

# European Platform for Electricity Disclosure

## Introduction

This document outlines draft proposals for a European Platform for Electricity Disclosure (EPED) and has been developed by potential participants.

## Why a European Platform for Electricity Disclosure?

### *Background*

- Historically, electricity has been supplied to consumers as a homogenous commodity. However, electricity products are now available which relate to the source of the energy used to produce the electricity. These products may supply electricity from renewable, nuclear or fossil sources, which can be further categorised according to the exact source of the energy and the technology used to process it (e.g. offshore wind power, combustion of biomass by high-efficiency cogeneration etc).
- Where such products are not used, then the source of the supplied electricity is a blend of national or regional production, adjusted to reflect imports, exports and sales of electricity from specific sources. This is known as the “residual mix”.
- The residual mix – whether national or regional - must be carefully calculated if double-counting is to be avoided; and it is particularly important to harmonise national calculation methodologies given the impact of international trade of electricity.
- The new RES Directive (2009/28/EC) creates Guarantees of Origin (GO), which are required to be reliable, transparent and fraud resistant; and have the sole purpose of supporting electricity disclosure as directed by the Internal Electricity Market Directive (2003/54/EC). As GO cannot be reliable without harmonised disclosure systems, the new RES Directive implicitly requires a coordinated approach to electricity disclosure.
- A typical problem of today’s national disclosure systems is the case where a country exports more GO than it exports physical energy. This leaves the country with “grey electricity”, which cannot be disclosed properly. A pan-European approach is needed in order to balance out this deficit of “disclosure attributes” with other countries which have excess attributes.
- Much work on this subject has been undertaken by the E-TRACK project (see <http://www.e-track-project.org>).

### *The Platform*

Three core elements are required from a proper disclosure system:

- (1) A pan-European approach
- (2) A methodology supporting such a Disclosure Standard and
- (3) Governance of the methodology by the users of the Disclosure Standard.

A voluntary Platform has the advantage of promoting development of a prototype Disclosure Standard without the formal agreement of member states and third countries; while facilitating a pragmatic and evolutionary approach.

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## ***Vision (long term goals)***

The proposed Platform will deliver a Disclosure Standard to minimise (and eventually avoid) double-counting of renewable energy in the European energy market, in order to protect consumers from incorrect (duplicated) offers from electricity suppliers.

Minimising double-counting is only possible by adopting a coordinated European approach, supported by the national competent bodies responsible for disclosure systems.

It is proposed that the Disclosure Standard is based on the tracking of energy sources. Initially, this will be based on the AIB's European Energy Certificate System (EECS), which is the only pan-European standard for tracking electricity; but eventually the Disclosure Standard might be enhanced to encompass other forms of reliable disclosure of the source of electricity. The Disclosure Standard will give guidance to the national competent bodies on how the residual mix can be determined properly.

## ***Targets (medium term goals)***

- Establishment of the Disclosure Standard Platform in 2009, with participation of at least 8 countries/regions
- Acceptance of a coordinated approach to the calculation of corrections to national residual mixes (the methodology) to be refined and used by the members of the Platform
- Scope to include 8 countries during 2009, and be based initially on GO issued under EECS; but eventually to include other forms of disclosure of the source of electricity.

## ***Deliverables (short term goals)***

- A description of the methodology for calculating national residual mixes, and corrections to these mixes as a result of cross-border trade of energy and GO
- A governance procedure for the enhancement and promotion of the methodology
- A procedure for refining the methodology to change and improve the methodology over time
- Calculations for the years 2008 and 2009, to demonstrate the viability and effect of the Platform and of the Disclosure Standard.

## ***Participants***

- Coordinated National representation comprising:
  - National competent bodies or agencies that are responsible for national disclosure systems and design of national methodologies for calculating the residual mix; and those organisations that have implemented and administer national systems
  - Issuing bodies monitoring the import and export of electricity, and of EECS certificates
  - Policy-makers and decision-makers responsible for high-quality disclosure systems, and safeguarding the interests of consumers.

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## Stepwise approach

An evolutionary approach is proposed, leading to a fully accepted and supported methodology for calculating national residual mixes based on proper electricity tracking.

### 1. *Initial Phase*

- The Initiative Group will set up the Platform (May - June 2009), and send out invitations for the first meeting
- RECS International has offered to finance the initial phase and organise the kick-off meeting
- The following will be available at the outset:
  - An initial proposal for the methodology to stimulate discussion
  - An initial calculation based on the proposed methodology, to stimulate discussion and highlight areas where improvements might be desired
  - At least 4 (and preferably 8) countries participating, with the bodies responsible for calculating the national residual mixes present in the Platform.

### 2. *Test Phase*

- Participants initiate a one-year test phase, to test the methodology and advertise the approach to other interested parties
- Participants adopt and, if necessary, adjust the organisational structure (either CEER or the AIB might be an appropriate organisation to host the platform)
- The methodology is adjusted according the wishes of participants
- The business model for the Platform is agreed, setting out how each activity is financed
- Costs are covered by participants (perhaps with financial support from the European Commission)
- New countries and participants can join the Platform at any time
- A formal linkage to the proposed project “Reliable Disclosure Systems for Europe”, to be submitted under the 2009 call of the IEE programme, if this is approved.

### 3. *Operational Phase*

- The Platform is operational. Residual mixes are calculated and used by participating countries/regions
- The Platform has agreed an organisational structure for decision-making purposes
- New countries and participants can join the Platform at any time.

## Organisational structure/business model

### *Governance*

- In the Initial Phase:
  - RECS International facilitates the establishment of the Platform (financing the initial phase, organising and facilitating initial meetings etc)
  - The Platform is managed by a preliminary Initiative Group. At the second meeting, this group will be confirmed by the participants in the Platform

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- Participants in the Platform will propose and agree appropriate arrangements for governance in ensuing phases
- In subsequent phases (Test Phase and Operational Phase) the structure will be adjusted in line with the status and participants of the Platform, such that decision-making and ownership are shared by participants and appropriate to the status of the Platform.

### ***Business Model***

- RECS International has offered to cover the cost of the Initial Phase (about €11,000, mostly for the development of a proposal for the methodology and initial calculations)
- 'Participants' (responsible for designing and publishing the residual mix in their own countries) will cover the cost of the Test Phase (estimated at about €15,000)
- Participants will cover the cost of the Operational Phase (cost not yet estimated).

## **Deliverables**

### ***Methodology***

A description of the methodology ("The Basic Rules") needs to be developed. RECS International is preparing an initial version to stimulate discussion.

### ***Calculations***

An initial calculation, based on the initial methodology proposed by RECS International, will be available by the kick-off meeting. The purpose of this methodology is to demonstrate to potential participants the outcome of that calculation; highlighting shortcomings and challenges to be overcome.

### ***Marketing the Platform***

Potential participants will be identified from those responsible for designing and publishing the residual mix in their own countries, and invited to join the Platform.

A website explaining the purpose and deliverables of the Platform will be developed and published at the outset.

The Platform will be launched during the kick-off meeting.

### ***Kick off meeting***

It is proposed that the kick-off meeting be held in September 2009 - details will follow later. In this meeting, the Platform will be officially established by the Initiative Group.