

# Energy policy priorities, implementation and impacts

# Scheme

## Priorities:

- Agenda setting, outlining of principles and ultimate objectives: i.e. competition, energy security, price, environmental protection

## Implementation:

- Outlining mechanisms: more market-based or more command-based? Role of States and of stakeholders?

## Impacts:

- short term effects, mid term effects and long term effects

# Policy factors

- **Structural factors:** resource base, supply, market
- **Institutional factors:** historically evolved institutions (norms, practices, interactions),
- **Regional factors :** historical perceptions of threats (i.e. relations towards Russia, instabilities in the Middle East)

## Structural factors: Energy supply (current & projected)

Scale, energy mix, costs

Production, transformation and transmission infrastructure, level of amortisation

Sources of supply: Domestic vs imported (no linear link between energy security and dependence), level of interconnections (i.e. Vyshegrad countries)

Levels of markets and investments

# Institutional factors

Structure of industry and of state-market relations

Level of transaction costs, licensing and exemptions (i.e. failure of alternative pipelines, regulatory predictability)

Systems for allocating and pricing energy (i.e. existing system of gas pricing in Europe)

Reliability (i.e. response to an external shock is not only about avoiding the shock but by setting an adequate domestic system)

# Regional factors

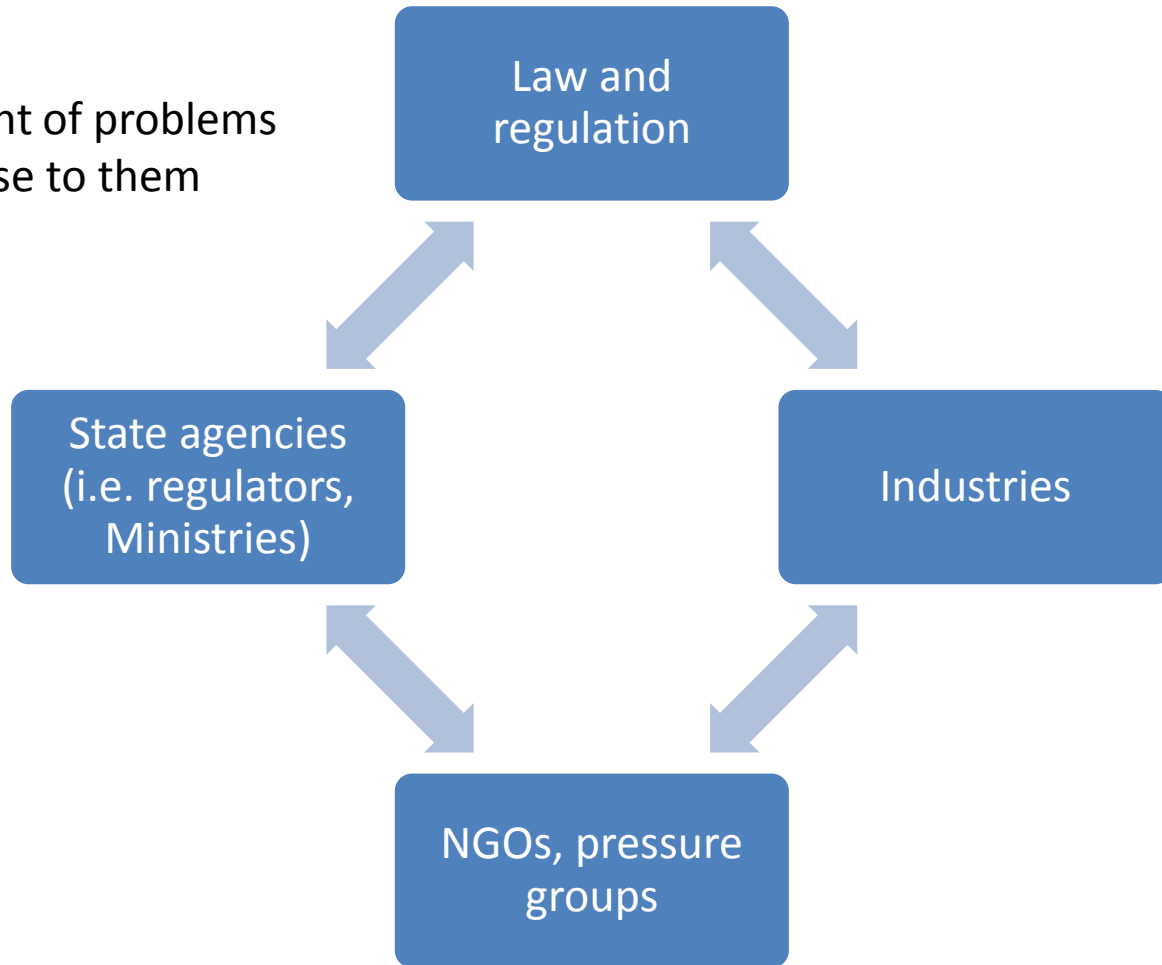
Systems, societies and communities: level of regional institutions and of their effectiveness

