



The regulators' role in integrating non-market related environmental goals in energy markets

Finn Dehlbaek, Deputy Director,
Danish Energy Regulatory Authority

World Forum on Energy Regulation IV
Athens, Greece

October 18 - 21, 2009

Around the world, there is an increasing focus on the creation of global sustainable economic development...



It is possible to create sustainable economic development

- A vast number of national environmental goals aim to create sustainable development

- More specifically, there are many initiatives which attempt to reduce the emission of greenhouse gasses and to increase the production of sustainable energy



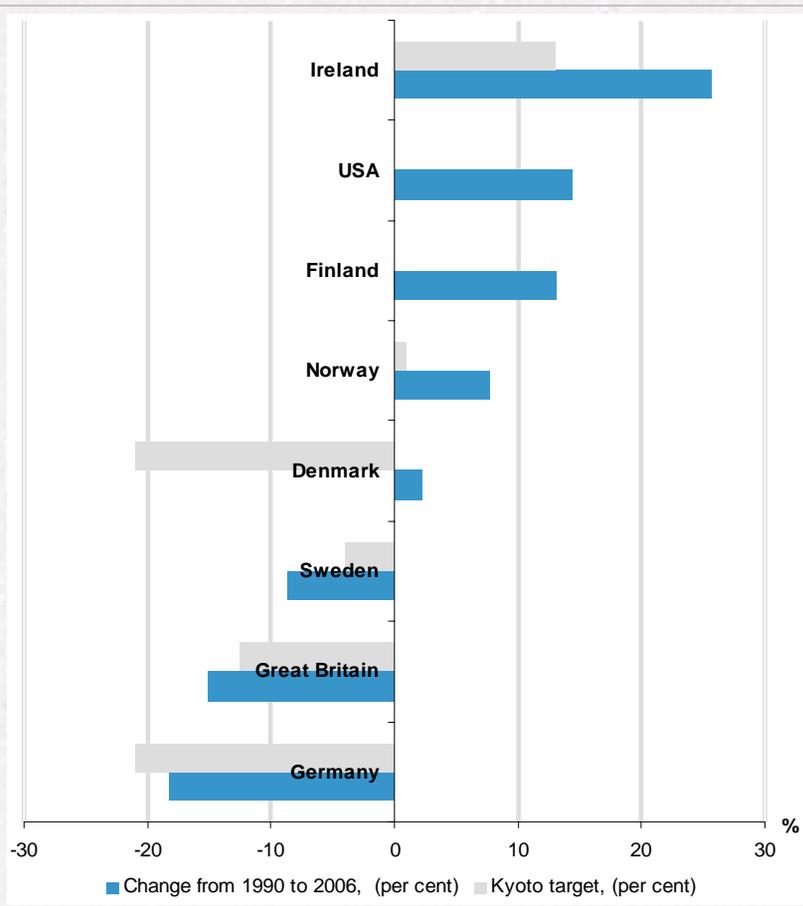
Global sustainability can only be achieved through international cooperation



Despite all the hard work, we are still far from fulfilling those ambitious environmental goals ...

