

Are Energy Efficiency Obligations an alternative? The case-study of Portugal

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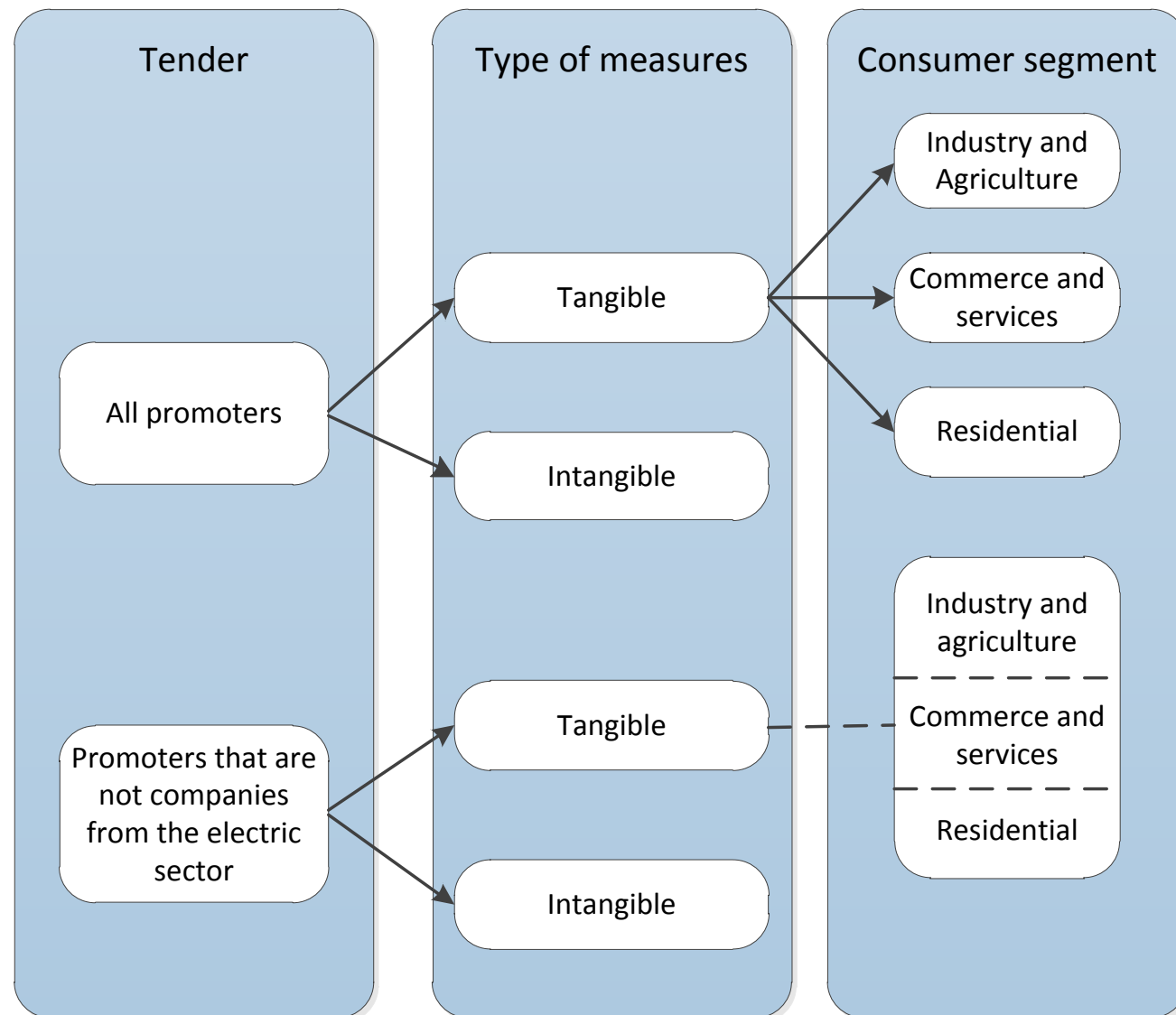
Energy Efficiency fostering by electric utilities - Milestones

- 1998 first regulatory framework
- 1999-2001, 2002-2004 and 2005– Demand-side plans (PGP)
- 2006 – Demand-side efficiency promotion plans (PPEC) rules
- 2007 and 2008 – PPEC calls
- 2008 – new regulatory framework
- 2009-2010, 2011-2012, 2013-2014 – PPEC calls

Portuguese Demand-side Efficiency Promotion Plan characteristics

- Managed by the Portuguese Energy Regulator (ERSE)
- Voluntary mechanism (tender mechanism)
- Budget from euro/kWh charge paid by all customers (~23 million euros for two years)
- Call for energy efficiency and load management measures
- Promoters : electricity suppliers, distribution and transport network operators, consumer organizations, business associations, energy agencies, municipal agencies, higher education and R&D institutions.

