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Dear reader of the AIB Annual Report,

The year 2008 has been a very important year in the history of the Association of Issuing Bodies. We are looking back on significant progress which has been made regarding the political and legal framework of AIB’s operations, and also on further substantial growth in the market for energy certificates in Europe.

The political agreement on the new EU Renewable Energy Directive sets the scene for the future work of the AIB regarding the certification of energy from renewable sources. The Directive has strengthened the definition and role of Guarantees of Origin. Most importantly, the Directive has clarified under EU legislation that the sole use of Guarantees of Origin is disclosure of the origin of electrical, heating and cooling energy to final consumers. Compliance with the national renewable energy targets for 2020 is treated separately to trade in renewable energy by market parties. The former will be determined based on energy statistics and the “cooperation mechanisms” which can be used at a governmental level. Member States are free to design their support schemes for renewable energy as they fit to their energy markets, and some of these may use support certificates. The design of the European Energy Certificate System is particularly suitable to support schemes. The Directive has clarified under EU legislation that the sole use of Guarantees of Origin is disclosure of the origin of electrical, heating and cooling energy to final consumers.

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The market continues to grow rapidly, major certificate issuing countries remaining Norway and Sweden, then Finland and Netherlands; while consumption increased in Norway, Italy, Germany and Flanders. The largest importers were the Nordic countries; while major importers were Flanders, Netherlands, Germany, Sweden and Finland. Hydropower continues to provide most issued certificates, followed by windpower and biomass. While most certificates are eligible both as guarantees of origin and RECS certificates; most of the former are used by the market. Almost all certificates are now used as proof of final consumption within twelve months of issuance, clearly demonstrating the success of the market.

The achievements of the Association are based on the active contributions of its members in the workgroups, the Board and the General Meetings, and the work of our General Secretary, Phil Moody. This has made it possible that AIB is today regarded by many stakeholders as the leading enabler of international energy certificate schemes.

The developments in 2008 result in important agenda items for AIB in the year 2009. These comprise inter alia the refinement of the EECS System for electricity in the light of the new RES Directive, the further development of the membership basis for AIB and an intensified cooperation with market actors, the Commission, national governments and regulators. AIB is also prepared to expand its knowledge to encompass energy certification beyond the electricity market if this is required by political bodies or by the market.

The AIB enables secure and reliable tracking of electricity attributes. This means that market players, governments and consumers have a comprehensive and transparent system for tracing how and where a particular consumed MWh is generated. EECS (the European Electricity Certificate System) and the underlying regulatory, technical and organisational structures cover the whole lifecycle of certificates, from issuing to transfer and cancellation.

During the year 2008, the AIB overcame many challenges to achieve a number of important goals. Let us take a closer look at a few of them:

Milestone 1: Half PWh issued
The year 2008 was again a year of strong growth for the EECS certificate markets. Total production volume tracked under EECS since the birth of the system in 2001 exceeded 500TWh of electricity from renewable sources. A half PWh is a huge amount of electrical energy; it is more than the total yearly electricity consumption of France and only slightly less than that of Germany. The total issuing volume in 2008 alone was about 178 TWhs, and total cancellations exceeded 110TWh. Given the growth figures, and the fact that certificates are cancelled mostly during the year after the production year, these figures tell us that practically all issued certificates are actually used.

Milestone 2: Guarantee of Origin is now officially a tool for Disclosure
As long as tracking certificates, such as guarantees of origin and RECS certificates, have co-existed with support certificate systems, there has been ongoing debate in the countries hosting such systems of how the tracking of electricity attributes should be arranged: should the supported green value be allocated evenly to all consumers, as in the German feed-in system; or should there be separate certificates for consumer information and financial support? AIB has put substantial effort into resolving this, and modifying EECS to provide a tracking solution for all different support types, including certificate-based quota systems. Last year, after extensive and protracted analysis of several options, the AIB permitted the issuing of EECS guarantees of origin for energy that had received support via systems backed by certificates. The solution also enables countries not in favour of such solution to reject such guarantees of origin. Trivial as it may sound, this means that EECS now provides a harmonised tracking solution that is compatible with every support system in Europe.

Milestone 3: Tracking solution for certificate based support schemes became available
The solution also enables countries not in favour of such solution to reject such guarantees of origin. Trivial as it may sound, this means that EECS now provides a harmonised tracking solution that is compatible with every support system in Europe.

The achievements of the Association are based on the active contributions of its members in the workgroups, the Board and the General Meetings, and the work of our General Secretary, Phil Moody. This has made it possible that AIB is today regarded by many stakeholders as the leading enabler of international energy certificate schemes.
CERTIFICATE ACTIVITY FOR 2008 (continued)

MEMBERSHIP

Spain has now re-joined the AIB, GCC acting as issuing body for RECS certificates.

MARKET ACTIVITY

The market continues to grow rapidly, major certificate issuing countries remaining Norway (which issued 63% of all certificates in 2008) and Sweden, then Finland and Netherlands.

Regarding cancellations (“cancelled” has now replaced the term “redeemed”, in line with the forthcoming Renewable Energy Directive), Norway, Italy, Germany and Flanders all increased their share of cancellations; while the biggest cancellers in 2008 were Sweden and Norway.

The largest exporters in 2008 were Norway, Sweden and Finland, and lately Switzerland and Denmark; while major importers are now Flanders, Netherlands, Germany, Sweden and Finland.

63% of issued certificates were cancelled in 2008, meaning 55% of all certificates issued since 2002 have been cancelled.

AIB recently surveyed activity during 2006 and 2007 on a scheme basis. The majority of certificates were eligible for both the GO RES-E and RECS schemes; while GO RES-E certificates accounted for the majority of cancellations.

Technology / energy sources

Hydropower continues to provide 92% of issued certificates; although wind power still contributes 4%.

Most cancellations (91%) are for hydropower (and to a far lesser extent biomass — especially energy crops — and wind), at the expense of all other technologies.

