

# CARES

WORKING GROUP 10

## Guarantees of Origin



# Table of contents

1 In a Nutshell	3
2 One Topic in the Spotlight	5
3 Challenge Meets Solution	7
3.1 Member States' Experiences	8
3.2 Good Practice	10
4 Main Findings and Achievements	12
5 The Way Ahead	13
6 Abbreviations	14

**Authors:**  
Michael Lenzen, CertiQ  
The Netherlands



# In a Nutshell

Working Group 10 „Guarantees of Origin“ the CA-RES. It focussed on the implementation of Article 15 of the RES Directive which requires that the national implementation of Guarantees of Origin (GOs) should be such that it creates a reliable and trustworthy source of information to be used to disclose the origin of electricity to consumers.

GOs issued by one member state should be recognized by the other member states. However, double counting of renewable energy should be avoided. Therefore the focus of the discussion has also been on the implementation of GO-systems which will prevent this.

The discussion resulted in a common understanding where in order for GO to be implemented efficiently it would be wise to work according to a harmonized standard. Also the use of a joint, standardized information protocol (e.g. the usage of a common HUB) to exchange GOs between national registries was considered. CA-RES participants discussed this with the Association of Issuing Bodies (AIB). The member states that have already been cooperating on a voluntary basis since 2002 have done so within the AIB bodies for GOs. AIB has developed a de facto standard on GOs and operates a joint IT-HUB to facilitate transfer between national GO-registries. AIB signalled a willingness to open up to all member states interested in cooperation. AIB offered to create maximum transparency and to give member state representatives the opportunity to discuss policy issues with AIB.

The work of the RE-DISS project, more specifically the need to calculate a European Residual Mix, has also been discussed and endorsed by the CA-RES participants. However such projects are a temporary instrument. CA-RES participants raised concerns and called for arrangements to ensure that after the RE-DISS project end the disclosure can still be done on a coherent basis throughout Europe (e.g. by calculating the European attribute mix).

## One Topic in the Spotlight

A questionnaire has been developed which has already been answered by many Member States. The purpose of this questionnaire is twofold. It will give guidance on good implementation of GOs and disclosure in national regulations. It asks the fundamental questions for designing a coherent GO and disclosure system. The answers given will help each other Member State evaluate if GOs issued by another Member State should be recognized or whether they pose a threat to a coherent and reliable disclosure thereby introducing the possible risk of double counting renewable energy.

During CA-RES discussions it became clearer that the way a GO is used within the larger framework of disclosure should also be taken into account. For reliable and trustworthy disclosure towards consumers it is important to establish how the GO is being used and whether the national regulations on disclosure create a coherent disclosure on a European level.

The conclusions and results of this WG provide advice and support to Member States, regulators and issuing bodies on policy as well as technical decisions related to the implementation of GO and disclosure regulations.

Directive 2009/28 Article 15 holds an extensive list of requirements for information items on a GO. In the European market for renewable energy certificates already in existence today, developed over the last decade under the 2001/77 directive, a few hundred TWh of certificates are already being issued (and for a large part are being transferred internationally) every year. CA-RES participants acknowledged a need for a harmonised content of a GO at an operational level (e.g. similar definitions of information items) and for a harmonised, preferably joint protocol of transferring these GOs between the electronic registries of the Member States, for reasons of efficiency and transparency.

A standardised communications protocol will facilitate a trustworthy and reliable (but also cost efficient) European market of GOs and the concept of a joint HUB to transfer GOs is a more efficient process than a country by country approach.

The Association of Issuing Bodies (AIB) has already created a common standard, compliant with Directive 2009/28 that is widely accepted by the market. AIB is a not for profit association of issuing bodies with members from EU and EEA-states, which have already been cooperating on a voluntary basis under the 2001/7 directive. An instrument for the efficient and trustworthy exchange of GOs has also been developed by AIB (an IT-HUB through which national registries are connected to each other).

AIB presented itself and the tools it developed to CA-RES participants. The use of existing tools that have proven effective was suggested (not reinventing the wheel, dissemination of best practice).