Tenders, type of measures, and consumer segments



Portuguese Demand-side Efficiency Promotion Plan characteristics

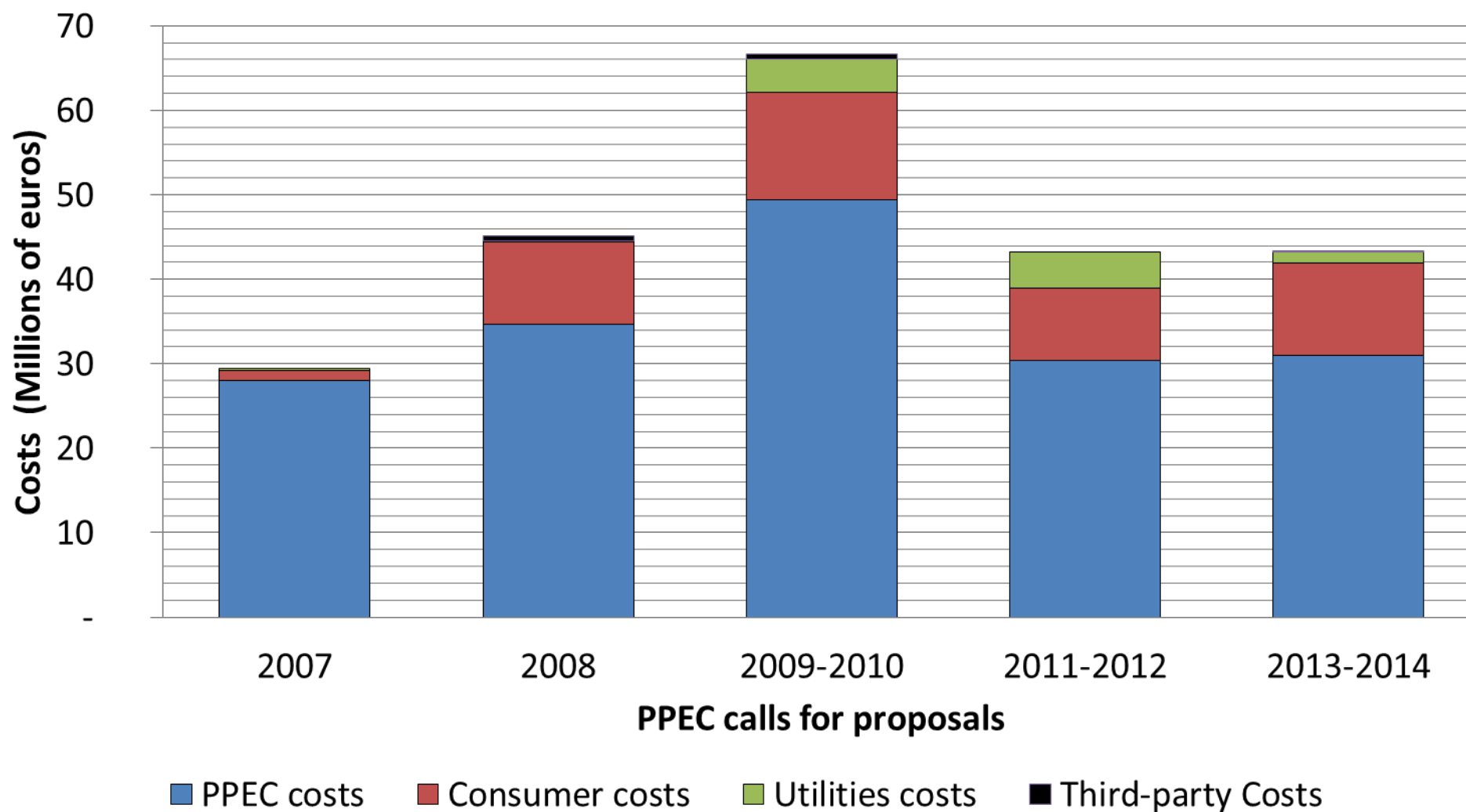
- PPEC participation limited to 80% of the costs, for tangible measures
- No lost revenues recover mechanism in place

