



Annual Report 2007

CONTENTS

Introduction	1
Chairman's statement	2
Activity	3
Achievements	8
External life	10
Internal life	11
Budget	13
REPORTS FROM MEMBERS	14
Austria	14
Belgium (Flanders)	15
Belgium (Wallonia)	16
Belgium & Luxembourg (RECS)	17
Denmark	18
Finland and Sweden	19
France	20
Germany	21
Ireland	22
Italy	23
Netherlands	24
Norway	25
Portugal	26
Slovenia	27
Spain	28
Switzerland	29
Audit Report	30
Financial Statement	31

PRESIDENT'S INTRODUCTION



Dear reader of the AIB Annual Report,

The AIB is publishing this report in quite exciting times. The Association can look back on a very successful year in 2007; and we are currently in the middle of intensive political debate concerning the future framework conditions for energy certificates. Tracking of electricity and the related certificate systems are becoming more and more important, as the demand for green energy is rising considerably across Europe and the integration of Guarantees of Origin and other certificate systems into European and national policies are advancing.

The year 2007 has been a very good year for the AIB and its members: we have seen another strong increase in the volumes of issued, transferred and used EECS certificates. The Association is working well, based on the commitment of its members, which contribute to the workgroups, the Board and the General Meeting. And it is a great satisfaction for the Association that the AIB is regarded by all relevant European stakeholders as the expert organisation for the design and operation of energy certificate systems.

The AIB is well prepared to manage the challenges of the upcoming months and years. These include first of all the debate concerning, and finally the adoption and implementation, of a new Directive on renewable energy sources. Together with RECS International and other stakeholders, we are currently discussing the implications of the draft Directive as proposed by the Commission in January 2008, and the potential changes that might improve this draft. The final form of the regulations embodied by this Directive will potentially redefine the instrument of the Guarantee of Origin for electricity from renewable energy sources, and will introduce such GO for heating and cooling produced from RES. Certainly, this Directive will shape the future market for renewable energy certificates in Europe, and therefore AIB is contributing actively to the current stakeholder discussions. There is also a revision of the Internal Energy Market Directive under way, which contains the European regulations on disclosure. And, last but not least, Member States are implementing the Directive on Cogeneration, including putting in place Guarantees of Origin for high-efficiency cogeneration. As a result, discussions are taking place between Member States and AIB members on the practical details of GO implementation; and the AIB is playing an advisory role in the finalisation of the calculation guidelines.

The AIB will continue to work as the leading enabler of international energy certificate schemes. It will do so in close cooperation with the European Commission, European governments and major stakeholders. The work of the Association must be based on the knowledge and enthusiasm of its members. I would like to thank all members and our General Secretary, Phil Moody, for their active contributions to the success of our organisation. I am certain that we will be able to maintain this spirit in our future work towards harmonised and transparent energy certificate systems.

Christof Timpe
AIB President

TRADE AND USAGE OF GUARANTEES OF ORIGIN HAS TAKEN OFF

The AIB enables secure and reliable tracking of electricity attributes. This means that the market players, governments and consumers have a comprehensive and transparent system for tracing how and where a certain consumed MWh is generated.

The EECS (European Electricity Certificate System) - standard and the underlying regulatory, technical and organizational structures cover the whole lifecycle of certificates from issuing to transfer and redemption.

The key characteristics of EECS certificates are that they are based on a transparent standard, and that they are tradable. This is important because it:

- Empowers consumers and businesses to choose what kind of electricity they want to use
- Provides distributors with a tool to differentiate their supply mix
- Enables new revenue streams for renewable producers
- Enables open and reliable statistics for authorities and market parties.



The year 2007 was again a strong growth year for the EECS certificate markets.

As can be seen from the statistics elsewhere in this report, this year the volume of issued, traded and redeemed EECS certificates more than doubled from 2006. In particular, the sharp increase of redeemed certificates is great news as it shows that certificates are actually used for declaring energy consumption and sales. The total volume of issued certificates in 2007 was about 140 TWh, more than 20% of the total renewable electricity generation in the area.

AIB has clearly become the leading enabler of guarantee of origin trade. In 2007, the AIB continued and strengthened the co-operation with the European Commission. A key achievement is the adoption of the "AIB-Commission model" for high-efficiency cogeneration of heat and power guarantees of origin (CHP-GO). A number of member states have already subscribed to the model, recognising its superiority over alternative (e.g. paper based) GO systems.

The AIB central communication Hub became operational in the autumn of 2007. The Hub is a very important step for AIB and market players, because it increases the equality of the market participants in different countries, making it faster and easier for the registries in different countries to connect with all the other registries and countries.

The new draft RES Directive was published on 23rd January. Among other things, it strengthens the role of the standardised guarantee of origin as the carrier of the renewable electricity and heat generation attributes. The AIB will closely follow the evolvement of the new Directive, and will provide the best of class tools to enable trading with the new harmonised electricity- and possibly heat guarantees of origin.

AIB is not a policy maker but a policy enabler. We want to see policies that work and achieve the goals in the most efficient manner. This is why we are committed to continue working together with the EU Commission and other parties to help them creating policies that do the job.

I would like to use this opportunity to thank the chairmen and members of all AIB working groups and task forces for their mindshare and work they have done for the organization. I'll extend my thanks to all AIB members and their representatives for the invaluable work they have done to make AIB even better, general meeting by general meeting!

The success of AIB as the system operator is largely dependent on the activity and support of market participants. Thanks go to the officials, the secretary general and all members of the RECS International.

I would also like to express my thanks to all the people working together with us in the European Commission and in all our partner organizations for their time and consideration.

Marko Lehtovaara
AIB Board Chairman

CERTIFICATE ACTIVITY FOR 2007

In 2007, increasing environmental awareness among the public has led to companies “greening up” their profiles, and consumers seeking to buy greener electricity, leading to volumes more than doubling.

MEMBERSHIP

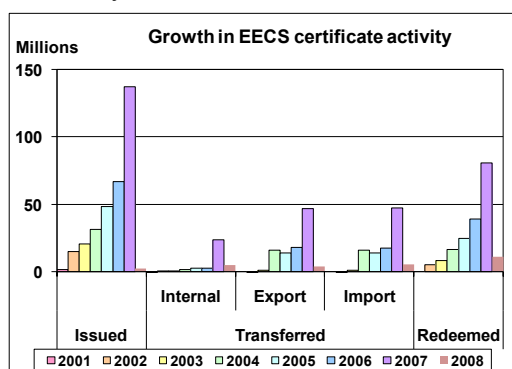
Brussels is applying for, and Wallonia recently gained, membership, while Spain left due to the regulator gaining responsibility for renewable energy guarantees of origin (RES GO). Sweden joined the Disclosure scheme, and Netherlands plans to do so. Several countries are applying for membership of the CHP GO scheme.

MARKET ACTIVITY

The market continues to grow. Annual issuing, international transfers and redemption more than doubled in 2007, while internal transfers grew to nine-fold, driven by redemption of RES GO for disclosure purposes.

Norway and Flanders continued to increase their share of redemptions, joined by France and Germany, while Sweden and Netherlands retained their market share. The major certificate issuing countries remain Norway, Sweden, Finland and Netherlands. The largest exporters are Norway, Sweden and Finland; while major importers are now Netherlands, France, Austria, Germany and Flanders.

The proportion of certificates that were redeemed rose to 59% of those issued, which may be misleadingly low as many RES GO are expected to be redeemed early in 2008.



Technology / energy sources

Hydropower consolidated its pole position with 93% of all issued certificates, most other technologies having virtually ceased to contribute; although wind power still contributes 4% and biomass 4%. Almost all redemptions are hydro (and to a far lesser extent energy crops), at the expense of all other technologies.

MEMBERS

In **Benelux**, **Wallonia** has joined the RES GO scheme but may not yet issue certificates. **Flemish** certificate issue and redemption was similar to 2006, while imports increased. **Dutch** redemption continued to grow, issuing was lower, exports were a little larger and imports marginally greater.

Of **Nordic** countries, **Denmark** remains a minor participant, but activity is increasing. **Finland** issued the same and redeemed far less, but remains a major participant, recently commencing import. **Norway** continues to issue, export and redeem certificates more than ever, facilitating very large trades and recently commencing import. **Sweden** issues and redeems more certificates than ever, exporting more and importing considerably more. Nordic market growth is due to change in legislation and practice requiring redemption of RES GO for disclosure relating to 2007 by spring 2008. Many resulting redemptions are expected.

Of the **Mediterranean** countries, the **French** market grows rapidly: international trade and redemption outstripped previous years, with a particularly large transfer in summer. The Italian market is similar to last year, with no international trade but higher redemption. **Slovenia** redeemed some certificates, but was otherwise inactive. **Spanish** issuing and redemption continued until autumn 2007, when many certificates were issued and redeemed. All activity has ceased when RED Electrica left AIB at the end of 2007.

For **central Europe**, **Austria** is re-emerging as a major importer, and increasingly importing and redeeming RES GO. While **Swiss** RECS certificate issuing was low this year, redemption is rising and international trade has markedly picked up, perhaps anticipating the arrival of Swiss RES GO. **Germany** has imported and redeemed considerably more certificates than in previous years.

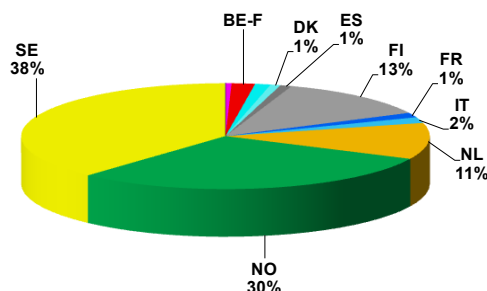
Finally, on the **Atlantic** coast, the **Irish** certificates were issued and exported, but activity ceased in summer. **Portugal** continues to issue similar numbers of certificates as previous years and is now redeeming them, but there has been no international trade.