Several meetings were held between CA-RES participants and AIB representatives during CA-RES Phase 1. The goal of these meetings was to discuss with AIB in more detail the objectives of the organisation, the background of its members and the potential for cooperation between all Member States through using the AIB HUB. Some CA-RES participants wanted to see some issues resolved before a cooperation with AIB by all could be considered. One of the main concerns was the governance issue. Resolving these issues was seen as conditional by some for developing a roadmap towards the usage of the AIB-HUB by all Member States.



## Challenge Meets Solution

A Questionnaire to assist as well as assess GO and disclosure implementation. The purpose of a GO is to contribute to a reliable and accurate disclosure of the origin of the energy used by end consumers.

These meetings have proven quite successful in clearing misunderstandings, reaching compromise solutions on contested issues and were very helpful in creating the opportunity to simply 'get to know each other better'. After all, building trust starts with discussion and getting a deeper understanding of the other's position (as sometimes it turned out that people were simply using different words and in essence were striving for similar goals).

AIB stated it would be happy to discuss with Member States representatives a joint cooperation between (current) AIB members and the Member States' authorised issuing bodies for GO.

AIB is offering all Member States the use of its IT-HUB to exchange GOs in the most efficient manner. AIB would also welcome the creation of a policy group consisting of Member State representatives to provide guidance on strategic issues. Furthermore AIB stated that they will be happy to invite Member State or Commission representatives as observers at association general meetings any time and to discuss policy issues with Member States representatives and the Commission.

CA-RES participants in the final meeting concluded that using existing AIB tools (the EECS standard as well as the IT-HUB) should be an option to be considered by all Member States now that AIB offered to have official representatives out of every member state to be present as observers at all operational AIB meetings from now on and now that a special Policy Advisory Group will be established consisting of Member State representatives to guide AIB on strategic issues.

Member States clearly have a responsibility to guard the principles of an accurate and trustworthy disclosure. To safeguard accuracy and reliability double counting of a GO should be avoided. This means that it should be beyond doubt that there is only one GO issued per MWh. In other words the energy related to a GO should not be taken into account for a second time for disclosure purposes, because this could result in consumers getting misinformed about the origin of the energy supplied to them. Therefore many participants thought that when importing a GO one should also review whether the disclosure regime in the exporting country is sufficiently robust to prevent any double counting of renewable electricity.

A taskforce of CA-RES participants has been working on harmonising ways to create transparency of national regulation on GO issuing and disclosure, related to mutual recognition. This taskforce has devised a questionnaire. The questionnaire has been thoroughly discussed with all participating countries in the CA-RES working group on GOs and could be used by competent authorities.

The purpose of this questionnaire is twofold. To start with it will give guidance for a good implementation of GOs and disclosure in national regulations. It asks the crucial questions for designing a coherent GO and disclosure system. Secondly the answers given will help other member states evaluate if GOs issued by another Member State should be recognized or whether they pose a threat to a coherent and reliable disclosure by introducing the possible risk of double counting renewable energy.

Preferably the answers to the questionnaire should be provided by all Member States. Their combined answers would be a de facto database on GO and disclosure implementation. CA-RES participants advise that this questionnaire be used by authorised national bodies, with the objective of assessing whether there is a risk of double counting when accepting GOs issued by another Member State.

This questionnaire could be used in a procedure that has been discussed as good practice by participants at the beginning of CA-RES phase as follows:

- Recognition should be based on the proper implementation of all elements of Article 15 of the directive, including the implementation of a robust and transparent disclosure regime, preventing double counting.
- The authenticity of the GO's issued in another Member State should be verified, and any doubts on certain aspects relating to the implementation of Article 15 (as mentioned above) should be removed by the exporting Member State.
- Any decision to not recognise GO's issued by another Member State should be notified to the public e.g. by publication on the website of the competent body.
- A Member State will notify the Commission about any decision to refuse recognition of GO's issued by another Member State and its justification.

### 3.1 Member States' Experiences

Members of the WG looked at Article 15 of the RES-directive we examined and discussed the work that had already been done in different countries in implementing this article of the directive. The first meeting on Guarantees of Origin was attended by participants from 19 different member states. During the CA-RES phase 62 participants out of 28 different member states attended one or more of the meetings on Guarantees of Origin.

