RECS
Renewable Energy Certificate System

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National or international systems for White Certificates
Lund

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# Different schemes

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<td>•Quota obligation – National cert – GoO •Disclosure – GoO – Labels – Products</td>
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Certificate system

1. Certificate for quality

2. Electricity market

Transfer

Issuing

Registration

Redeeming

Certificate system
Why certificate system?

• The quality can be transferred from the producer to the customer in a reliable way
  – The quality can be separated from the physical flow
  – Consumption targets can be introduced
• Market principles can be used for the pricing, based on supply (eligible production) and demand (quota)
• Competition can be introduced
• The wished volume can be steered via a quota
• The system can easily be internationalised
• The certificate can easily be standardised and become tradable
• Reliable systems must be implemented (registration, issuing, transfer, redemption)
Requirements on certificate market

• Demand must exist
• Liquidity
  – Big volumes shall be able to be traded easily
  – Many different actors shall be able to take part
  – Enabling low system, information and transaction cost
• Harmonisation in regulations
  – Transparent rules and easy access
  – Guarantee for reliability for avoiding double counting
• Price transparency
  – To be provided by brokers and exchanges
• Simple trading procedures – standardisation of contracts
  – Making the market attractive for many different actors
• Standardisation of products
  – Supports liquidity
RECS International

- Market actors
- Start up phase 2000
- Test Phase 2001-2002 Testing the systems
- Operational 2003-... Shaping the market
- RECS International, 118 market actors in 18 countries
- More than 70 TWh
- Promotes energy related certificates
- Focus on renewable energy
- Counter part of the AIB Association of Issuing Bodies
  - Standards:
    - RECS-certificates
    - EECS/Guarantee of Origin
Mission statement

“RECS International promotes a pan-European renewable electricity market, facilitated by a commonly accepted and harmonised European information system”
What is the Association of Issuing Bodies?

“The Association of Issuing Bodies is the leading enabler of International energy certificate schemes”
Association of Issuing bodies today

Standard for:
- RECS
- EECS/GoO

What comes next?

1: New certificate types
- CHP and disclosure
- Relationship with CDM
- Biofuels, biogas, white certificates....
AIB: What comes next?
2: Inter-systems hub

- Registry network to change
  - From peer-to-peer
  - To hub network

- Benefits:
  - Reporting
  - Management of common data
  - Control
  - Simple dispute procedures
  - Single point of contact for communications & testing
MISSION STATEMENT

The Association of Issuing Bodies promotes the use of a standardised system based on harmonised environment, structures, procedures in order to ensure the reliable operation of international energy certificate schemes.
Starting point

- RES-E directive 2001/77/EC
  - EU-target 12% => 22% (2010) increase of ca 310 TWh
  - Guarantee of Origin (GoO)

- Electricity directive/electricity disclosure 2003/54/EC
  - Information to end-consumers about the suppliers fuel mix and environmental impact (CO2 and radioactive waste)
  - Possibility for customers to choose supplier based on fuel mix
RES-E 1997 and targets 2010

Six countries represent 80% of the increase.

Reservation
Increase to 2010
Starting point 1997

Six countries represent 80% of the increase.
RES-E support schemes

- Green feed in
- Total Feed in tariff
- Tender procurement
- Quota obligation
- Not specified

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Trade Possibilities

- Certificates in national **support schemes**
  - Sweden, UK, Belgium, Italy, (Poland, Rumania)
    • 20-50 Euro/MWh

- RECS/GoO certificates for **disclosure and profiling**
  - Netherlands, Austria open for export and import
    • 0,2-0,5 Euro/MWh

- Local quality labels

- Targets – not as a stand alone product
  - A topic for governments
  - Linked to other products GoO and national green certificates
Standardised international trade already here

- 5 Electronic registers connected
- 7 Countries: RECS/EECS/GoO
- 9 Countries: only RECS
A standardised currency needed = the GoO
Recommendations by RECS

- Clarify that GoO is the basic instrument “building stone” for green trading
- Standardise GoO
  - According to the EECS standard
- GoO to be redeemed when used
- All green supply must be documented by redemption of GoO
- GoO traded separated from physical flows
- GoO a single good
What about cross border trade?

• Is it possible to trade cross border to benefit from other support schemes?

• Most likely, the national barriers today are in violence with the EC-treaty
  - Consequence of the so called Preussen Elektra case
  => If correct means support schemes are open for cross border trade
Legislation

• EC Treaty
  – Free movement of goods

• RES-E Directive
  – Indicative national targets
  – Guarantee of Origin, instrument for facilitating transfer

• National legislation
  – Support schemes for increasing the RES-E production to reach the targets
  – Disclosure
Our concerns today

• Standardisation needed for increasing the liquidity
• Cross border trade possibilities must be explored
• Clarifications needed in the evaluation report from the EU-Commission in October 2005