

Florence School of Regulation

Annual Conference

Future Trends in Energy Market Design

May 25th, 2011

Refectory

Badia Fiesolana,

Via dei Roccettini 9,

San Domenico (Florence, Italy)

Draft Programme

The implementation of the Third Legislative Energy Package should provide an adequate regulatory and institutional framework for the completion of the Internal Energy Market. However, there are current developments in the energy sector which may have an impact on the functioning of the energy markets. For example, the increased penetration of energy produced from renewable sources may impact on electricity markets in several ways. On the one hand, if such electricity is promoted through feed-in tariff, it is likely to be offered in the market at a price equal to zero, if at all; this will reduce the quantity of electricity which contribute to fixing the equilibrium market price. On the other hand, the schemes used for promoting electricity produced from renewable energy may be different in different jurisdictions, with some relying on feed-in tariffs, others on quota obligations and green certificates schemes or competitive auctions; these different schemes may impact the functioning of the electricity markets asymmetrically. Finally, the intermittent nature of some of the electricity produced from renewable may increase the variability and uncertainty in the level of demand which traditional generating technology will face, making revenue streams, and therefore the return on investment, riskier. Some commentators have suggested that these developments may grant a rethinking of the electricity

market design, with the introduction of an explicit remuneration of generating capacity, through a capacity market or market-tested capacity payments.

The 2011 Annual Conference will explore these and other future developments in the energy sector and will assess the extent to which they should result in changes in the design of the Internal Energy Market.

Conference Opening		
8.45 – 9.00	Welcome address	Stefano Bartolini, RSCAS Jean-Michel Glachant, FSR
<p>Session I – Future Trends in the Energy Sector: What it will look like in 10 years?</p> <p>This Session will discuss the main trends in the energy sector to 2020 and beyond. The focus will be on those developments which are likely to affect the functioning of energy markets. The impact of increased penetration of energy produced from renewable sources and new technologies, including distributed generation and CCS, will be given special attention.</p> <p>Chair: Jean-Michel Glachant</p>		
9.00 – 9.30	The European Union Agenda	Heinz Hilbrecht, DG ENER (confirmed)
9.30 – 10.00	The European Energy Outlook to 2025	Pantelis Capros, NTUA (confirmed)
10.00 – 11.20	What does all this mean for energy markets: an Academic Roundtable Discussion (a list of discussion topic will be distributed in advance)	Michael Pollitt, Cambridge (invited) Einar Hope, NHH (confirmed) François Lévêque, Paris Mines (confirmed) Lars Bergman, HHS (invited)
11.20 – 11.40	<i>Coffee Break</i>	

11.40 – 12.20	The Industry's view	Short contributions from FSR Donors
12.20 – 13.00	The implications for networks	Daniel Dobbeni, ENTSO-E (confirmed) Vittorio Musazzi, ENTSOG (invited)
13.00 – 14.15	<i>Lunch</i>	
<p>Session II – Market design</p> <p>This Session aims at identifying those changes in the design of the Internal Energy Market which may be required to accommodate the developments identified in Session I. In particular, the need for an explicit remuneration of electricity generation capacity (through a dedicated capacity market or market-tested capacity payments) will be assessed.</p> <p>Chair: tba</p>		
14.15 – 14.45	Which implications for energy market design	Ignacio Pérez-Arriaga, MIT and Comillas (confirmed)
14.45 – 15.45	The Regulatory Dimension	Walter Boltz, E-Control (confirmed) NRA senior representatives
15.45 – 16.15	Open discussion	
<p>Special session – FSR Research “Vintage 2010-11”</p> <p>The Florence School of Regulation will give an overview of its research activity in the 12 past months on a few selected topics</p> <p>Chair: tbc</p>		
16.15 – 16.45	Smart Cities - Financing Energy Innovation - Changing Regulatory Tools?	Florence School of Regulation
16.45 – 16.55	Q & A	
16.55 – 17.00	Conclusions	Jean-Michel Glachant