

2009 Annual Report



RECS INTERNATIONAL

In 2009 the voluntary market continued to grow and, as a result, the role of the Guarantee of Origin (for disclosure), as well as that of renewable electricity products in general, is now better understood both by suppliers and by consumers.

The new RES Directive (2009/28/EC) must now be implemented by the Member States as a first step towards a regulated market. Some Member States take the targets seriously and, although the volumes of international trade are still limited, the system for target counting has been announced and will definitely go ahead. For example, Norway and Sweden have announced that they will have a joint support system in place by 2012.

We welcomed 27 new members, who joined our association last year, bringing our membership to a total of 239 on 31 December 2009.



Claes Hedenström
President RECS International



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We are an association of market players in renewable electricity certificates with 239 members (as per 31-12-2009) in more than 22 countries, most of which are situated in Europe.

Our mission is to forge a pan-European strategy for stimulating the use of renewable energy. We believe an open market for renewable energy is the most cost-efficient approach for Europe as a whole and thus the best way to meet the targets in the RES Directive and to keep costs low for energy consumers. To create a European market, a robust system for the Guarantee of Origin of renewable energy is essential and we therefore strongly support the standard for national guarantee systems (EECS) set by the Association of Issuing Bodies (AIB).

In our approach we distinguish between the voluntary and the regulated market. The former is based on certified renewable energy sources in which certificates are traded and cancelled on a voluntary basis. The main driver in this market is a strong desire among consumers to exclusively consume renewable electricity.

The regulated market came into existence when Member States accepted binding targets for renewable energy, which they are allowed to meet with electricity traded on international markets. The demand for renewable energy is linked to national targets and based on the RES Directive. We refer to this as a regulated market because the 'demand' for renewable energy is in a sense artificial and based on EU regulations (the targets set in the RES Directive).

RECS International was originally - and we still are - active on the voluntary market, in which large volumes have been generated, internationally traded and cancelled. These volumes are still increasing, although our ultimate goal is a regulated market. An internal market for renewable energy needs to be established and cost efficiency is clearly essential to achieve the ambitious targets that have been set.

In this 2009 edition of our Annual Report we first explain our focus on and activities within both the voluntary and the regulated markets. In the second part of the report we provide information about RECS International as an association, the people involved in the Board and other groups, and we present a financial overview of our association's activities in 2009.

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We are still doing well in the voluntary market, which has long been our focal point (see statistics on page 8-9). The basis of the voluntary market is the Guarantee of Origin (GO) and with the new RES Directive (2009/28/EC) this has been strengthened. All Member States must have a GO system in place by the end of 2010 and the Directive gives some guidance on what makes an acceptable GO: it must be standardised, electronic and there are minimum requirements for the information it should contain.

Ten countries have so far standardised their GO system according to the European Energy Certificate System (EECS) and, in these countries, the organisation assigned to issue, transfer and cancel the GOs – the issuing body (IB) – is a member of the Association of Issuing Bodies (AIB).

We believe that this number of countries is not enough though and we so put a great deal of effort into convincing governments to join the standardised European GO system (EECS). Within the EECS there are well-designed standards, effective software packages and, as a result, enormous cost reductions can be achieved.

The implementation of a standardised GO system in itself is in our view insufficient to meet the challenges we face. It has been shown in a number of countries that proper regulation of the use of the GO is also needed. The RECS Quality Standard – the RECS Good Practice Standard established on 1 January 2010 – is designed to guide policy makers on how to secure renewable electricity products based on the GO. This new standard regulates the use of renewable electricity certificates by consumers in those countries where only suppliers are subject to regulations and it regulates the use of certificates for both suppliers and consumers in those countries where there are no regulations at all on the use of renewable electricity certificates.