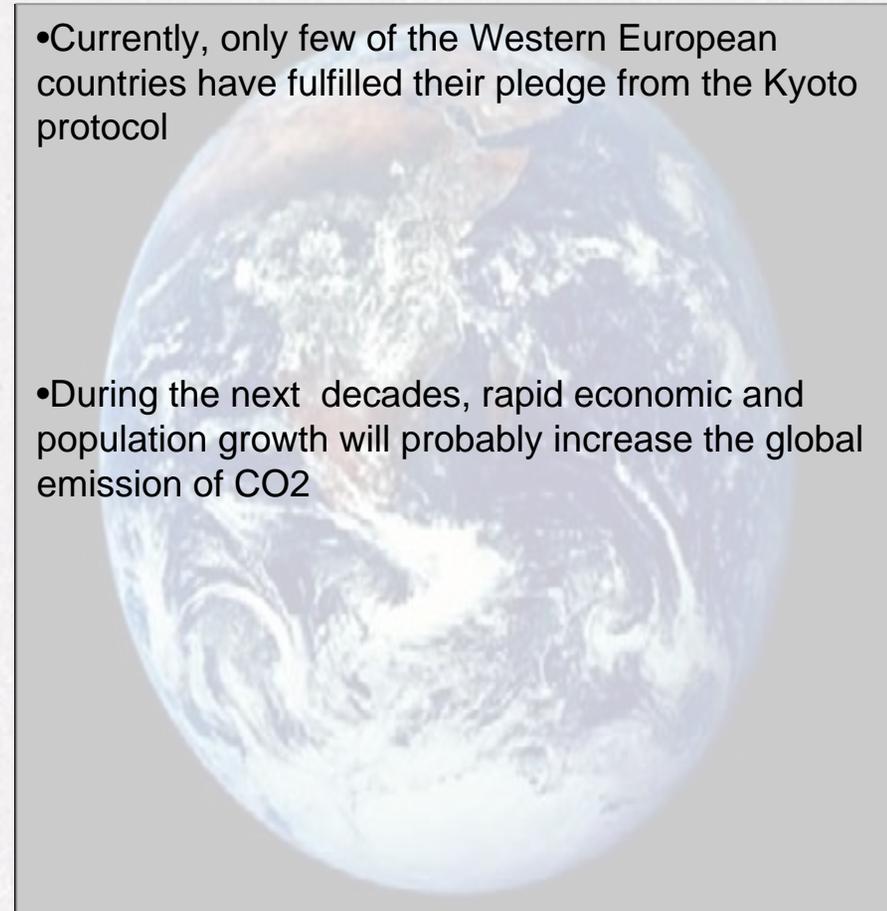


Reductions in the emission of CO2 from 1990-2006



Status regarding the Kyoto protocol

- Currently, only few of the Western European countries have fulfilled their pledge from the Kyoto protocol
- During the next decades, rapid economic and population growth will probably increase the global emission of CO2



In order to fully cope with the environmental change, it is imperative that the entire energy market works efficiently to support the production and consumption of sustainable energy...



Energy regulators' main task is to secure consumers reasonable energy prices

- Energy regulators' main goal is to secure consumers and enterprises energy at fair and transparent prices and on fair conditions
- Energy regulators attempt to create efficient and transparent energy markets
- For example, through a regulation of the prices and terms of supply fixed by the monopoly companies
- Energy regulators can also support structural development and improvements in efficiency within the energy sector

Energy regulators' can also play a crucial role in the creation of a sustainable development by:

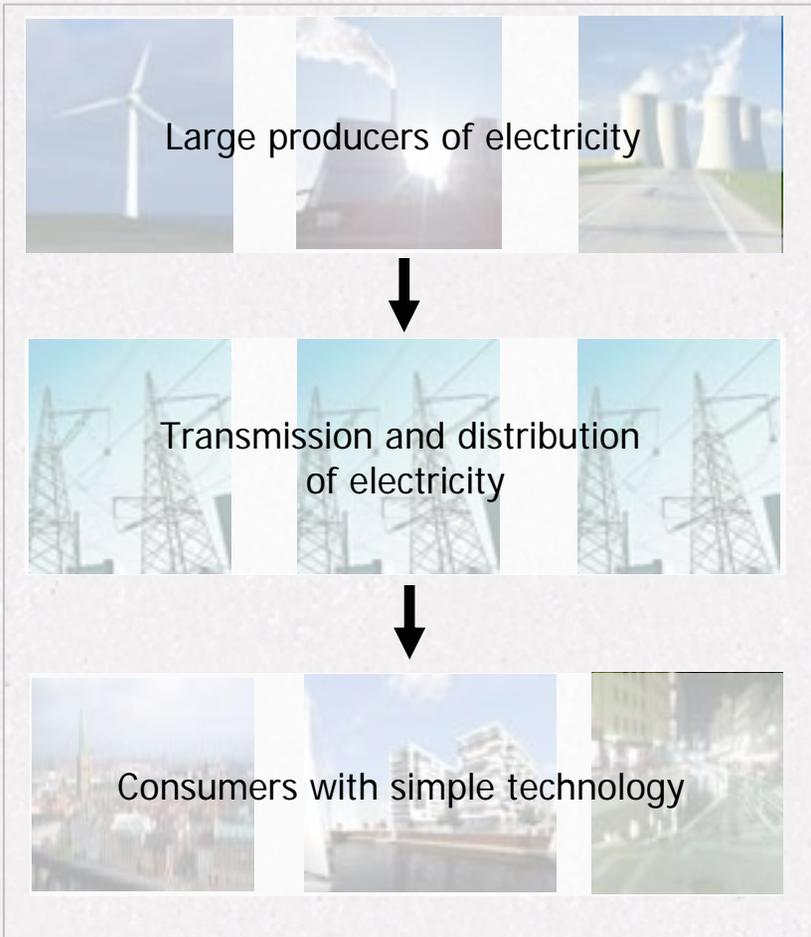
- improving the economic incentives to reduce the loss of power in the electricity grid and promote a better utilisation of the transmissions lines
- improving customers' awareness of energy prices and green energy
- promoting investments in new infrastructure
- promoting higher security of energy supply through increased competition
- focussing on the economic incentives to use new energy-efficient technologies such as smart meters and smart grids
- securing a predictable regulatory environment, in order to increase the economic incentive for investments
- sharing best practice among countries