The first questionnaires on the status quo showed that around 50% of the countries that answered the questionnaire had already implemented Article 15 of Directive 2009/28 in full (legislation and necessary ordinances in place, issuing body appointed and systems running). The other 50% had still to finalize some of the aforementioned aspects, but in almost every case the implementation in national law had already been achieved.



As regards the official bodies that have been appointed to execute and/or supervise GO and disclosure regulations: slightly over half of the Competent Bodies are Regulators that are made responsible for the issuing of GO's and / or the supervision of correct disclosure. Another large group worth highlighting are the national TSO's that have been made the Competent Body for registering the GO. In some countries other institutions have been appointed e.g. the national energy agency.

In some countries detailed regulation on the subject of disclosure exists, in other countries however only a best practice recommendation developed by the industry applies. In a few countries neither of the two has been developed until now.

Regarding disclosure in general it can be stated that:

- Information-items to be included in the disclosure statement and the obligation for publication by suppliers have been implemented quite similarly by all countries. There seems to be no fundamental differences to the general approach.
- However the way in which the information to be included in the disclosure statement has been retrieved or how this should be backed by evidence is something that is implemented very differently from one Member State to another.

The different approaches that have been reported on the latter include:

- Usage of GO's as an obligation to disclose renewable energy
- Usage of GO's as one of multiple options (see the ones mentioned below)
- Usage of GO's provided the physical flow of the amount of electricity related to it is somehow substantiated (when importing from other countries).
- Assignment of attributes by a generator and transfer onwards to a supplier, not necessarily related to the physical flow of electricity.
- Bi-lateral contracts / Contract Based Tracking
- Usage of other Reliable Tracking Systems (e.g. operated by the Competent Body for GO's)
- Usage of information related to support that has been received.
- Usage of any evidence that can be checked, controlled and reproduced by the Regulator; and finally
- Usage of a Residual Mix for Electricity that has not been otherwise disclosed by one of the accepted elements above (in some cases a national or UCTE production mix, in some countries the national or European Mix including import and export data on electricity and GO's).



IEE projects like RE-DISS or E-track have shown similar outcomes. A proper disclosure for the European Energy Market has not been reached as of yet. The difference in national implementation leads to a very fragmented disclosure in Europe, where the national figures simply do not add up to a coherent European scope.

Finally a last remark on the disclosure period itself: some countries seem to adhere to disclosure of the electricity supplied in the latest financial year which might differ from the calendar year (which most countries use as the disclosure period).

### 3.2. Good Practice

CA-RES participants were presented with first the preliminary and later on in the process the final conclusions of the IEE RE-DISS project. RE-DISS developed best practice recommendations on reliable disclosure systems. These recommendations (and the process which lead to them) resulted in some adaptations on specific national practices, creating a more coherent disclosure from a European perspective.

Following these presentations CA-RES participants discussed the need to focus on a coherent system that allows for reliable tracking on a European scale. They also discussed the possible need for further harmonisation between national disclosure regimes.

In relation to the RE-DISS document the discussions specifically focussed on two more practical aspects: the concept of the 12 months lifetime of a Guarantee of Origin (Article 15, paragraph 3) and the concept of a Residual Mix.

The CA-RES participants concluded that a more harmonized approach towards calculating disclosure is a necessity, especially when applying the 12 month lifetime rule or calculating the residual mix.



As regards the electricity that has not been explicitly tracked, participants were asked how this electricity is being disclosed in their countries. Different approaches do still exist (as was also shown by the E-track project and now through the findings of RE-DISS); from an unadjusted national production mix, via a national or international residual mix calculation to a (voluntary) industry standard or calculation. Those countries that are changing the procedures of disclosing the untracked electricity are veering towards applying the harmonized European attribute mix (as proposed by the RE-DISS project).

Many participants feel there is a need for a common, European, harmonized, robust and objective approach for calculating the Residual Mix that should be implemented by all countries. The procedure and method for doing disclosure calculations should be clearly regulated. The participating members of the workgroup also think that the current situation, in which different national approaches of the concept of disclosure generally do still exist, should be amended as this leads to a fragmented market and continuous opportunities for e.g. arbitrage deals.