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No more double counting

One of the major obstacles to a reliable pan-European market for renewable electricity is double counting. This occurs when exported renewable energy is used for disclosure in both the exporting country and the importing country because of the current lack of coordination of disclosure in Europe. Double counting has taken place in the voluntary market, undermining consumers' trust in this market. This issue cannot simply be blamed on suppliers or other active market players. It needs to be solved in a transparent institutional manner.

We have therefore taken the initiative to set up the European Platform for Electricity Disclosure (EPED) – see www.eped.eu. EPED is a platform for the bodies assigned by governments to calculate and publish the residual mix for disclosure purposes. In most countries the competent body is either the electricity regulator or the network operator. The purpose of this initiative is to protect consumers against false disclosure of the electricity source they purchase.

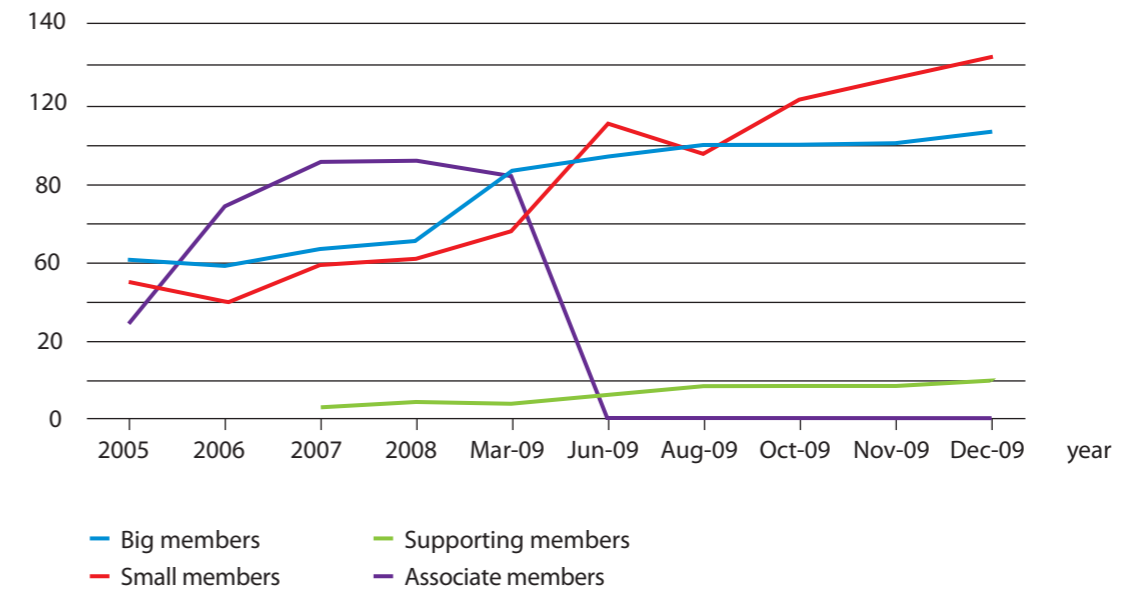
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The national targets for renewable energy are 50% based on power generation potential and 50% on GDP. As a result, for a number of rich countries the targets cannot easily be met with their own potential and need to be achieved via imports. In other words, Member States need to cooperate to meet their targets and the three cooperation mechanisms in the RES Directive provide the legal framework within which they can do this.

In the spring of 2009 we took the initiative to launch discussions on the cooperation mechanisms. Our main intention is to explore the potential of these mechanisms in situations in which governments and market players need to cooperate. Joint projects are considered the most promising cooperation mechanism for market players. Setting up statistical transfer and joint support systems is primarily a task for governments and market players are not involved in these mechanisms.

Looking at joint projects (including cooperation with countries outside the EU) we anticipate project developers selling such projects to buying countries and the buying countries agreeing with the hosting countries on how best to share the targets. Naturally, the most cost-efficient projects will be carried out first.

