

A Service of

ZBW

Leibniz-Informationszentrum Wirtschaft Leibniz Information Centre for Economics

Cavallaro, Fausto; of Molise, University

## Working Paper An Integrated Multi-Criteria System to Assess Sustainable Energy Options: An Application of the Promethee Method

Nota di Lavoro, No. 22.2005

**Provided in Cooperation with:** Fondazione Eni Enrico Mattei (FEEM)

*Suggested Citation:* Cavallaro, Fausto; of Molise, University (2005) : An Integrated Multi-Criteria System to Assess Sustainable Energy Options: An Application of the Promethee Method, Nota di Lavoro, No. 22.2005, Fondazione Eni Enrico Mattei (FEEM), Milano

This Version is available at: https://hdl.handle.net/10419/74297

#### Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

#### Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



# WWW.ECONSTOR.EU



## An Integrated Multi-Criteria System to Assess Sustainable Energy Options: An Application of the Promethee Method

Fausto Cavallaro

NOTA DI LAVORO 22.2005

### **FEBRUARY 2005**

IEM – International Energy Markets

Fausto Cavallaro, Dip. SEGeS - Section of Commodity Science, University of Molise

This paper can be downloaded without charge at:

The Fondazione Eni Enrico Mattei Note di Lavoro Series Index: http://www.feem.it/Feem/Pub/Publications/WPapers/default.htm

Social Science Research Network Electronic Paper Collection: http://ssrn.com/abstract=666741

The opinions expressed in this paper do not necessarily reflect the position of Fondazione Eni Enrico Mattei Corso Magenta, 63, 20123 Milano (I), web site: www.feem.it, e-mail: working.papers@feem.it

## An Integrated Multi-Criteria System to Assess Sustainable Energy Options: An Application of the Promethee Method

### **Summary**

The planning and appraisal of sustainable energy projects involve rather complex tasks. This is due to the fact that the decision making process is the closing link in the process of analysing and handling different types of information: environmental, technical economic and social. Such information can play a strategic role in steering the decision maker towards one choice instead of another. Some of these variables (technical and economic) can be handled fairly easily by numerical models whilst others, particularly ones relating to environmental impacts, may only be adjudicated qualitatively (subjective or not). In many cases therefore, traditional evaluation methods such as costbenefit analysis and the main economic and financial indicators (NPV, ROI, IRR etc.) are unable to deal with all the components involved in an environmentally valid energy project. Multi-criteria methods provide a flexible tool that is able to handle and bring together a wide range of variables appraised in different ways and thus offer valid assistance to the decision maker in mapping out the problem. This paper sets out the application of a multi-criteria method (PROMETHEE developed by J.P. Brans et al. 1986) to a real life case that is in tune with the objectives of sustainable development.

Keywords: Renewable energy, Multicriteria, Sustainable devolopment

JEL Classification: Q42, Q48, C63

Address for correspondence

Fausto Cavallaro Dip. SEGeS University of Molise Via De Sanctis 86100 Campobasso Italy Phone +39 0874 404334 Fax: +39 0874 311124 E-mail: cavallaro@unimol.it

#### **1.Introduction**

The energy sector plays a key role in achieving sustainable development and in the future the energy production system must take the lead in meeting environmental goals. The challenge lies in getting environmental and energy objectives to converge and the overall success of future energy policy will be to demonstrate that economic growth, an assured energy supply and environmental protection are compatible goals.

The contribution of renewable energy sources (RES) to the European energy balance still remains modest in comparison to the potential that is technically available. RES are not uniformly exploited in the EU and their contribution is decidedly undersized; this despite the fact that many forms of RES are already available and their effective economic potential is reasonably acceptable (Cavallaro F. –Clasadonte M.T., 2000).

Although some technologies exploiting renewable energy sources have reached a certain maturity, there are numerous hurdles to their market penetration. It is fundamental to kick-start the launch of RES in order to accelerate and increase their market share. This strategy would favour the creation of economies of scale and consequently reduce costs. To achieve the target of doubling the share of renewable energy (to 12%) in the EU by 2010, there is an EC campaign involving member states cooperating closely over a period spanning several years. This initiative clearly signals the need to resort increasingly to renewable energy sources and to promote large-scale projects involving the various types of RES (SEC (99) 504, 14/04/99, *Campaign for take-off* - CTO).

This intense attention directed towards the environment has prioritised those RES that would have a minimal impact not only on the environment, but also on health and the quality of life. Therefore, this growing awareness of the environmental problem has partially modified the traditional decision making structure in the energy field. Indeed, the need to insert strictly environmentally related considerations into energy planning has resulted in the adoption of multi-criteria decision models.

The use of decision making tools, referred to in the literature as Decision Support Systems (DSS), for resolving environmental problems is wide-ranging. DSS based on multi-criteria algorithms do not replace decision makers, rather they assist them in all the phases of the decision making process by supplying useful information to reach decisions that are transparent with a clearly documented trail. Various studies have been developed to illustrate the potential applications of this approach: for the evaluation of energy options when compared to a set of criteria and in order to make the choices clearer (Siskos J. – Hubert Ph. 1983; Roy B. – Bouyoussou D. 1986; Georgopoulou E., *et al.* 1998; Beccali M. *et. al.* 2003; for the assessment of geothermal energy projects (Goumas M., *et. al.*, 1999); for the siting of power plants (Barda O.H, *et al.* 1990); and for the evaluation of energy strategies for small islands (Cavallaro F., 1999; Cavallaro F. – Ciraolo L., 2005).

#### 2. Multi-criteria assessment aids to environmental and energy decisions

Cost-benefit analysis (CBA) is one of the most well known methods used for effecting choices between a number of different projects. This method is widely used to justify investments in economic terms rather than as a tool to aid planning. Under CBA everything is accounted for that can be translated into monetary terms. Such an operation inevitably leads to some approximations and may be somewhat arbitrary as not all of the benefits considered in the analysis can be readily assigned a monetary value. Considerable difficulties can be met when environmental impacts, such as different forms of pollution or the social impacts on the geographical area affected by the project, are to be incorporated in the analysis. The financial values of these impacts are generally not easy to ascertain and in some cases indeed it is not ethically acceptable to put a price on certain values such as biodiversity, people's health, the quality of life and social factors. Another critical element lies in setting the discount rate to apply, as the higher this is then the lower the discounted value of projected future benefits will be.

At the core of traditional decision making tools lies the idea that there is only one solution to a given problem – the *optimum* – which has to be sought. In contrast, the nature of environmental management activity is such that it requires subjective judgements of a technical, socio-economic, and environmental nature; thus it is very difficult to arrive at a clear and unanimous solution in the environmental planning process.

The multi-criteria approach differs substantially from CBA in that the merit of the project is evaluated by considering it from differing viewpoints or applying heterogeneous criteria. The impacts produced by the proposals under review are estimated in respect of each criteria and, unlike CBA, these need not necessarily be expressed in monetary terms but may be either quantitative or qualitative values measured using a range of different scales. The choice is made by assessing the contributions made by the various project options and comparing them with the overall objective considered from diverse, and often conflicting, standpoints.

From this arises the need to develop a planning and management tool that can assist the decision maker in assessing a set of alternatives, from different viewpoints, and to choose the option of "compromise" namely the one held to be most acceptable by all criteria considered altogether. The activity linked to the search for a 'best compromise' solution requires a suitable assessment method and the various multi-criteria methods seem best suited to such a purpose.

The final solution according to Roy is a *creation* rather than a *discovery* (Roy B., 1985, 1990). Thus the main objective of a *Multiple Criteria Decision Aid* (MCDA) is to build or create a support tool for decision makers that conforms to their objectives and priorities (a constructive or creative approach) (Roy B, 1990). The "ideal" solution, the option that performs best for *all* the criteria

selected, is difficult to achieve. Therefore it is necessary instead to find a compromise from among the different hypothetical solutions. It is for this reason that a choice resulting from MCDA is "justified" and not "optimum".