The fact that there still seems to be no common definition on how to claim the renewable character of energy supplied to consumers (e.g. in some countries a GO is the only instrument by law, whereas in other countries other possibilities exist, partly in conjunction with a GO-system) did spur a lot of discussion amongst participants. There was however a widespread agreement on the fact that this leads to a non-transparent and fragmented market at a European level and does not fit with the concept of the internal energy market.

Finally participants agreed in general with the statement that only GOs should be used for disclosure and that no private labelling schemes should be used for this purpose throughout Europe. This was also discussed during talks with AIB, who announced plans to stop servicing the privately held RECS scheme, which to date has been used within some countries in Europe, providing the Member States discontinue the practice of allowing usage of this scheme for disclosure purposes.

## Main Findings and Achievements

The meetings of CA-RES provided an important platform for sharing experiences and best practices, and for the exchange of views on policy as well as technical issues related to the implementation of Article 15 of the RES-directive.

It has proven to be a 'pressure cooker' to help member states think about implementation in a way that is coherent on a European level.

Topic	Issue	Outcomes	Future
Guarantees of Origin; implementation and recognition	Efficient implementation of GO and recognition of GO issued by other Member States	Agreement that GO should be implemented on a common standard using a joint information protocol for the systems to be efficient	Member States to cooperate and discuss with AIB on the usage and further development of the EECS-standard and AIB IT-HUB
Guarantees of Origin: disclosure	Member States should prevent double counting  Member States should provide consumers with transparent and trustworthy disclosure information	Questionnaire to provide transparency on national GO and disclosure implementation  Advice to Member States to implement REDISS best practice recommendations and to create a more coherent, European approach to disclosure in general	Usage of the Questionnaire by Member States to assess the risk of double counting when accepting GOs issued by another Member State  Discussions on national disclosure policy might be taking into account the CA-RES proposals.

## The Way Ahead

In the coming months and years some more work has to be done on the implementation of GOs and disclosure. The process of disclosure and the usage of GOs should be easy to understand for consumers and should be coherent on a European level. It also should be in line with the strategic policy objective of creating an internal energy market.

The first priority obviously will be to work towards integrating all GOs and the different disclosure regulations into one efficient framework using, as much as possible, the common understanding which has been achieved, as well as the results and the tools developed within CA-RES.

Secondly there is a need to discuss and investigate how the (European) marketplace in which GOs are traded can be strengthened, to support reliable and trustworthy disclosure towards Europe's consumers and in doing so contribute to the completion of the internal energy market.

Apart from these main issues several other topics might have to be explored during the coming years as European policy evolves, like the question of whether possible criteria for sustainable biomass will influence the issuing and usage of GOs or which relationship between GOs and support exists in the different member states (if any). Note that the latter seemed to spur a lot of discussion among the participants of the CA-RES and that there were opposing views on the matter.

## Abbreviations

Abbreviation	Full name
CA-RES	Concerted Action on the Renewable Energy Sources Directive
GOs	Guarantees of Origin
AIB	Association of Issuing Bodies
RE-DISS	Reliable Disclosure Systems for Europe
EU	European Union
EEA	European Economic Area
TSO	Transmission System Operators
WG	Working Group
EECS	European Energy Certificate System
RECS	Renewable Energy Certificate System
UCTE	Union for the Co-ordination of Transmission of Electricity



### **This is a public CA-RES report**

The Concerted Action to support the implementation of the RES Directive 2009/28/EC (CA-RES) was launched with the participation of the responsible authorities from 30 EU countries and supported by Intelligent Energy Europe (IEE) in July 2010 to provide a structured and confidential dialogue on how to address the cost-effective implementation of the RES Directive 2009/28/EC.

The sole responsibility for the content of this document lies with the authors. It does not necessarily reflect the opinion of the European Union or the participating countries. Neither the EACI nor the European Commission are responsible for any use that may be made of the information contained therein.

For further information please visit [www.ca-res.eu](http://www.ca-res.eu)