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Figure 1 Total annual certificates issued and cancelled (in TWh)

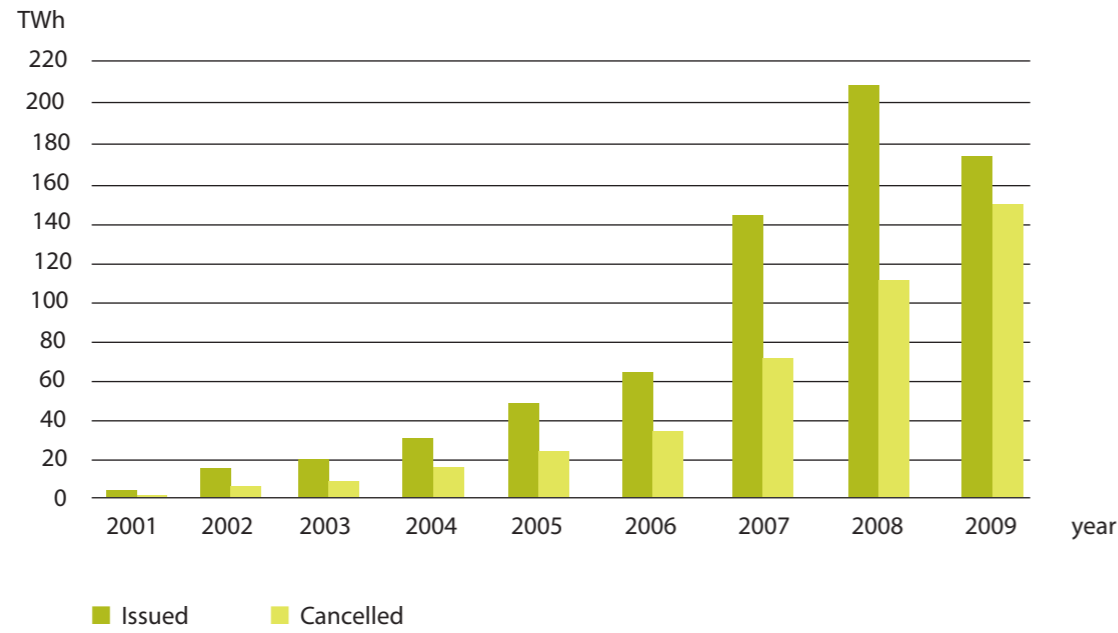


Figure 2 Total annual numbers of certificates imported (in TWh)

