

Market parties would like to see the Polish Guarantee of Origin compatible with the European standard, enabling them to import and export Guarantees of Origin (GO). This was the outcome of a seminar in November 14, 2013 in Wrocław organized by Western Energy Consulting Team and RECS International. The international organisations working with the GO's called upon the Polish officials to make use of the lessons learned over the last 10 years in other countries in order to prevent double counting and to avoid inventing the wheel again.

What is the guarantee of origin ?

Phil Moody, Secretary General of the Association of Issuing Bodies, in the opening presentation explained how the standardized system of GO's works. He also explained the need for harmonization for all member states. The Association of Issuing Bodies (AIB), as the owner of the only European standard for GO's, was presented in more detail. The fact that in the Polish situation there is a separate body responsible for issuing guarantees (in Poland this will be the regulator ERO) and another body responsible for a registry (the Polish Power Exchange, TGE), is not seen as a problem from a standardization point of view.

The Polish situation

The representative of the Ministry of Economy, Maciej Kapalski, and the representative of the Polish Power Exchange, Mr Szałas, gave short introductions about the Polish regulations concerning the GO's.

The following procedural steps for obtaining a GO were presented by Mr. Kapalski.

- ① Application for a GO shall be submitted in writing within 7 days and should be delivered to DSO or TSO
- ② DSO or TSO verifies the data and after verification the TSO forwards the request to the President of the Energy Regulatory Office (the body responsible for issuing GO). The president of Energy Regulatory Office has 30 days to issue the GO
- ③ GO is valid for 12 months after production and then expires and is removed from the GO registry
- ④ GO is cancelled when transferred to a final consumer and the producer shall inform the registry (TGE) when he does so.
- ⑤ Sources of up to 5 MW are exempted from the registration fee and the fee for issuance of the GO.

" Guarantee of origin is a part of the support for a producer, but it is also a chance for a final consumer" - said Mr Kapalski from the Ministry of Economy. "A guarantee of origin must be distinguished from the certificate of origin", said Mr Kpalski . "both are obtained from the renewable energy produced. And only the GO proofs the origin of electricity supplied to end-users, like for example a car dealer", he added.

It was noted that the application for GO's from co-firing is not regulated yet. , , "applications are still under consideration", Mr. Kapalski explained. He than further explained, "From what I know, the President of the Energy Regulatory Office has not yet issued any guarantee of origin".

Participants of the seminar wanted to know if the Polish issuing body intends to apply membership for AIB. *"At this moment I can not give information on whether Poland will join the Association of Issuing Bodies"* - Mr. Kapalski answered.

Registry by the end of the year

It is unclear when the GO registry will be operational. *"We find this topic complicated and this is due to the fact that it is an instrument subjected to international trade. We want to design it in a way allowing trade between countries . That is why it takes longer. We came here also to consult the Polish market parties and international organizations. We're open to suggestions"*, Mr Szalas , Director of the GO registry (TGE) said.

Mr Szalas also declared that he hopes that the registry will start operating by the end of this year . Mr Szalas also said that it is not certain and explained that this also depends on the instructions of the issuing body, the regulator (ERO).

Guarantees of Origin in Europe

Peter Niermeijer , Secretary General of the RECS International, the co-organizer of the meeting: *" For the final consumer it is important to know the origin of the energy. It is up to a consumer to make a choice and a consumer is always right "* . The speaker also stressed once again the need for standardization of the system, enabling international trade.

Managing Director of STX Services , Max van Meer presented the price development in the market of Guarantees of origin. Participants also had the opportunity to learn that most of the guarantees of origin comes from hydropower . Other popular technologies are biomass and wind. *"The biggest provider of GO's is still Norway , and the largest markets are Belgium and Germany "* - Max van Meer said.

According to Juha Ruokonen , Manager at Fortum, the entire energy production should be certified : *"It would solve a problem with the energy mix"* he stipulated.

Markus Klimscheffskij , representing Grexel Systems, a member of AIB, showed the participants how the registry of Guarantees of origin looks like in practice and how it works. He also explained how the system works in Finland.

Representing the European exchange EEX Miriam Brandes emphasized the need for standardization of the system. EEX is the only exchange that trades GO's across Europe: *" at the moment volumes of GO's are not so big, but this is due to the fact that the market is new for us and we are still developing it. We are pretty sure that the volumes will be bigger in the future "*

What next steps are foreseen for the Polish GO system?

At the end of the Seminar there was a panel discussion moderated by Peter Niermeijer of RECS International. Experts discussed the future of GOs system in Poland and in the rest of Europe. John Harris, representative of IKEA: *„ The final consumer is the one that creates the market. The question is how many consumers are there in this room going to buy GOs?"*-

the panellist was asking. In each country the preferences of final consumers are different. Lars Olav Fosse, representative of Norwegian Statnett described how it looks like in his country. As we know Norway is the biggest producer of GOs.

Again, the need for proper disclosure rules and harmonization of the system was discussed. Phil Moody described the problem on the example of Czech Republic, which is applying membership of AIB. In the Czech system the GO is not unique and therefore does not exclude double counting. *“And if so, AIB will not accept membership or connections to the hub,”* Mr Moody explained. A country is limited to its own territory in such a case and import an export is not possible. That is why, here in Poland, we need to take great care to design the whole system in a way that it will meet the AIB standards.

It was concluded that still many questions are to be answered and that there is still quit some work to do for the authorities in order to have a GO system operational in Poland that is compatible with the GO systems of other European countries.

Western Energy Consulting would like to thank RECS International, Association of Issuing Bodies, Grexel Systems, Statnett, IKEA and Fortum for enabling our participants to learn more about the system in Europe.

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We would also like to thank representatives of Poland : Ministry of Economy and TGE(Polish Power Exchange) as we found their appearance essential for both Polish sector and for companies that are interested in cooperation with partners based in our country.

We also thank all the honorary and media partners for their support.

At the same time we would like to invite you to participate to the **II Annual Trading Congress- Guarantees of Origin and Green Certificates**, that will be dedicated to the topic of GOs. (to be expected in June 2014.)