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Energy Conservation and Electricity Sector Liberalisation: towards a Green and Competitive Electricity Supply?

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Postscript

After completion of the empirical research for this thesis in 1998, in all four electricity sectors examined the liberalisation process continued. Below some key events in early 1999 are summarised.

So far, the new developments still mostly are in line with the trends identified in this thesis. However, that it is difficult to predict the future is shown by the developments in the Netherlands just after writing the final chapter of this thesis. The privatisation process in this country now has started - much earlier than foreseen.

According to the time frame given in the European Union directive on an internal electricity market, by early 1999 measures to liberalise the electricity market had to be implemented into national legislation.

In Denmark, a draft of a new energy act was presented in February 1999. It allows industrial customers and distributors to freely choose between generators of electricity. Distributors have to unbundle into three separate businesses: network operation (non-profit), supply obligation (regulated profit) and trading (unregulated profit). The existing co-operative ownership of utilities will be retained. It is furthermore planned to continue a prioritisation of cogeneration and renewables plants feeding electricity into the grid, and a system of tradable green certificates and CO₂ quota will be introduced.

The main change in German electricity legislation took place in April 1998. Competition for all customers was introduced directly and in a single step. Legislation only requires an administrative unbundling of activities, and no changes to the existing mixed ownership are envisaged.

Dominant issue since the change of Government in 1998 is the planned abolishment of nuclear energy, which is heavily contested by the utilities. Development of cogeneration, apart from district-heating in East Germany, and of demand-side management is mainly left to market based initiatives. No major changes to the current system of price-based support for renewable energy are planned in the near future, despite some objections of the EU against this system.

In Britain, in Spring 1999 with the introduction of competition to small-scale end-users in all areas the final step in the liberalisation process was completed. In 1998, the British Government announced a moratorium on the construction of new combined-cycle gas turbines in order to protect the position of domestic coal mines. The 'non-fossil fuel

levy', formerly also used to finance nuclear energy, now is only used to finance renewables. Regarding demand-side management, new target electricity savings for the period 1998 to 2000 are set.

In the Netherlands, finally, the new Electricity Act has passed Parliament in early 1999. The failure of the planned merger between the existing four generation companies in the previous year due to lack of agreement about cost-sharing of existing contracts initiated a re-integration process of distribution and generation companies. With the sale of one of the four generators to an American company in March 1999, the first step in the privatisation process now has been taken.

Installation rates of cogeneration are again increasing, having recovered from the drop of installed capacity due to the 1994 moratorium. Stranded costs of existing district-heating projects are included in the contract costs which made merger of the four generation companies fail. Concerning wind energy, the 'green label' system for renewable energy is now running, although results are too recent to be evaluated yet. It is likely to be replaced by a 'green certificate' system in the future. The latter would transfer the obligation to buy a certain percentage of renewables from distribution companies to end-users. No decisions have been taken yet about continuation of the existing energy efficiency levy on electricity.

Appendix A. Interviews

| Name | Description | Year |
|----------------------|--|------------------------|
| Netherlands | | |
| G. Broers | CT Developmental Energy – 2010, 2011 "vrijste" "vrijblijvende" | 2010, 2011 |
| K. Buis | Aluminium Industrie Groenland | 2010 |
| P. Vrijns | Teknische Universiteit Eindhoven | 2010 |
| F. Koster | TEC, Hogeschool van Utrecht "vrijblijvende" | 2010 |
| J. Luitens | Universiteit van Groningen | 2010 |
| B. Driessens | ECN Energieonderzoek Centrum Nederland | 2010 |
| T. Veltrop | Hogeschool van Utrecht | 2010 |
| J. de Gooijer | Teknische Universiteit Eindhoven | 2010 |
| A. Hooger | Staatsonderneming | 2010 |
| A. Bredenoord | ENVI Energy – 2010, 2011, 2012, 2013 | 2010, 2011, 2012, 2013 |
| L. van der Pijpen | Bruggen – 2010, 2011, 2012, 2013 | 2010, 2011, 2012, 2013 |
| B. de Groot | | |
| W.F. van der Wal | ECN | 2010 |
| L. Vervaeke | ECN | 2010 |
| J. Nijgen | ECN Energy – 2010 | 2010 |
| E. van der Meulen | ECN | 2010 |
| G.O. Huis | ENVI | 2010 |
| J.A. Oude Luttikhuis | ECN Energy – 2010, 2011, 2012, 2013 "vrijblijvende" "vrijblijvende" "vrijblijvende" | 2010, 2011, 2012, 2013 |
| G.J. Zonne | ENVI Energy – 2010, 2011, 2012, 2013 | 2010, 2011, 2012, 2013 |
| R. Krijger | Energy – 2010 | 2010 |
| M. van der Wal | ECN | 2010 |
| L.M. Meijer | ENVI Energy – 2010, 2011, 2012, 2013 | 2010, 2011, 2012, 2013 |
| C. van | Staatsonderneming | 2010 |
| B. van Nieuwen | ENVI Energy – 2010, 2011, 2012, 2013 | 2010, 2011, 2012, 2013 |
| H. van der Wal | ENVI Energy – 2010, 2011, 2012, 2013 | 2010, 2011, 2012, 2013 |
| F. van der | | |
| M. van der | | |