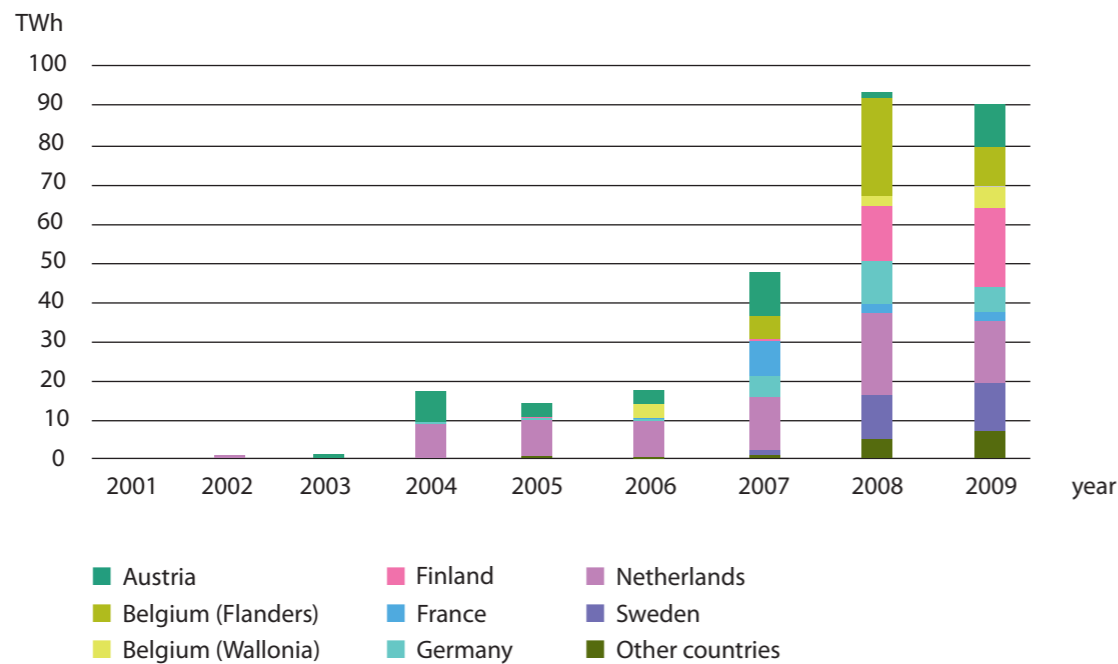


Figure 3 Total annual numbers of certificates exported (in TWh)

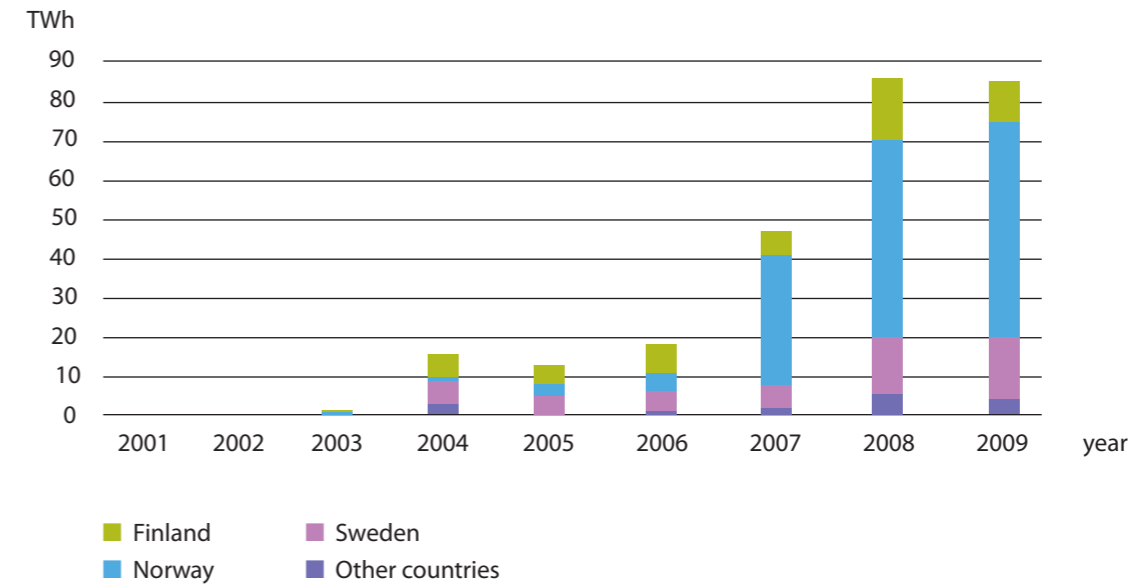
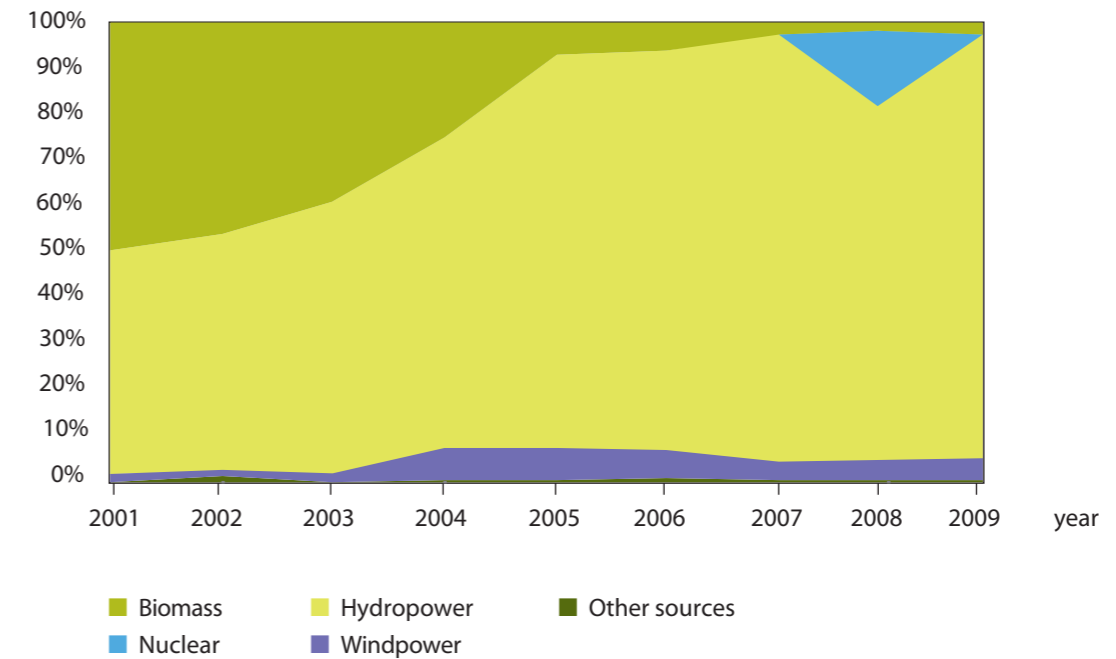