CERTIFICATE ACTIVITY FOR 2007 (CONT'D)

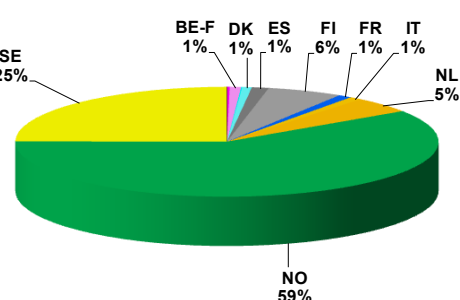
Source of certificates — country

Comparing 2007 with 2006, the major certificate issuing countries remain Norway and Sweden, then Finland and Netherlands. Note that Norway is now responsible for issuing more than half of all certificates.

Certificates Issued Per Country (2006)

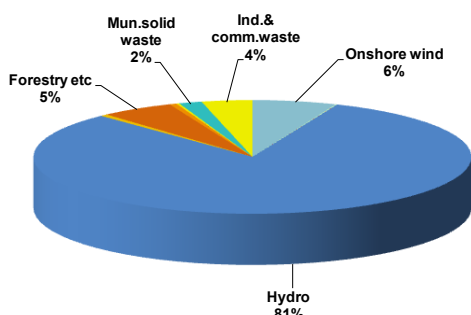


Certificates Issued Per Country (2007)

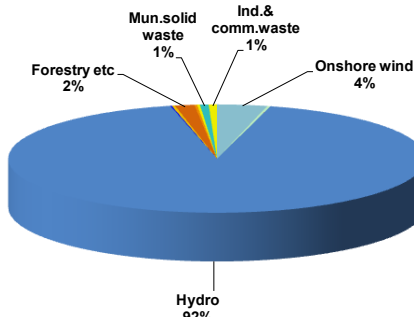


Source of certificates — technology

Certificates Issued Per Technology (2006)



Certificates Issued Per Technology (2007)

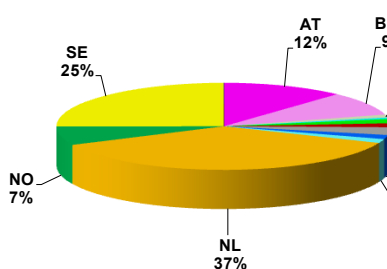


Regarding issued certificates by technology, hydropower has consolidated its predominant position; most other technologies having virtually ceased to contribute; although wind power still contributes 4% and biomass 4%.

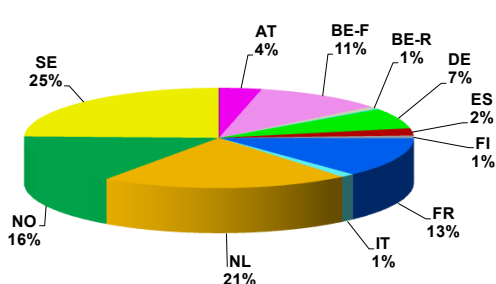
Destination of certificates — country

Comparing 2006 with 2007 for redeemed certificates, Norway and Flanders continued to increase their share, joined France and Germany, while Sweden retained its market. Netherlands continues to redeem the same number of certificates while Austria has virtually ceased to do so this year.

Certificates Redeemed Per Country (2006)

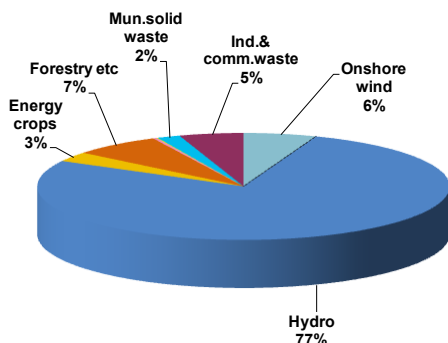


Certificates Redeemed Per Country (2007)

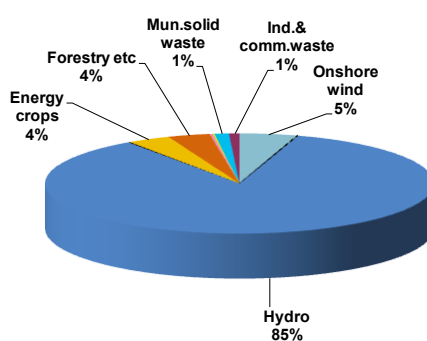


Redeemed certificates — technology

Certificates Redeemed per Technology (2006)



Certificates Redeemed per Technology (2007)



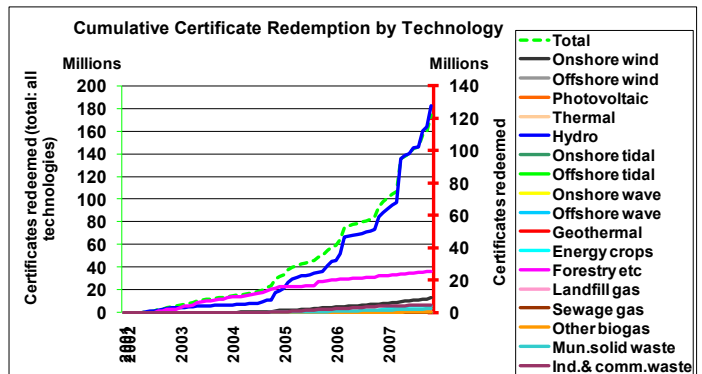
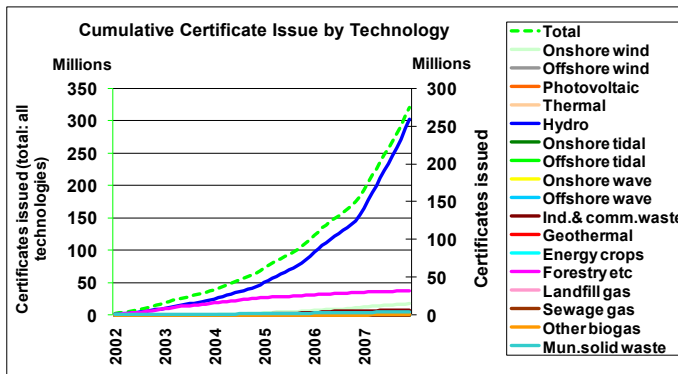
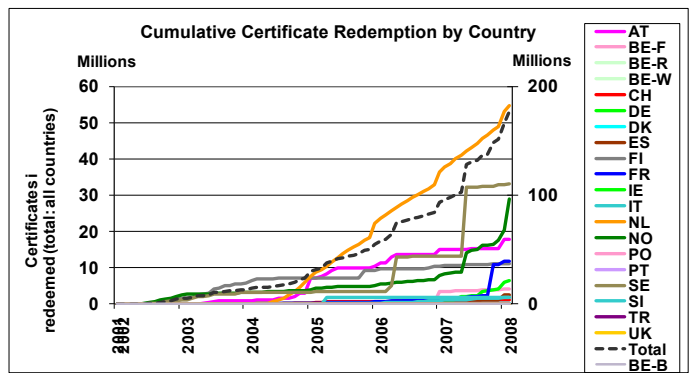
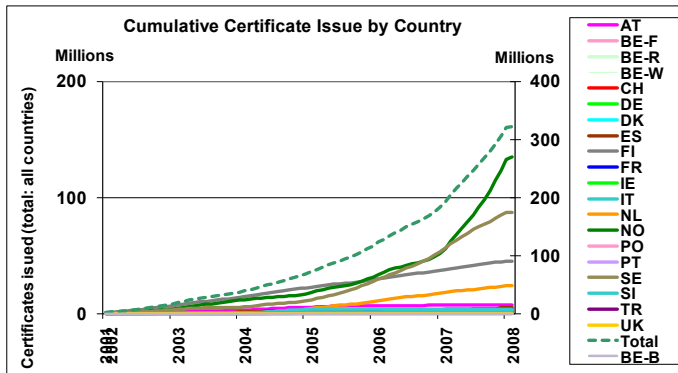
Again comparing 2006 with 2007, but this time for redeemed certificates by technology, hydro continues to increase its market share along with energy crops, at the expense of every other technology.

CERTIFICATE ACTIVITY FOR 2007 (CONT'D)

Cumulative issue

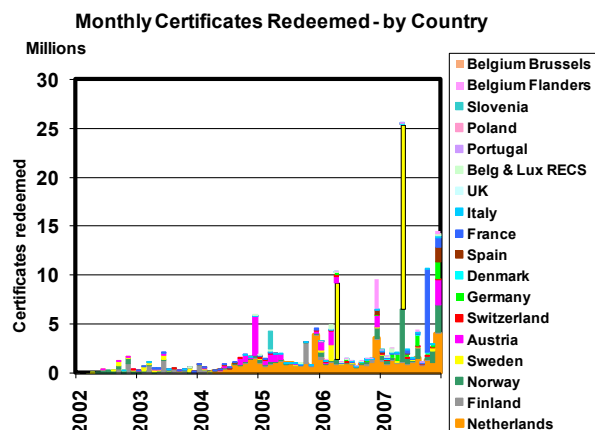
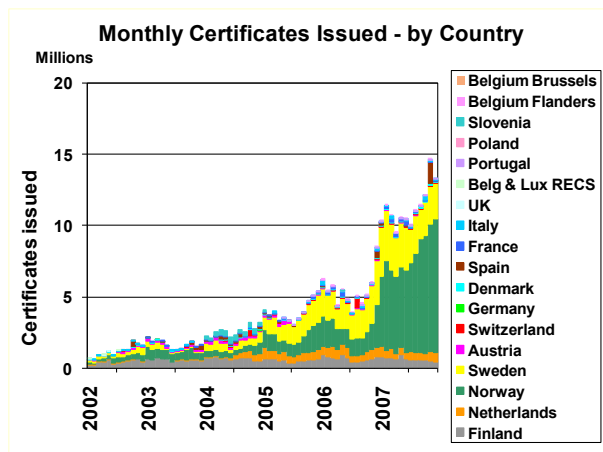
Cumulative redemption

Overall, issuing and redemption are increasing more rapidly as guarantees of origin are increasingly used for disclosure purposes in Nordic countries, and also as certificates are used for similar purposes in Germany, Austria, Flanders and France. The volume of hydro issued and redeemed continues to increase substantially at the expense of everything else (except wind and forestry).



