

THE POWER OF TRANSPARENCY

AUST



RECS

INTERNATIONAL

RECS International is a European organisation that was established by a range of market actors to make best use of the Guarantee of Origin.

RECS International is the European Association of market players in renewable electricity certificates. We have around 260 members in more than 22 countries, mostly in Europe. Our members include the most important renewable energy generation and trading companies on the continent. We are mainly involved in the voluntary market, in which large volumes of certificates continue to be issued, internationally traded and cancelled, but we also actively engage with Brussels to ensure that the most cost-efficient target compliance market for renewable energy is established.

Our track record

We helped establish the Guarantee of Origin (GO) as the basis for the European system for renewable energy certificates (EECS) and continue to work hard on convincing all governments to join this system. We cooperate closely with partners throughout Europe to prevent double counting and we took the initiative to set up the European Platform for Electricity Disclosure (EPED; www.eped.eu) to protect consumers from false disclosure of the source of renewable electricity.



WE NEED

GREATER

HARMONISATION



THE CONTEXT

Understanding the factors that influence sustainable development is a matter of urgency. At RECS International we see our role as bringing order and structure to the certification of renewable electricity. Guarantees of Origin (GOs) already provide a transparent 'book and claim' system within Europe, but we see a need for greater harmonisation and higher levels of trading. In the long run, we look forward to a pan-European market for renewable energy, backed up by universally accepted certificates.

In this publication, we explore three key issues: sustainability, accurate carbon accounting and additionality.

If you wish to find out more about our position on these and other related topics or become a member of our organisation, please contact us at:

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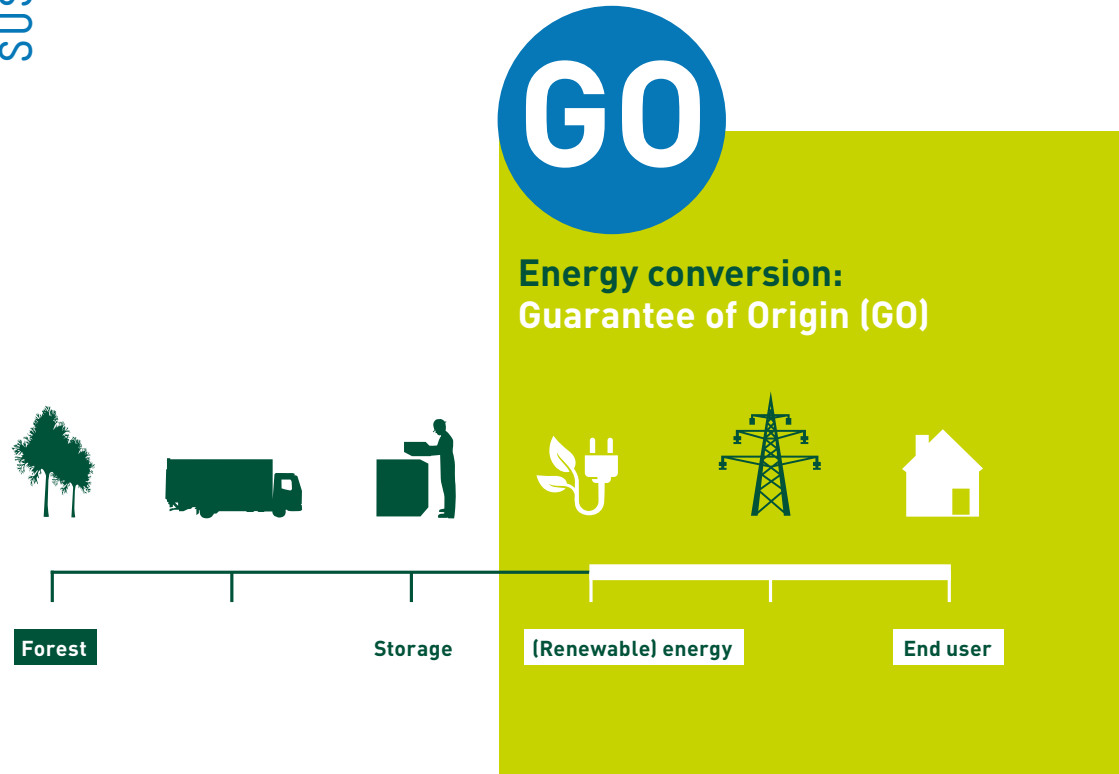


**THE GO IS
THE BEST WAY
TO INFORM
CONSUMERS
ABOUT
THE ORIGIN OF
ELECTRICITY**

ABOUT SUSTAINABILITY



We endorse the Brundtland Commission's view of sustainability as having an ecological, a social and an economic aspect and we support their definition of sustainable development: 'meeting the needs of the present without compromising the ability of future generations to meet their own needs.'