Figure 4 Certificates issued per technology (as a % of the total)



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BOARD MEMBERS OF RECS INTERNATIONAL

Organisation	Surname	Given name	Domain
Agder Energi Produksjon AS	Palme	Robert	Germany
Assoelettrica	Cicoletti	Giulio	Italy
EDF Branche Développement	Therond	Pierre-Guy	France
EDP Energias de Portugal S.A.	Matos	Pedro	Portugal
Electrabel n.v.	Claerbout	Marie	Belgium
Fortum Markets Norway	Nordskog	Annette	Norway
GreenStream Network Ltd	Nykänen	Jussi	Finland
HSE d.o.o.	Povh	Blanka	Slovenia
Iberdrola Generación S.A.U.	Urtasun	Blanca	Spain
Luxembourg Energy Office S.A.	Rütze	Roger	Luxembourg
Natsource	Santokie	Fiona	Ireland (UK)
Vattenfall AB / Elproduktion Norden	Hedenström	Claes	Sweden
Vattenfall Europe Hamburg AG	Zisler	Stefan	Germany
Vattenfall Nederland B.V.	Galjee	Marcel	The Netherlands
Verbund (Österreichische Elektrizitätswirtschafts) AG / APT	Grill	Claudia	Austria
Verein ECS Schweiz	von Moos	Louis	Switzerland
Vindenergi Danmark amba	Dupont	Niels	Denmark

SUBSTITUTE BOARD MEMBERS

Organisation	Surname	Given name	Domain
Agder Energi Produksjon AS	Liudden	Jan Atle	Norway
Alpiq Ltd	Baumann	Ralph	Switzerland
DLA Piper UK LLP	Gunst	Andreas	Ireland (UK)
E&T Energie			
Handelsgesellschaft m.B.H.	Kulischek	Wilhelm	Austria
E.On Energy Trading AG	Ulreich	Stefan	Germany
EGL/Axpo	Bütikofer	Alfredo	Switzerland
Fortum Corporation	Backström	Hans	Finland
Green-Access	Picard	Pierre	France
Iberdrola Generación S.A.U.	La Casta Muñoa	Leyre	Spain
Nuon N.V.	Fahrenkrog	Daniela	The Netherlands
REN - Rede Eléctrica Nacional S.A.	Tavares	Maria Natália	Portugal
SPE NV	Langie	Mieke	Belgium

