



AIB Newsletter, issue n° 1

In 2006, AIB will increase transparency in electricity markets

What is the AIB?

The Association of Issuing Bodies – the AIB - is the leading enabler of international energy certificate schemes.

The AIB promotes the use of a standardised system, based on harmonised environment, structures and procedures in order to ensure the reliable operation of international energy certificate systems, with a view to encouraging the development of renewable energy.

What AIB does

AIB provides a well tested standard for certificate trade, which is the basis for certificate schemes in 15 European countries and enables international trade. The knowledge of AIB is shared by available documents on Internet and by contacting the organisation.

Why certify energy?

Energy Certification offers conclusive proof of the source of energy. It does this by representing the attributes of a specific unit of energy by a unique certificate. This can then be transferred from owner to owner, so that the final owner can be sure of the source of the energy.

Energy certificates can be used to enable consumer choice, and their use can also be a condition of financial support being made available by government and private bodies.

Where certificates are passed between different governmental or commercial regimes, then these regimes must be harmonised if the information they carry is to be accurate and reliable. The AIB has developed - and acts of guarantor of - a harmonised system, the European Energy Certification System (EECS). Details of EECS are contained in a set of agreed standards which ensure that the systems of AIB member organisations are compatible with each other.

The operation of EECS is administered for each regime - normally, a geographical area - by an Issuing Body. This is an organisation that is unique to that regime, and is commercially independent of certificate holders.

[See AIB members](#)

How does energy certification work?

Each EECS certificate is uniquely identifiable, transferable and therefore tradable, and contains standard information. For electricity, this will include: a unique certificate number, issuer, generation plant identity, time of issue, period of energy production, type of technology, installed capacity and an indication of whether any public support has been received.

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Uses

Certificates guarantee the identification and “trackability” of an electricity unit. They can be used in green products, as a disclosure tool for a supplier’s electricity mix, as a proof of production in order to receive support, or within a quota obligation.

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A word from the President

Dear reader of the 1st AIB Newsletter!



2005 was a very exciting year for the AIB. On the basis of the EECs-Standards (European Energy Certificate System) introduced by the AIB, RECS-Certificates and Guarantees of Origin for over 40 TWh of electricity from renewable energy sources were issued. More than half of these certificates have already been redeemed and were used by the market participants e.g. for fuel mix disclosure.

Since its foundation in 2001 the AIB has issued Certificates for 100 TWh of electricity so that the 2005 volume of 40 TWh is a real breakthrough and shows the high level of acceptance of AIB services. An increasing demand for certification of renewable electricity for fuel mix disclosure has been the driver of this growth in certificate volumes.

Until today only a few member states of the European Union have fully implemented the disclosure obligation. As more and more member states are implementing the provisions of Article 3/6 of the Internal Electricity Market Directive (2003/54/EC) the demand for AIBs services will surely grow.

Since the fuel mix disclosure is not limited to electricity from renewable energy sources, the AIB has also during 2005 started to work on a standard for certificates for electricity from fossil and nuclear energy sources. The corresponding framework was agreed in November 2005.

At the same time, the International Residual Mix (IRM) Project was launched. The IRM is the result of adjusting the European production-fuel mix to reflect tracked production attributes. Hence the IRM can eliminate the double counting error which is introduced into disclosure information due to the use of pure production statistics. The AIB intends to calculate the first IRM for the year 2004 in early 2006. The IRM for 2005 will be calculated in summer/autumn 2006.

In order to make the transfer of certificates easier, quicker and cheaper, the AIB has initiated the installation of an Inter-Registry-Hub. Currently all the data bases of the individual Issuing Bodies are directly interconnected, which results in a multitude of data base interfaces. The hub will replace this complex structure and constitute the only interface between all the data bases. 2005 was dedicated to the evaluation and specification of the project. 2006 will be dedicated to its set-up and start of operation. The hub will make it easier for new members to integrate their national registries into the AIB structure and also further increase the transparency and reliability of international certificate trading.

Another positive development in 2005 was that the AIB could attract several new members. The two regional Belgian regulators VREG and CWaPE have applied for membership. We are looking forward to a successful cooperation with these authorities and extend a warm welcome the new AIB members. In some countries, the AIB membership has changed. Thus the Finnish company Grexel Systems Ltd will take over the role of Svenska Kraftnät (Sweden) and Fingrid Oyi (Finland) as Issuing Body.

In 2006 several new challenges are waiting for the AIB. The demand for certificates to be used in fuel mix disclosure will increase substantially. At the same time a new framework for CHP guarantees of origin must be developed and implemented on the basis of the CHP Directive (2004/8/EC).

I am convinced that the services of the AIB contribute significantly to an improved efficiency and transparency in the trading of electricity, especially of renewable electricity which is an important and growing part of the Internal Electricity Market. The increasing use of AIB services in the market confirms this analysis. I am therefore looking forward to an exciting year 2006.

Walter Boltz
AIB President

AIB news

The International Residual Mix project

Article 3 (6) of the Internal Electricity Market Directive (2003/54/EC) place a disclosure obligation upon electricity suppliers. This means that each electricity supplier is required to provide their final consumers with accurate information about the sources of energy that were used to produce the electricity that this supplier delivered to its customers during the previous year.

To be able to accurately disclose all energy sources, suppliers need a tracking mechanism that is fully unbundled from the physical electricity market.

The AIB advocates the use of RECS Certificates and RES-E Guarantees of Origin, which can be used to disclose to source of renewable electricity. The AIB has also recently decided to implement generic energy certificates which enable other sources of energy (i.e. fossil and nuclear) to be labelled for disclosure purposes.

Where tracking of fuel sources is impossible or unsuccessful, statistical data can be used to support disclosure. However, this introduces the problem of double counting. The AIB plans to provide a better alternative to the use of a simple national blend of generated energy: the International Residual Mix (IRM) – this is achieved by adjusting national fuel mix in line with imports and exports.

“The IRM will contain three fuel sources: renewable, fossil and nuclear, and will be calculated by the AIB. I am convinced that the IRM will considerably improve the basis for disclosure and avoid double-counting errors caused by the use of pure production statistics.” Walter Boltz said.

News from AIB members

GRTN

Since 1st November 2005 GRTN changed its name in Gestore del Sistema Elettrico - GRTN S.p.A. The Italian member of AIB is no longer involved in the operation of the electricity grid but maintains the powers relating to the renewable sources. In particular, it manages the support scheme for electricity produced by the so-called "CIP 6 plants" and the new feed-in tariff system for solar plants. GRTN emits the Green Certificates, releases the renewable guarantee of origin and issues the RECS certificates.

EU energy policy

EU Commission report on the support of electricity from renewable energy sources

The Commission considers that direct support measures is essential to ensure sufficient market penetration of green electricity and asks Member States to optimise their support schemes.

The Report analyses the different support mechanisms used concluding that it is premature to propose a harmonised European scheme and in the short and medium term Member States are recommended to optimise and coordinate the existing schemes.

The Commission also urges Member States to remove barriers to the development of green electricity.

Concerning the development of the Internal Electricity Market, the EU Commission also highlights the need for consumer transparency. The Commission states that disclosure (article 6 of EU directive 2004/54/EC), can be facilitated for tracking renewable attributes by guarantees of origin. The Commission does not go as far as advocating a uniform guarantee of origin in all countries, but recommends a trustworthy redemption system able to avoid double use of certificates.

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