

2010 ANNUAL REPORT RECS INTERNATIONAL



IN PRODUCING THIS REPORT, OUR AIM WAS TO SAVE SCARCE RESOURCES,
MAXIMISE RECYCLING, AND MINIMISE CHEMICAL WASTE AND ENERGY USE.





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OUR VISION

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OUR VISION

TO PROMOTE A PAN-EUROPEAN RENEWABLE ELECTRICITY MARKET, FACILITATED BY A COMMONLY ACCEPTED AND HARMONISED EUROPEAN INFORMATION SYSTEM.

We are at the beginning of the long road to a pan-European market for renewable energy. “We are happy with the cooperation mechanisms introduced in the new RES Directive,” says Claes Hedenström, President of RECS International. One of the challenges for the year ahead is to encourage further involvement of market players in the developing pan-European market for renewable energy. “We strongly believe that cooperation and trade will increase cost efficiency and that in this way billions of euros can be saved in achieving national targets for renewable energy. The cooperation mechanisms can and should be improved. The challenge for the coming years is to convince others of this and to carefully prepare the discussions leading up to the review of the RES Directive in 2014.”



Claes Hedenström

The main tool we use to achieve our vision is the standardised system for the Guarantee of Origin (GO). Niels van der Linden, Vice-President of RECS International is happy with the decisions taken by the Association of Issuing Bodies (AIB): “The new rules governing the standardised system will ensure only one type of certificate that can and should be used for all GO systems in the EU. This was a major achievement in 2010, which will improve the market in the years ahead.” The challenge, however, is to explain this to policy makers and to convince them to use such a standardised system. “This will save money and will increase the reliability of tracking electricity enormously,” according to Niels van der Linden. In 2010 we raised the issue of consumer claims more prominently. In particular, carbon footprint claims trigger heated discussions and debate. In the next few years we anticipate a stronger need for dialogue with consumer organisations and environmental NGOs.



Niels van der Linden

HOW DID WE
SAVE SCARCE
RESOURCES?
WE CHOSE A SMALL
FORMAT, REQUIRING
LESS PAPER AND
LESS INK.



1 INTRODUCING RECS INTERNATIONAL

We are an association of market players, NGOs and other interested parties, established to work within the renewable energy sector and develop trade in renewable energy certificates throughout Europe. At the end of 2010, we had a total of 222 members across Europe.

THE VOLUNTARY MARKET (CROSS-BORDER TRADE DOES NOT COUNT TOWARDS TARGETS)

We see the voluntary market as the vehicle for Guarantees of Origin¹ (GOs). The GO is the sole instrument for disclosure of renewable electricity and it is purely voluntary.² Driving this market are suppliers, who cancel GOs for renewable products (disclosure), and end-users, who cancel GOs to prove the origin of the electricity they have consumed (according to the RECS Good Practice Standard). Within the voluntary market, we are involved in the following activities:

- Supporting a standardised GO system across Europe (according to EECS rules)
- Encouraging proper use of the GO
- Ensuring accurate claims after GO cancellation

*1 Based on a GO or a RECS certificate. The main difference between these two systems is that within the RECS certificate system, the issuing body is appointed by the market, while the GO issuing bodies are government-appointed. Both certificates are part of the European Energy Certificate System (EECS).

*2 2009/28/EC Directive

THE TARGET COMPLIANCE MARKET (CROSS-BORDER TRADE DOES COUNT TOWARDS TARGETS)

Here we refer to a future market in which renewable electricity that is traded across borders will count towards national targets. Although this market does not yet exist, we believe it is feasible, as long as it is built according to the EU's cooperation mechanisms.³

In this edition of our Annual Report we first present the results of our 2010 Action Plan. In the second part we provide information about the association, the people involved in the Management Board, and we provide a financial overview as per 31 December 2010.

*3 2009/28/EC Directive

WERE
THERE ANY
OTHER SAVINGS?
80% WILL READ
THIS REPORT ONLINE,
SAVING PAPER AND
ENERGY.

New EECS Rules

In 2010 the Association of Issuing Bodies (AIB) issued a press [release about the new EECS Rules](#) – formerly known as Principles and Rules of Operation (PRO). We are pleased that the AIB has incorporated most of what we see as key issues. Some issues – for example ex-domain cancellations, the expiry of the GO, as well as formal procedure consultations and the provision of information – were of particular interest to our members and these concerns were expressed in a [formal letter](#) to the AIB.