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WORKING GROUP: DEMAND SIDE

Company name	Family name	Given name	Function
Agder Energi Produksjon AS	Johannessen	Arvid	
Agder Energi Produksjon AS	Liodden	Jan Atle	
Agder Energi Produksjon AS	Cavallaro	Sergio	
Alpiq Ltd	Thalmann	Stephan	
Belpex NV/SA	Langer	Yves	
Bischoff & Ditze Energy GmbH	Germeroth	Oliver	
E&T Energie Handelsgesellschaft m.B.H.	Kulischek	Wilhelm	
Ecohz AS	Nielsen	Birgit	
Fortum Corporation	Backström	Hans	
Fortum Markets Norway	Nordskog	Anette	
Green-Access	Picard	Pierre	
GreenStream Network Ltd.	Eccard	Thomas	
Iberdrola Generación S.A.U.	Scheib	Ina	
Luxembourg Energy Office S.A.	Rütze	Roger	
Nvalue Environmental Energy	Forzano	Daniel	
Puravida Oy (Proverde)	Selänne	Antti	
RWE Supply & Trading GmbH	Marx	Richart	
SPE NV	Langie	Mieke	
Statkraft Markets B.V.	van der Linden	Niels	Chairman
Rätia Energie, Renewables Trading	Lattner	Ralf	
gasNatural SDG, S.A.	Gistau	Ignacio	
Vattenfall Nederland B.V.	Galjee	Marcel	
Verbund Österreichische Elektrizitätswirtschafts AG	Schwidden	Mark	
Vindenergi Danmark amba	Dupont	Niels	

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WORKING GROUP: USERS

Company name	Family name	Given name	Function
Agder Energi Produksjon AS	Palme	Robert	
Alpiq Ltd	Python	André	
Belpex NV/SA	Langer	Yves	
Dong Energy	Breum	Lars	
Dong Energy	Petersen	Peder Thomas	
Ecohz AS	Ravlo	John	
Elektrizitaetswerk der Stadt Zurich (EWZ)	Hermann	Michelle	
GreenStream Network Ltd.	Eccard	Thomas	Chairman
GreenStream Network Ltd.	Nykänen	Jussi	
Iberdrola Generación S.A.U.	Scheib	Ina	
Natsource	Santokie	Fiona	
Axpo AG	Vonbank	Arnold	
Nuon N.V.	Fahrenkrog	Daniela	
Nvalue Environmental Energy	Faccoli	Alessandro	
RWE Supply & Trading GmbH	Marx	Richart	
Statkraft Markets B.V.	Kasmi	Abderrahman	
Vattenfall AB / Elproduktion Norden	Magnusson	Erik	
Verbund Österreichische Elektrizitätswirtschafts AG	Grill	Claudia	

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WORKING GROUP: LEGAL

Company name	Family name	Given name	Function
BKK Produksjon AS	Sande	Harald	
Brabers	Tan	Philip	
DLA Piper UK LLP	Gunst	Andreas	Chairman
E.On Energy Trading SE	v. Kopp-Colomb	Henrich	
E.On Energy Trading SE	Horndasch	Karin	
Fortum Markets Norway	Steene	Mikael	
Gaselys	Guais	Morgane	
Iberdrola Generación S.A.U.	García-Sosa Cornejo	Julia	
Iberdrola Generación S.A.U.	Zaragoza Dorr	Isabel	
Multiutility S.p.A.	Bottoli	Antonella	
Statkraft Energi AS	Blindheim	Inger-Anne	
Statkraft Markets B.V.	Mshelia	Gloria	
Statkraft Markets B.V.	van den Hoogen-Bakker	Willemien	
Vattenfall AB / Elproduktion Norden	Nehlin	Alf	

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