

Quota Instruments in Energy Markets revisited: a Comparative Assessment of Historical and Existing Instruments from Various European Countries

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Extended Abstract

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Abstract Summary

Renewable fuels may play a key role in achieving climate neutrality by substituting the residual fossil fuel use in non-electrified applications, although the scale of their use varies significantly across sectors and scenarios. However, their market ramp-up is currently stalling. Against this backdrop, there is growing interest in introducing volume control by some form of a renewable fuel quota. This quota would redistribute the high additional costs borne by individual users of renewable fuels to a broad set of fuel users. However, volume control constitutes a significant market intervention and entails corresponding risks. In this context, we assess historical and existing quota instruments across energy markets in various European countries with regard to their design features and the resulting risks and benefits associated with each design variant.

Presenting Author Biography

Dr. Jakob Wachsmuth is Coordinator of the Unit Renewable Energies in the Department of Energy Policy and Energy Markets at Fraunhofer ISI, where he is working as a researcher since 2015. He has more than 14 years of experience in scientific policy consulting. His work focuses on evaluating energy and climate policy targets and instruments, in particular the Renewable Energy Directive, as well as the design of support schemes, in particular the instruments of the EU Innovation Fund. He also conducts studies on the ramp-up of the hydrogen market, including the regulation of renewable and low-carbon gases and quota instruments.