

Seminar

Paris, 13 September 2012

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Location: Hotel Concorde Opéra, Paris 8

Time: 12.30 - 18.00 hours

Chairman: Peter Niermeijer

GO Trading in France

These minutes represent the report made based on the GO Trading Seminar in Paris on
September 13, 2012

Participants

AC Trading: David Maarek, Cyrille Scemama
Agder Produksjon: Jan-Atle Liodden, Robert Palme, Sergio Cavallaro
Bergen Energi: Hubert Hantute, Anette Gussiaas
BKK Produksjon: Simona Petroncini
CleanWorld: Robin Norman Timoteo
CNR: Ivan Debay
E&T Energi: Wilhelm Kulischek, Nicole Frey
Ecohz: Preben Munch, Tom Lindberg
EDF Trading UK: Hervé Gueguen
EolesRes: Antoine Roehrich, Mattieu Guerard
GDF Suez Trading: Maxime Vermeire
Green Access: Pierre Picard,
Fortum: Juha Ruokonen
Iberdrola: Laura Garcia
ICAP: Jan-Peder Kleppe
LEO: Roger Rütze
NValue: Dania Faccoli
Objectif EcoEnergie: Pierre Benoit, Mélusine Flament
Observ'ER: Diane Lescot
PowerNext: Julien Cosse, Philippe Aude
Statkraft Market BV: Ab Kasmi
STX Services: Bart Mock
Verbund: Stephane Chancy
Verein ECS Schweiz: Louis von Moos
WattValue: Robin Sebastien

Introduction and Welcome

Peter Niermeijer, Secretary General of RECS International

Peter explains that this introduction and welcome should have been done by the President of RECS International, Claes Hedenstrom but he was not available to come to the Seminar.

About RECS International

Peter Niermeijer, Secretary General of RECS International

Peter Niermeijer explained in detail the function and activities of RECS International in order to bring all the participants to the same level of knowledge. He described basic principles of the organization as well as the GO/attribute trading system. For a more in depth look into RECS International and its current activities it is recommended that the reader view the minutes of the Paris Board Meeting on September 14th 2012 (MB 12/17).

Organisation of RECS International

From there Peter went on to explain that a number of aspects that RECS International is working on involve helping to standardize and distribute information about the member nations. This is particularly important for national GO systems that do not adhere to the EECS system and hence need further investigation. This was the background for the discussions by the next presenter.

RECS International has 32 French members of the roughly 220 members.

Future of RECS in France

Pierre Picard, Board Member RECS International

Pierre Picard took the stage with a few slides and the intension of bringing discussion to the floor. He framed the conversation by discussing French ordinance 16/09/2011 which was intended to transpose the EU directive 2009/28/EC into French law. Pierre mentioned that this was not a technical document and this is where a number of issues arise from.

When implementing the renewables directive (2009/28/EC) part of this was to choose a registry for the GO system. A tender was implemented in early 2012 to find the registry that would best suit the needs of the French government. There were two obvious choices (1) the registry that complies with the RES-GO requirement (but does not standardize or adhere to the EECS system) and (2) EECS attached registry with experience implementing EECS-RECS certificates (Observer). As of now, 13 September 2012 the winner is privately known (among the ministry) but the minister has not signed the document. Naturally, if Observer wins the tender import and export of GO certificates from France would be much easier.

Some members of the group expressed concern with the tariffs the old IB imposed (Observer) however it was mentioned from the Secretary-General that the AIB discloses all tariffs online and it is the right of the IB to create individual tariffs. If market players are opposed to the tariffs it would be possible to request different tariffs by writing an official letter to the IB of France.

In the form of current trades, Pierre and some other market players estimated that around 20-25 TWh of RES-GOs (not EECS-GOs) were issued in France by RTE. Most of these GOs are canceled by Italian consumers, however this has changed due to a change in Italian law as of the beginning of 2012. It is unknown what will happen with cancelations this year, the likely hood is that most issued GOs will go uncanceled.

A participant raised the question asking what would happen if one were to import foreign GOs into France, for example, Norwegian registered GOs. The presenter flipped the question around to talk about exports. In the case that a French GO is exported to Norway, the GO is registered in the French books that a PDF was made for the GO and a counter-party has canceled this GO. From the perspective of the registry, RTE will never know if the GO was canceled across the boarder or domestically – but – you do know that the GO was redeemed.

The questioner continued then to ask, "How do you then verify that the PDF is not being sold multiple times to multiple end-users". Pierre mentioned that it is possible to put the name of the counterparty on the PDF before delivery, but this is only an option and hence not always used. He mentioned however that while it is impossible to know how much this happens (export of French GOs under RTE) it is likely not a common event.

Possibly an even greater problem than the GO export is the lack of any residual mix calculation for disclosure. The rules for French disclosure are vague and there is no attempt to create a residual mix, even though green products in France are mandated to have a RES-GO canceled as proof to the consumer. Since the supplier mix is the chosen form of disclosure in France ownership of electricity and production plants is of extreme importance, however there are no clear rules on how a supplier claims the use of different production sources.

In theory EECS transfers could be canceled by French electricity suppliers and be used for the renewable products they deliver. This would be done by creating an ex-domain cancelation in the EECS system.

A participant asked the total green electricity production that France could issue GOs for (i.e. after-subsidized GOs are removed). The answer seemed to range between 45 and 70TWh, the group assumed 60 would be closest. But because carbon emissions are so low in France due to the high levels of nuclear and relatively clean additional electricity supply the prices for GOs may just be too high in France. The GOs would be of a higher value in other member states.

One participant asked if Fukushima has been a threat to the nuclear supply in France. Pierre said no with this example. There is one organization (supplier) in France that declares only to have green/renewable deliveries. After Fukushima the demand for their services rose, but still, to this day in France they only have 14,000 customers equaling roughly 35GWh. This is connected to the problem in France that most consumers have not taken control of the market liberalization. Since liberalization only 5% of people have changed electricity/energy suppliers.

Pierre believes that the current economic situation in France does not allow for a strong internal market, but, an export market could exist. For the export market to improve a number of things must be changed, Diane Lescot from Observ'ER, the former RECS registry, mentioned a number of things that could be changed/improved. If RECS wants to be useful they should set up a team to influence residual mix rules that French suppliers would agree to. Another method would be to help in the 'labels' discussion that will be taking place in French. Lastly, they might consider writing a letter to the Ministry mimicking much of what Observ'ER wrote earlier the week before.

The potential for another large hydroelectric export market worried some market players, but most agreed an EECS connected France is good for the tracked electricity market.

Next Steps:

1. A Letter will be written to the ministry from the RECS International Association. Some of the members may also take part in signing the letter. French players in the room, like EDF will consider the proposal.
2. Contact French producers and make them aware that as an export commodity the GO is of value and should be EECS connected.
3. Research the GO for biogas proposal in France. While it is not fully operational it presents an interesting concept. It allows subsidies GOs to be sold to consumers and 75% of the revenue

comes out of the Feed-in price while the producer gets to keep 25% of the profit. In this way it increases cost-efficiency while presenting options and transparency to the consumer.