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IMPLEMENTATION OF GUARANTEES OF ORIGIN IN SLOVENIA

Perspectives on Certification of Power Generation
in the light of the new EU Energy Policy

AIB Workshop, Kempinski Hotel
Budapest, 13 March 2008



Presentation outline

1. Legal background
2. History of certificate issuing by the Energy Agency of the Republic of Slovenia
3. Issuing of GO in Slovenia and conditions in the Slovenian RES-E and CHP-E market
4. Regulatory perspective
5. Future outlook



Legal Backgrounds

- Energy Act of the Republic of Slovenia appoints AGEN-RS as the issuing body of GOs for RES-E and CHP (2004);
- Government Ordinance Regarding the Issuing of Guarantees of the Origin of Electricity defines main characteristics of the Slovenian GO system (2005);
- Government Ordinance on Conditions for obtaining the Status of Qualified Producer of Electricity (2001, 2007 – CHP).

Status of Qualified Producer, primarily used to determine eligibility of producers for support, is also used as "Entrance Ticket" to GO system. The status is granted by Ministry of Economy.



History of certificate issuing by AGEN-RS

- Slovenian stakeholders (producers, traders, Ministry of Economy) proposed AGEN-RS to become RECS Issuing Body in 2003;
- All necessary activities carried out in the second half of 2003;
- RECS Issuing Body and AIB member since 2004;
- RECS certificates for 3,831,333 MWh issued until February 2008.

Appointing Energy Agency as the Slovenian Issuing Body of GO was probably influenced by the fact that it performed the function of RECS Issuing Body.



Establishing of GO Registry

Some questions emerged before making decision:

- Establish own national registry or use existing foreign database?
- Use EECS standard from the very beginning?
- Should all Slovenian GOs use this standard or leave this decision to market participants?

The decisions made by the Energy Agency were:

- Establish own Slovenian GO registry in co-operation with Borzen, the Slovenian Market Operator;
- In the first stage EECS standard is not used, although Slovenian GOs have most of characteristics of GO standard;
- "Default" Slovenian GOs will not be EECS standard.

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Slovenian GO Registry (1)

The screenshot shows the website 'Pol Register potrdil o izvoru v RS'. The main headline reads 'pozdravljeni na straneh Registra Pol'. Below the headline, there is a news article titled 'Uredba o izdajanju potrdil o izvoru električne energije (Uredba št. 121/05) določa vsebinsko in način izdaje potrdil o izvoru električne energije iz obnovljivih virov in iz soizločiteljnih'. The article discusses the regulatory framework for issuing certificates of origin (GOs) in Slovenia, mentioning the Energy Agency and the Slovenian Market Operator (Borzen).

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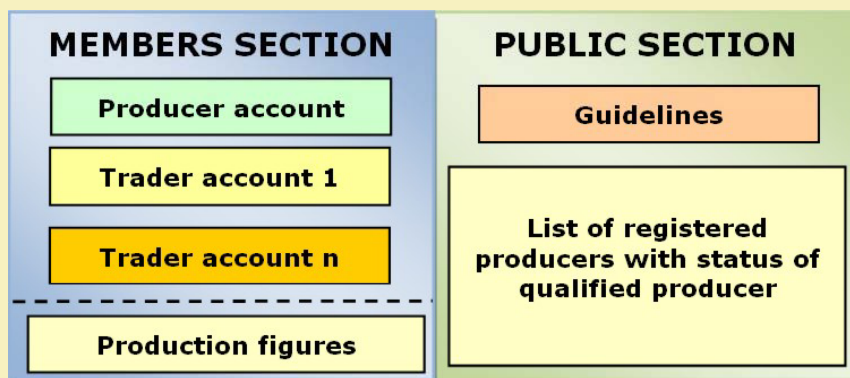
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Slovenian GO Registry (2)



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Issuing of GO in Slovenia

- Issuing of GOs started in 2005;
- GOs for almost 5 TWh issued since 2005;
- GO system prepared for RES-E and CHP. So far only RES-E GOs have been issued;
- No legally defined use of GOs, such as for obtaining support or fulfilling quota obligation;
- GOs can be used for disclosure;
- Market for RES-E in Slovenia not yet developed;
- Only one certificate based RES-E product available in domestic market – RECS based;
- Slovenian GOs used only as a proof of electricity origin for exported electricity;
- GOs are issued for most of production in large RES-E plants. Small producers seldom request issuing of GOs.

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Regulatory perspective of GOs

- Regulators monitor functioning of electricity markets, especially regarding transparency, non-discriminatoriness and trustworthiness;
- GOs, providing that they are used on the basis of central registry and all life cycle events are tracked, are trustworthy tool in markets of RES and CHP electricity;
- The major regulatory concern: GOs issued in country A and exported to country B are used as a proof of "greenness" to consumers in country B. The corresponding electricity generated but may still be used for meeting indicative RES-E target in country A (use of production statistics). Additional concern represents the use of total interconnection mix (instead of residual mix) in disclosure systems.

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Future outlook – Near future

Amendments of the Slovenian Energy Act are in preparation. Some main characteristics:

- Production declaration, issued by AGEN-RS, will replace status of Qualified Producer as the "Entrance Ticket" to the GO system;
- Submission of GOs will be precondition for obtaining production support (feed-in tariffs);
- Significant increase of number of GOs is expected, especially among small RES-E and CHP producers;
- No quotas for suppliers or consumers foreseen, but target meeting of the countries will get increasing importance.

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Future outlook – new RES Directive

- GOs will become instrument for target counting, enabling flexible measures;
- Use of GOs for support will be one of their additional purposes, as stipulated by the draft Directive;
- International transfer of GOs will be possible only after obtaining governmental approval:

Will international trade of GOs significantly reduce?

Will there be no international trade of GOs at all in the first two years after coming of the new Directive into force?

No changes so far foreseen in the field of CHP-E. Will CHP GOs become instruments of international trade?

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Javna agencija RS za energijo



Thank you for your attention!

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