Trade

The following graphs summarise monthly issuing and redemption, clearly showing the influence on international trade of the producing countries – Norway, and to a lesser extent Sweden, Finland and the Netherlands; and of the consuming countries – Netherlands (the largest by far); Sweden, Finland and Norway (for domestic disclosure); and then Austria, France, Germany & Flanders.

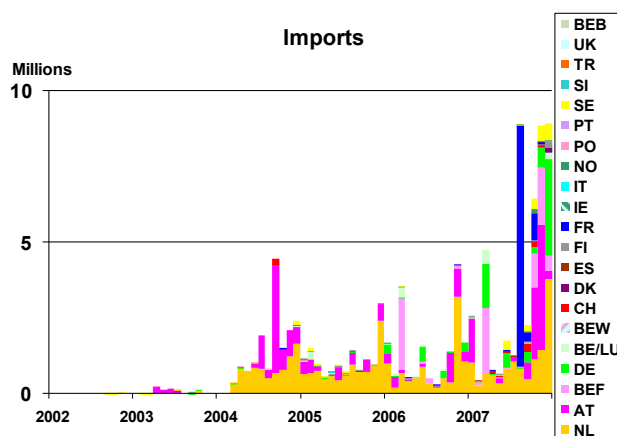
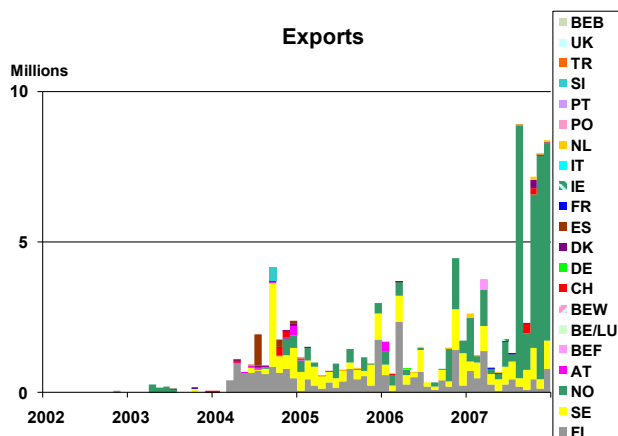


CERTIFICATE ACTIVITY FOR 2007 (CONT'D)

Export

Import

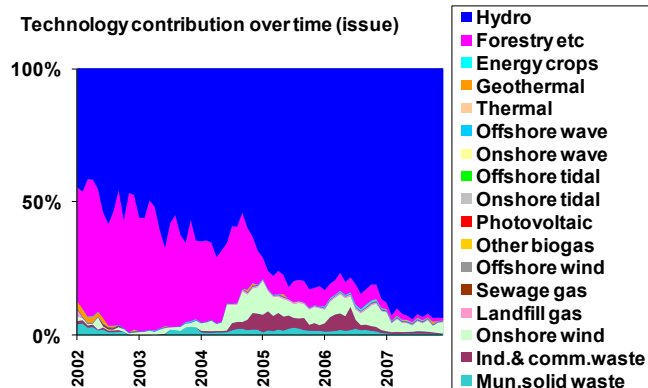
The largest exporters remain Norway (by far) and then Sweden and Finland; while Netherlands, Austria, Flanders and increasingly Germany remain the major importers, joined this year by France – which is making its presence felt, with major imports over the summer overshadowing all other importers.



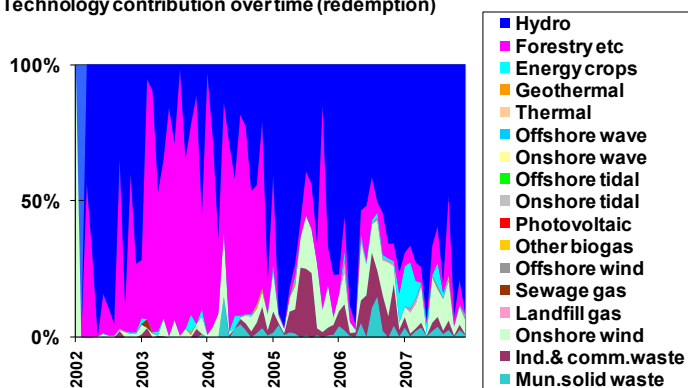
Technology contribution

Another way of considering technology trends is to consider the blend for which certificates are issued and redeemed. The following graphs show that significant growth in hydropower certificates is not wholly matched by the market for these – although around 93% of issued certificates are for hydropower, only 85% of redeemed certificates are – meaning the demand for other forms of certificate (biomass & wind) is proportionally higher.

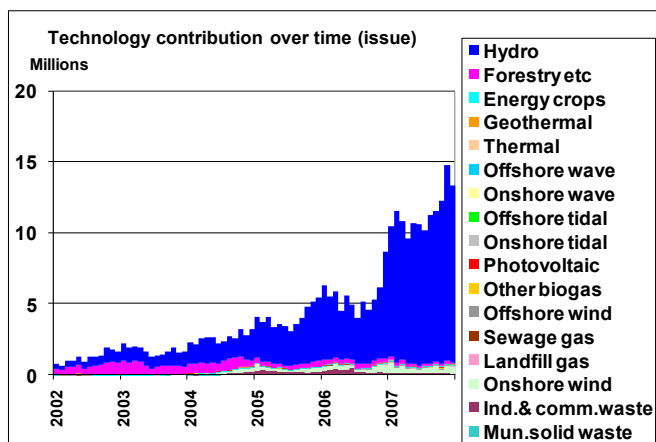
Technology contribution overtime (issue)



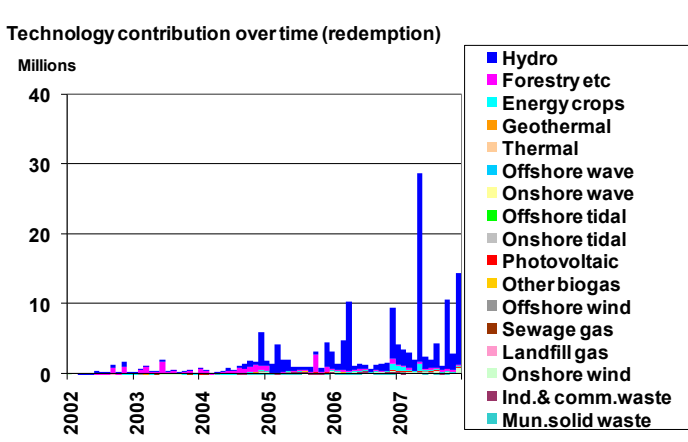
Technology contribution overtime (redemption)



Technology contribution over time (issue)



Technology contribution over time (redemption)



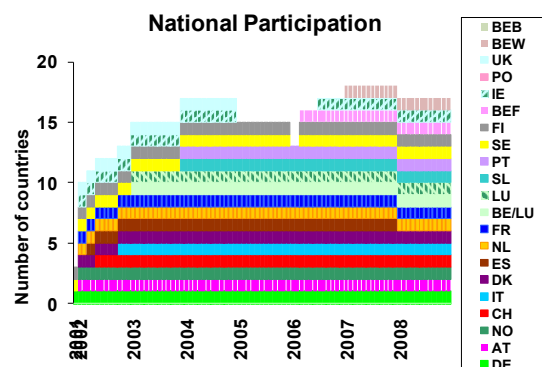
CERTIFICATE ACTIVITY FOR 2007 (CONT'D)

National Participation

Membership continues to grow, with Brussels now having applied for membership; and Wallonia recently being granted membership.

Sweden has now joined the Disclosure scheme, and Netherlands plans to do so in 2008. Several countries are applying for membership of the CHP GO scheme.

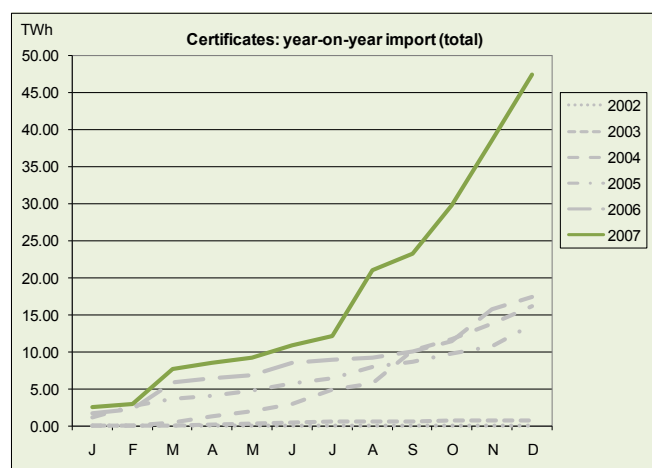
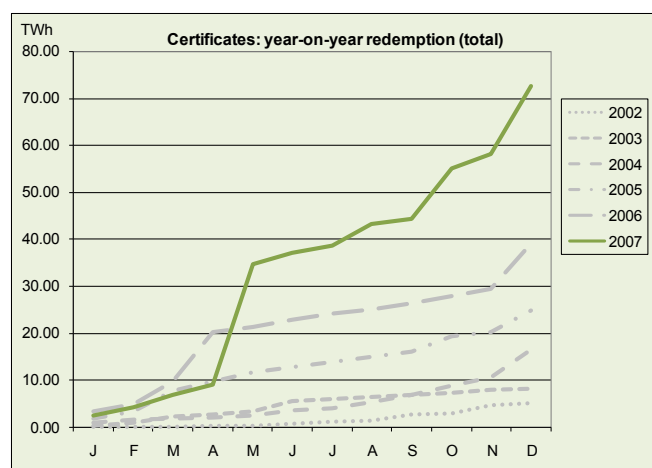
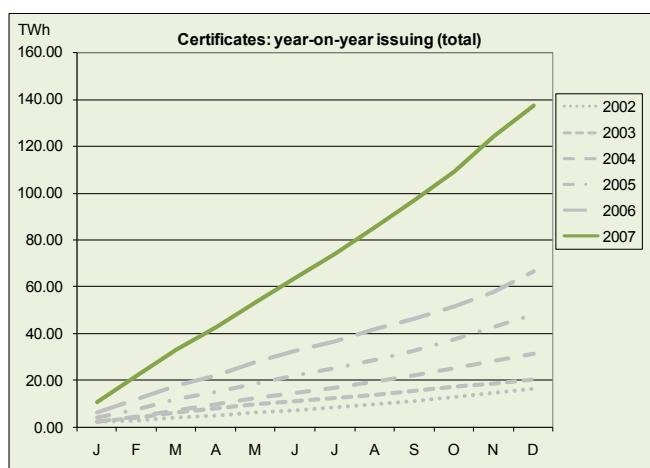
(Note: the short gaps are between Fingrid and Svenska Kraftnat ceasing membership, and Grexel taking over their roles; and Ireland temporarily ceasing membership.)