CERTIFICATE ACTIVITY FOR 2008

MEMBER ACTIVITY

In Benelux, activity in Belgium is increasing now that EECS supports the issue of GO RES-E by issuers of support certificates. However, RECS activity has now ceased. Brussels has registered a number of plants and will start issuing soon. Flanders, while issuing slightly more than last year, has been importing more than any other domain, and cancelling increasing numbers of certificates. Wallonia has commenced activity, but it is too early to comment further. Dutch activity has been substantially greater in all areas except issuing, which is the same as last year, and continues to be a major market for Nordic countries.

In the Nordic/North European countries, last year’s legislative changes requiring use of GO for disclosure continues to promote substantial increase in the GO market. International trade now substantially exceeds previous years, and increases in both exports and imports suggests increased trading / broking activity in the region. Denmark is now a “large member”, issuing close to 2m certificates annually. Sweden is set to commence issuing Disclosure certificates for nuclear energy. There has been little Irish activity.

Of the Mediterranean/South European countries: the underlying trend is that the French market continues to grow, to the extent that France has become a “large member”, issuing close to 2m certificates in 2008; although last year’s high volumes are unlikely to be repeated for a while. Italy, too, has achieved “large member” status, issuing more than 5m certificates in 2008; issuing and cancellation has grown substantially this year, but there has been no international trade. Spanish activity ceased during 2008, but with the appointment of GCC as issuing body, and the acceptance of GCC as a member of AIB, market activity is expected to resume soon. Portugal has issued a few certificates, but there has been no international trade.

For Central Europe, Austria has revised its 2007 statistics to show 5m certificates issued, 9m imported and 3m cancelled that year. It has been less active this year: Germany changed registries, and import and cancellation continue to increase rapidly, seemingly due to market demand for 100% RES-E supply. Swiss activity has once again risen in all areas, as Switzerland seeks membership of the Disclosure scheme. Slovenia cancelled a few certificates this year, but was otherwise inactive.

Source of certificates — country

Comparing 2008 with 2007, the major certificate issuing countries remain Norway and Sweden, then Finland, Italy and the Netherlands; with Norway increasing its share markedly.

Destination of certificates — country

Norway, Italy, Germany and Flanders have continued to increase their share of cancellations, at the expense of Austria, Sweden, Spain and France.

Source of certificates — technology

Hydropower has held its predominant position; most other technologies having virtually ceased to contribute; although wind power still contributes 4%.

Cancelled certificates — technology

Again comparing 2007 with 2008 (for cancelled certificates by technology), hydropower has held its market share along with energy crops, at the expense of every other technology.
CERTIFICATE ACTIVITY FOR 2008 (continued)

CUMULATIVE ISSUE AND CANCELLATION
Overall, issuing and cancellation continue to increase rapidly as guarantees of origin are increasingly used for disclosure across Europe. The volume of hydro is issued and cancelled continues to eclipse everything else (except wind and forestry).

TRADE
The following graphs summarise monthly issuing and cancellation, clearly showing the influence on international trade of the producing countries — Norway, and to a lesser extent Sweden, Finland, Italy and the Netherlands; and of the consuming countries — Flanders, Sweden, Norway, Germany and the Netherlands.

EXPORTS AND IMPORTS
The largest exporters remain Norway (by far) and then Sweden, Finland and lately Denmark and Switzerland; while Flanders has overtaken Netherlands, Germany, Sweden and Finland as the major importers, supported by France, Wallonia and Norway.

TECHNOLOGY CONTRIBUTION
Analysis of energy sources shows that significant growth in hydropower certificates is not wholly matched by the market for these certificates — although around 92% of certificates issued this year are for hydropower, only 85% of the cancelled certificates are, so demand for other forms of certificate (biomass — particularly energy crops — and wind) is proportionally higher.
CERTIFICATE ACTIVITY FOR 2008
(continued)

NATIONAL PARTICIPATION
Membership continues to grow, with Spain now having been readmitted as a member of the RECS scheme, via its issuing body, GCC.

The Ljubljana General Meeting extended membership of the GO RES-E scheme for countries wishing to issue support certificates as well as GO RES-E and those countries that wish to exchange GO RES-E with them. As a result, Brussels, Flanders, Wallonia, Finland, Norway and Sweden became members of this scheme.

EUROPEAN ACTIVITY
Issuing, international transfers and cancellation have all continued to grow increasingly, at a rate unmatched in previous years—in fact, activity in most areas is close to twice that of 2007. This has been driven by the Nordic countries and Belgium requiring the cancellation of guarantees of origin as evidence for disclosure purposes, and by increasing public interest from Austria, Belgium and Germany for similar reasons.

THE NEW RENEWABLE ENERGY DIRECTIVE
The main work topic for 2008 has been the forthcoming RES Directive, where AIB has reviewed various drafts of the legislation, and offered expert advice to both Member State governments and the Commission.

A sound Guarantee of Origin (GO) market is key to a well-functioning competitive Internal Energy Market. 18 months ago, the AIB — based on its wide experience in this area — proposed that to achieve this, the new RES Directive should:

— Propose international standards for an electronic GO system, in support of the best interests of the Internal Energy Market
— Separate physical (energy) and virtual (GO) markets, to protect market liquidity & inflexible generation and avoid the administrative nightmare of supplying electricity from specific sources
— Require cancellation of GO as evidence of consumption of the associated energy, so realising their value and preventing double selling
— Require the use of GO to facilitate disclosure and
— Clarify the definition of national targets.

The draft Directive, which has now been agreed in principle by the Parliament and Council, contains all of this. Certainly, some inconsistencies remain concerning the use of GO for heating and cooling, RES-E exports to third countries, and the lifetime of GO; but the proposed Directive is a major improvement over the existing Directive 2001/77/EC.

Members are currently clarifying with their governments such matters as the identity of the competent bodies, the details of and stakeholders in the proposed GO system, and whether GO will be issued for supported energy.