The points in favour of a decision making model built on a multi-criteria algorithm are summarised below:

- it can handle the large amounts of, often conflicting, information, data, relations and objectives that are generally encountered when facing a specific decision problem;
- it does not reveal the solution to the decision maker as a *revealed truth*, instead it sustains the entire decision making process providing the means to deal with the information to hand;
- the approach is based on systematic observation and on the verification of factors influencing the decision, thus it is not a "black box" type of decision model but a *transparent* tool;
- it provides the instruments to *construct* the problems clearly in order to make them more understandable;
- it enables the decision making process to be *monitored* and *checked* as it evolves;

#### 3. The PROMETHEE method I and II

The methodology adopted for the purpose of this case study is based on the method of outranking called PROMETHEE (Preference Ranking Organization Method of Enrichment Evaluation) devised by Brans J.P.et al. (1985, 1986, 1994, 1998). This technique, besides possessing all the advantages of B. Roy's outranking methods, is also easy to use and its level of complexity is low. It is based on ranking and is well-suited to problems in which there are a finite number of actions to be assessed on the basis of a range of conflicting criteria. The following procedure is recommended to implement the method:

#### Identification of alternatives

The outcome of any decision making model depends on the information at its disposal and the type of this information may vary according to the context in which one is operating, therefore it is useful for decision making models to consider all the information as a whole. The availability of information is intrinsically bound up with the phase in which the problem is defined, therefore, the very first step in dealing with any decision problem is to construct it correctly.

As stated earlier, in MCDA the decision procedure is normally carried out by choosing between different elements that the decision maker has to examine and to assess using a set of criteria. These elements are called actions and they make up part of a global set labelled *actions or alternatives*.

#### Defining a set of criteria.

The criteria represent the tools which enable alternatives to be compared from a specific point of view. It must be remembered that the selection of criteria is of prime importance in the resolution of a given problem, meaning that it is vital to identify a coherent family of criteria and not just any set of criteria willy nilly. The alternatives are compared pairwise under each criterion and the decision maker, faced with the two actions a and b, can express: an outright preference (aPb); a weak preference, if it is less marked, (aQb); indifference (aIb); or incomparability (aRb) if none of the former apply. Methods based on this approach were initially developed by Roy B. in the late 1960s.

#### Evaluation matrix

Once the set of criteria and the alternatives have been selected then the payoff matrix is built. This matrix tabulates, for each criterion–alternative pair, the quantitative and qualitative measures of the effect produced by that alternative with respect to that criterion. The matrix may contain data measured on a cardinal or an ordinal scale.

#### Determining the multi-criteria preference index

The preference is expressed by a number between 0 and 1 (from 0 indicating no preference or indifference up to 1 for an outright preference). When the pairs of alternatives a and b are compared the outcome of the comparison must be expressed in terms of preference in the following way (Brans et al., 1986):

- P(a,b) = 0 means there is indifference between *a* and *b* or no preference;
- $P(a,b) \cong 0$  expresses a weak preference for *a* over *b*;
- $P(a,b) \cong 1$  strong preference for *a* over *b*;
- P(a,b) = 1 outright preference for *a* over *b*.

In practice this *preference function* P(a,b) represent the difference between the evaluation of the two alternatives so that it can be expressed as follows (Brans J.P-Mareschal B.,1998):

 $P_i(a,b) = P_i[d_i(a,b)]$  $d_i(a,b) = f(a) - f(b)$ Thus  $0 < P_i(a,b) < 1$ 

Once the decision maker has described a preference function  $P_i$  (i= 1,2,3,...,n represent the criteria) then the weights of each criterion must be determined. The weights  $\pi$  represent the relative importance of the criteria used for the assessment, if all criteria are equally important then the value assigned to each of them will be identical. A variety of techniques exist to determine weights, the simplest but also the most arbitrary is direct assignment where weights are set by the decision maker, other techniques require that the decision maker and analyst work together to obtain a vector of weights that conforms as closely as possible to the decision maker's preferences. In addition to weighting, the method involves setting thresholds that delineate the decision maker's preferences for each criterion and the critical thresholds are thus: the indifference threshold  $q_i$  and the preference threshold  $p_i$ .

The index of preference  $\Pi$  is calculated for each pair of actions *a* and *b* as the weighted average of preferences calculated for each criterion. The index  $\Pi$  is therefore defined as follows (Brans J.P. et al., 1986):

$$\prod(a,b) = \frac{\sum \pi_i P_i}{\sum_i \pi_i}$$

 $\Pi$  (*a*,*b*) represents the strength of the decision maker's preference for action *a* over action *b* considering all criteria simultaneously and  $\Pi$  (*b*,*a*) how much *b* is preferred above *a*. Its value falls between 0 and 1 whereby:

 $\Pi(a,b) \cong 0$  indicates a weak preference for a over b for all criteria;

 $\Pi(a,b) \cong 1$  indicates a strong preference for a over b for all criteria.

#### Ranking the alternatives

The traditionally non-compensatory and methodologically important models include ones in which preferences are aggregated by means of outranking relations. Outranking is a binary relation **S** defined in A such that aSb if, given the information relating to the decision maker's preferences there are enough arguments to decide that "*a is at least as good as b*" while there is no reason to refute this statement, i.e. aSjb implies bSja. The ranking of alternatives under PROMETHEE uses the following:

$$\Phi^+(a) = \sum_{b \in K} \Pi(a,b) / (n-1)$$

This indicates the preference for action a above all others and show how 'good' action *a* is.

$$\Phi^-(a) = \sum_{b \in K} \Pi(b,a) / (n-1)$$

This indicates the preference for all the other actions compared with a and shows how weak action a is.

According to PROMETHEE I *a* is superior to *b* if the leaving flow of *a* is greater than the leaving flow of *b* and the entering flow of *a* is smaller than the entering flow of *b*. The PROMETHEE I partial preorder ( $P^{I}$ ,  $I^{I}$ ,  $R^{I}$ ) is obtained by considering the intersection of these two preorders (Brans J.P. et al., 1986):

$$\begin{cases} aP^{T}b \text{ (a outrank b)} & \text{if } \begin{cases} \Phi^{+}(a) > \Phi^{+}(b) \text{ and } \Phi^{-}(a) < \Phi^{-}(b) \\ \Phi^{+}(a) = \Phi^{+}(b) \text{ and } \Phi^{-}(a) < \Phi^{-}(b) \\ \Phi^{+}(a) > \Phi^{+}(b) \text{ and } \Phi^{-}(a) = \Phi^{-}(b) \end{cases} \\ aI^{T}b \text{ (a is indifferent to b) if } \Phi^{+}(a) = \Phi^{+}(b) \text{ and } \Phi^{-}(a) = \Phi^{-}(b) \end{cases}$$

 $aR^{T}b$  (a and b are incomparable) otherwise

Where  $P^{I}$ ,  $I^{I}$ , and  $R^{I}$  stand for preference, indifference and incomparability. Finally *a* outranks *b* if:

$$\Phi^+(a) \ge \Phi^+(b)$$
 and  $\Phi^-(a) \le \Phi^-(b)$ 

Equality in  $\Phi^+$  and  $\Phi^-$  indicates indifference between the two compared alternatives. Under the Promethee I method some actions remain incomparable, in the case that a complete preorder is required that eliminates any incomparable items, then Promethee II can give a complete ranking as follows (Brans J.P. – Mareschal B., 1994):

$$\begin{cases} aP^{II}b \text{ iff } \phi a > \phi b \\ aI^{II}b \text{ iff } \phi a = \phi b \end{cases}$$

All alternatives are now comparable and equal positions are possible.

#### 4. Evaluation of alternative energy projects using PROMETHEE

#### 4.1 The proposed energy options

The case study proposes a number of alternative renewable energy installations operating in the area of Messina in Sicily (Italy). The following options are hypothesised :

- 1. *Photovoltaic (PV A..1)*: installation of 200 PV units each with a power of 3 kW, linked to the grid and suitable for household use;
- 2. *Wind power (Wind A..2)*: installation of 4 wind turbines of 600 kW each, in sites with annual average windspeed of around 4.7 m/s;
- Biomass (Biomass A..3): 5MW steam boiler fuelled by energy crops especially "Mischantus Sinensis". The adoption of a fluidized bed combustion system was favoured over a traditional combustion furnace because, in spite of its higher cost, it does ensure superior performance in environmental terms;
- 4. *Tidal currents (Kobold A..4)*: this considers the possibility of using a *Kobold<sup>1</sup>* turbine, namely a vertical axis Hydro-turbine, to convert the kinetic energy contained in marine currents (tidal streams) into mechanical energy. A prototype for demonstrative purposes is already installed in the Strait of Messina, although it is not yet in production. This case study hypothesised the introduction of 5 new turbines producing 150MWh each per annum.