European Activity

Issuing, international transfers and redemption all continue to grow increasingly this year, at a rate unmatched in previous years—in fact, activity in all areas has more than doubled that of 2006.

This has been driven by the Nordic countries requiring the redemption of guarantees of origin as evidence for disclosure purposes, and by increasing interest from Austria and Germany.



2007 ACHIEVEMENTS

High Efficiency CHP Guarantees of Origin

The major instrument regarding the promotion of Cogeneration (CHP) is Directive 2004-8-EC. This Directive has an informal indicative target of increasing the share of CHP electricity from 11% in 1998 to 18% in 2010. It includes harmonised definitions, Guarantees of Origin, access to electricity grids, identification and elimination of administrative barriers, the possibility of support systems for high-efficiency CHP, and the analysis of the national potential in Member States and statistical requirements.

The Directive was adopted on 11 February 2004, with the intention of achieving complete transposition in Member States by 21 February 2006. Unfortunately this was delayed because the official Comitology process.

In November 2004, a study was launched to help the implementation process (the committee procedure or comitology) to develop: Annexes II and III on reference values for energy savings and calculation methodology; and Annex IV for guidelines for the analysis of the national potential of Member States.

A number of supportive actions were undertaken, including workshops on CHP statistics (Eurostat with DG TREN) and Guarantees of Origin (Member States with DG TREN); and for new Member States (JRC with DG TREN).

Article 5 of the CHP Directive requires Member States to put in place a scheme for Guarantees of Origin of electricity from high-efficiency CHP (CHP-GO). These CHP-GO must be based on reference values.

On 21 December 2006, these Reference Values were decided on by the European Commission. They were published on 6 February 2007 in the Official Journal of the European Union. Therefore Member States must have been ready to issue Guarantees of Origin from 6 August 2007.

Member States must administer the CHP-GO system themselves, or by means of bodies independent of generation and distribution.

While schemes for CHP-GO are not necessarily linked to national support schemes for CHP, this is permissible. Legal general requirements for GOs are that they be reliable, accurate, transparent, fraud resistant and recognised by all Member States. Legal specific requirements for GOs are the declaration of: lower calorific value of the fuel source for the electricity; specification of the use of the combined heat production; quantification of the electricity in conformance with Annex II; and specification of Primary Energy Savings (PES)

based on the reference values.

Considerations of the Commission to help Member States in the development of CHP-GO schemes were that they:

- provide assurance that as many Member States as possible will soon have schemes which comply with the CHP Directive;
- avoid too much diversity in national CHP-GO schemes, to facilitate mutual recognition and exchangeability in the internal market;
- create GOs that can be used for support schemes;
- create GOs that stakeholders can really use; and
- support a European system which has critical mass.

The AIB has developed a standard for these Guarantees of Origin which is consistent with EU requirements and calculations, although some details have yet to be agreed at a European level: the changes in EU requirements will be taken into account as soon as they are available.

In this way, the users of AIB services can be sure that a tradable Guarantee of Origin (GoO) fulfils EU requirements. This is a prerequisite to ensure liquid markets and proper use of and accounting for GoOs redeemed outside of their country of origin.

The Commission states that it supports co-operation with the AIB in this matter for the following reasons:

- The AIB agrees that the Commission can check the legal requirements following on from the CHP Directive and comitology;
- The Commission can see many positive elements in the AIB system. The majority of AIB members are TSOs and energy regulators, and already half of the EU Member States are represented in AIB, and have substantial experience in trading GOs and certificates.

The AIB EECS system is voluntary, but used and appreciated by the major commercial players, including utilities and industry, and is robust and cost-effective. Critical mass has been achieved for use of CHP-GOs on a European scale, and the ready-to-use nature of the system supports fast implementation of CHP-GOs by Member States.

2007 ACHIEVEMENTS

In the short term, the AIB and the Commission plan to consult with Member States and other stakeholders to confirm which Member States might be interested in participation and whether any potential barriers still exist.

The AIB formally adopted the text of the EECS chapter on 2nd July 2006. The AIB will continue to cooperate with the Commission in order to guarantee consistency with future CHP committee decisions, especially the calculation methodology.

During the year 2007, the Calculation tool which the AIB developed in cooperation with the Commission has been changed in accordance with the progress that has been made in the CHP Committee and it has been further improved technically.

It is now up to Member States and their designated

competent bodies to join the AIB CHP-GO system.

In the longer term, there will be progress reports and data from Member States, input from stakeholders (AIB and industry) and evaluation by the Commission of the effects of the legislation.

Possibly, there will also be further initiatives (harmonisation, action plans and proposals); and there is a possibility of stronger coherence and/or a wider range of other legal initiatives and trends, such as white certificates, CO2 savings calculations e.g. ETS and disclosure.

The AIB will continue to cooperate with the Commission to guarantee consistency with future CHP committee decisions, wider legislation and technological developments.

The Implementation of a Central Hub

In 2006, the AIB started to develop a Central communication Hub for the international GoO and certificate Transfers.

During 2007, this Hub has been extensively tested between a small group of our members. The AIB central communication Hub was brought into use in autumn 2007.

The Hub is provided as a service by the Secretariat, and provides three main functions:

Message Transfer. Forwarding signed and encrypted messages between CMO registries. There is a web-based management interface, enabling registry addresses and security keys to be updated, and the status of transfers to be reported.

Interface Testing. The Hub enables the interface between itself and each registry to be tested. This allows registry operators to test interfaces before they are used for real transactions. It is largely automatic, with full logging and reporting of test results.

Security Certificate Authority. Public/private key pairs are sent automatically to registry operators via email, so that authorised users can request new key pairs.

The Hub software also provides basic error checking and an audit trail of all messages received and sent.

The Hub is a very important step for AIB and market players, because it increases the equality of the market participants in different countries, making it faster and easier for the registries in different countries to connect with all the other registries and countries.

The Hub is expected to ease the exchange of messages for trade across borders and to lower the cost of operation of the registries.

Currently, six of the larger domains are connected to the Hub, and we anticipate further connections during 2008.

EXTERNAL LIFE

Design of Communication Tools

The AIB working group “External Affairs” has the task of developing the tools to support communication with the AIB’s target groups.

The working group continues to maintain the website, allowing user-friendly navigation and easy location of documents.

Several new features have been added, including a calendar, which is integrated to the events management system, and a user / group administration system.

The statistics report has now been redeveloped in a more user friendly form. In 2008, this will be e-mailed in combination with AIB newsletter to the Association’s list of contacts.

Also in 2008, a brochure presenting the AIB will be designed and the opportunity to launch a brand strategy for EECS will be assessed.

Interaction with EU Commission Officials

Close cooperation with the European Commission Directorate General for Transport and Energy (DG TREN) has been pursued for matters relating to guarantees of origin relating to cogeneration and renewable energy, resulting in meetings at all levels, including: Christopher Jones, member of the cabinet of Mr Piebalgs, the Director General; Fabrizio Barbato, Deputy Director-General of DG TREN; and at a working level with Hans van Steen, Guido de Wilt and Karina Veum and their colleagues.

We also met with Piotr Tulej and Stefaan Vergote of DG ENV.

These meetings have been most useful in gaining an understanding of the current Directives on CHP, and the forthcoming Directive on renewable energy.

Interaction with Potential Members

The AIB officials have held meetings with potential new members alongside AIB gatherings.

At the invitation of Cogen Europe and EuroHeat and Power, we have presented to the government and industry of Romania and Bulgaria, in Bucharest and Sofia respectively,

Meetings have been held with CEN / CENELEC, to explore the advantages of development of a formal standard based on EECS. It appeared that for AIB and market actors there is little to be gained from such a step, which would reduce the ability of AIB to react to market needs, without providing clear benefits.

Various presentations have been given at conferences. In 2008, a meeting dedicated to new member states will take place in Budapest.

Meeting with RECS International

As in the past, AIB and RECS international (the association representing market parties dealing with certificates), continued to organise their general meetings to coincide with common events.

On these occasions, the Boards and Presidents of the two organisations meet at Joint Board meetings to update each other on the activities in progress on each side; and inform their counterparts on their future development plans, with the aim of establishing harmonised and coherent strategies.

In 2008, it is intended that collaboration between the two Associations be strengthened by introducing a Memorandum of Cooperation. This will formalise dialogue between, and identify projects common to, the two organisations.