In the meantime, AIB is reviewing the adequacy of the current implementation of EECS, and in particular matters such as:
— The relationship between CHP-GO and RES-GO
— GO for heating and cooling
— Normalisation rules for pumped hydro
— Achievement of the implementation deadline
— Increases in plant capacity
— Trade via cancellation statements
— Sustainability criteria
— Relationship with Committee on Renewable Energy Sources.

The AIB now looks forward to working with the Commission to continue to deliver a well-running market for guarantees of origin.

2008 ACHIEVEMENTS
The AIB continues to invite Member States, third countries outside of the European union and market parties, to participate in EECS, identifying barriers and evaluating the effects of legislation both on the EECS system and on markets. This will be increasingly relevant during 2009, as Member States prepare for the implementation of the new RES Directive from April 2010.

During the year 2008, the AIB revised the Calculation tool which it developed in cooperation with the Commission, to reflect the guidelines adopted by the CHP Committee and to further technically improve this. A user guide for the Calculation tool was also prepared, which explained the derivation of the outputs. AIB will continue to cooperate with the Commission in order to guarantee consistency with future CHP Committee decisions. It is now up to Member States and their designated competent bodies to join the AIB CHP-GO system.

During 2008, the AIB also adjusted its system — EECS — to accommodate Member States whose support schemes employ certificates to provide evidence of compliance. The AIB continues to consider further initiatives aimed at promoting stronger coherence of certificate systems within Europe and a wide range of other legal initiatives and trends, such as white certificates, guarantees of origin for other fuels, CO₂ savings calculations (e.g. ETS) and disclosure.

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The AIB now looks forward to working with the Commission to continue to deliver a well-running market for guarantees of origin.
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. The statistics report and newsletter have now been amalgamated.

The conditions of use for the trademark “EECS — European Energy Certificate System” have been prepared, with a view to registering the trademark in 2009. To this end, the mark for AIB has been updated, and a logo for EECS has been developed.

Also in 2008, a flyer presenting the AIB has been designed as part of the development of a brand strategy for AIB and EECS.

INTERACTION WITH POTENTIAL MEMBERS

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

Further meetings were held with CEN / CENELEC, to explore the advantages of development of a formal standard based on relevant aspects of EECS. The next step is to be a joint workshop, hopefully chaired by the European Commission, at which the way forward will be discussed and agreed.

Presentations were given to conferences; and in 2008 meetings for new member states took place in Budapest and Ljubljana, in cooperation with the Italian and British embassies respectively.

Meetings were held with the gas industry, including Gasunie; and the AIB is currently considering possible expansion of its scope into the biogas sector. Meeting with the biofuels industry also took place, with several presentations to BiofuelGO project stakeholders; and this is also being considered for support under EECS.

MEETING WITH RECS INTERNATIONAL

As in the past, AIB and RECS International (the association representing market parties trading), continued to organise their general meetings to coincide with common events. In particular, AIB cohosted the REXchange conference in Amsterdam; and invited RECS International to its workshops for new member states. 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 September, a market committee for RECS International stakeholders was organised in Vienna, where members from the two organisations could exchange views on matters of particular importance for them including: the linkage between EECS certificates and the CO₂ market; cancellation of certificates in one domain for use in another; factors hindering trade, etc. It was deemed a successful experience by both sides, and will be renewed next year.

INTERACTION WITH EU COMMISSION OFFICIALS

Close cooperation with the Directorate General for Transport and Energy (DG TREN) has been pursued concerning guarantees of origin for cogeneration and renewable energy, resulting in meetings at all levels, including: Peter Vis, member of the cabinet of Andris Piebalgs, the Director General; and at a working level with Guido de Wit; and correspondence with other members of Directorate D. AIB also participated in the joint DG TREN / DG SANCO conference on energy consumer rights, and met with MEP Mia de Vits to discuss the relevance of guarantees of origin for consumer information.

These meetings have been most useful in gaining an understanding of the current Directives on CHP and its supporting guidelines, and the continuing to press for sound implementation of the forthcoming Directive on renewable energy.

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 General Meeting, Board and working groups are supported by the Secretariat; the Secretary General being Phil Moody of UK.

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 2008, the chairmanship of the management Board was retained by 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; Thierry van Craenenbroeck of VREG, Flanders and Ulf Moller of Statnett, Norway (who resigned, December 2008). Louise Ronne joined the Management Board as deputy Board member.

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WORKING GROUPS AND TASK FORCES

Task Forces are formed to address individual, time-bound issues. In the past, these have examined such matters as:
— developing a methodology to enable the international residual mix to be calculated;
— reviewing the fundamental AIB business model to address support certificate; and
— evaluating the economic consequences of the different tariff structures of members. Working groups are formed to address ongoing activities, including those relating to:
— the relationship between the Association and third parties (Working Group External Affairs)
— the regulation of EECS and internal working of the Association; and
— the linkage between computerised registry systems.

Both task forces and work groups meet as necessary, sometimes monthly but more usually bi-monthly, to address ongoing issues. Highlights follow of the activities of the working groups over the past year.
INTERNAL LIFE
(continued)

WORKING GROUPS AND TASKS FORCES

Workgroup Internal Affairs (internal regulation of the Association, and administration and development of the EECS standards) — chaired by Gineke van Dijk of CertiQ, Netherlands.

Members and subgroups are provided with legal advice relating to AIB activities and strategy, to ensure an effective 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 the internal governance of the Association. In addition, assistance is also given to members seeking to gain membership of the Association.

In 2008, the Workgroup assisted the audit of four AIB members; provided the General Meeting with advice on several national Domain Protocols of participants; and gave legal and regulatory advice on the new RES Directive. The CHP Model was updated in line with the new EU Guidelines, and the needs of members whose national law used support certificates were accommodated (see “2008 ACHIEVEMENTS” on page 11).

The operational rules for a harmonised certification system, compatible with national schemes and evolving European legislation are under continuous development; a particular challenge being the identification of possible points for harmonisation. Compliance with these rules is audited and the lack of new members of the CHP GO scheme.

