

Seminar

Guarantee of Origin for Renewable Electricity

Status of GO Implementation – Sharing Experience

Wednesday, 1st October 2003, Brussels

Summary of the main topics discussed at the Seminar

1. Eligibility of imports to indicative targets





The Renewables Directive sets indicative consumption targets for Member States for 2010. The representative of the EU Commission pointed out that trade of electricity from renewables (RES-E) between Member States can be taken into account, only if agreements are reached by the Member States on adjusting their consumption targets accordingly. Effectively the importing country could be encouraged to accept an increase in their target if they import electricity from renewables. On the other hand it will be important that once electricity from renewables has been traded from one country to another and is used within the importing country's target, it is not still accounted for within the exporting country's target.

It was pointed out that perhaps bilateral agreements would not be made between Member State until the end of the period (2010), if at all, and thus it will not be known whether any electricity being traded can be used to meet the indicative targets within the importing country. Electricity companies and other organisations are presently trading RES-E between Member States.

It was stressed that import of RES-E from outside of the EU (e.g. Switzerland, Norway) can not be used to meet Member States' indicate targets. In the case of Norway, the EU is currently in bilateral discussions with the Norwegian government about their desire to accept an indicative target for renewable energy, which might then enable the trade of RES-E from Norway to count toward the consumption targets of Member States.

Interaction of indicative targets and GO

It was pointed out that using GOs to track the import and export of renewables would only be appropriate if the issuing of GOs was mandatory and if a central registry was used for GOs (in order to avoid the problem on multiple counting, see below). However under the RES Directive only generators that request a GO will be provided with one.

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2. Do GOs have to be linked to electricity contracts?

Several participants pointed out that it was irrelevant whether the GO is provided with electricity contracts or traded separately. This is due to the possibility of swap contracts (bilateral contracts which offset each other due to identical electricity sales by two parties). Swap contracts may easily convert the requirement to link the GOs to electricity contracts into a system of freely tradable GOs. Therefore the question was raised as to what is the difference between a GO and Tradable Renewable Energy Certificates TRECs.

3. How to avoid multiple counting?

Multiple counting was identified as one of the major problems with regard to a reliable GO system. Multiple counting occurs when the environmental benefit of renewable electricity is used for more than one purpose (e.g. by two electricity suppliers at the same time) and thus claimed by more than one customer. As consumers require a reliable and credible GO system it is essential that the implementation of the GO sufficiently addresses the question of how to avoid multiple counting. This aspect also addresses the question of how to ensure that GOs are redeemed on use, and can no longer be sold on (e.g. when a consumer has consumed renewable electricity for which greenness is proven by GOs).

4. Mutual recognition of the GO as required by the RES Directive

Most Member States have not yet set criteria for the recognition of GOs from abroad. However Austria and the Netherlands have formulated some basic requirements which a GO system has to meet in order to be eligible for GOs to be imported into these countries:

- The "exporting" GO system must be in line with the requirements set by the RES Directive.
- The "exporting" GO system must be designed as to avoid multiple counting.
- Both exporting and importing Member State should have clearly agreed that if the GO is used within the importing country's indicative target then the electricity generated from renewables will not be used within the exporting country's indicative target.

With respect to mutual recognition, another complexity might arise due to differing information content requirements of the GO systems being implemented in each Member State (e.g. the importing MS may require that GOs will be earmarked as to whether the electricity it has been issued for has received any kind of public support but the information might not be provided by the exporting system).

5. Degree of harmonisation

Member States are taking different approaches in the way in which they implement the GO for RES-E. Questions were raised as to how this development makes it difficult for Member



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States to fulfil the requirement that they should mutually recognise the GO. And how does it comply with the request of market players that harmonised systems are needed in order to enable ease of trade of renewable electricity.

6. GO and the flexible Kyoto mechanisms

The interaction of GO and the flexible Kyoto mechanisms was raised. A questions to this regard is whether a Joint Implementation project, used to obtain Emission Reduction Units, would be eligible for a GO (or more importantly whether the TRECs that are issued in certain countries would effectively have to be stripped of the carbon content if an Emission Reduction Unit was also issued).

The following conclusions were drawn from the final discussion:

- As consumer confidence requires credible GO systems, reliability is one of the crucial criteria which has to be considered when implementing the GO. This mainly applies to the problem of double counting and the need of a mechanism for redemption.
- Focus should be placed on the technical mechanism to transfer GOs between countries (eg establishing data and communications standards). The implementation of the GO requires system designs which guarantee a certain degree of flexibility to allow the systems to be adjusted or even changed over time.
- Member States should consider how the GO can be used to facilitate other policies to enhance market transparency and to support renewable energy sources. For instance it was mentioned that if GOs were mandatory and extended for all electricity generation this would enable tracking for electricity disclosure.