



ENERGY AND CLIMATE EXCHANGE

"Smart Grid Investments and Network Regulation: Who Is In Charge?"

With

Per Agrell
UCL & FEEM

28 October 2010, 12.45-14.00, Bruegel Brussels

To successfully implement a climate change policy, Europe needs to upgrade and expand the current electricity grid infrastructure to accommodate the integration of a wide range of renewable generation technologies. This challenge is met in practice as an "investment-promotion race", where uncoordinated and temporary investment incentives from various public authorities are offered. In the paper to be presented at this seminar Per Agrell and his co-authors argue, however, that optimal deployment of decentralized generation and smart grids will require a more fundamental analysis of how the business model for the network operators will have to change.

Somewhat simplified, the regulatory paradigm for network operations has been based on cost efficiency promotion and task separation to enable market launch and market entry. The new situation requires that regulators also incorporate societal and environmental targets. The instruments used in regulation should then consequently be revised. The policy advice in the paper points at clearer organizational and informational solutions to achieve higher effectiveness and efficiency in network investments promotion.

Per Agrell is professor in operations management at CORE, Université Catholique de Louvain (UC Louvain) and senior researcher at Fondazione Eni Enrico Mattei (FEEM). He has been active in efficiency analysis and performed a wide number of studies for international energy regulators and the EC, supporting energy market reforms in e.g. Germany. Prof. Agrell holds a Master's degree in Industrial Engineering and Operations Research from University of Massachusetts and a Ph.D. in production economics from Linköping University, Sweden, he has held academic positions in Austria, Denmark, Sweden and USA.

*The Bruegel Energy and Climate Exchange (ECE) is a discussion forum for professionals, academics, policy-makers, business, NGOs, selected members of the press and other interested parties in the field. Participation is by invitation only, please contact **Matilda Sevón** at matilda.sevon@bruegel.org if you wish to add someone to the invitation list or to RSVP.*