The scope of the overall system is extended as necessary to encompass the needs of other certificate types (e.g. CHP-GO and disclosure certificates) through the development, improvement and implementation of data definitions, data transfer protocols, arrangements for sharing data and statistical reports.

In 2008, the inter-system Hub became operational, and at the end of the year there were 8 Hub-connected registries. The focus of the work was improvement of Hub operation and corresponding changes in PRO definitions, while enhancement of Hub functionalities (Hub phase 2) was postponed.

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.

In 2008, the Workgroup developed an updated logo for the AIB, and a new logo for the EECS system to be associated with the trademark “EECS — European Energy Certificate System”, which will be registered during 2009, along with conditions for the use of the mark — another product of the Workgroup. A further deliverable has been a brochure or “flyer”, a single information sheet targeted at conferences and for use in meetings with potential new members.

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 to keep in contact with appropriate groups within other International organisations involved on the same issues.

The BUDGET / ACTUAL INCOME AND EXPENDITURE

SUMMARY

Position against budget

Income was €13,092 under budget, due to greater levels of activity than expected in Denmark, Spain and Italy being overtaken by lower levels of activity than expected in Austria, Belgium and Switzerland; together with the lack of new members of the CHP GO scheme.

Expenditure

In total, expenditure was €25,487 under budget. The major under-spending in 2008 was €20,651 within Workgroup Systems, where:

— Technical support was lower than forecast, due to the work on SD03 being deferred into 2009 and costing less than anticipated. This, along with less secretarial support than anticipated, led to expenditure being €16,496 under budget; and

— Hub costs were €4,155 under budget — these had been reduced for 2008, and there was delayed payment due to delay in gaining formal agreement with the supplier.

Within Workgroup External Affairs, the defiance of trademark registration into 2009 and reduced printing and graphics costs led to spending of €4,839 under budget.

Administrative costs were €9,231 higher than had been anticipated, mostly due to the costs of the Budapest conference, which accounted for €15,660 out-of-budget costs. In addition, secretarial work was 1.5 days over budget, and travel costs associated with meetings concerning the RES Directive were higher than anticipated. General meeting costs (€20,779) were £655 short of being covered by attendance fees.

Position at Jyske Bank

2008 commenced with €79,280 brought forward in the bank account. Receipts of €435,979 membership fees and VAT refunds were offset by expenditure of €373,762 (including VAT) resulting in €41,498 carried forward to 2009.

Invoices have now been received for all work commissioned during this period, and €38,382 was accrued for invoices that were either not received or unpaid at the beginning of the year, and unpaid membership fees which were collected within the first quarter of 2009; plus a VAT refund for approximately €4,747.

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Energie-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. Thus 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 EECS-certificates, which includes both issuing, export / import and cancellation. Certificates in general are the basis of the Austrian disclosure system. Mainly used for the documentation of disclosure are Guarantees of Origin (GO) in accordance with the EU-Directive 2001/54/EC. Other certificates as EECS-certificates shall be accepted as documentation for disclosure only under the condition that the country of production has also a comprehensive disclosure system implemented, physical electricity flow from the country of production to Austria is possible and the issuing body is an accredited institution included within the European accreditation system.

The electricity disclosure system currently is the main driver of the certificate market.

E-Control is member of two kinds of EECS-certificates, it is Guarantees of Origin (GO) for electricity production by renewable energy (Chapter one of PRO) and RECS-certificates (Chapter two of PRO). The main focus is given to Guarantees of origin (GO), because GOs are the only type of certificates which are defined precisely within an EU-Directive (2001/54/CE).

E-Control therefore would appreciate, if the AIB-EECS-system would accept all GOs (RES-E) which fulfil the conditions of the EU-Directive as EECS-GO certificates to make them electronically tradable within the AIB-EECS system.

The issuing of EECS certificates for generation plants in Austria occurs within the Austrian database, which includes very different kinds of electricity production data. EECS-relevant data are only a small part of the information in this database.

E-Control recommends as main activity for the further development of the EECS system to make the transactions between the different registries of different countries working, which is planned via Hub. An actual overview about the possible electronic transfers would be an important support for all market participants.

BRUGEL (Brussels Gas Electricity), the Commission de Régulation pour le gaz et l’électricité en Région de Bruxelles-Capitale — Commissie voor de regulering van gas en elektriciteit in het Brussels Hoofdstedelijk Gewest, is the energy regulator for the Region of Brussels, Belgium.

For the Brussels Region, BRUGEL is the body in charge of regulating the electricity and gas markets. Its role is to provide advice and guidance to public authorities.

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

A support mechanism has been in place since 2004 for the generation of renewable and CHP electricity (considered locally as “green electricity”) in the form of green certificates. A green certificates quota obligation is imposed on suppliers and managed by BRUGEL. The support mechanism is linked to that of Wallonia in that suppliers can give Wallon green certificates for their Brussels quota obligation if all Brussels green certificates have been used.

Brussels has implemented guarantees of origin (GO) since January 1st 2007 in order to allow suppliers to inform final customers about the source of electricity (GOs being used as disclosure certificates). Each final customer would be able to choose between electricity products containing various proportions of renewable and/or high efficiency CHP electricity based on GOs.

BRUGEL application to the AIB for RES-GOs has been accepted in September 2008 in Vienna. BRUGEL is since then connected to the AIB hub.
VREG, the energy regulator of Flanders, is responsible for operating the quota and disclosure system 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). This double quota system is 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. VREG has issued nearly 2.000.000 certificates for production in 2008, representing about 4% of the total power production in Flanders.

Most of these certificates (84%) also contain the guarantee of origin, which is compliant to the AIB EECS-regime. The other certificates are issued for electricity guaranteed of origin, which is compliant to the AIB EECS-regime. In 2007, nearly 17% of the total sales were accompanied by AIB EECS-GO’s.