INTERNAL LIFE

Officials

The decision-making body of the AIB is the General Meeting, which meets quarterly at varying locations in Europe. Meetings tend to be over a two day period, to enable decision-making at working and executive level. Normally, there is a social event associated with meetings, usually a dinner, giving members the opportunity for informal discussions.

The President of the Association is Christof Timpe of Oeko-Institut, Germany.



The Management Board is responsible for day-to-day management of the Association, and meets monthly, alternating physical meetings with teleconferences. The general cycle of meetings is organised so that budgetary plans are approved at the March General Meeting. In 2007, the chairmanship of the management Board passed to Marko Lehtovaara of Grexel, Finland, and the other Board members are Natascia Falcucci of GSE, Italy; Jan Vorrink of EnerQ, Netherlands; Diane Lescot, of Observ'ER, France; Ulf Moller of Statnett, Norway; and Thierry van Craenenbroeck of VREG, Flanders.



**Marko
Lehtovaara**



**Natascia
Falcucci**



**Jan
Vorrink**



**Diane
Lescot**



**Ulf
Moller**



**Thierry
van
Craenenbroeck**

The General Meeting, Board and working groups are supported by the Secretariat, and the Secretary General is Philip Moody, of the UK.



INTERNAL LIFE (CONT'D)

Working Groups

Task Forces are formed to address individual, time-bounded issues. In the past, these have examined such matters as development of a calculation methodology to enable the international residual mix to be calculated; a review of the fundamental EECS business concept and process; and the economic consequences of the different tariff structures of members.

Working groups meet as necessary, sometimes monthly but more usually bi-monthly. These address ongoing issues, including:

Workgroup Internal Affairs (internal regulation of the Association, and administration and development of the EECS standard) - *chaired by Gineke van Dijk of CertiQ, Netherlands*

Members and AIB subgroups are provided with legal advice relating to the activities and strategy of the AIB, in order to ensure the effectiveness of the relationship between AIB and its members; and to improve cooperation with third parties. Legal advice is also provided concerning matters such as AIB intellectual property, and the resolution of disputes relating to the internal governance of the Association. In addition, assistance is also given to members seeking to gain membership of the Association.



In 2007, the Workgroup performed two audits on members of the AIB; provided the General Meeting with advice on several national Domain Protocols of participants; and gave legal advice on the position of AIB and the Hub. In April, the Articles of Association were changed to accommodate changes in Belgian law. This was prepared in the Workgroup, in cooperation with a Belgian lawyer and a public notary.

Operational rules for a harmonised certification system compatible with national schemes and the evolution of European legislation are under continuous development; a particular challenge being the identification of possible points for harmonisation.

Compliance with these rules is also audited and encouraged, in order to guarantee the efficiency, robustness, functional correctness and security of certificate management practices at member organisations; and the harmonisation of operation between member organisations.

Workgroup Systems (interfaces between computer systems) - *chaired by Tomaz Lah of the Slovenian Energy Agency*

System efficiency and enhancement are promoted, along with the development of interfaces between the computerised registries of members with each other, and with other AIB systems such as the inter-system Hub.

AIB standards are, as far as is reasonably possible, based upon international standards and methodologies, and to this end AIB coordinates its activities so as to keep in contact with appropriate groups within other International organisations involved on the same issues.



The scope of the overall system is extended as necessary to encompass the needs of other types of certificate, including CHP-GO and Disclosure certificates, through the development, improvement and implementation of data definitions; protocols for data transfer, including response times and data formats, and arrangements for sharing data; and statistical reporting and transaction logging. While postponement of the Hub has led to overall costs being lower than expected this year, commencement of Hub operations has led to operational costs being according to the financial plan for 2007".

Workgroup External Affairs (provision of information) - *chaired by Diane Lescot, of Observ'ER, France*

Information is made available in the form of the written and spoken word (including newsletters, annual reports, technical publications, presentations at conferences, workshops and briefings and the internet) to members, stakeholders, government, NGOs and the public.

Such information includes that relating to events and other relevant matters such as new trader accounts and analyses of certificate activity.



BUDGET / ACTUAL INCOME & EXPENDITURE

Position at Jyske Bank

2007 commenced with €103,964.89 brought forward in the bank account. Receipts of €396,298.63 membership fees and VAT refunds were offset by expenditure of €430,338.32 resulting in €69,925.20 carried forward to 2008.

Invoices have now been received for all work commissioned during this period, and €21,960.17 was accrued for invoices that were either not received or unpaid at the beginning of the year (accruals include €98.31 unpaid membership fees (these are expected to be collected within the first quarter of 2008) plus a VAT refund for approximately €13,115.11.

Position against budget

Income was €71,101.82 under budget, due mostly to activity in Belgium being less than expected (a major contributor being Wallonia not being accredited under the GoO RES-E scheme until early in 2008) together with the lack of new members of the CHP GO scheme.

The major underspend in 2007 was €176,735.54 due to development of the next phase of the Hub being deferred. In addition, the deferment of AIB publicity material and lack of expenditure on audit released €21,758.07 to 2007. In contrast, expenditure on teleconferencing of €1,887.55 plus a requirement for an additional 6 days secretarial work and accrued fees for attending general meetings, while offset by bank interest received of €4,169.51, led to administration overspend of €3,209.64.

Annual costs	Budget	Expenditure	Variance
Administration	164,473.50	167,683.14	-3,209.64
Workgroup Internal Affairs	110,000.00	94,241.93	15,758.07
Workgroup External Affairs	37,000.00	31,000.00	6,000.00
Workgroup Systems	246,000.00	69,264.46	176,735.54
TOTAL FOR 2007	557,473.50	362,189.53	195,283.97

Annual income	Budget	Income	Variance
Income	403,500.00	332,398.18	71,101.82



E-CONTROL

Energie-Control GmbH (E-Control) is the regulatory authority for the Austrian electricity and gas market and was founded in March 2001. E-Control joined the AIB in summer 2001 in the course of the Helsinki Meeting. Ever since then, E-Control has actively contributed to the development of the association. E-Control representatives have participated in several Working Groups, and have also assumed different offices within the association. Thus Dietmar Preinstorfer held the office of Vice-President and Treasurer for a one year period; and Walter Boltz, Chairman of E-Control, headed the Association as its President from summer 2004 to summer 2006.

Certificates in Austria

E-Control and the Austrian market participants have been very active in the international trade of certificates, both import and export. Certificates are the basis of the Austrian disclosure system, and so electricity disclosure is the main driver of the certificate market.

E-Control also encouraged the AIB to endorse Guarantees of Origin (GO) next to RECS certificates, because it firmly believes that GO will be a major driver in the future development of EU Green Electricity markets.

Regarding future AIB participation, E-Control is in contact with market participants about new certificate schemes developed by the AIB, especially CHP GO and disclosure GO. Currently, it is unclear whether there will be a significant demand for CHP GOs, and the first CHP plant are expected to be defined in accordance with the EU Directive early in 2008.

Another major step in the development of a (green) electricity certificate market is the Austrian GO database. The testing of the Austrian GO database with the AIB inter-registry Hub was successfully completed in September 2007, enabling successful transfers of RECS certificates from the Austrian GO database via the Hub to other RECS CMOs connected with the Hub. For an interim phase, until all RECS CMOs are also operationally linked with Hub, it will remain possible to transfer RECS certificates to and from the other RECS CMOs using the Grexel RECS CMO.

We hope that the AIB will continue to grow, especially with regard to the new Central and Eastern European member states, as well as the countries of the South-East European Energy Treaty, since due to their geographical situation they constitute natural partners.

Energie-Control GmbH

Rudolfplatz 13a | A-1010 Vienna | Austria

Tel: +43 1 24724 Fax: +43 1 24724-900 Internet: www.e-control.at



Christian Schoenbauer

christian.schoenbauer@e-control.at

+43 (1) 24724 707

REPORTS FROM MEMBERS (CONT'D)

Belgium (Flanders)



Vlaamse Reguleringsinstantie
voor de Elektriciteits- en Gasmarkt

VREG, the energy regulator of Flanders, is responsible for the operation of the quota systems of the Flemish government.

All suppliers in Flanders have a double quota obligation, both for electricity from renewable energy sources (RES-E) as well as for primary energy savings via combined heat and power (CHP). These obligatory quota systems are primarily designed as a support mechanism for specific types of electricity generation. They are based on electronic tradable certificates, registered in a central database. These certificates also may contain the guarantee of origin, used in Flanders for disclosure.

Since the start of the RES-E quota system in 2002, a steadily increase in RES-E production can be noticed. In 2007 VREG has issued over 2.000.000 certificates, representing a production of 2 TWh (about 4% of the total production). Most of these certificates also contain the guarantee of origin, which is compliant to the AIB EECS-regulations.

As the consumption of RES-E electricity is subsidised through a levy rebate, Flanders is a net importer of "green" guarantees of origin. Only EECS-compliant guarantees of origins are accepted and

can be electronically imported into the VREG registry.

The CHP quota system took off in 2005 and is also successful with respect to the installation of new production facilities (85 new ones since 2002), both in the industry as in the agricultural sector. Starting from 2007, CHP-guarantees of origin are issued. These have no official EECS-status for the time being, but the necessary adaptations to the registry and the redaction of a domain protocol are planned for 2008. As regards the use of CHP-GO's, the same demand side support mechanism as for RES-E is applied, opening a window of opportunities for trade in these "blue" GO's.

VREG is planning to connect to the AIB-hub in the first trimester of 2008.

VREG is active in the Working Group Internal Affairs, offering legal support for the association and technical expertise in support mechanisms and CHP calculation procedures.

The VREG team responsible for these operations consists of 4 engineers (Joris Soens, Karolien Verhaegen, Jimmy Loodts and Katrien Verwimp) and two administrative staff members.