Where we are now

We believe that consumers should be informed about the origin of the electricity they purchase and the sustainability of the feedstock used in order to increase transparency about the variety of renewable energy products that are available. The Electricity Directive (2009/72/EC) stipulates that consumers must be informed about renewable electricity in a transparent way so that they can make choices based on clear information. This confirms our contention that the best way to claim renewable electricity is through the Guarantee of Origin (GO).

The way to go

To prevent unnecessary complexity and avoid consumer confusion, there is a need for a standard European approach in order to transfer information related to sustainability through the chain from source to consumer. We believe that parallel information systems (i.e. one system to inform consumers about the origin of electricity and another to inform them about its sustainability) are undesirable. We believe that both types of information could be included relatively easy on the GO so that consumers can choose electricity based on concise, reliable information.

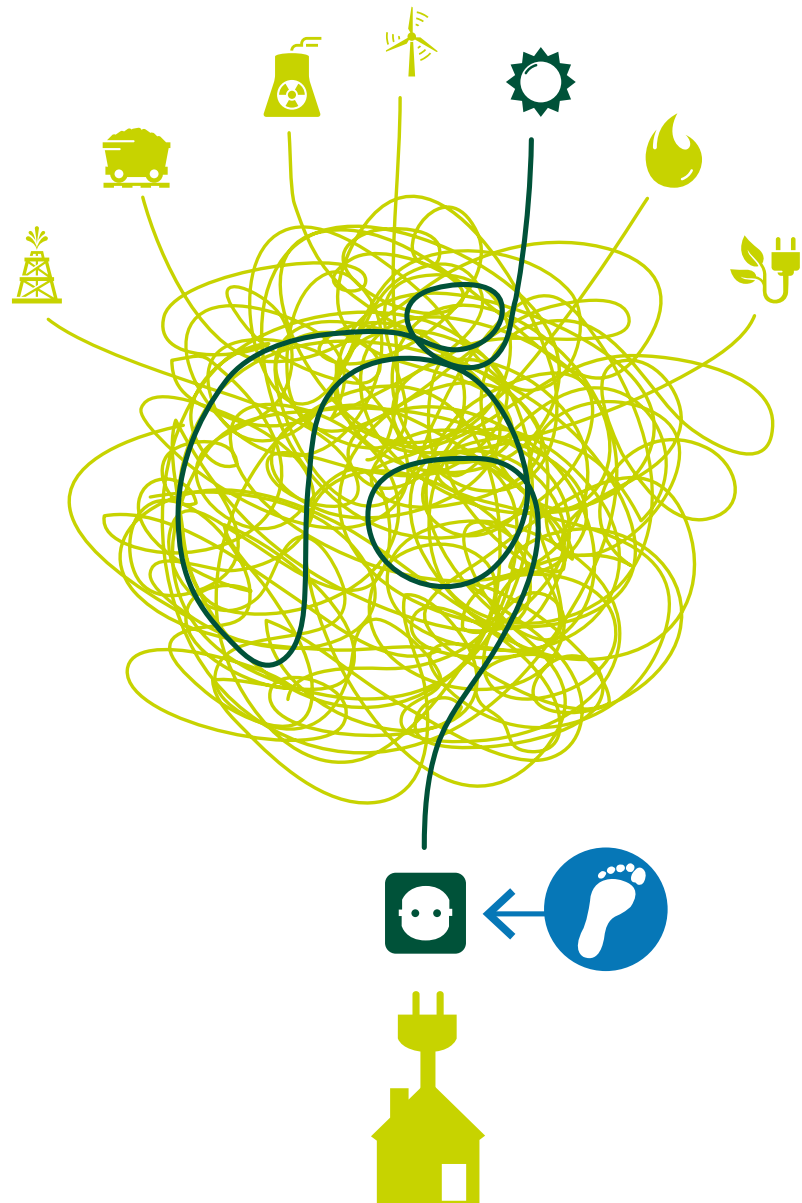


GOs PROVIDE PROOF
OF THE LOW CARBON
EMISSIONS OF RENEWABLE
ELECTRICITY SOURCES

CARBON ACCOUNTING ACCURACY



The fact that the carbon footprint of renewable electricity is small compared to fossil-fuel-based electricity is one of the main drivers for the renewable electricity market in Europe. But how can you demonstrate a small carbon footprint?