#### 4.2 Sets of criteria: identification and selection

The criteria are the tools that enable alternatives to be compared from a specific viewpoint. Undoubtedly, selecting criteria is the most delicate part in formulating the problem before the decision maker, and thus it is requires the utmost care and attention. The number of criteria is heavily dependent on the availability of both quantitative and qualitative information and data. Here 11 criteria were selected; 7 of these technical-economic and 4 socio-environmental. Quantitative measures apply to 6 of the criteria while the remaining 5, being qualitative in nature, were scored by applying impact scales from either 1-4 or 1-5.

#### Economic and technical criteria

These criteria refer to the costs that must be borne in order to realize the various projects included in each strategy and to guarantee the supply of energy. These factors are of special interest to State authorities.

<sup>&</sup>lt;sup>1</sup> The prototype KOBOLD turbine was designed and built by the research group headed by Prof. D. Coiro of the Dip. di Progettazione Aeronautica dell'Università di Napoli Federico II°, while the patent is owned by the company "Ponte di Archimede S.p.A.". Our thanks to Prof. Coiro for data and suggestions provided regarding the prototype.

- Investment costs. This includes all costs relating to the purchase of mechanical equipment, technological installations, to construction of roads and connections to the national grid, to engineering services, drilling and other incidental construction work. This criterion is measured in Euros;
- Operating and maintenance costs. This includes all the costs relating to plants, employees' wages, materials and installations, transport and hire charges, and any ground rentals payable. This criterion is measured in Euros;
- Primary energy saving. This refers to the amount of fossil fuel currently used by power plants to produce electricity that could be saved. It is measured in Kg/per annum;
- Cost of generating electricity (growth). This refers to the potential risk of an increased cost to industry of generating energy. This risk is linked to the fact that for some, not fully mature, technologies there is no certainty regarding the effective yield of the system, consequently an energy production deficit could mean increased unit cost of production. This criterion is measured as a percentage;
- Maturity of technology. Measures the degree of reliability of the technology adopted as well as how widespread the technology is at both national and European level. This is appraised using a qualitative judgment transformed into the following four-point scale (Beccali M. et al., 2003):
  - Technologies tested in laboratory= 1
  - " only performed in pilot plants=2
  - " requiring further improvements to increase their efficiency levels=3;
  - Commercial mature technologies with a solid market position=4;
- Continuity of power supply: This criterion indicates whether the energy supply is subject to interruptions (e.g. PV does not work at night, wind generators cannot function when there is no wind, etc.) and thereby affects the stability of the electricity grid. This case is also evaluated qualitatively and expressed via the following four-point scale:
  - Highly discontinuous activity =1
  - Moderately discontinuous activity =2
  - Slightly discontinuous activity =3;
  - Stable and continued activity (except when the plant undergoes maintenance)=4;
- Realization time. This measures the time to realize and put into operation the plants designed. It is expressed in number of months.

#### Environmental and social criteria

These criteria refer to protection of the environment and to the principle of sustainability:

- Sustainability of Climate Change: This refers to the amount of CO<sub>2</sub> emissions avoided as a result of the production of the proposed plants. It is measured in Kg/per annum.
- Sustainability of other impacts: This criterion takes into account other impacts: the visual nuisance that may be created by the development of a project in a specific area or any noise disturbance and odours arising from productive activity of plants, the potential risk to ecosystems caused by the production operations of the various projects included in the strategies. This is also measured qualitatively and translated into the following five-point scale(Beccali M. et al., 2003):
  - Extremely high impact=1
  - High impact=2
  - Moderate impact=3
  - Slight impact=4
  - $\circ$  No impact =5.
- Social acceptability. Expresses the index of acceptance by the local population regarding the hypothesized realization of the projects under review. The following four-point qualitative scale was applied:
  - The majority of inhabitants are against the installation of any plant whatsoever regardless of where it is =1
  - $\circ$  The opinion of the population regarding the installations is split =2
  - $\circ$  The majority accepts the installations provided they are located far from residential areas =3
  - $\circ$  The majority of inhabitants are favourably disposed towards the installations =4
- Contribution to local development. This criterion estimates the global social and economic effects that may be felt in the areas affected by the initiatives. The potential effects are: the creation of new jobs, new supply chain businesses, emerging energy sector businesses, industrial districts etc. The following rating scale was applied:
  - Impact on local economy rated weak =1
  - Impact on local economy rated moderate (some permanent jobs)=2
  - Impact on local economy rated medium-high (jobs + supply chain businesses)=3
  - Impact on local economy rated high (strong impetus to local development, creation of small industrial districts)=4

#### 4.3 The evaluation matrix

Table 1 shows the matrix containing the alternative actions and how they perform with respect to the evaluation criteria selected.

			Weights %			Sustainable options			
Criteria			α	β	γ	A1 (PV)	A2 (Wind)	A3(Biomass)	A4 (T. Kobold)
Investment costs	Euros	а	1	13	5	4,648,112	3,098,741	9,683,567	750,000
O. & M. costs	"	b	1	9	5	46,481	92,962	645,571	15,000
Primary energy saving	kg/year	с	1	10	12	467,925	1,814,470	9,292,500	375,000
Increased cost of elec. gen.	%	d	1	8	6	8%	2%	4%	3%
Maturity of technology	qual. 1-4	e	1	10	6	3	4	4	2
Continuity of power supply	" 1-4	f	1	9	9	2	3	4	3
Realization time	no. months	g	1	10	7	12	18	24	12
Sustainability of climate change (CO <sub>2</sub> avoided)	kg/year	h	1	5	14	814,190	3,157,178	16,168,950	652,000
Sustainability of other impacts	qual. 1-5	i	1	5	13	4	3	3	5
Contribution to local devt.	" 1-4	1	1	14	13	1	2	3	1
Social acceptability	" 1-4	m	1	7	10	4	3	2	4

Tab. 1 Evaluation matrix

 $\alpha$  = equal weights;  $\beta$  = economic-oriented scenario;  $\gamma$  = environmental-oriented scenario

#### 4.4 Results

The data in the evaluation matrix are used in calculations to determine the indices of preference  $\Pi$  (see pag. 4) presented in the table 2. It is immediately apparent that the best performers are Wind A..2 and Kobold A..4. The table 2 shows the preference index that is calculated for each pair of actions *a* and *b* as weighted average of preferences calculated for each criterion. The index represents the strength of the decision maker's preference for action *a* over action *b* considering all criteria simultaneously. Its value fall between 0 and 1.

Tab. 2 Preference indices of the four alternatives

Actions	A1	A2	A3	A4
A1: PV	0.00	0.27	0.45	0.27
A2: Wind	0.64	0	0.55	0.45
A3:Biomass	0.55	0.36	0	0.45
A4:Kobold	0.45	0.45	0.45	0

#### Tab. 3 Preference flows

Tab 4. Complete ranking

Actions	leaving $\Phi^+$	rank	entering $\Phi^{-}$	rank	net flow	rank
					$\Phi(a) = \Phi^+(a) - \Phi^-(a)$	
A1: PV	0.33333	4	0.57576	4	-0.24242	4
A2: Wind	0.54545	1	0.36364	1	0.18182	1
A3:Biomass	0.45455	3	0.48485	3	-0.3030	3
A4:Kobold	0.48485	2	0.39394	2	0.09091	2

Rank	Actions	Net flow
1	A2: Wind	0.18182
2	A4: Kobold	0.12091
3	A3:Biomass	-0.03030
4	A1:PV	-0.24242

Fig. 1 Complete Ranking "base case"

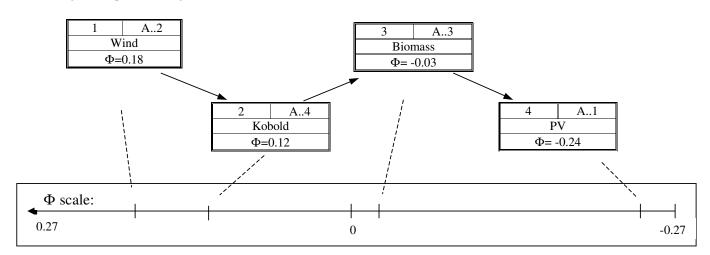


Table 3 presents the results regarding preferences (leaving and entering flows) of the various alternatives expressed numerically while table 4 gives the figures following the order of the final ranking. Fig. 1 graphically illustrates the positions of each alternative in the final ranking. It is clear that option A..2 Wind ( $\Phi$ = 0.18) outranks all the others, however option A..4 Kobold ( $\Phi$ = 0.12) also performs well and does not lag not far behind, next comes A..3 Biomass ( $\Phi$ = -0.03) and at the bottom of the ranking lies option A..4 PV ( $\Phi$ = -0.24). The rather negative performance of the latter is due to it being heavily penalized by the high cost of investment compared to the efficiency of energy production.