Vlaamse Reguleringsinstantie voor de Elektriciteits- en Gasmarkt
Graaf de Ferrarisgebouw | Koning Albert II-laan 20 bus 19 | 1000 Brussel (Belgium)
www.vreg.be



Thierry Van Craenenbroeck
Technical director
tel: +32 2 553 13 59 | fax: +32 2 553 13 50
thierry.vancraenenbroeck@vreg.be

REPORTS FROM MEMBERS (CONT'D)

Belgium (Wallonia)



The *Commission Wallonne pour l'Énergie* (CWAPE) is the regulator for electricity and gas in Wallonia, Belgium.

For that Region, it is an independent body in charge of both regulating the regional markets and advising the Authorities for gas (35 TWh) and electricity (24 TWh).

While the federal regulator keeps other statutory powers (e.g. transport, tariffs, nuclear power), CWAPE is the sole authority in charge distribution, public service obligations, generation from renewable energy sources or combined heat and power systems (CHP).

A support mechanism has been in place in Wallonia since 2003 for the generation of renewable and CHP electricity (both are locally named "green"). This green quota obligation is imposed on suppliers and managed by CWAPE. The level of support varies between 2 €/MWh and 200 €/MWh (150€ to 700€/MWh for solar), electricity not included, depending on the environmental performance of the generation.

This certificate system has led in 5 years to a 100% increase in capacity of renewable electricity and a 50% increase in generation with CHP. The expected growth for the coming years is similar.

Wallonia has implemented guarantees of origin (GO) since 1st January 2007 in order to allow suppliers to inform final customers of the source of the electricity (disclosure based on GO's). Each final customer will soon be able to choose between electricity products containing various proportions of renewable and/or high efficiency CHP electricity based on GO's.

CWAPE's application to join the AIB for renewable GO's on behalf of Wallonia has been accepted in December 2007. This year will see CWAPE apply for AIB's CHP GO scheme. Indeed CWAPE has been issuing cogeneration certificates for the last 5 years and is eager to share this experience. CWAPE also takes an active role in the Work Group Internal Affairs.

CWAPE

Avenue Gouverneur Bovesse 103-106 | B-5100 Namur | Belgique

www.cwape.be



Pierre-Yves Cornélis

Pierre-Yves.cornelis@cwape.be

tel +32 81 33 08 14

tel +32 81 33 08 10 | fax +32 81 33 08 11

REPORTS FROM MEMBERS (CONT'D)

Belgium & Luxembourg (RECS)



Renewable Energy Certificates

.e-CERTe vzw/asbl is the Issuing Body of RECS certificates for Belgium and Luxembourg.

e-CERTe vzw/asbl is also allowed to import/redeem GO's into the Walloon and the Brussels regions of Belgium and into Luxembourg until GO's Issuing Bodies become AIB operational members in their domains.

e-CERTe vzw/asbl

Vaartstraat 61, Rue du Canal | Brussels | B-1000 Belgium

www.3E.be



Ir. Paul Verhaegen
tel : +32 2 217 58 68
GSM: +32 475 61 22 88
Paul.Verhaegen@3E.be

REPORTS FROM MEMBERS (CONT'D)

Denmark



Energinet.dk is an independent public enterprise. As the owner of the main electricity and natural gas grids in Denmark, we maintain security of supply and ensure efficient electricity and gas markets as well as the integration of renewable energy.

We are responsible for research and development in the fields of electricity and gas and administer a politically determined budget of DKK 130m for the development and demonstration of environmentally friendly power-production technologies. The enterprise has a turnover of DKK 8bn.

Energinet.dk sees tradable energy certificates as a natural development of the electricity market and is among the founding members of the AIB.

Energinet.dk is appointed by Executive orders in accordance with the Electricity Law to issue Guarantees of Origin, to prepare general declarations for the average electricity supply and to set conditions and guidelines for individual declarations on specific electricity supply.

The EECS standard enables Energinet.dk to conduct these duties in an efficient way.

2007

In 2007 the number of registered production devices increased noticeably in the Danish system and as a result the number of issued certificates has almost doubled compared to 2006.

During the year several traders have opened accounts in the system which has also affected the increase in activity in the system compared to 2006.

In 2007 it became mandatory for electricity companies selling a special mix (RES-E or CHP) to publish individual declarations. This has to be documented by redeeming Guarantees of Origin. As a result the number of redeemed certificates has increased compared to 2006.

From 2007 Energinet.dk is also the issuing body for CHP Guarantees of Origin, however, not yet according to the EECS standard.

Energinet.dk

Tonne Kjærvej 65 | 7000 Fredericia | Denmark

www.energinet.dk



Louise Rønne
lro@energinet.dk
+45 76224439



Lene Egeberg-Gjeldstrup
leg@energinet.dk
+45 76224404

REPORTS FROM MEMBERS (CONT'D)

Finland and Sweden



Grexel Systems issues EECS certificates for Finland and Sweden. Grexel is a privately owned company focusing on energy certificates and central certificates registries. In 2007 we issued EECS-guarantee of Origins and EECS-RECS certificates and also acted as a Central Monitoring Office (CMO) for Norway, Denmark, Austria and Slovenia. In addition Grexel maintained the central certificates depository system for the Swedish national support certificate scheme.

Grexel's year 2007

During the Year 2007 Grexel Issued 43 TWhs of Renewable Guarantee of Origin and RECS Certificates and provided the central certificates repository system for another 82 TWh of issued certificates. The highlights of the year were:

- The creation and approval of the Swedish disclosure domain protocol
- The development of the new certificates repository system platform

- Residual mix calculation for Finnish and Swedish disclosure schemes.

Outlook for the year 2008 and onward

During the year 2007, a domain protocol for CHP-GO certificates for Finland and possibly Sweden will be created.

On the technical side, the development of the new repository system will continue and first installation will be done.

We will also continue taking actively part in national and international development in the area of energy certificates.

Grexel Systems Limited

Fredrikinkatu 34 B 22 | FI-00100 Helsinki | Finland

Tel: +358 9 251 22211 Fax: +358 (9) 251 22222 www.grexel.com

Email: info@grexel.com



Marko Lehtovaara
marko.lehtovaara@grexel.com
+358 (9) 251 22211

REPORTS FROM MEMBERS (CONT'D)

France



Founded in 1980, Observ'ER is a not-for-profit association, specialised in monitoring and promoting renewable energies. It conducts regular surveys on the development of renewable energy sectors in the European Union (among which is the EurObserv'ER barometer, downloadable from www.energies-renouvelables.org), as well as ad hoc research. Observ'ER publishes every two months *Systèmes Solaires*, the only French magazine on renewable energies.

Observ'ER has been involved since 1999 in the elaboration of the RECS system and is a founding member of the Association of Issuing Bodies. Observ'ER has been a board member since the foundation of the AIB.

Observ'ER has been the issuing body for the RECS in France since the system was established in the country. The first RECS certificates were issued in December 2002.

The activity of the French issuing body has been increasing steadily since then. 2007 was a very important year in terms of volumes. The amount of

redeemed certificates rose to more than 10 TWh, which the French market was not able to cover. As a result, the imported volume of certificates reached 9.34 TWh. 2.73 million certificates were transferred within the French domain and 1.6 million were issued. 2007 represented as much as 99.7% of all imports, and 88.3% of redemptions. It also accounted for 43.7% of all issuing.

At the end of 2007, the RECS system in France has 1,431,776 MW registered from hydropower, onshore wind power, landfill biogas, municipal solid waste and, since 2007, solar plants. 30 market actors currently hold an account on the database.

2007 was also the year for the design and creation of Observ'ER's own registry, after using that of swissgrid for several years. The database was successfully migrated. In 2008, all market actors will be granted free and secured online access to their accounts.

In 2008 Observ'ER will continue to issue RECS certificates and to take part in AIB's activities.

Observatoire des énergies renouvelables (Observ'ER)

146 rue de l'Université | 75007 Paris | France

Tel: +33 1 44 18 0080

Fax: +33 1 44 18 0036

www.energies-renouvelables.org



Diane Lescot

diane.lescot@energies-renouvelables.org

REPORTS FROM MEMBERS (CONT'D)

Germany



Oeko-Institut e.V., a non-profit research institution, has been commissioned by RECS Deutschland e.V. since 2001 to act as the Issuing Body for the German EECS Domain. As German legislation does not clearly nominate an Issuing Body for green certificates, Guarantees of Origin and disclosure certificates, a contract with the representation of market players was seen as the most adequate way of nominating the Issuing Body. This responsibility is not expected to be legally assigned to a governmental body before the new RES-E Directive comes into force.

The German Domain has implemented schemes for RECS certificates, Guarantees of Origin for RES-E and for EECS Disclosure Certificates. However, probably due to lack of market demand, no Disclosure Certificates are currently handled. The EECS Domain of Germany is ready to implement Guarantees of Origin for high-efficiency CHP as soon as national legislation is in place, provided that this allows for implementation according to EECS.

Due to the attractive support offered to renewable producers through the German feed-in system, issuing activities have remained on a low level in Germany to the extent that, in 2007, no EECS certificates were issued. After implementation of

electricity disclosure in 2005 and due to a generally increased public ecological awareness in Germany resulting in a higher demand for RES-E by consumers, volumes of imported and redeemed certificates rose significantly. While some 615,000 MWh were redeemed in 2006, redemption of approximately 5.3 TWh took place in Germany in 2007. The number of account holders rose from 9 in 2006 to 24 in early 2008. A particular aspect of the German RES-E market is the public expectation that green products should actively contribute to the extension of RES-E production. With respect to EECS, this results in demand for certificates from new plant, and to public debates on whether it is sensible for electricity products to use EECS certificates that have been issued for production from old plant.

The activities of Oeko-Institut in its research projects allow certain synergies with its activities as Issuing Body and as an AIB member. For example, the work carried out in the project "A European Tracking System for Electricity" (E-TRACK) is continued within "E-TRACK II" (project website <http://www.e-track-project.org>), which focuses mainly on implementation of CHP GO and the position and expectation of electricity consumers.