What's my carbon footprint?

A carbon footprint reflects all of the greenhouse gas (GHG) emissions caused by an organisation, event or product. It is often expressed in terms of the amount of carbon dioxide – or the equivalent of other GHGs – emitted.

Whether you're making a carbon footprint calculation for an individual, product or company, three types of emissions need to be recorded:

1. Direct carbon emissions due to use of primary sources of energy such as oil and gas
2. Indirect carbon emissions due to consumption of electricity
3. Other carbon emissions linked to activities such as air travel.

Where we are now

Within the European Emission Trading Scheme (ETS), fossil fuel-based electricity plants must purchase CO2 emission allowances. Given the large volumes of fossil fuel-based electricity and the relatively small volumes of renewable electricity, generators of the former will always use all available allowances, irrespective of whether extra renewable electricity is produced. In due course, the volume of allowances will be reduced, leading to more renewable generation.

At the same time, increasing numbers of environmentally aware consumers (whether private or corporate) wish to claim that their carbon footprint relating to electricity consumption is zero (or close to zero). In that case, they need to be able to provide proof that the electricity they consume can be tracked to a specific renewable source, which is where Guarantees of Origin (GOs) come in.

The way to go

We use the calculation methodology in the GHG protocol. The electricity itself cannot be traced from producer to consumer, as it's not possible to follow the physical flow of electrons in the electricity grid. However, according to the new RES Directive, cancellation of GOs is a reliable way of proving renewable origin and, if the emission factor is added, a carbon footprint can easily be calculated.

Calculating your electricity footprint

According to the GHG protocol, a carbon footprint (CF) of your electricity consumption (scope 2) is the product of the volume of electricity consumed (V) multiplied by the specific emission factor (EF) of that electricity. By making a life cycle analysis, the carbon emissions related to production can be calculated, including the efficiency of the power plant. Consumers of renewable electricity can then calculate their footprint as **CF = V x EF**.