The resultant scenario arises from equal weights (1%) being assigned to each criterion. The results of multi-criteria analysis hinge on the weightings allocated and thresholds set. As stated earlier, the weights express the importance of each criterion and obviously may deeply influence the final outcome of the entire calculation procedure. For some authors, the problem of how to determine the weights to assign is still unresolved since the different outranking methods do not lay down any standard procedure or guidelines for determining them. Here, three scenarios with three different weight vectors were formulated to circumvent this problem. The first scenario, representing the

*base-case*, was calculated attributing equal importance to all the criteria, both technical and economic and socio-environmental. A further two scenarios were then developed: 1) *economic-oriented* in which higher weights were assigned to economic and technical criteria; 2) *environment-oriented* where greater importance was attributed to social and environmental criteria.

The calculations relating to the economic-oriented scenario compared to the base case conferred a fair degree of stability in the results. Indeed, although the figures vary slightly, the order of the final ranking is unchanged (see tables 5 and 6).

Tab. 5 Preference indices (e	economic-oriented case)
------------------------------	-------------------------

Actions	A1	A2	A3	A4
A1: PV	0.00	0.27	0.45	0.29
A2: Wind	0.58	0	0,50	0.47
A3:Biomass	0.55	0.36	0	0.50
A4:Kobold	0.44	0.53	0.45	0

Table 6	economic-oriented	case`	)
---------	-------------------	-------	---

PROMETHEE II° Complete ranking				
Rank	Actions	Net flow		
1	A2: Wind	0.13294		
2	A4: Kobold	0.9067		
3	A3:Biomass	0.0109		
4	A1:PV	-0.18471		

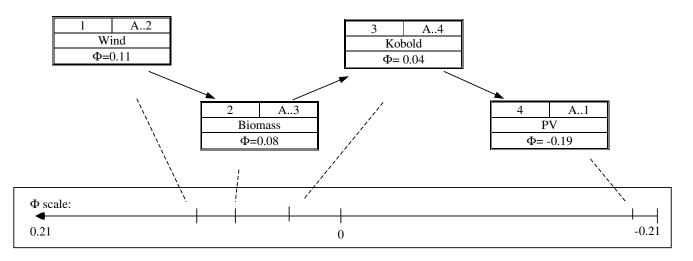
As far as the environment-oriented scenario is concerned, the results show a change in the ranking order. Although option A...2 still comes out top, the second position is here taken by option A...3 (i.e. the project regarding a biomass combustion plant) followed by A...4 and lastly by A...1 (see fig. 2 and tables 7 and 8). Under this scenario, option A...3 does better than the other options because its energy production levels are higher and therefore so too are the fossil fuel savings and avoided  $CO_2$  emissions. By attributing higher weightings to these criteria this option has moved up one position in the ranking. Apart from this change in position, the overall outcome still lead to the conclusion that the analysis performed and results obtained under all three scenarios are highly stable. Option A...2 (Wind) dominates all the others in all three scenarios, closely followed by A...4 (Kobold) which performs very well under two of the scenarios revealing an excellent opportunity for development in the renewable energy field thanks to its extraordinarily innovative nature.

Actions	A1	A2	A3	A4
A1: PV	0.00	0.28	0.42	0.31
A2: Wind	0.56	0	0.48	0.51
A3:Biomass	0.58	0.47	0	0.52
A4:Kobold	0.46	0.49	0.42	0

#### Tab. 8 (environment-oriented)

PROME	<b>PROMETHEE II° Complete ranking</b>				
Rank	Actions	Net flow			
1	A2: Wind	0.10576			
2	A3: Biomass	0.08306			
3	A4:Kobold	0.0491			
4	A1:PV	-0.19474			

Fig.2 Complete ranking "environment-oriented case"



#### **5.** Conclusions

In the case study presented herein, in both the base-case and the cost-oriented scenarios and the meteorological and climatic conditions and territorial characteristics of the site chosen (the province of Messina), from the simultaneous assessment of all the criteria, wind power comes out as top as the best *compromise* solution out of the sustainable energy options selected. In addition, the excellent performance of option A..4 (Kobold) corroborates the undoubted attractiveness of this technology, above all in terms of the energy produced. The market potential of this technology, although still at the prototype stage and subject to further development, is of great interest most of all because it inserts favourably into the environment and operates at highly efficient levels.

Assessment procedures and energy planning may appear complex because of the number and diversity of the items to evaluate, the uncertainty of data and conflicts between interested parties. Nevertheless, multi-criteria analysis, as this paper demonstrates, can provide a technical-scientific decision making support tool that is able to justify its choices clearly and consistently, especially in the renewable energy sector.

#### References

Barda O.H., Dupuis J., Lencioni P., *Multicriteria location of thermal power plants*. European Journal of Operational Research 45, 1990;

Beccali M., Cellura M., Mistretta M, Decision *Decision-making in energy planning. Application of the Electre method at regional level for the diffusion of renewable energy technology.* Renewable Energy, 28, 2003;

Brans J.P., Mareschal B., Multicriteria decision aid the promethee-gaia solution. Working paper Vrije Universiteit Brussel, STOOTW/288, 1998;

Brans J.P., Mareschal B., The Promcalc & Gaia decision support system for multicriteria decision aid. Decision Support System, 12, 1994;

Brans J.P., Vincke Ph., Mareschal B., *How to select and how to rank projects: The Promethee method.* European Journal of Operational Research, 24, 1986;

Brans J.P., Vincke Ph., *PROMETHEE. A new family of outranking methods in MCDM.* Management Science, 31, 1985;

Cavallaro F., Ciraolo L., A multicriteria approach to evaluate wind energy plants on an Italian island, Energy Policy 33 (2005) pp. 235-244;

Cavallaro F., Clasadonte M.T., *The role of renewable energy sources in the field of sustainable development in european policies*, proceedings of International Conference "Ecology of Products 2000", Cracovia, May, 2000;

Cavallaro F., *Un'analisi multicriteriale per la gestione di strategie energetiche alternative nelle isole minori in Sicilia*. Economia delle fonti di energia e dell'ambiente (IEFE-Bocconi) 3, 1999;

Coiro D., La produzione di energia pulita dalle correnti marine con la turbina brevettata KOBOLD nello Stretto di Messina (Italy), Seminario "Verso un Futuro energetico sostenibile", University of Molise, 25 March 2004;

Goumas M., Lygerou V., Papayannakis, L.,. *Computational methods for planning and evaluating geothermal energy projects*. Energy Policy 27, 1999.

Roy B., Méthodologie multicritere d'aide à la decision, (1985), Economica, Paris;

Roy B., "The outranking approach and the foundations of ELECTRE methods, in Bana e Costa (editor), Readings in Multiple Criteria Decision Aid, (1990), Springer-Verlag Berlin;

SEC (99) 504, 14/04/99, Documento di lavoro dei servizi della Commissione, Energia per il futuro: fonti energetiche rinnovabili (*Campaign for take-off* CTO);

Siskos, J., Hubert, P.H., 1983. Multi-criteria analysis of the impacts of energy alternatives: a survey and a new comparative approach. European Journal of Operational Research 13.