Electricity suppliers are asked to voluntarily invest in measures that will reduce their income

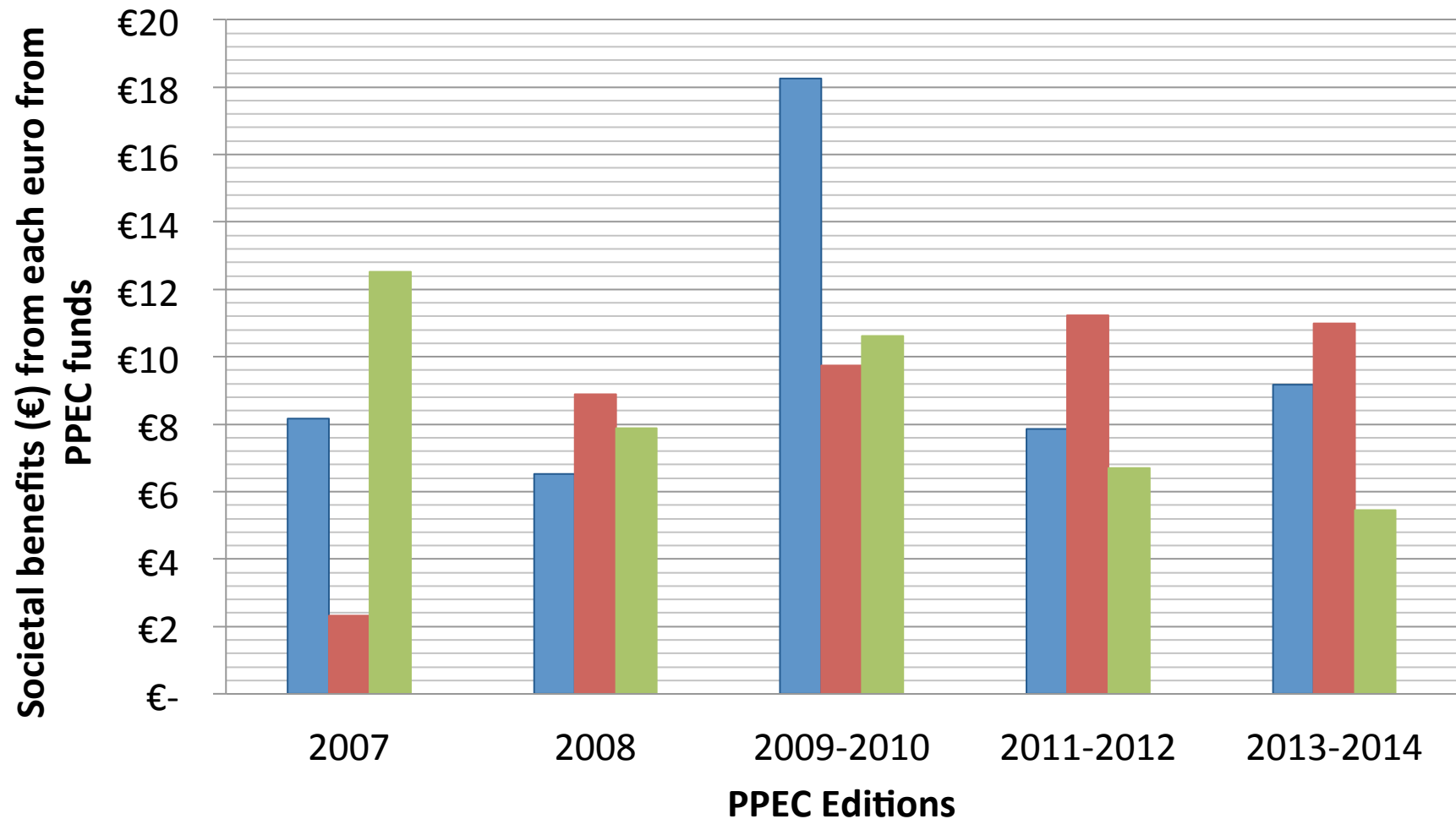
Some results regarding the participation

	2007	2008	2009-2010	2011-2012	2013-2014
PPEC costs of eligible proposed measures (M€)	26.6	46.3	58.1	57.1	58.8
Intangible measures (M€)	7.3	8.7	18.3	18.3	28.2
Tangible measure (M€)	19.3	37.5	39.8	38.8	30.6
Proposed measures	62	131	125	159	207
Measures proposed by Utilities	58	81	85	72	87
Measures proposed by Non-utilities	4	32	36	74	120

