

# LIBERALISED ENERGY MARKETS

- Problems after 10 years of experience:
- Supply security – market signals too weak + unstable
- Too short planning horizon, based on short term profit
- New monopolies with dominating market power
- Less utility innovation and less maintenance of grids
- Less concern of environment, including global warming
- Insufficient promotion of renewables by market forces
- Higher electricity prices for private households in most EU member states (in contrast to goal of directive).

# SOCIETAL PLANNING AND REGULATION

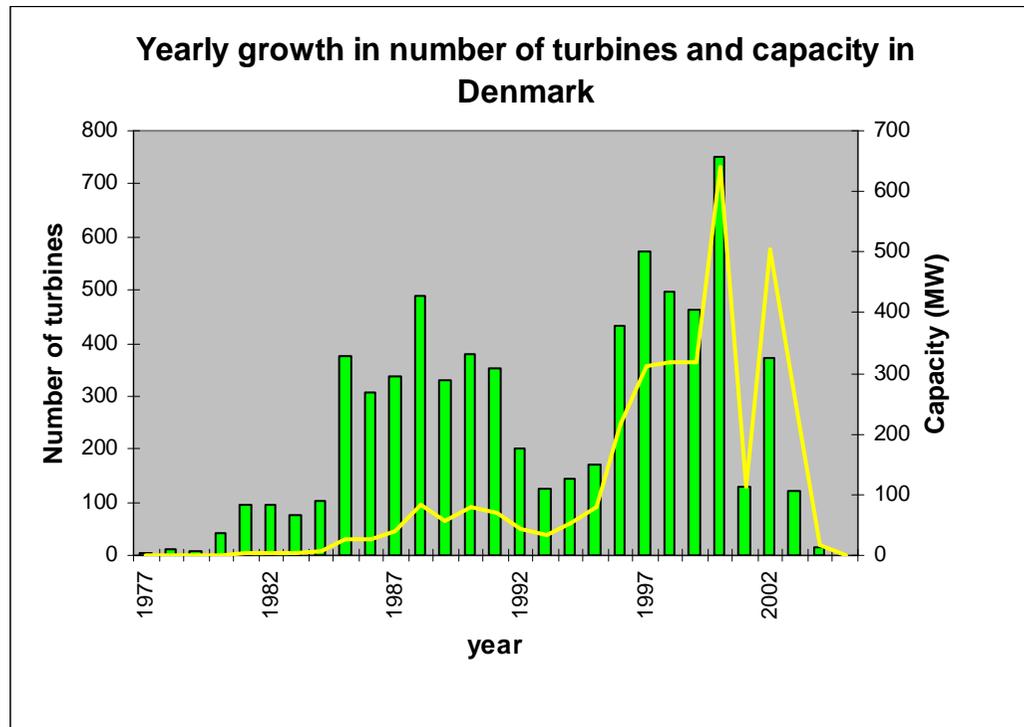
- New energy directive is needed with alternative priorities
- High priority to sustainable energy development and supply security – less priority to liberalistic market schemes. Energy is not like any other commercial good
- Internalizing of externalities and abolishing of direct and indirect subsidies of fossil fuels and nuclear energy
- Long range EU and national plans and regulations with binding commitments for energy conservation and renewables
- Stricter rules for emission trading.

# PROMOTION OF ELECTRICITY FROM RENEWABLES

- Promotion of RES-E in EU has been dominated by Feed-in Tariffs (FITs), Trading of Green Certificates (TGC) and tender schemes.
- Different versions of FITs are used by most Member States: Fixed (favourable) Tariff (e.g. Germany) or Market Price plus Environmental Premium (e.g. Spain)
- TGC have mainly been used by Italy, the UK and Sweden. Several problems and no convincing results
- National certificate markets have too large transaction costs compared to actual results + investor uncertainty
- Tender schemes may supplement FITs and TGCs.

# OFFICIAL DANISH ENERGY POLICY

Strong influence on penetration of wind power in Denmark



# CONCLUSIONS

- Energy is vital for the future of present society
- Energy can't be treated as any other commercial good
- The market is too short-sighted for the energy sector
- Society must make long-range plans for the energy sector and regulate its development
- Global warming and "oil peak" require urgent implementation of renewables and energy conservation
- The present liberalisation directive should be altered to new priorities: environment + energy supply security
- Promotion of energy conservation + RES-E requires stronger tools (e.g. norms, binding targets, individual FITs, internalisation of externalities, stricter trading schemes etc.)