#### NOTE DI LAVORO DELLA FONDAZIONE ENI ENRICO MATTEI

Fondazione Eni Enrico Mattei Working Paper Series

Our Note di Lavoro are available on the Internet at the following addresses:

http://www.feem.it/Feem/Pub/Publications/WPapers/default.html http://www.ssrn.com/link/feem.html

#### NOTE DI LAVORO PUBLISHED IN 2004

IEM	1.2004	Anil MARKANDYA, Suzette PEDROSO and Alexander GOLUB: Empirical Analysis of National Income and So2 Emissions in Selected European Countries
ETA	2.2004	Masahisa FUJITA and Shlomo WEBER: Strategic Immigration Policies and Welfare in Heterogeneous Countries
PRA	3.2004	Adolfo DI CARLUCCIO, Giovanni FERRI, Cecilia FRALE and Ottavio RICCHI: Do Privatizations Boost Household Shareholding? Evidence from Italy
ETA	4.2004	Victor GINSBURGH and Shlomo WEBER: Languages Disenfranchisement in the European Union
ETA	5.2004	Romano PIRAS: Growth, Congestion of Public Goods, and Second-Best Optimal Policy
CCMP	6.2004	Herman R.J. VOLLEBERGH: Lessons from the Polder: Is Dutch CO2-Taxation Optimal
PRA	7.2004	Sandro BRUSCO, Giuseppe LOPOMO and S. VISWANATHAN (lxv): Merger Mechanisms
PRA	8.2004	Wolfgang AUSSENEGG, Pegaret PICHLER and Alex STOMPER (lxv): <u>IPO Pricing with Bookbuilding, and a</u> When Jacuad Madlet
PRA	9.2004	When-Issued Market Pegaret PICHLER and Alex STOMPER (lxv): Primary Market Design: Direct Mechanisms and Markets
		Florian ENGLMAIER, Pablo GUILLEN, Loreto LLORENTE, Sander ONDERSTAL and Rupert SAUSGRUBER
PRA	10.2004	(lxv): The Chopstick Auction: A Study of the Exposure Problem in Multi-Unit Auctions
PRA	11.2004	Bjarne BRENDSTRUP and Harry J. PAARSCH (lxv): Nonparametric Identification and Estimation of Multi- Unit, Sequential, Oral, Ascending-Price Auctions With Asymmetric Bidders
PRA	12.2004	Ohad KADAN (lxv): Equilibrium in the Two Player, k-Double Auction with Affiliated Private Values
PRA	13.2004	Maarten C.W. JANSSEN (lxv): Auctions as Coordination Devices
PRA	14.2004	Gadi FIBICH, Arieh GAVIOUS and Aner SELA (lxv): All-Pay Auctions with Weakly Risk-Averse Buyers
PRA	15.2004	Orly SADE, Charles SCHNITZLEIN and Jaime F. ZENDER (lxv): Competition and Cooperation in Divisible
FKA	15.2004	Good Auctions: An Experimental Examination
PRA	16.2004	Marta STRYSZOWSKA (lxv): Late and Multiple Bidding in Competing Second Price Internet Auctions
CCMP	17.2004	Slim Ben YOUSSEF: R&D in Cleaner Technology and International Trade
NRM	18.2004	<i>Angelo ANTOCI, Simone BORGHESI and Paolo RUSSU</i> (lxvi): <u>Biodiversity and Economic Growth:</u> <u>Stabilization Versus Preservation of the Ecological Dynamics</u>
SIEV	19.2004	Anna ALBERINI, Paolo ROSATO, Alberto LONGO and Valentina ZANATTA: Information and Willingness to Pay in a Contingent Valuation Study: The Value of S. Erasmo in the Lagoon of Venice
NRM	20.2004	Guido CANDELA and Roberto CELLINI (Ixvii): Investment in Tourism Market: A Dynamic Model of Differentiated Oligopoly
NRM	21.2004	Jacqueline M. HAMILTON (lxvii): Climate and the Destination Choice of German Tourists
		Javier Rey-MAQUIEIRA PALMER, Javier LOZANO IBÁÑEZ and Carlos Mario GÓMEZ GÓMEZ (lxvii):
NRM	22.2004	Land, Environmental Externalities and Tourism Development
NRM	23.2004	Pius ODUNGA and Henk FOLMER (lxvii): Profiling Tourists for Balanced Utilization of Tourism-Based Resources in Kenya
NRM	24.2004	Jean-Jacques NOWAK, Mondher SAHLI and Pasquale M. SGRO (lxvii): Tourism, Trade and Domestic Welfare
NRM	25.2004	Riaz SHAREEF (lxvii): Country Risk Ratings of Small Island Tourism Economies
NRM	26.2004	Juan Luis EUGENIO-MARTÍN, Noelia MARTÍN MORALES and Riccardo SCARPA (lxvii): Tourism and
		Economic Growth in Latin American Countries: A Panel Data Approach
NRM	27.2004	Raúl Hernández MARTÍN (lxvii): Impact of Tourism Consumption on GDP. The Role of Imports
CSRM	28.2004	Nicoletta FERRO: Cross-Country Ethical Dilemmas in Business: A Descriptive Framework
NRM	29.2004	<i>Marian WEBER</i> (Ixvi): <u>Assessing the Effectiveness of Tradable Landuse Rights for Biodiversity Conservation:</u> an Application to Canada's Boreal Mixedwood Forest
NRM	30.2004	<i>Trond BJORNDAL, Phoebe KOUNDOURI and Sean PASCOE</i> (lxvi): <u>Output Substitution in Multi-Species</u> Trawl Fisheries: Implications for Quota Setting
		Marzio GALEOTTI, Alessandra GORIA, Paolo MOMBRINI and Evi SPANTIDAKI: Weather Impacts on
CCMP	31.2004	Natural, Social and Economic Systems (WISE) Part I: Sectoral Analysis of Climate Impacts in Italy
CCMP	32.2004	Marzio GALEOTTI, Alessandra GORIA , Paolo MOMBRINI and Evi SPANTIDAKI: Weather Impacts on
		Natural, Social and Economic Systems (WISE) Part II: Individual Perception of Climate Extremes in Italy
CTN	33.2004	<i>Wilson PEREZ:</i> <u>Divide and Conquer: Noisy Communication in Networks, Power, and Wealth Distribution</u> <i>Gianmarco I.P. OTTAVIANO and Giovanni PERI</i> (lxviii): <u>The Economic Value of Cultural Diversity: Evidence</u>
KTHC	34.2004	from US Cities
KTHC	35.2004	Linda CHAIB (Ixviii): Immigration and Local Urban Participatory Democracy: A Boston-Paris Comparison