Societal costs of measures proposed by utilities



Societal benefits from each euro of PPEC funds invested



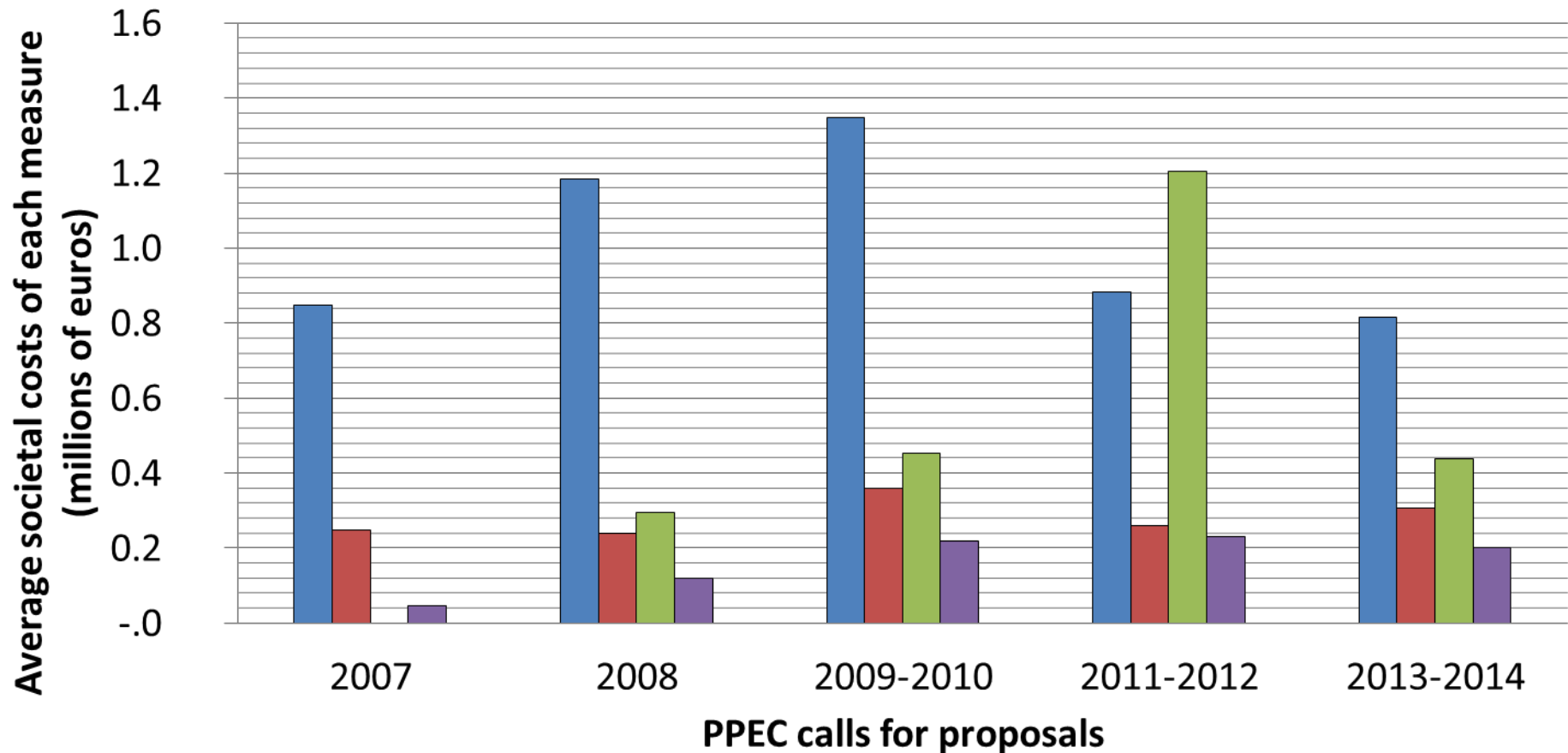
■ Industry and agriculture

■ Services and Commerce