The CHP quota system took off in 2005 and is also successful with respect to the installation of new production facilities, both in the industry as well as in the agricultural sector. VREG has issued around 2.050.000 certificates for CHP in 2008. This figure represents the primary energy savings of the new CHP-installations compared to separated production of heat and power.

Starting from 2007, CHP-guarantees of origin are issued for production of CHP-electricity: 244.282 in 2007 and 923.266 in 2008. However, these have no official EECS-status for the time being. Plans for the necessary adaptations to the registry and the redaction of a domain protocol are postponed to 2009. Although the same demand side support mechanism as for RES-E is applied, a real market for CHP-GO has not yet emerged.

VREG successfully connected its registry to the AIB hub during 2008. This facilitates cross-border trade since no bilateral testing has to be performed. VREG is active in the Working Group Internal Affairs, offering legal support for the association and technical expertise in support of these operations consists of a team of four engineers and two administrative staff members. The continuously high inflow of new application files requires an enlargement of the team in the short term.

The Commission Wallonne pour l’Energie (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 (33TWh) and electricity (32TWh generated). While the federal regulator CREG keeps other statutory powers (e.g., transport, tariffs, nuclear power), CWAPE is the sole authority in charge of distribution, public service obligations, generation from renewable energy sources or combined heat and power systems (CHP).

A successful quota support mechanism has been managed by CWAPE in Wallonia since 2003 for the generation of renewable and CHP electricity. The level of support depends on the environmental performance of the generation; it varies between 2 €/MWh (for gas CHP) and 200 €/MWh (for bio-CHP) and up to 700 €/MWh for small solar, on top of electricity price. This certificate system has led to more than doubling the capacity of renewable electricity generation 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 January 1st 2007 in order to allow suppliers to inform final customers on the source of the electricity (green disclosure exclusively based on GO’s). In 2008, international trade in GO’s, mostly imports, has taken off locally. Electricity suppliers in Belgium have been marketing their green electricity products based on the assurance the GO’s provide to Walloon final customers.

This year will see CWAPE apply for AIB’s CHP GO scheme. Indeed CWAPE has been issuing cogeneration certificates for the last 6 years and is eager to share this experience. CWAPE also takes an active role in the Work Group Internal Affairs.
In December 2008, e-CERTe vzw/asbl resigned from its membership of AIB as the issuing body for RECS certificates in the domains of Belgium and Luxembourg. It has been replaced in Belgium by the issuing bodies for Flanders (VREG), Wallonia (CWaPE) and Brussels (Brugel), who issue guarantees of origin for renewable electricity — RECS certificates are no longer issued in Belgium.

e-CERTe had been a member of AIB since 2001. Its representative — Paul Verhaegen — had been an active member of the Association, having participated in the Workgroup Internal Affairs and its predecessors, and been one of the co-authors of the PRO. AIB would like to thank Mr Verhaegen for his contribution.

The replacement issuing body for Luxembourg has yet to be identified.

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

Energinet.dk has an obligation to promote environmentally-friendly energy technologies. Among the means used are subsidies, payment of the costs of grid connecting and financial support to research and development in environmentally-friendly electricity generation and efficient energy use.

Energinet.dk has a purchase obligation of electricity from small local CHP plants and certain wind turbines. It buys the electricity generated at a fixed settlement price and sells it on the power exchange — Nord Pool Spot. Moreover, Energinet.dk pays subsidies etc., to wind turbines and local CHP plants operating on market terms.

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 lay down conditions and guidelines for individual declarations on specific electricity supply — green power.

2008

In 2008, 560 new production devices, primarily wind turbines, were registered in the Danish system. Additionally, 377 wind turbines were registered for a short period of time between October and December 2008 when they left the purchase obligation and operated on market terms. This was mainly due to the fact that the achievable price on the market was higher than the fixed price paid by Energinet.dk (no wind turbines operating under the purchase obligation in Denmark have requested Guarantees of Origin).

Energinet.dk has until this year only issued Guarantees of Origin under EECS for Wind power — however, in 2008 it received the first request for Guarantees of Origin for another type of plant — a municipal waste plant.

The increase in the number of registered production devices resulted in an increase in the number of issued Guarantees of Origin from 1 million in 2007 to 2 million in 2008.

Also, the number of cancelled certificates increased in 2008 — from 192,000 in 2007 to 292,000 in 2008. However, the most notable increase from 2007 to 2008 was in the number of exported certificates — almost 3 million Guarantees of Origin were exported from the Danish domain in 2008 compared to less than half a million in 2007.

A large proportion of the exported certificates were from 2006 or older.
Grexel issues EECS certificates in Finland and Sweden. We also provide central certificates registries for Danish, German, Norwegian and Slovenian EECS issuing bodies. Grexel is a privately owned company focusing on energy certificates and central certificates registry systems.

Grexel’s year 2008

During the Year 2008 Grexel issued about 50TWh (2007: 43TWh) of renewable guarantees of origin and RECS certificates and provided the central certificates depositary system for another 110TWh (2007: 82TWh) of issued certificates. The highlights of the year were:

— Grexel was selected as the central certificates registry provider for the German EECS system
— The establishment of product development center in Chennai, India
— CHP-Guarantee of Origin pilot project was completed

Outlook for the year 2009 and onward

In 2009 Grexel will issue first EECS-Disclosure certificates for nuclear electricity production. Because of this and general positive market development, the number of issued certificates is likely to grow 30-60% in 2009. Our new central registry platform, codenamed “Kantele” will be taken into use in most domains where Grexel acts as CMO. We will also continue taking actively part in international development in the area of energy certificates.

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

Observ’ER has been involved since 1999 in the development of the RECS system, and is a founding member of the Association of Issuing Bodies. Observ’ER currently chairs the Working Group External Affairs.

The French market for RECS certificates, after an exceptional activity increase in 2007, is stabilising at a level much higher than that of 2006: three times more issuing, six times more cancellation and ten times more transfers between French market players.