KTHC	36.2004	<i>Franca ECKERT COEN and Claudio ROSSI</i> (lxviii): <u>Foreigners, Immigrants, Host Cities: The Policies of</u> Multi-Ethnicity in Rome. Reading Governance in a Local Context
	27 2004	Kristine CRANE (lxviii): Governing Migration: Immigrant Groups' Strategies in Three Italian Cities – Rome.
KTHC	37.2004	Naples and Bari
KTHC	38.2004	<i>Kiflemariam HAMDE</i> (lxviii): <u>Mind in Africa, Body in Europe: The Struggle for Maintaining and Transforming</u> Cultural Identity - A Note from the Experience of Eritrean Immigrants in Stockholm
ETA	39.2004	Alberto CAVALIERE: Price Competition with Information Disparities in a Vertically Differentiated Duopoly
PRA	40.2004	Andrea BIGANO and Stef PROOST: <u>The Opening of the European Electricity Market and Environmental</u> Policy: Does the Degree of Competition Matter?
CCMP	41.2004	Micheal FINUS (lxix): International Cooperation to Resolve International Pollution Problems
KTHC	42.2004	Francesco CRESPI: Notes on the Determinants of Innovation: A Multi-Perspective Analysis
CTN	43.2004	Sergio CURRARINI and Marco MARINI: Coalition Formation in Games without Synergies
CTN	44.2004	Marc ESCRIHUELA-VILLAR: Cartel Sustainability and Cartel Stability
NRM	45.2004	Sebastian BERVOETS and Nicolas GRAVEL (lxvi): Appraising Diversity with an Ordinal Notion of Similarity: An Axiomatic Approach
NRM	46.2004	Signe ANTHON and Bo JELLESMARK THORSEN (lxvi): Optimal Afforestation Contracts with Asymmetric Information on Private Environmental Benefits
NRM	47.2004	John MBURU (lxvi): Wildlife Conservation and Management in Kenya: Towards a Co-management Approach
		Ekin BIROL, Ágnes GYOVAI and Melinda SMALE (lxvi): Using a Choice Experiment to Value Agricultural
NRM	48.2004	Biodiversity on Hungarian Small Farms: Agri-Environmental Policies in a Transition al Economy
CCMP	49.2004	Gernot KLEPPER and Sonja PETERSON: The EU Emissions Trading Scheme. Allowance Prices, Trade Flows, Competitiveness Effects
GG	50.2004	Scott BARRETT and Michael HOEL: Optimal Disease Eradication
CTN	51.2004	Dinko DIMITROV, Peter BORM, Ruud HENDRICKX and Shao CHIN SUNG: <u>Simple Priorities and Core</u> <u>Stability in Hedonic Games</u>
SIEV	52.2004	Francesco RICCI: Channels of Transmission of Environmental Policy to Economic Growth: A Survey of the Theory
SIEV	53.2004	Anna ALBERINI, Maureen CROPPER, Alan KRUPNICK and Nathalie B. SIMON: <u>Willingness to Pay for</u> <u>Mortality Risk Reductions: Does Latency Matter?</u> Ingo BRÄUER and Rainer MARGGRAF (lxvi): <u>Valuation of Ecosystem Services Provided by Biodiversity</u>
NRM	54.2004	Conservation: An Integrated Hydrological and Economic Model to Value the Enhanced Nitrogen Retention in Renaturated Streams
NRM	55.2004	<i>Timo GOESCHL and Tun LIN</i> (lxvi): <u>Biodiversity Conservation on Private Lands: Information Problems and</u> Regulatory Choices
NRM	56.2004	Tom DEDEURWAERDERE (lxvi): Bioprospection: From the Economics of Contracts to Reflexive Governance
CCMP	57.2004	Katrin REHDANZ and David MADDISON: The Amenity Value of Climate to German Households
CCMP	58.2004	Koen SMEKENS and Bob VAN DER ZWAAN: Environmental Externalities of Geological Carbon Sequestration Effects on Energy Scenarios
NRM	59.2004	Valentina BOSETTI, Mariaester CASSINELLI and Alessandro LANZA (lxvii): Using Data Envelopment Analysis to Evaluate Environmentally Conscious Tourism Management
NDM	60 2004	Timo GOESCHL and Danilo CAMARGO IGLIORI (lxvi):Property Rights Conservation and Development: An
NRM	60.2004	Analysis of Extractive Reserves in the Brazilian Amazon Barbara BUCHNER and Carlo CARRARO: Economic and Environmental Effectiveness of a
CCMP	61.2004	Technology-based Climate Protocol
NRM	62.2004	Elissaios PAPYRAKIS and Reyer GERLAGH: Resource-Abundance and Economic Growth in the U.S.
NRM	63.2004	<i>Györgyi BELA, György PATAKI, Melinda SMALE and Mariann HAJDÚ</i> (lxvi): <u>Conserving Crop Genetic</u> <u>Resources on Smallholder Farms in Hungary: Institutional Analysis</u>
NRM	64.2004	E.C.M. RUIJGROK and E.E.M. NILLESEN (lxvi): <u>The Socio-Economic Value of Natural Riverbanks in the</u> Netherlands
NRM	65.2004	<i>E.C.M. RUIJGROK</i> (lxvi): <u>Reducing Acidification: The Benefits of Increased Nature Quality. Investigating the</u> Possibilities of the Contingent Valuation Method
ETA	66.2004	Giannis VARDAS and Anastasios XEPAPADEAS: Uncertainty Aversion, Robust Control and Asset Holdings
GG	67.2004	Anastasios XEPAPADEAS and Constadina PASSA: Participation in and Compliance with Public Voluntary Environmental Programs: An Evolutionary Approach
GG	68.2004	Michael FINUS: Modesty Pays: Sometimes!
NRM	69.2004	Trond BJØRNDAL and Ana BRASÃO: The Northern Atlantic Bluefin Tuna Fisheries: Management and Policy Implications
CTN	70.2004	Alejandro CAPARRÓS, Abdelhakim HAMMOUDI and Tarik TAZDAÏT: On Coalition Formation with Heterogeneous Agents
IEM	71.2004	Massimo GIOVANNINI, Margherita GRASSO, Alessandro LANZA and Matteo MANERA: Conditional
IEM	72.2004	Correlations in the Returns on Oil Companies Stock Prices and Their Determinants Alessandro LANZA, Matteo MANERA and Michael MCALEER: Modelling Dynamic Conditional Correlations
		in WTI Oil Forward and Futures Returns Margarita GENIUS and Elisabetta STRAZZERA: The Copula Approach to Sample Selection Modelling:
SIEV	73.2004	An Application to the Recreational Value of Forests

CCMP	74.2004	Rob DELLINK and Ekko van IERLAND: Pollution Abatement in the Netherlands: A Dynamic Applied General
ETA	75.2004	<u>Equilibrium Assessment</u> Rosella LEVAGG1 and Michele MORETTO: <u>Investment in Hospital Care Technology under Different</u>
		Purchasing Rules: A Real Option Approach Salvador BARBERÀ and Matthew O. JACKSON (lxx): On the Weights of Nations: Assigning Voting Weights in
CTN	76.2004	a Heterogeneous Union
CTN	77.2004	<i>Àlex ARENAS, Antonio CABRALES, Albert DÍAZ-GUILERA, Roger GUIMERÀ and Fernando VEGA-</i> <i>REDONDO</i> (lxx): Optimal Information Transmission in Organizations: Search and Congestion
CTN	78.2004	Francis BLOCH and Armando GOMES (lxx): Contracting with Externalities and Outside Options
CTN	79.2004	Rabah AMIR, Effrosyni DIAMANTOUDI and Licun XUE (lxx): Merger Performance under Uncertain Efficiency Gains
CTN CTN	80.2004 81.2004	Francis BLOCH and Matthew O. JACKSON (lxx): The Formation of Networks with Transfers among Players Daniel DIERMEIER, Hülya ERASLAN and Antonio MERLO (lxx): <u>Bicameralism and Government Formation</u>
CTN	82.2004	Rod GARRATT, James E. PARCO, Cheng-ZHONG QIN and Amnon RAPOPORT (lxx): Potential Maximization
CTN	83.2004	and Coalition Government Formation Kfir ELIAZ, Debraj RAY and Ronny RAZIN (lxx): Group Decision-Making in the Shadow of Disagreement
CTN	84.2004	Sanjeev GOYAL, Marco van der LEIJ and José Luis MORAGA-GONZÁLEZ (lxx): Economics: An Emerging
CTN	85.2004	Small World? Edward CARTWRIGHT (lxx): Learning to Play Approximate Nash Equilibria in Games with Many Players
IEM	86.2004	Finn R. FØRSUND and Michael HOEL: Properties of a Non-Competitive Electricity Market Dominated by Hydroelectric Power
KTHC	87.2004	Elissaios PAPYRAKIS and Reyer GERLAGH: Natural Resources, Investment and Long-Term Income
CCMP	88.2004	Marzio GALEOTTI and Claudia KEMFERT: Interactions between Climate and Trade Policies: A Survey A. MARKANDYA, S. PEDROSO and D. STREIMIKIENE: Energy Efficiency in Transition Economies: Is There
IEM	89.2004	Convergence Towards the EU Average?
GG PRA	90.2004 91.2004	Rolf GOLOMBEK and Michael HOEL: <u>Climate Agreements and Technology Policy</u>
KTHC	91.2004 92.2004	Sergei IZMALKOV (lxv): Multi-Unit Open Ascending Price Efficient Auction Gianmarco I.P. OTTAVIANO and Giovanni PERI: Cities and Cultures
KTHC	93.2004	Massimo DEL GATTO: Agglomeration, Integration, and Territorial Authority Scale in a System of Trading
CCMP	94.2004	<u>Cities. Centralisation versus devolution</u> Pierre-André JOUVET, Philippe MICHEL and Gilles ROTILLON: <u>Equilibrium with a Market of Permits</u>
CCMP	95.2004	Bob van der ZWAAN and Reyer GERLAGH: Climate Uncertainty and the Necessity to Transform Global Energy Supply
CCMP	96.2004	Francesco BOSELLO, Marco LAZZARIN, Roberto ROSON and Richard S.J. TOL: Economy-Wide Estimates of
CTN	07 2004	the Implications of Climate Change: Sea Level Rise Gustavo BERGANTIÑOS and Juan J. VIDAL-PUGA: <u>Defining Rules in Cost Spanning Tree Problems Through</u>
CTN	97.2004	the Canonical Form Siddhartha BANDYOPADHYAY and Mandar OAK: Party Formation and Coalitional Bargaining in a Model of
CTN	98.2004	Proportional Representation
GG	99.2004	Hans-Peter WEIKARD, Michael FINUS and Juan-Carlos ALTAMIRANO-CABRERA: <u>The Impact of Surplus</u> Sharing on the Stability of International Climate Agreements
SIEV	100.2004	Chiara M. TRAVISI and Peter NIJKAMP: Willingness to Pay for Agricultural Environmental Safety: Evidence from a Survey of Milan, Italy, Residents
SIEV	101.2004	Chiara M. TRAVISI, Raymond J. G. M. FLORAX and Peter NIJKAMP: A Meta-Analysis of the Willingness to
NRM	102.2004	Pay for Reductions in Pesticide Risk Exposure Valentina BOSETTI and David TOMBERLIN: Real Options Analysis of Fishing Fleet Dynamics: A Test
CCMP	103.2004	Alessandra GORIA e Gretel GAMBARELLI: Economic Evaluation of Climate Change Impacts and Adaptability
PRA	104.2004	in Italy Massimo FLORIO and Mara GRASSENI: The Missing Shock: The Macroeconomic Impact of British
IKA	104.2004	Privatisation John BENNETT, Saul ESTRIN, James MAW and Giovanni URGA: Privatisation Methods and Economic Growth
PRA	105.2004	in Transition Economies
PRA PRA	106.2004 107.2004	Kira BÖRNER: The Political Economy of Privatization: Why Do Governments Want Reforms? Pehr-Johan NORBÄCK and Lars PERSSON: Privatization and Restructuring in Concentrated Markets
		Angela GRANZOTTO, Fabio PRANOVI, Simone LIBRALATO, Patrizia TORRICELLI and Danilo
SIEV	108.2004	MAINARDI: Comparison between Artisanal Fishery and Manila Clam Harvesting in the Venice Lagoon by Using Ecosystem Indicators: An Ecological Economics Perspective
CTN	109.2004	Somdeb LAHIRI: The Cooperative Theory of Two Sided Matching Problems: A Re-examination of Some
NRM	110.2004	<u>Results</u> Giuseppe DI VITA: <u>Natural Resources Dynamics: Another Look</u>
SIEV	111.2004	Anna ALBERINI, Alistair HUNT and Anil MARKANDYA: Willingness to Pay to Reduce Mortality Risks:
KTHC	112.2004	Evidence from a Three-Country Contingent Valuation Study Valeria PAPPONETTI and Dino PINELLI: Scientific Advice to Public Policy-Making
SIEV	113.2004	Paulo A.L.D. NUNES and Laura ONOFRI: <u>The Economics of Warm Glow: A Note on Consumer's Behavior</u> and Public Policy Implications
IEM	114.2004	Patrick CAYRADE: Investments in Gas Pipelines and Liquefied Natural Gas Infrastructure What is the Impact
IEM	115.2004	on the Security of Supply? Valeria COSTANTINI and Francesco GRACCEVA: Oil Security. Short- and Long-Term Policies