**WE CAN ALL TAKE
RESPONSIBILITY
BY CONSUMING
GUARANTEED RENEWABLE
ELECTRICITY**

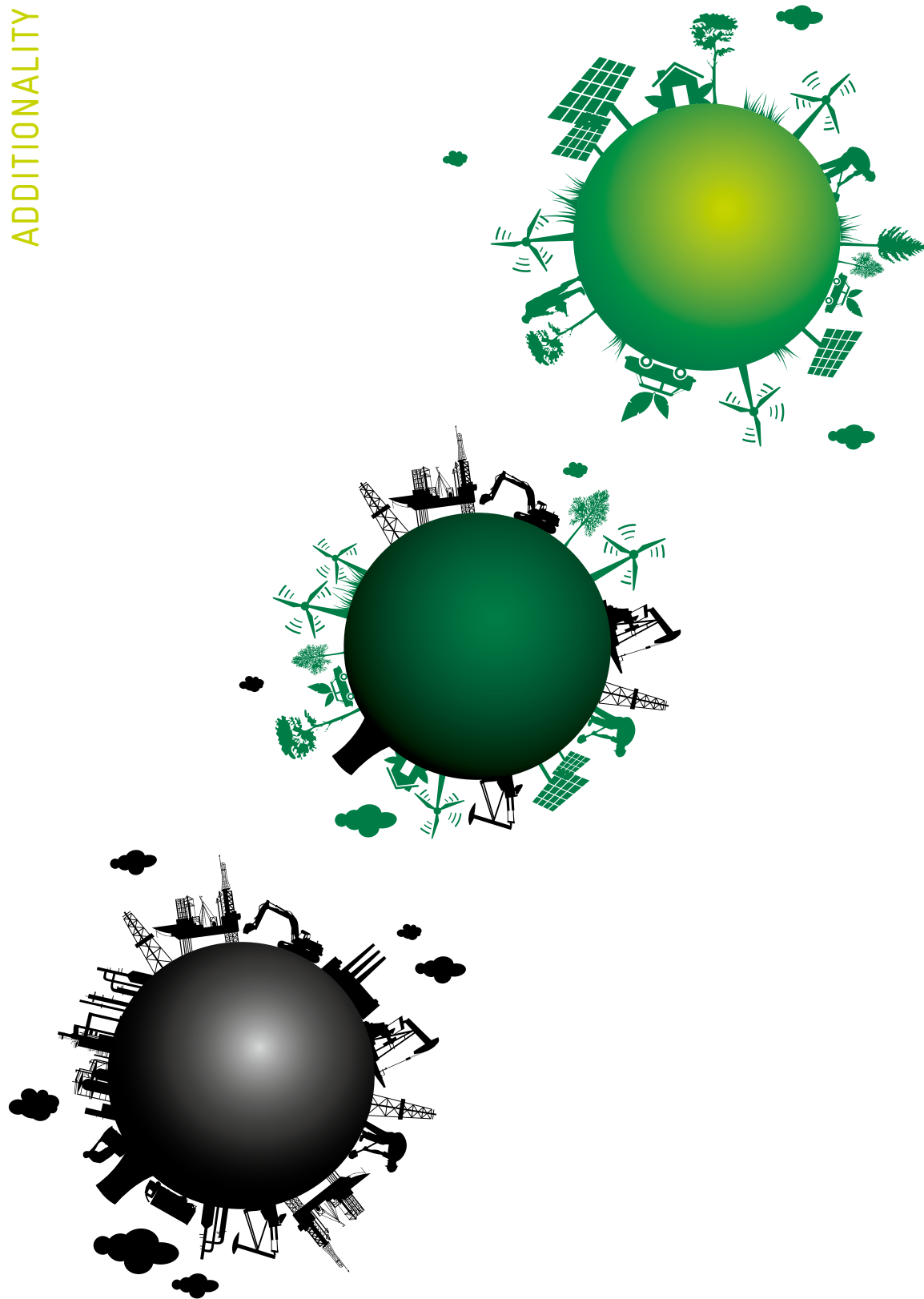


TRANSPARENCY ABOUT ADDITIONALITY



We see a fundamental difference between 'additionality', which involves claiming an influence on new renewable generation capacity, and the added value of an individual or company taking responsibility for their sustainable impact.

Generating renewable electricity avoids the use of limited fossil fuel resources as well as the emissions related to that use. It also has wider benefits such as stimulating innovation and creating new jobs. But the question is: who can claim this added value – the producer or the consumer? We present the main considerations below.



Where we are now: in a pretty chaotic situation

- Does production and consumption of renewable electricity lead to lower carbon emissions? The answer is no. The total carbon emissions in the electricity sector are capped within the ETS and more production of renewable electricity in Europe does not lead to lower emissions, at least not within the current cap-and-trade system.
- Does selling renewable electricity create a stimulus for new investments in renewable production? Generally speaking, the answer is again no because we are still at the start of this market. In the longer term, higher demand for renewables should increase the price obtained for this and make it a significant stimulus.
- There are three scenarios in which the consumption of renewable electricity would create added value: **1)** when the electricity is not subsidised and does not count towards targets, **2)** when the purchase of renewable electricity finances, for example, projects in developing countries that otherwise wouldn't have been carried out) and **3)** when the electricity sold is generated in plants that are, for example, not older than five years (this stimulates the generation of new power).

The way to go: provide clear information

Consumers have the right to claim added value (a lower carbon footprint and other socio-economic benefits) through consumption of renewable electricity. They can also set an example: after all, if everyone were to take their responsibility in this area, there wouldn't be any fossil fuel-based production.

As RECS International we do not express a preference for any of the possible scenarios, but we do believe suppliers should inform consumers correctly. They should notify them firstly that they can rightfully claim a smaller carbon footprint and secondly that the consumption of renewable electricity will not affect production. If suppliers do offer additionality, they should inform consumers about the definition they use, i.e. either the production is additional to national targets, the electricity is generated in new installations only, or they have linked a product (e.g. EU Allowances) to it.



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