This sudden increase of demand in certificates had to be answered through imports as the national stock of certificates was not sufficient. This has led to more participation to the RECS system in 2008: 10 new market players opened a RECS account and 95 new plants were registered. At the end of 2008, the RECS system in France counts 1755.337MW registered, of which 59% is hydro, 35% is wind power, 3.5% is biogas, 0% is MSW and the rest forestry and PV.

After the development of a new RECS registry capable of handling this surge of activity, Observ’ER granted all market players secure online access to their registry accounts. They can now request issuing online, and process transfers, exports or cancellations. One market player can have several accesses with different levels of authorisations, which enables the creation of internal validation procedures.

In 2008, Observ’ER declared its activity as a certification body to the competent authority (SQUALPi in the ministry of Industry). This declaration was accepted and announced in the Official Journal from 31 May 2008.

Finally, Observ’ER has launched in collaboration with RTE and the relevant services of the DGEC (Directorate General of Energy and Climate in the Ministry of the Environment and Sustainable Development) a reflection on the implementation of a carrier for the French Guarantee of Origin through an EECS-GO. This has for the moment been concluded by the addition of information in the registry for GOs that is managed by RTE. Observ’ER will pursue this implementation in 2009 in collaboration with the relevant French partners and the AIB.
REPORTS FROM MEMBERS
(continued)

GERMANY

Öko-Institut e.V., a non-profit research institution, has been commissioned by RECS Deutschland e.V. since 2001 as Issuing Body for the German EECS Domain. As German law does not clearly nominate an Issuing Body for green certificates, Guarantees of Origin and disclosure certificates, market players collectively made such an appointment.

The German EECS Domain facilitates RECS Certificates, RES-E GO and EECS Disclosure Certificates. Legal assignment of the responsibility of an Issuing Body for RES-E GO to a governmental body is not expected in the short term. For CHP GO, which are currently not implemented under the German EECS regime, the German government has appointed the Federal Office of Economics and Export Control as Issuing Body from 2009.

From December 2008, the German Domain changed its registry from LogActiv to GrexCMO (see www.grexcmo.com).

Issuing ceased during 2008, but revised German feed-in regulations coming into force in 2009 will allow generation plants to temporarily opt out of the support mechanism to stimulate market integration of RES-E. Hence, as 2008 saw the first registrations of production devices taking place and as more are announced, requests for issuing of EECS certificates can be expected in 2009, so requests for the issue of EECS certificates are expected. The number of cancelled RES-E GO and RECS Certificates in Germany continues to increase steadily. From 5.3TWh in 2007, 8.65TWh were cancelled in 2008. The increasing volumes reflect ever-increasing voluntary public demand for RES-E products, and from increasing awareness among suppliers and large non-domestic consumers of EECS certificates, besides which much RES-E is still supplied by contract-based supply.

The use of RECS certificates (the most promoted EECS Certificate type in Germany) faced strong opposition in public debates in Germany in early 2008, including articles in major German magazines, newspapers and television news. Users of RECS were blamed for “greenwashing” domestic nuclear and fossil production without adding the environmental value that German consumers expect of green electricity. These accusations largely overlooked such shortcomings applying to contract-based supply as well as RECS. They were part-fuelled by market participants promoting RECS as a quality label, stimulating consumer expectations in a way that is not met by RECS and other EECS certificates. Public demand in Germany is for supply of renewable energy to stimulate the building of new generation capacity, resulting in demand for certificates from new plants.

The activities of Öko-Institut in research projects like “E-TRACK II” (www.e-track-project.org) allow synergies with its activities as both Issuing Body and an active AIB member.

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REPORTS FROM MEMBERS
(continued)

IRELAND AND SPAIN

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

2008 saw a small amount of activity in the Irish RECS market with all certificates being for export. The value of renewable energy output is underpinned primarily by the UK Renewables Obligation, leaving a relatively small market for RECS. It is anticipated that 2009 will follow a similar pattern to 2008 with limited trading.

GCC was appointed RECS Issuing Body for Spain in 2008, taking over responsibility from Red Eléctrica de España who resigned at the end of 2007 due to changes in national responsibilities. Following completion of the re-registration of the Spanish production devices, certificates for 2008 will be issued in 2009 and are expected to be cancelled within the Spanish market. It is hopes that Spanish participants will become more involved in active trading with European partners during 2009.

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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. Ed Everson takes an active role within the Working Group: Systems.

March 2009

March 2009
REPORTS FROM MEMBERS
(continued)

ITALY

GSE Gestore dei Servizi Elettrici (GSE Spa) is the Italian body responsible for the RECS system through participation in the international EECS trading platform managed by AIB, with two representatives: one at the General Meeting and the other at the Board.

The voluntary certification business is one of the activities of GSE, and is conducted among the management of RES support schemes across the country. In accordance with Italian and international legislation, the company supports development of renewable electricity by granting incentives to power plants; and conducts awareness campaigns for fostering environmentally-sustainable uses of electricity.

Before administering transfer of financial support to RES installations, GSE undertakes technical inspections. These are also preparatory to the issue of RES GO and CHP GO in accordance with EU legislation.

Concerning RECS certification, 2008 saw increased involvement of Italian producers and traders which, during 2007, increased from 20 to 29 companies. There was also very good performance by certified RES generation, and the use of certificates by consumers responding positively to the new provision by utilities of the green value of electricity. In 2008, GSE issued over 5.3 million certificates; while more than 3.7 million RECS certificates were cancelled. Accordingly, the number of registered power plants and the related capacity increased: by late 2008, around 3,850MW of generation from 129 installation (mainly hydropower) was audited.

2008 also saw high performance from GSE concerning support schemes, due to change in the relevant legislation. A new feed-in system promoting small generation (plant with capacity under 1MW) resulted in enlargement of the part of GSE responsible for auditing installations and transferring support to electricity fed into the grid (D/MWh), depending on the source used. Also, the “consolidated” green certificates (GC) mechanism, in operation since 2001, was revised. For new plants (in operation after 31/12/07), after being audited by GSE, GC are now differentiated according to technology maturity (GC belonging to the basis of MWh produced multiplied by a special ratio). The reduction of certificate size to 1MWh from the previous 50 MWh also offered small generation access to the GC market.