Evolving risks, risks of securitization. i.e. Ukraine

Political context and infrastructure development, risks of underestimating political factors (i.e. South Stream)

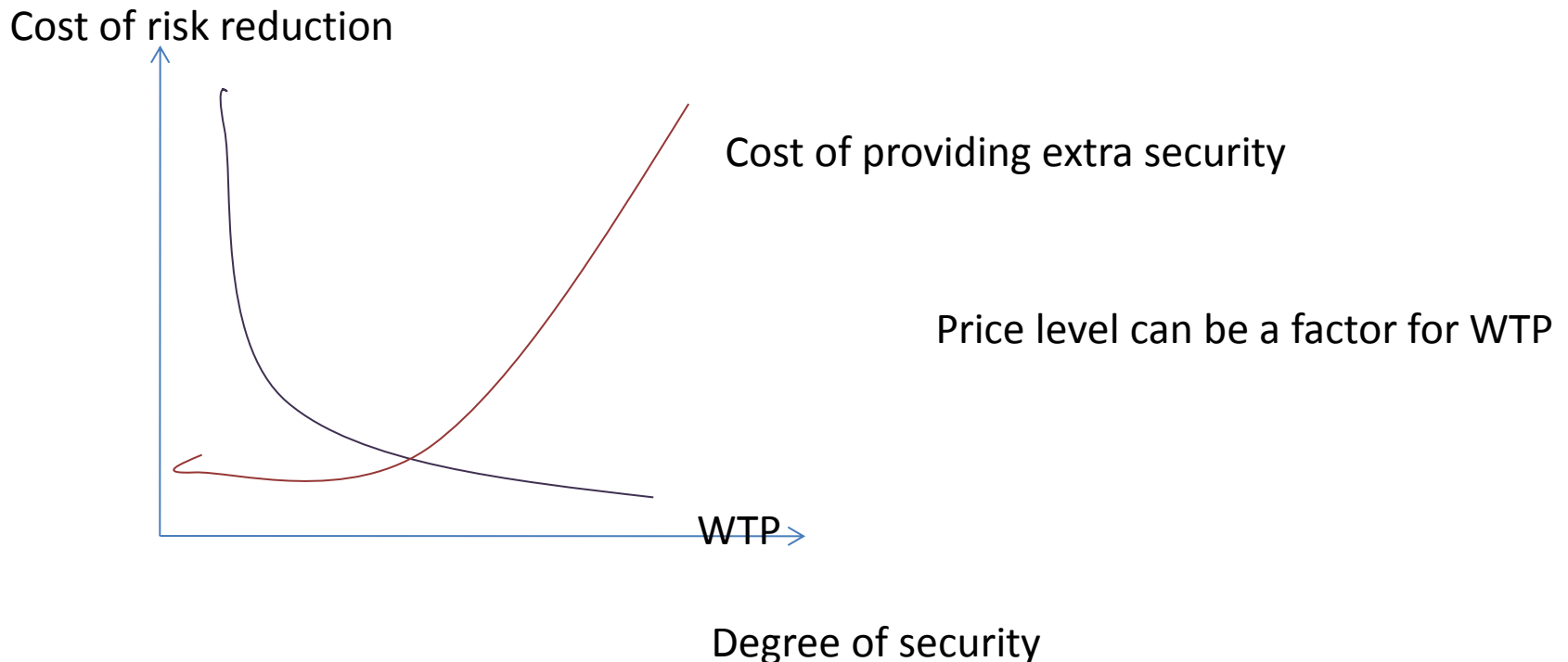
# Implementation

Objective: assessment of problems  
And relevant response to them



# WTP and Security of gas supply

Important is to assess the level of WTP and of security costs.  
While costs rise, WTP decreases



For details: publications of network industries, also S. Ruester



# Impacts

High price stimulates reliability, but hinders competitiveness

Low price decreases attractiveness, decreases WTP but stimulates competitiveness

Regional integration (communities) increases policy success

External shocks: ability of domestic responses

Level of industry involvement: markets forced or markets restricted?