IEM	116.2004	Valeria COSTANTINI and Francesco GRACCEVA: Social Costs of Energy Disruptions
		Christian EGENHOFER, Kyriakos GIALOGLOU, Giacomo LUCIANI, Maroeska BOOTS, Martin SCHEEPERS,
IEM	117.2004	Valeria COSTANTINI, Francesco GRACCEVA, Anil MARKANDYA and Giorgio VICINI: Market-Based Options
		for Security of Energy Supply
IEM	118.2004	David FISK: Transport Energy Security. The Unseen Risk?
IEM	119.2004	Giacomo LUCIANI: Security of Supply for Natural Gas Markets. What is it and What is it not?
IEM	120.2004	L.J. de VRIES and R.A. HAKVOORT: The Question of Generation Adequacy in Liberalised Electricity Markets
KTHC	121.2004	Alberto PETRUCCI: Asset Accumulation, Fertility Choice and Nondegenerate Dynamics in a Small Open Economy
NRM	122.2004	Carlo GIUPPONI, Jaroslaw MYSIAK and Anita FASSIO: An Integrated Assessment Framework for Water
	122.2001	Resources Management: A DSS Tool and a Pilot Study Application
NRM	123.2004	Margaretha BREIL, Anita FASSIO, Carlo GIUPPONI and Paolo ROSATO: Evaluation of Urban Improvement
		on the Islands of the Venice Lagoon: A Spatially-Distributed Hedonic-Hierarchical Approach
ETA	124.2004	Paul MENSINK: Instant Efficient Pollution Abatement Under Non-Linear Taxation and Asymmetric Information: The Differential Tax Revisited
		Mauro FABIANO, Gabriella CAMARSA, Rosanna DURSI, Roberta IVALDI, Valentina MARIN and Francesca
NRM	125.2004	PALMISANI: Integrated Environmental Study for Beach Management: A Methodological Approach
		Irena GROSFELD and Iraj HASHI: The Emergence of Large Shareholders in Mass Privatized Firms: Evidence
PRA	126.2004	from Poland and the Czech Republic
CCMP	127.2004	Maria BERRITTELLA, Andrea BIGANO, Roberto ROSON and Richard S.J. TOL: A General Equilibrium
CCMP	127.2004	Analysis of Climate Change Impacts on Tourism
CCMP	128.2004	Reyer GERLAGH: A Climate-Change Policy Induced Shift from Innovations in Energy Production to Energy
		Savings
NRM	129.2004	Elissaios PAPYRAKIS and Reyer GERLAGH: Natural Resources, Innovation, and Growth
PRA	130.2004	Bernardo BORTOLOTTI and Mara FACCIO: <u>Reluctant Privatization</u>
SIEV	131.2004	Riccardo SCARPA and Mara THIENE: Destination Choice Models for Rock Climbing in the Northeast Alps: A
		Latent-Class Approach Based on Intensity of Participation
SIEV	132.2004	<i>Riccardo SCARPA Kenneth G. WILLIS and Melinda ACUTT:</i> <u>Comparing Individual-Specific Benefit Estimates</u> for Public Goods: Finite Versus Continuous Mixing in Logit Models
IEM	133.2004	Santiago J. RUBIO: On Capturing Oil Rents with a National Excise Tax Revisited
ETA	134.2004	Ascensión ANDINA DÍAZ: Political Competition when Media Create Candidates' Charisma
SIEV	135.2004	Anna ALBERINI: Robustness of VSL Values from Contingent Valuation Surveys
		Gernot KLEPPER and Sonja PETERSON: Marginal Abatement Cost Curves in General Equilibrium: The
CCMP	136.2004	Influence of World Energy Prices
ETA	137.2004	Herbert DAWID, Christophe DEISSENBERG and Pavel ŠEVČIK: Cheap Talk, Gullibility, and Welfare in an
		Environmental Taxation Game
CCMP	138.2004	ZhongXiang ZHANG: The World Bank's Prototype Carbon Fund and China
CCMP	139.2004	Reyer GERLAGH and Marjan W. HOFKES: Time Profile of Climate Change Stabilization Policy
NRM	140.2004	Chiara D'ALPAOS and Michele MORETTO: The Value of Flexibility in the Italian Water Service Sector: A
		Real Option Analysis
PRA	141.2004	Patrick BAJARI, Stephanie HOUGHTON and Steven TADELIS (lxxi): Bidding for Incompete Contracts
PRA	142.2004	Susan ATHEY, Jonathan LEVIN and Enrique SEIRA (lxxi): Comparing Open and Sealed Bid Auctions: Theory and Evidence from Timber Auctions
PRA	143.2004	David GOLDREICH (lxxi): Behavioral Biases of Dealers in U.S. Treasury Auctions
PRA	144.2004	Roberto BURGUET (lxxi): Optimal Procurement Auction for a Buyer with Downward Sloping Demand: More
IKA	144.2004	Simple Economics
PRA	145.2004	Ali HORTACSU and Samita SAREEN (lxxi): Order Flow and the Formation of Dealer Bids: An Analysis of
	1.0.2001	Information and Strategic Behavior in the Government of Canada Securities Auctions
PRA	146.2004	Victor GINSBURGH, Patrick LEGROS and Nicolas SAHUGUET (lxxi): How to Win Twice at an Auction. On
		the Incidence of Commissions in Auction Markets Claudio MEZZETTI, Aleksandar PEKEČ and Ilia TSETLIN (lxxi): Sequential vs. Single-Round Uniform-Price
PRA	147.2004	Auctions
PRA	148.2004	John ASKER and Estelle CANTILLON (lxxi): Equilibrium of Scoring Auctions
		Philip A. HAILE, Han HONG and Matthew SHUM (Ixxi): Nonparametric Tests for Common Values in First-
PRA	149.2004	Price Sealed-Bid Auctions
	150 2004	François DEGEORGE, François DERRIEN and Kent L. WOMACK (lxxi): Quid Pro Quo in IPOs: Why
PRA	150.2004	Bookbuilding is Dominating Auctions
CCMP	151.2004	Barbara BUCHNER and Silvia DALL'OLIO: Russia: The Long Road to Ratification. Internal Institution and
CUMP	131.2004	Pressure Groups in the Kyoto Protocol's Adoption Process
CCMP	152.2004	Carlo CARRARO and Marzio GALEOTTI: Does Endogenous Technical Change Make a Difference in Climate
cem	152.2004	Policy Analysis? A Robustness Exercise with the FEEM-RICE Model
PRA	153.2004	Alejandro M. MANELLI and Daniel R. VINCENT (lxxi): <u>Multidimensional Mechanism Design: Revenue</u>
·		Maximization and the Multiple-Good Monopoly
ETA	154.2004	Nicola ACOCELLA, Giovanni Di BARTOLOMEO and Wilfried PAUWELS: Is there any Scope for Corporatism in Stabilization Paliciae?
		in Stabilization Policies? Johan EYCKMANS and Michael FINUS: An Almost Ideal Sharing Scheme for Coalition Games with
CTN	155.2004	Externalities
CCMP	156.2004	Cesare DOSI and Michele MORETTO: Environmental Innovation, War of Attrition and Investment Grants