During 2008, its changed role in the implementation of Italian RES energy policy increased the participation of GSE at international level. GSE joined both the International Energy Agency Working Party on Renewable Energy Technology; and the Observatoire Méditerranéen de l’Energie Renewable Energy & Sustainable Development Committee.

Concerning RECS certification, 2008 saw increased involvement of Italian producers and traders which, during

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THE NETHERLANDS

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

CertiQ is a subsidiary company of TenneT TSO BV, the Dutch Transmission System Operator.

Within its national legal framework, the Dutch Ministry of Economic Affairs appointed TenneT as the national issuing body; subsequently TenneT created CertiQ to fulfil this task.

More than 80TWh have been certified by CertiQ since the start of our operations and over 1900 Dutch producers of renewable electricity are currently registered in our database. Also in 2008 over 1000 producers of CHP electricity were registered.

The general European target for 2020 (20% of all energy consumed will be Renewable Energy) has led to a Dutch target of 14.5% Renewable Energy in 2020.

The Dutch goal is to even exceed this and strive for 20% Renewable Energy in the Netherlands in 2020.

In 2007, the national and international discussions about sustainability aspects of bioliquids led to Dutch electricity producers generating less electricity through biomass.

The domestic production of renewable electricity through wind (on shore as well as offshore), however, continued to grow. In the year 2007 6.0% of the total domestic electricity production was renewable. A slight decrease compared to 2006, but coming from 2.8% in 2001 progress certainly has been made.

The European governments have set challenging new targets. The European Commission and the European Parliament are working together to achieve more energy security, more energy efficiency and a higher share of energy renewable energy in the years to come. Harmonising the national energy certificate systems has never been more important. Therefore, CertiQ is an active member of the AIB.

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NORWAY

Statnett is the transmission system operator (TSO) in Norway and is owned by the Norwegian state. Statnett owns and operates the high voltage grid in Norway including interconnectors to Sweden, Denmark, the Netherlands and Russia.

In the early 90s, Statnett founded NordPool, the operator of the Norwegian, and later the Nordic power market. Today, Statnett owns NordPool Spot together with the other Nordic TSOs, and Statnett is a major stakeholder in the Nordic power market and related interconnectors.

Statnett has issued RECS certificates for Norway since 2001. Certificates issued by Statnett have, since September 1st 2006, been compliant with the standards of both GO RES-E and RECS. Effective since January 1st 2007, electricity source Disclosure was regulated by Norwegian law and the recommended solution is to use GO RES-E for Disclosure of renewable electricity supply in Norway.

In December 2007, new regulations for guarantees of origin were approved in Norway, and came into force on January 1st 2008. The Norwegian regulator (NVE) has since then been responsible for the approval of production devices in Norway. The approval criteria are still based on the approved Domain Protocol for Norway under the AIB PRO (Principles and Rules of Operation).

The growth of certificates issued, exported and cancelled continued in 2008. Statnett issued 111 TWh, which is 33% more than in 2007. 28 TWh were cancelled in Norway and 51 TWh were exported, which corresponds to a growth of 115% and 53% compared to 2007.

99.5% of the electricity generation in Norway is based on renewable energy (hydro) but, with export of certificates, the share of renewables in the consumption mix of Norway is lower than what is physically generated. In 2007, this share was 82.5%. The consumption mix for 2008 was not published by the deadline for this report, but with the large increase in export of certificates from Norway it will be significantly lower for 2008. In this way, the certificate system facilitates the separation of physical generation and consumption and identifies the true consumption mix in the environmental accounting. Furthermore, it stimulates an efficient allocation of investments in renewable generation.

Statnett remains a member of the GO RES-E and RECS schemes. Statnett has supported the development of a new chapter to the PRO regulating certificates in domains with multiple certificates. Norway therefore joined chapter 5 in December 2008.

Portugal


In 2006, following the Portuguese energy sector’s reorganisation, 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 regasification in GNL terminals.

Since December 1st 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, 472,434 certificates were enabled to be transferred or cancelled in the market.

Following the implementation of the Article 3(6) of Directive 2003/54/EC, regarding the disclosure of the contribution of each energy source to the overall fuel mix of the supplier and the resulting environmental impact, in 2008 the national regulator published a recommendation detailing the form and the procedures to gather and publish the information. In this scope, RECS certificates have been used to guarantee the “greeness” of the energy that is supplied.

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Statnett
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) and Slovenian Energy law. It acts as Issuing Body (IB) and Central Monitoring Office (CMO) for the Renewable Energy Certificate System (RECS) in Slovenia.

RECS activities in 2008 were performed well. The number of issued and cancelled RECS certificates slowly increased. They are used for labelling purposes to prove the electricity products for electrical energy from Slovenian hydropower plants.

According to the Slovenian Energy Act, AGEN-RS has issued Guarantees of Origin for renewable energy since 2006 and for CHP since 2008. A general revision of the Slovenian national support scheme was approved in March 2008 and for CHP since 2008. A general revision of the Slovenian Energy Act of 2008, all relevant pre-conditions were met to enter the AIB EECS GO certificate scheme.

It is intended that AGEN-RS will continue being the member of RECS scheme and continue the efforts to enter the AIB EECS GO scheme.

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SWITZERLAND

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

Since end of 2006, swissgrid has also been running the Guarantee of Origin system (GO system) for Switzerland. 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.

Today, swissgrid is providing four different services via its GO system: the Swiss GO services; the RECS services which have been integrated in 2008 into this platform; and, starting from the beginning of 2009, the two Swiss support schemes ‘additional cost financing’ and ‘cost-covering remuneration for feed-in to the electricity grid’ which are both based on Swiss GOs.

