
- 2. Guaranteeing quality of supply**
- 3. Guaranteeing the lowest possible costs for the consumer**
- 4. Taking into account environmental protection**

- **Market prices do not include the wholesale costs, which may cause market inefficiencies**
- **Environmental cost falls on society: THOSE WHO POLLUTE DO NOT PAY.**
- **Regulators have two options:**
 - ❑ *Prohibit the activity or product (Leaded Gasoline)*
 - ❑ *Internalize the environmental costs*



INTERNALIZATION OF THE ENVIRONMENTAL COSTS

in order to obtain market efficiency through liberalization with sustainable development

COMMAND AND CONTROL VS. PLANNING

**Command and control
mechanisms
(Environmental Impact
Assessment and IPPC)**

- Emission limits
- Air quality standards



Planning

- Mandatory planning
- Indicative planning

TAXES AND FEED-IN TARIFFS VS. TRADABLE GREEN CERTIFICATES AND EMISSION TRADING

Price mechanisms:

- Taxes (emissions)
- Feed-in tariffs

- Generators
- DSM programs



Quantity mechanisms

- Emission trading
- Certificates

- Generators (green)
- Cons+Distrib(white)

TAXES AND FEED-IN TARIFFS VS. TRADABLE GREEN CERTIFICATES AND EMISSION TRADING

Price mechanisms:

-Feed-in tariffs

- **Generators**
Germany, Spain ...
- **DSM programs**
UK, Spain, Portugal ...



Quantity mechanisms

-Certificates

- **Generators (green)**
UK, Italy, Sweden ...
- **Cons+Distrib(white)**
France, Italy ...

**TO ANALYZE RENEWABLE ENERGY
SOURCES
SUPPORT SCHEMES**

**Recommendations
regarding harmonised
electricity renewable
support schemes across
the EU (June 2005)**

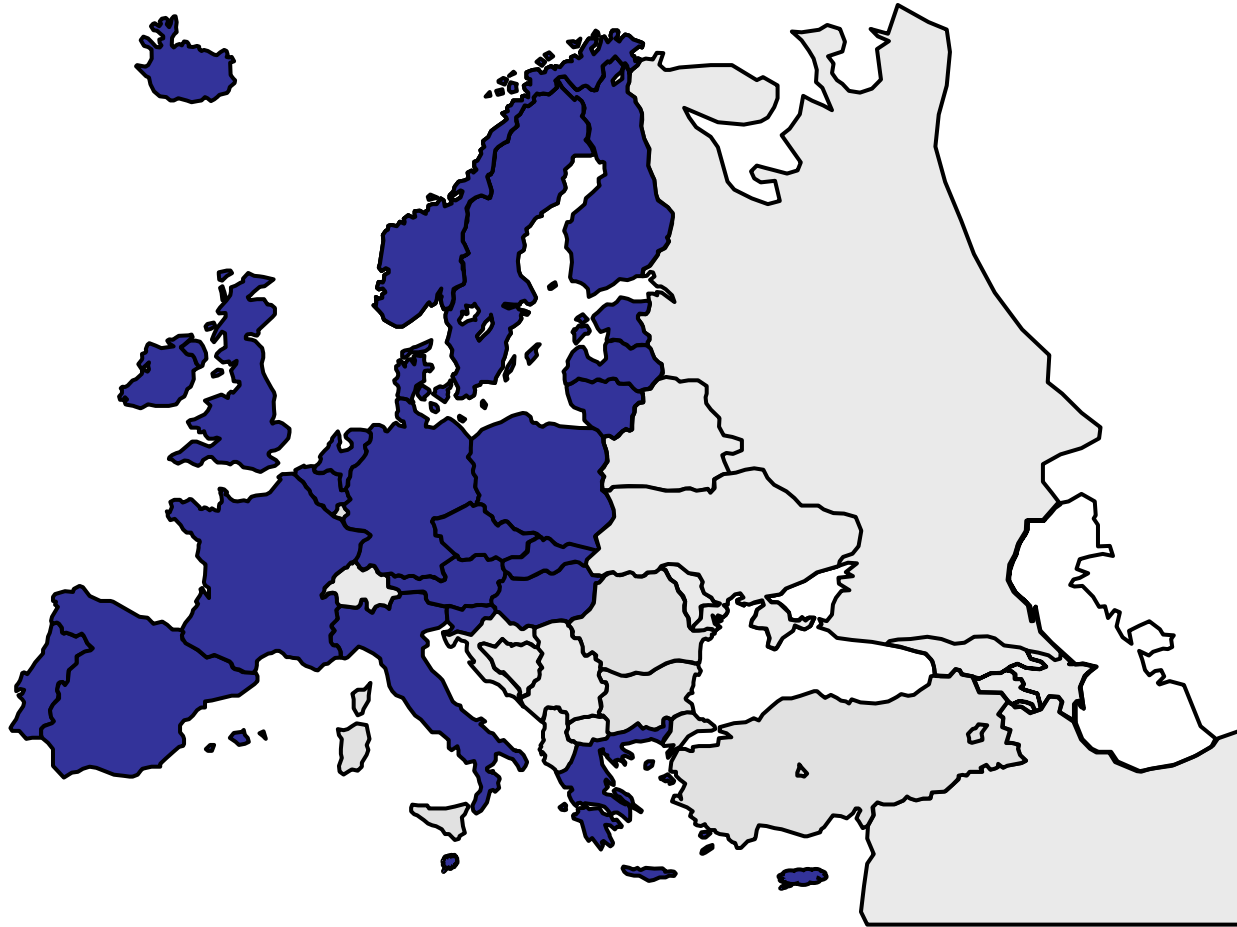
**Analysis of the impacts
of different national
targets on the Internal
Energy market (June
2006)**

**CEER Report “Current experiences with
renewable support schemes in Europe” (2004)**

**IMPACTS OF THE DIFFERENT DIRECTIVES
ON THE INTERNAL ENERGY MARKET**

**Monitoring the
emissions trading
schemes (on
electricity wholesale
and on end user
tariffs)**

**Undertake work on the
harmonisation of
energy efficiency
schemes**



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END OF PRESENTATION