CCMP	157.2004	Valentina BOSETTI, Marzio GALEOTTI and Alessandro LANZA: <u>How Consistent are Alternative Short-Term</u> Climate Policies with Long-Term Goals?
ETA	158.2004	Y. Hossein FARZIN and Ken-Ichi AKAO: Non-pecuniary Value of Employment and Individual
		Labor Supply William BROCK and Anastasios XEPAPADEAS: Spatial Analysis: Development of Descriptive and Normative
ETA	159.2004	Methods with Applications to Economic-Ecological Modelling
KTHC	160.2004	Alberto PETRUCCI: On the Incidence of a Tax on PureRent with Infinite Horizons
		<i>Xavier LABANDEIRA, José M. LABEAGA and Miguel RODRÍGUEZ:</i> Microsimulating the Effects of Household
IEM	161.2004	Energy Price Changes in Spain
		NOTE DI LAVORO PUBLISHED IN 2005
CCMP	1.2005	Stéphane HALLEGATTE: Accounting for Extreme Events in the Economic Assessment of Climate Change
CCMP	2.2005	<i>Qiang WU and Paulo Augusto NUNES</i> : <u>Application of Technological Control Measures on Vehicle Pollution: A</u> Cost-Benefit Analysis in China
CCMP	3.2005	Andrea BIGANO, Jacqueline M. HAMILTON, Maren LAU, Richard S.J. TOL and Yuan ZHOU: <u>A Global</u> Database of Domestic and International Tourist Numbers at National and Subnational Level
CCMP	4.2005	Andrea BIGANO, Jacqueline M. HAMILTON and Richard S.J. TOL: <u>The Impact of Climate on Holiday</u> <u>Destination Choice</u>
ETA	5.2005	Hubert KEMPF: Is Inequality Harmful for the Environment in a Growing Economy?
CCMP	6.2005	Valentina BOSETTI, Carlo CARRARO and Marzio GALEOTTI: <u>The Dynamics of Carbon and Energy Intensity</u> in a Model of Endogenous Technical Change
IEM	7.2005	David CALEF and Robert GOBLE: The Allure of Technology: How France and California Promoted Electric Vehicles to Reduce Urban Air Pollution
ETA	8.2005	Lorenzo PELLEGRINI and Reyer GERLAGH: <u>An Empirical Contribution to the Debate on Corruption</u> Democracy and Environmental Policy
CCMP	9.2005	Angelo ANTOCI: Environmental Resources Depletion and Interplay Between Negative and Positive Externalities in a Growth Model
CTN	10.2005	Frédéric DEROIAN: Cost-Reducing Alliances and Local Spillovers
NRM	11.2005	Francesco SINDICO: <u>The GMO Dispute before the WTO: Legal Implications for the Trade and Environment</u> Debate
KTHC	12.2005	<i>Carla MASSIDDA</i> : Estimating the New Keynesian Phillips Curve for Italian Manufacturing Sectors
KTHC	13.2005	Michele MORETTO and Gianpaolo ROSSINI: Start-up Entry Strategies: Employer vs. Nonemployer firms
PRCG	14.2005	Clara GRAZIANO and Annalisa LUPORINI: Ownership Concentration, Monitoring and Optimal Board Structure
CSRM	15.2005	Parashar KULKARNI: Use of Ecolabels in Promoting Exports from Developing Countries to Developed Countries: Lessons from the Indian LeatherFootwear Industry
KTHC	16.2005	Adriana DI LIBERTO, Roberto MURA and Francesco PIGLIARU: <u>How to Measure the Unobservable: A Panel</u> Technique for the Analysis of TFP Convergence
KTHC	17.2005	Alireza NAGHAVI: Asymmetric Labor Markets, Southern Wages, and the Location of Firms
KTHC	18.2005	Alireza NAGHAVI: Strategic Intellectual Property Rights Policy and North-South Technology Transfer
KTHC	19.2005	Mombert HOPPE: Technology Transfer Through Trade
PRCG	20.2005	Roberto ROSON: Platform Competition with Endogenous Multihoming
CCMP	21.2005	Barbara BUCHNER and Carlo CARRARO: <u>Regional and Sub-Global Climate Blocs</u> . A Game Theoretic Perspective on Bottom-up Climate Regimes
IEM	22.2005	<i>Fausto CAVALLARO</i> : <u>An Integrated Multi-Criteria System to Assess Sustainable Energy Options: An Application of the Promethee Method</u>

(lxv) This paper was presented at the EuroConference on "Auctions and Market Design: Theory, Evidence and Applications" organised by Fondazione Eni Enrico Mattei and sponsored by the EU, Milan, September 25-27, 2003

(lxvi) This paper has been presented at the 4th BioEcon Workshop on "Economic Analysis of Policies for Biodiversity Conservation" organised on behalf of the BIOECON Network by Fondazione Eni Enrico Mattei, Venice International University (VIU) and University College London (UCL), Venice, August 28-29, 2003

(lxvii) This paper has been presented at the international conference on "Tourism and Sustainable Economic Development – Macro and Micro Economic Issues" jointly organised by CRENoS (Università di Cagliari e Sassari, Italy) and Fondazione Eni Enrico Mattei, and supported by the World Bank, Sardinia, September 19-20, 2003

(lxviii) This paper was presented at the ENGIME Workshop on "Governance and Policies in Multicultural Cities", Rome, June 5-6, 2003

(lxix) This paper was presented at the Fourth EEP Plenary Workshop and EEP Conference "The Future of Climate Policy", Cagliari, Italy, 27-28 March 2003 (lxx) This paper was presented at the 9<sup>th</sup> Coalition Theory Workshop on "Collective Decisions and

(lxx) This paper was presented at the 9<sup>th</sup> Coalition Theory Workshop on "Collective Decisions and Institutional Design" organised by the Universitat Autònoma de Barcelona and held in Barcelona, Spain, January 30-31, 2004

(lxxi) This paper was presented at the EuroConference on "Auctions and Market Design: Theory,

Evidence and Applications", organised by Fondazione Eni Enrico Mattei and Consip and sponsored by the EU, Rome, September 23-25, 2004

	2004 SERIES
ССМР	Climate Change Modelling and Policy (Editor: Marzio Galeotti)
GG	Global Governance (Editor: Carlo Carraro)
SIEV	Sustainability Indicators and Environmental Valuation (Editor: Anna Alberini)
NRM	Natural Resources Management (Editor: Carlo Giupponi)
КТНС	Knowledge, Technology, Human Capital (Editor: Gianmarco Ottaviano)
IEM	International Energy Markets (Editor: Anil Markandya)
CSRM	Corporate Social Responsibility and Sustainable Management (Editor: Sabina Ratti)
PRA	Privatisation, Regulation, Antitrust (Editor: Bernardo Bortolotti)
ЕТА	Economic Theory and Applications (Editor: Carlo Carraro)
CTN	Coalition Theory Network

2005 SERIES		
ССМР	Climate Change Modelling and Policy (Editor: Marzio Galeotti)	
SIEV	Sustainability Indicators and Environmental Valuation (Editor: Anna Alberini)	
NRM	Natural Resources Management (Editor: Carlo Giupponi)	
КТНС	Knowledge, Technology, Human Capital (Editor: Gianmarco Ottaviano)	
IEM	International Energy Markets (Editor: Anil Markandya)	
CSRM	Corporate Social Responsibility and Sustainable Management (Editor: Sabina Ratti)	
PRCG	Privatisation Regulation Corporate Governance (Editor: Bernardo Bortolotti)	
ЕТА	Economic Theory and Applications (Editor: Carlo Carraro)	
CTN	Coalition Theory Network	