Switzerland has started the process of gaining AIB accreditation for the Swiss GO system to become a fully acknowledged system under the AIB EECS standard, Principles and Rules of Operation (PRO), chapter 3 (Disclosure Certificates).

It is intended that Disclosure scheme membership will proceed in 2009, when a definitive decision by all AIB members at the AIB General Meeting will be taken.

The Voting member at the AIB General Meeting is Lukas Groebke, and the alternate is Martin Zeder.

At working group level, during 2008 Switzerland has been active with RECS since 2002.

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ANNEX 1 / AUDIT REPORT

ASSOCIATION OF ISSUING BODIES

Report of the Independent Auditors to the Members of the Association of Issuing Bodies.

1. Introduction

We have audited the balance sheet and profit and loss accounts for the year ended 31 December 2008.

This report is made solely to the members of the Association and we do not accept or assume responsibility to anyone other than the Association and the members of the Association for our audit work for this report, or for the opinions we have formed.

2. Purpose of the Audit

The purpose of the audit is to:

a) Verify the balance sheet and profit and loss account at the year end.
b) Check that the cut-off between 2008 and 2009 is correctly accounted for.
c) Evaluate the payment routine.
d) Check the control over invoicing is correct and complete and in accordance with the instructions of the Board.
e) Check that the control over expenses is in accordance with existing agreements, well documented and properly authorized.
f) Calculate the audit trial between the system and the books.

To carry out the audit we received support from the General Secretary who provided us with board minutes, agreements, a trial balance and nominal ledger at 31 December 2008, transaction lists, invoices and vouchers. The audit was performed on a sample basis.

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

3. Findings and Recommendation

a) Membership fees.

The information on total certificates issued per member is based on data from the websites (ie: www.nevrena.com). The total number of certificates issued in 2007 was the basis for the membership fee in 2008.

The activity fees are limited to the total certificates issued in the year. Any certificates relating to the year 2008 and invoiced after the books have been closed for the year have been recognized as revenue in these accounts.

We have verified the annual membership fees were invoiced according to the approved membership fee calculation as set out in the invitation to tender.

b) Expenses

We have reviewed that expenses are supported by appropriate documents and have been correctly authorized. We have checked in particular the major costs of the consulting fees and travel expenses. We found the controls to be good and the year end cut-off seemed reasonable.

c) Bank

The payment routine was found to be in good order with the general secretary creating the payment instructions and the Treasurer authorizing the payment instructions.

The bank account in the nominal ledger reconciled both with the statements received from Byoke Bank and their year end certificate.

d) Accounts Receivable

These were checked to the invoices raised during the year and to invoices raised in 2009 relating to 2008 certificates.

e) VAT

The income is mainly from outside the UK and is zero rated whilst the expenses are mainly in the UK and the VAT can be deducted. Therefore, most quarters, the Association receives a VAT refund.

The rate of VAT for much of the year was 17.5% but this was reduced to 15% later in the year.

The VAT was found to be correctly calculated and recorded in the system and the end of year balance agreed to the records.

f) Accounts Payable/Acrued

These were checked to the invoices raised by suppliers and found to be correctly recorded.

An accrual of £2800 due to the auditor is included in these accounts.

g) Audit Trial

There is a good audit trail between the original invoices for both fees and expenses and the nominal ledger system.

4. Conclusion

In our opinion the Financial Statement gives a true and fair view of the state of Association of Issuing Bodies as at 31 December 2008 and of its surplus for the year.

The statement has been properly prepared from information supplied.

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Date: 3/3/09

March 2009
# ANNEX 2 / FINANCIAL STATEMENT

## ASSOCIATION OF ISSUING BODIES
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2008

### Profit & Loss Account

<table>
<thead>
<tr>
<th></th>
<th>31/12/2007</th>
<th>31/12/2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>(amount in Euro)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual membership fee, small</td>
<td>6,000</td>
<td>69,000</td>
</tr>
<tr>
<td>Annual membership fee, large</td>
<td>120,000</td>
<td>125,000</td>
</tr>
<tr>
<td>Activity based membership fee</td>
<td>148,199</td>
<td>212,460</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>96,000</td>
<td>140,000</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>341,799</strong></td>
<td><strong>428,449</strong></td>
</tr>
<tr>
<td><strong>Operating costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consultancy fee &amp; administration</td>
<td>335,885</td>
<td>264,605</td>
</tr>
<tr>
<td>Travelling &amp; Hotels</td>
<td>348,88</td>
<td>443,24</td>
</tr>
<tr>
<td>Other operating costs</td>
<td>1825</td>
<td>299,359</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1214</td>
<td>1214</td>
</tr>
<tr>
<td><strong>Total operating costs</strong></td>
<td><strong>(373,812)</strong></td>
<td><strong>(340,082)</strong></td>
</tr>
<tr>
<td><strong>Net financial items</strong></td>
<td>34,47</td>
<td>2928</td>
</tr>
<tr>
<td><strong>Net profit/loss for the year</strong></td>
<td><strong>(285,96)</strong></td>
<td><strong>8295</strong></td>
</tr>
</tbody>
</table>

### Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>31/12/2007</th>
<th>31/12/2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>(amount in Euro)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant &amp; Machinery</td>
<td>1821</td>
<td>607</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>308,05</td>
<td>86,471</td>
</tr>
<tr>
<td>Net VAT refund</td>
<td>241,67</td>
<td>243,77</td>
</tr>
<tr>
<td>Bank</td>
<td>792,81</td>
<td>141,498</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>1,360,74</td>
<td>231,013</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(302,70)</td>
<td>(609,14)</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>1,058,04</td>
<td>168,069</td>
</tr>
<tr>
<td>Opening Reserve</td>
<td>134,70</td>
<td>103,84</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>(285,06)</td>
<td>84,295</td>
</tr>
<tr>
<td>Closing Reserve</td>
<td>1,058,04</td>
<td>196,069</td>
</tr>
</tbody>
</table>

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Cover credits
Vestas

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David Laranjeira/
Observ’ER
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