Energy markets are continuously becoming more complex...

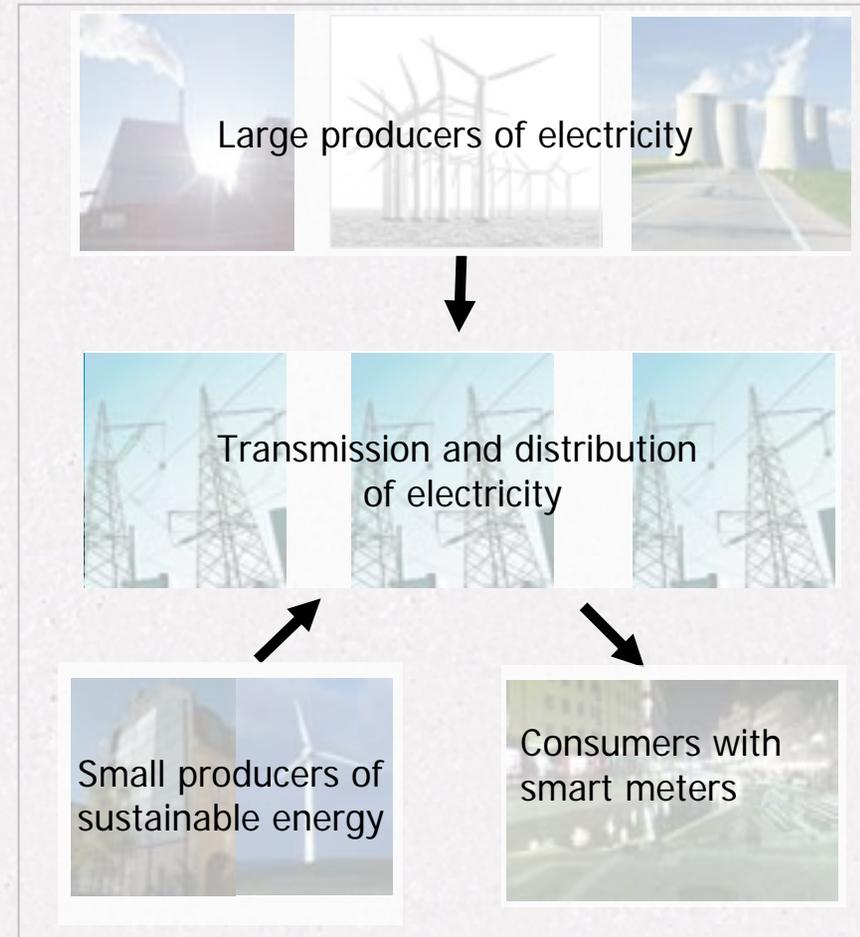
- Smart meters and smart grids could be important tools to increase the potential for energy conserving



Previously, electricity only flowed from large producers to consumers



Today, small producers and consumers are also supplying sustainable energy into the grid



A regulator's role is to make sure that the path to environmental sustainability is economically favourable for consumers and for the aggregate economy...



- Energy regulators can seek to reward the electric grid companies which seek to promote energy conservation
- However, this must be done in a way that is economically favourable for society
- E.g. the implementation of smart meters and smart grids must be economically favourable from a societies point of view
- Producers of sustainable energy must also compete with each other and other kinds of energy producers, in order to secure economic efficiency