Öko-Institut e.V.

PO Box 50 02 40 | 79028 Freiburg | Germany

Tel: +49-761/45295-0 Fax: +49-761/45295-88 www.oeko.de

Email: eeecs-germany@oeko.de



Christof Timpe
Tel:+49-761-45 295-25



Dominik Seebach
Tel:+49-761-45 295-25

REPORTS FROM MEMBERS (CONT'D)

Ireland



The Green Certificate Company is the Issuing Body for Ireland, with responsibility for the RECS market. Other certificates are currently within the scope of various Irish governmental authorities and there are no plans at present for their integration with Europe through the AIB.

2007 saw a small amount of activity in the Irish RECS market with all certificates being for export. Future RECS certificate volumes could increase following a change in the Irish support legislation.

2007 also saw the implementation of the Single Electricity Market covering the wholesale arrangements for the whole of the Island. Support schemes for renewables continue to be administered under the Irish or UK governments according to location.

GCC also provides issuing services outside of the scope of the AIB, with particular focus on emission reduction markets.

The Green Certificate Company is a private company not linked to any other participants in the energy markets. We fully support the operation and development of the AIB and believe in active involvement with the Association.

Green Certificate Company Limited

12 The Broadway | Amersham | Bucks | HP7 0HP | UK

Tel: +44 1494 432323

Fax: +44 1494 434888

Email: info@green-certificates.com

www.green-certificates.com



Edmund Everson

Tel: +44 1494 432323

ed_everson@green-certificates.com

Rob Arbon

Tel: +44 1494 432323

rob_arbon@green-certificates.com

REPORTS FROM MEMBERS (CONT'D)

Italy



Gestore dei Servizi Elettrici - GSE Spa is the Italian body responsible for the transfer of incentives to power plants and it is active, jointly with the competent ministries, for the promotion of environmentally-sustainable uses of electricity.

The national support schemes, currently managed by GSE and that have a really heavy impact on the financial flows for the electricity market, belong to the main categories of the feed-in mechanism and the green certificates system.

In particular, for the **feed-in tariff**, there are two main legislative provisions: the first passed during the early '90s (still in operation but close to ending) and the second approved during 2005 foreseeing a mechanism backing PV systems.

The **green quota**, in operation since 2001 for all the technologies has, after few years implementation, been assessed positively but mainly for mature technologies.

A general revision of the support framework was approved at the end of 2007, and is likely to be in operation during 2008.

The main activities GSE carries out are technical

inspection of power plants, financial transfer of support and participation in IPEX of production from plant admitted to the feed-in system. Because of its know-how and competencies in terms of assessment of generation, the Italian legislation also assigned to GSE the role of Issuing Body for **RES GO** and **CHP GO**, introduced on the market by the EU legislation.

Concerning voluntary certification, GSE is responsible for the **RECS system** through participation in the international trading platform managed by **AIB** (Association of Issuing Bodies) where it is member of the General Meeting and has a representative on the Board.

RECS activities in 2007 performed very well. 20 companies from the Italian electricity market (traders and producers) joined the system and are active in issuing and redeeming certificates. The motivation for this was the opening of the electricity market to all consumers from July 2007, the increase in competition making utilities more aware of the requirements for new product portfolios. From this perspective, the green value represented and represents a good opportunity.

Gestore dei Servizi Elettrici - GSE S.p.a.

Viale Maresciallo Pilsudski | 92 00197 Roma | Italy

Tel: +39 06 8011 1

Fax: +39 06 8011 4392

Email: info@gse.it

www.gse.it



Gerardo Montanino

Tel: +39 (0) 681 65 44 69

Email: gerardo.montanino@gse.it



Natascia Falcucci

Tel: +39 (06) 8011 4827

Email: natascia.falcucci@gse.it



CertiQ bv is the issuing body for RECS certificates, Guarantees of Origin and CHP certificates in the Netherlands.

CertiQ is a subsidiary company of TenneT TSO bv, the Transmission System Operator (TSO) of the high voltage grid in the Netherlands.

The Dutch Ministry of Economic Affairs has authored regulations commissioning TenneT to set up a production certificate system.

CertiQ has been the issuing body of Guarantees of Origin (formerly known as Green Certificates) and RECS certificates since 2001. Until December 2007, more than 65 TWh have been certified by CertiQ, and over 2,500 producers are currently active in our system.

Our new national target is to ensure that at least 20% of all consumed energy is produced renewably in 2020.

We achieved a figure of 6.5% renewable electricity in 2006, while just in 2001 only 2,8% of the domestic

electricity consumption was being produced in a 'green' way.

Harmonising the operation of international energy certificate systems is becoming increasingly important, and therefore CertiQ is an active member of the AIB for both the RES-GO and RECS schemes.

In 2008, CertiQ foresees that it will commence participating in the CHP-GO scheme and that there will be an increasing market volume of RES-E, due to the new European target of 20% renewable energy by 2020.

Dutch participation in the Disclosure scheme depends on market demand and future legislation.

CertiQ bv and TenneT bv

Utrechtseweg 310 | Postbus 718 | 6800 AS Arnhem | Netherlands

Tel: +31 (0)26 373 11 11 Fax: +31 (0)26 373 11 12 www.certiQ.nl / www.tennet.org



Gineke van Dijk
+31 (26) 373 1754
g.v.dijk@certiq.nl

REPORTS FROM MEMBERS (CONT'D)

Norway



Statnett has issued RECS certificates in Norway since 2001/2002. From 1st September 2006, certificates issued by Statnett fulfilled the requirements for both GoO RES-E and RECS certificates. Hence all certificates issued in Norway in 2007 fulfil the criteria for both types of certificate.

Statnett issues certificates every week based on data from the Norwegian Balance Settlement. In 2007, Statnett issued 81 TWh, compared with about 20 TWh in 2006. This represents about 60% of the production in Norway, and about 60% of certificates issued in Europe.

Compared to 2006, where 4.9 TWh was exported, in 2007 Norway exported 33 TWh. Some of these certificates were from earlier years, so exports from 2007 production constituted about 27 TWh. In addition, 1.6 TWh was redeemed in Norway in 2007 on behalf of foreign customers ("export" of Redemption Statements instead of certificates).

From 1st January 2007, electricity source Disclosure was regulated in Norway, and the recommended

solution is to use GoO RES-E for Disclosure of renewable supply in Norway. This increased the redemption of renewable electricity guarantees of origin from 2.7 TWh in 2006 to 26 TWh in 2007 (redemption of production in 2007 for consumption in 2007 before the regulated deadline of 20th February).

In December 2007, the new regulations for guarantees of origin were approved in Norway, and came into force from 1st of January 2008. The Norwegian energy regulator (NVE) is now responsible for the approval of Production Devices in Norway, although this is still based on the approved Domain Protocol for Norway.

Statnett remains a member of the GoO RES-E and RECS schemes. As a "hydro power country" (99.5% Hydro power), Norway has no plans to implement new schemes for the time being. This may change in 2009, when the first CHP gas-fired plant (probably high-efficiency) will come into production.

Statnett SF

Husebybakken 28B | PO Box 5192 | Majorstuen | N-0302 Oslo | Norway

Tel: +47 22 52 70 00

Fax: +47 22 52 70 01

www.statnett.no

Email: firmapost@statnett.no



Ulf Moller

Tel: +47 (2252) 7304

Email: ulf.moller@statnett.no

REPORTS FROM MEMBERS (CONT'D)

Portugal



REN – Rede Eléctrica Nacional, S.A. is the Transmission System Operator for mainland Portugal. In November 2000, following the privatisation of EDP and the liberalisation of the European Energy Market (accordingly to the European Directive 96/92/CE, of 19th December), REN became an independent company.

In 2006, following the Portuguese energy sector's reorganization, in particular the electric and the natural gas components, which set down the congregation of the corresponding regulated infrastructures in a sole enterprise group, REN acquired the assets regarding natural gas regulated activities, namely:

- High pressure natural gas transport;
- Natural gas underground storage;
- Liquefied natural gas reception, storage and re-gasification in GNL terminals.

Since 1 December 2003, REN has been the national issuing body for RECS in Portugal and has been, since then, a full member of the Association of Issuing Bodies (AIB). The issuing of Portuguese RECS certificates

started in 2005 and since then, 349 071 certificates were enabled to be transferred or redeemed in the market.

In 2007, the first redemption of RECS certificates occurred. The Portuguese Agents redeemed 5250 certificates for labelling purposes.

Following the implementation of the Article 3(6) of Directive 2003/54/EC, a disclosure system was put in place to ensure that electricity suppliers specify in or with the bills and in promotional materials made available to final customers:

1. the contribution of each energy source to the overall fuel mix of the supplier over the preceding year;
2. Environmental impact resulting from the electricity produced by the overall fuel mix of the supplier over the preceding year.

Nevertheless, the regulation doesn't specify the form and the procedures to gather and publish the information.

REN – Rede Eléctrica Nacional, S.A.
Av. Estados Unidos da América, nº 55 | 1749 – 061 Lisboa | Portugal
Telephone: +351 2100 13500 Fax: +351 2100 13310 www.ren.pt



Pedro Cabral
Generating System Planning Division
Tel: +351220012416
Email: pedro.cabral@ren.pt



Pedro Pereira
Market Management Division
Tel: +351210011257
Email: pedro.pereira@ren.pt

REPORTS FROM MEMBERS (CONT'D)

Slovenia



The Energy Agency of the Republic of Slovenia (AGEN-RS) is the Slovenian independent regulatory authority for electricity and gas, established in accordance with the requirements of the EU Electricity and Gas Directives (2003/54/EC and 2003/55/EC, respectively). It acts as Issuing Body (IB) and Central Monitoring Office (CMO) for the Renewable Energy Certificate System (RECS) in Slovenia.