■ Residential



Average societal costs of each measure



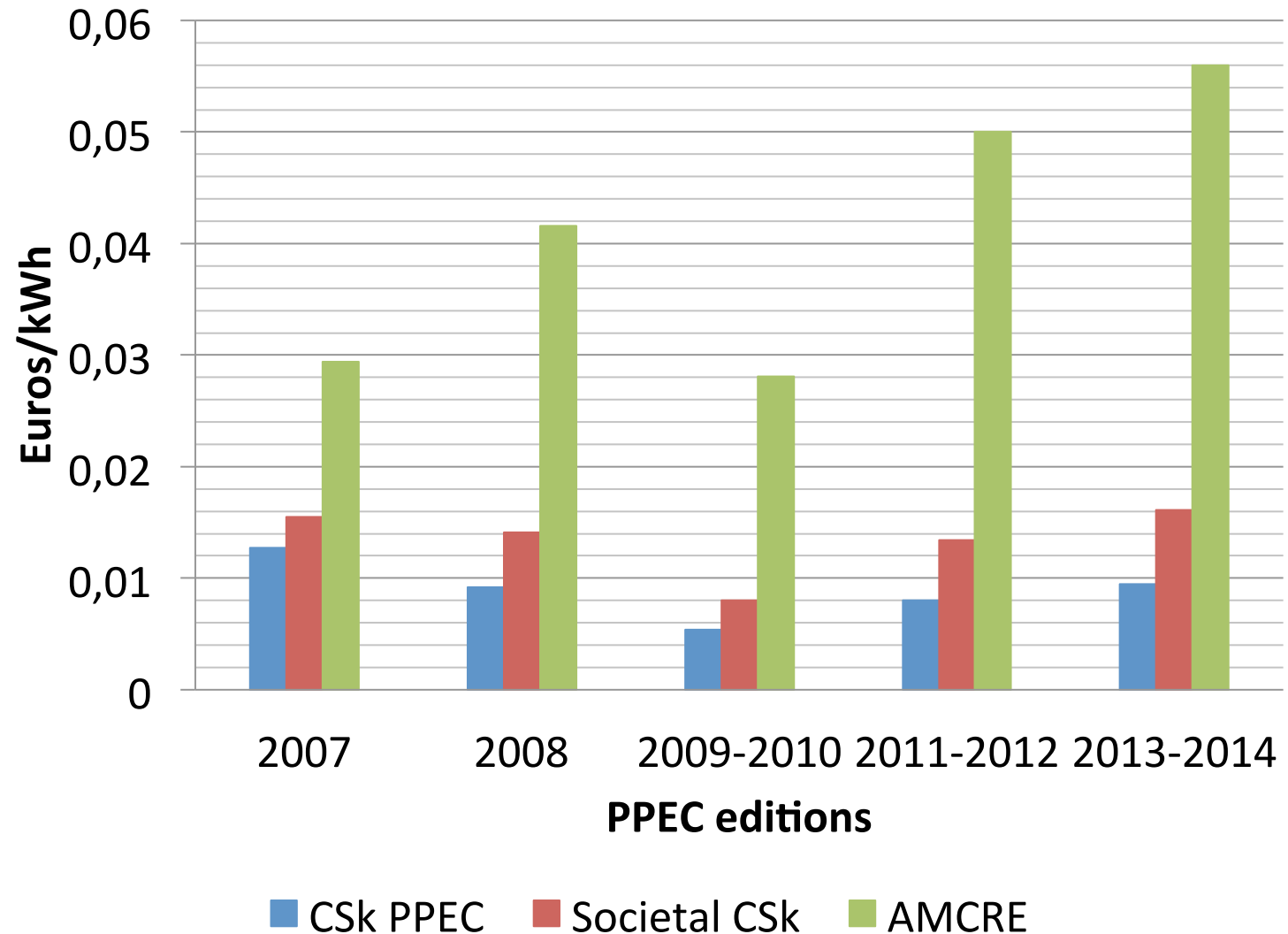
■ Tangible (utilities) ■ Intangible (utilities) ■ Tangible (non-utilities) ■ Intangible (non-utilities)

CSk PPEC, Societal costs and AMCRE

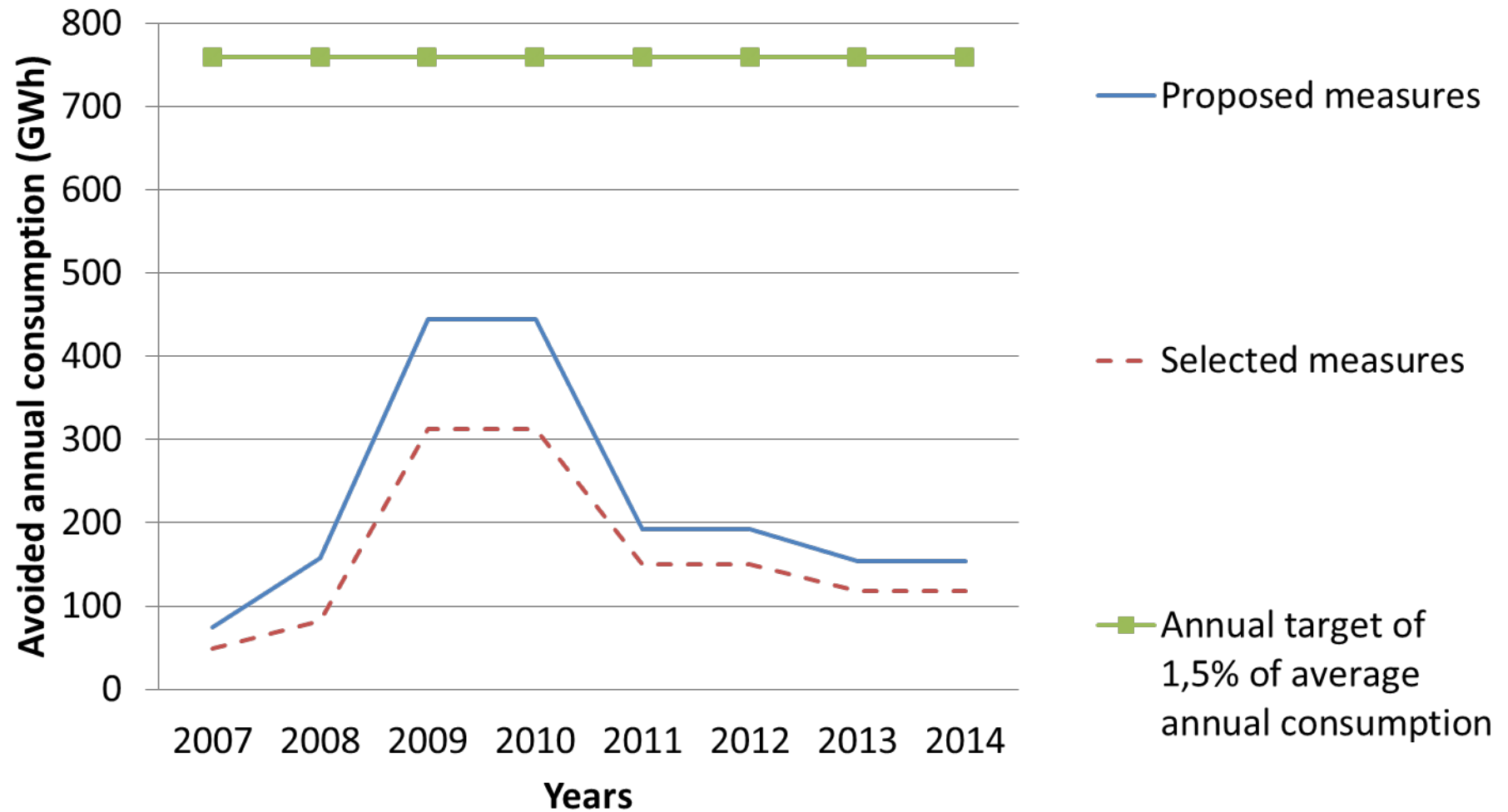
CSk PPEC –
Cost of each
saved kWh
allocated to
PPEC budget

Societal CSk –
societal costs

AMCRE –
Additional costs
incurred in
paying
renewable kWh
above market
costs



Avoided final energy consumption and 1,5% target



Summary

- Overall 15 years of experience stimulating electric utilities to promote EE (last 8 under PPEC)
- Voluntary mechanism
- Number of measures proposed by non-utilities increasing at a higher pace than from utilities
- Experience from five PPEC editions designing measures, selecting technologies, finding partners to deliver technologies and to implement the measures, ...

The Next step

A COMMITMENT

- Setting targets
- Extend the mechanism to other fuels

Where to go from here?

In an EEO scenario:

- Obligated parties
 - Utilites: a natural choice.
 - What should be the role of non-utilities promoters?
 - players in a white certificate scheme?
 - Should there be a PPEC for non-utilities? How should the budget be shared?
- Funding
 - Costs of doing business?
 - Cost recover through tariffs?