Slovenia has been active with RECS since March 2004. AGEN-RS has also run the Guarantee of Origin-system (GO-system) of Origin of electricity from renewables and CHP since 2006. RECS certificates are used to prove the origin for electricity products for electrical energy from Slovenian hydropower plants.

Voting member in the AIB general meeting is Mr. Ervin Seršen and his alternate is Mr. Gorazd Škerbinek. At a working group level,

Slovenia participates in the following groups:

- Workgroup Internal Affairs: Mr. Andrej Špec;

- Workgroup Systems: Mr. Tomaž Lah (chairman).

According to Slovenian Energy Act and AGEN-RS's nomination as the Slovenian Issuing Body, all relevant pre-conditions were met to enter the AIB EECS GO certificate scheme. After a consultation process with the Slovenian market participants AGEN-RS will decide upon joining this scheme.

Another major step in the development of the Slovenian electricity certificate market will be connection of the Slovenian national GO Registry to the AIB Inter-Registry Hub.

The AGEN-RS plans for 2008 are to continue as RECS issuing body and, if the stakeholders make adequate decision(s), to implement new scheme(s).

Agencija za energijo Republike Slovenije (Energy Agency of the Republic of Slovenia)

Strossmayerjeva ulica 30 | PO Box 1579 | 2000 Maribor | Slovenia

Tel: +386 2 234 03 00 Fax: +386 2 234 03 20 www.agen-rs.si/en/

Email: info@agen-rs.si



Ervin Seršen
Tel: +386 (0) 2 234 03 00
Email: ervin.sersen@agen-rs.si



Gorazd Škerbinek
Tel: +386 2 234 03 00
Fax: +386 2 234 03 20
Email: gorazd.skerbinek@agen-rs.si

REPORTS FROM MEMBERS (CONT'D)

Spain



Red Eléctrica de España was AIB Issuing Body for RECS in Spain until the end of 2007, when it resigned membership due to changes in national responsibilities.

This is due to the EU GO Directive being transposed by Spain during 2007, the Ministry appointing CNE (Energy National Commission) as the Issuing Body for GO related to cogeneration and renewable electricity such that guarantees of origin became available from 1st January 2008.

CNE has yet to join AIB.

In 2007, REE issued 1,771,213 and redeemed 1,719,744 RECS certificates.

Red Electrica de España

Red Eléctrica de España | Paseo Conde de los Gaitanes 177 | 28109 Alcobendas | Madrid | Spain
Tel: +34 91 650 85 00 / +34 91 650 20 12 Fax: +34 91 650 45 42 / +34 91 650 76 77 www.ree.es

REPORTS FROM MEMBERS (CONT'D)

Switzerland



swissgrid (the Transmission System Operator TSO for Switzerland) is Issuing Body (IB) and Central Monitoring Office (CMO) for the Renewable Energy Certificate System (RECS) in Switzerland. Switzerland has been active with RECS since the end of 2002.

swissgrid has also operated the Guarantee of Origin system (GO-system) for Switzerland since end of November 2006. This GO-system is based on the design of the Austrian GO-system, which was provided by the Austrian electricity and natural gas regulator E-Control to Switzerland in order to establish its own system.

Switzerland has started the process of gaining AIB-accreditation for the Swiss GO-system, in order to become a fully acknowledged system under the AIB-EECS-standard, Principles and Rules of Operation (PRO), chapter 1 (GoO RES-E Certificates) in 2007.

It is intended that GoO RES-E scheme membership will proceed early in 2008, when a definitive decision by all AIB members at the AIB General Meeting will be taken.

On working group level Switzerland has been participating in 2007 in the following groups:

- WGIA: L. von Moos (alternate H.-H. Frei)
- WGS: L. Groebke (alternate N. Singh).

swissgrid ag

Werkstrasse 12 | CH-5080 Laufenburg | Switzerland

www.swissgrid.ch



Louis von Moos
Tel: +41 4444 53911
louis.vonmoos@recs-schweiz.ch



Lukas Groebke
Tel: +41 (0) 585802138
lukas.groebke@swissgrid.ch

Audit Report

Association of Issuing Bodies

Audit report 2007

1.Introduction

As decided by the AIB members, the audit is performed in turns by one of the member organisations.

Gestore dei Servizi Elettrici – GSE S.p.a., Italy, has performed the audit of the year 2007.

This report describes the purpose of the audit work and gives an evaluation of AIB's internal routines as well recommendations. Finally, the audit focuses on the correctness of the balance sheet and of the profit & loss account at year-end.

2.Purpose of the audit

The purpose of the audit is to:

- Verify the main items of balance sheet and profit and loss account at year-end;
- Check that cut off between the financial year 2007 and 2008 is correctly accounted for;
- Evaluate the payment routine;
- Control that invoicing is correct and complete and in accordance with instructions of the Board;
- Control that expenses are in accordance with existing agreements, well documented and properly authorized;
- Evaluate the audit-trail between the system and the books.

To carry out the audit work I was supported by General Secretary Phil Moody. I have also used minutes of the Board, agreements, trial balance as of December 31st, 2007, transaction list and vouchers. The audit was performed on sample basis.

The AIB organisation is registered in Belgium, but VAT registered in the UK. The audit of 2007, as the previous year, does not include the evaluation of taxation matters.

3. Findings and recommendation

Membership fee

The information on total certificates issued per member is based on data from the websites (i.e. www.recscmo.org). The total number of certificates issued in 2006 is the basis for the membership fee in 2007. The activity fees are linked to the total certificates issued in the relevant year.

The members have different methodologies of accounting related on "issued certificates". The Board of AIB has concluded that issued certificate means the date energy was generated not the date of issue. The certificates related to year 2007 and invoiced after the books have been closed for that year are recognized as revenue by the Association for the following year.

I have verified that annual membership fees were invoiced according to the minutes of the Board meeting on 12th December 2002. I have, on sample basis, controlled that certificates issued in 2007 are confirmed by websites.

Expenses

I have reviewed that expenses are documented with supporting documents and are correctly authorized. In particular, I have checked consulting fees and travel expenses. The overall impression is good. At year-end the cut-off seems reasonable.

Bank

The registration and authorization of payments routines are separate. General Secretary Phil Moody creates payment instructions while the Treasurer authorizes payment instructions.

The bank account in general ledger as of 31st December 2007, is reconciled with statement received from Jyske Bank. The list of people authorized to operate with bank, registered in Jyske Bank, is updated at year-end. The bookkeeping routines seems to work well.

Accounts receivable/accruals

The receivables are current.

VAT

AIB is registered in UK. AIB's fees are mainly outside UK which have a zero tax rate, while all the purchases are deducted with VAT 17,5%. Therefore, it is normal for AIB to have a VAT refund. Because of Italian auditor's limited knowledge of UK rules and regulations, I am not able to confirm that the VAT treatment is according to UK rules.

However, I have controlled that the VAT is correctly calculated and recorded in the system. No error was found. I have also verified, on sample basis, the yearly accounting movements according to invoices and to payments received by UK Authority.

Accounts payable/accruals

At year-end the creditors/accruals consist of current vouchers. The posts are well documented.

Audit-trail of vouchers

There exists an audit-trail between the original vouchers in the books and the system. The overall impression of the quality of the vouchers is good.

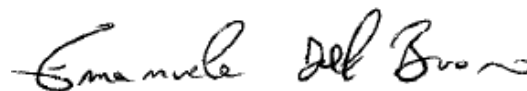
Financial statement 2007

The financial statement subject to audit has to be approved by the Board.

4. Conclusion

In my opinion the internal routines and bookkeeping of AIB work well. The challenge is still to find a way to improve the quality of the transaction of certificates.

Based on audit tests, the financial statement gives a fair view of AIB' balance and net loss (28,566 Euro) at year-end.



Roma, 20th March 2007

Emanuele Del Buono

Gestore dei Servizi Elettrici – GSE S.p.a.

ANNEX 1 (CONT'D)

Financial Statement

Financial Statement

Profit and loss account

	31/12/2006	31/12/2007
Operating revenues	<i>(amount in Euro)</i>	
Annual membership fee, small	60.000	64.000
Annual membership fee, large	80.000	120.000
Activity based membership fee	144.244	148.199
Other operating revenues	8.450	9.600
Total operating revenues	292.694	341.799
Operating costs		
Consultancy fee	230.926	335.885
Travelling	23.655	34.888
Other operating costs	5.823	1.825
Depreciation	607	1.214
Total operating costs	261.011	373.812
Net financial items	1.394	(3.447)
Net profit/loss for the year	30.289	(28.566)

Balance sheet

	31/12/2006	31/12/2007
Assets	<i>(amount in Euro)</i>	
Plant and Machinery	3.035	1.821
Accounts receivable	1.529	30.805
Net Vat refund	12.104	24.167
Bank	129.751	79.281
Total assets	146.419	136.074
Equity	134.370	105.804
Liabilities		
Accounts payable	12.049	30.270
Total liabilities	12.049	30.270
Total equity and liabilities	146.419	136.074

Cover credits (from left to right)

1 / LM Glasfiber **2** / DR **3** / GPAE **4** / J. Weber/Inra **5** / Laurence Dion
6 / Christian Eichhorn/Choren/Daimler MediaServices **7** / Güssing CEEE
8 / Gamesa **9** / Montmasson/SPIE Batignolles **10** / DR



Association of Issuing Bodies

Registered offices
Rue du Canal 61, B-1000 Brussels, Belgium

Administrative offices
21/23 Station Road, Gerrards Cross, Bucks SL9 8ES United Kingdom

Tel. / Fax
+44 (0)1494 681183

Website
<http://www.aib-net.org>

Email
info@aib-net.org

Registered in Belgium
registration number (numero d'entreprise): 0.864.645.330