CEN/CENELEC

The [CEN/CENELEC](#) is a European standard that is currently being developed (expected completion date: 2014) to ensure the standardisation of the GO based on AIB input. As RECS International we have no functional role in this process, but Claes Hedenström represents Sweden and Peter Niermeijer represents the Netherlands in the standardisation teams. As soon as the new standard is in place, it will be up to the EU Member States which standard they choose to use: either CEN/CENELEC – the minimum level required for the whole of Europe – or the GO (EECS), which has more stringent criteria.

The European Platform for Electricity Disclosure (EPED)

In 2010 RECS International actively encouraged the establishment of EPED to help ensure the proper use of the GO for disclosure. EPED is a platform within which government-appointed competent bodies calculate and publish the residual mix for disclosure purposes. The aim of EPED/RE-DISS is to improve the “reliability and accuracy of the information given to consumers of electricity in Europe regarding the origin of the electricity they are consuming. Such information is given to all consumers through the regime of electricity source disclosure, which is a requirement on all European suppliers of electricity”.⁴

In 2010 the EPED website was launched by the AIB. The main problem seems to be that most governments are not yet making use of the EPED figures. Norway is indeed using these figures for 2011, partly as a result of discussions we held with the Norwegian regulator about the importance of avoiding double counting by improving the calculation method.

The RECS Good Practice Standard (RGPS)

Voluntary market regulation remains important, even though no new members signed up for the RGPS in 2010. We advocate using the GO for all types of renewable electricity products in order to track the origin of electricity accurately and to avoid double counting or double selling of renewable electricity certificates. At RECS International we have published the [Good Practice Standard](#) for suppliers who wish to prove that they supply electricity from renewable energy sources. The standard also provides consumers with proof that they are consuming electricity generated from renewable sources. In both cases the standard provides proof of the origin of renewable electricity.

*4 www.eped.eu

BUT, IF YOU'RE GOING TO PRINT, YOU HAVE TO USE PAPER AND INK? WE USED 100% RECYCLED PAPER AND VEGETABLE-BASED INKS, MAXIMISING RECYCLING.



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4 SHAPING THE VOLUNTARY MARKET

Price information and statistics

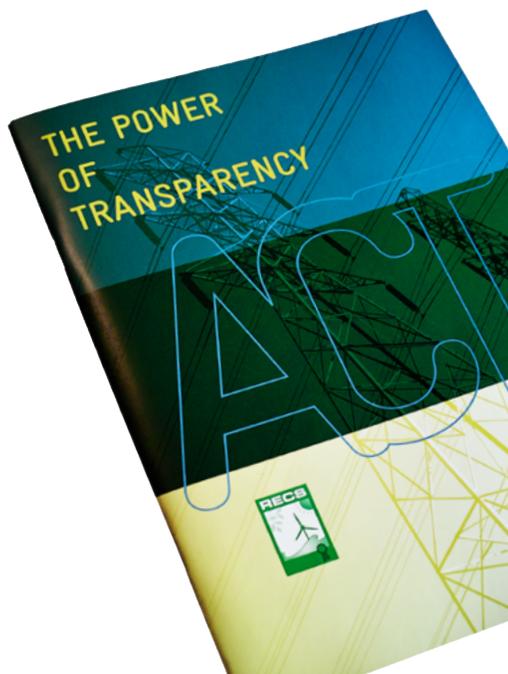
Both ICAP and AIB stopped publishing prices, as these figures did not reflect real-time market movements. On the RECS website types of certificates and precise figures have been replaced with a descriptive text about the factors that influence price. At the secretariat we regularly receive inquiries about products and prices, such as: "You provide some figures on your website about the volume of certificates issued, but nothing precise regarding prices. Can you give us a rough idea of the current bid/ask price for each renewable energy category?"

At our request an analysis was made of certificates cancelled in 2008, 2009 and up to October 2010, representing more than two third of the total cancelled volume. The countries included are Denmark, Finland, Norway, Luxembourg, Sweden and Germany. The full analysis was published in our [News Brief No. 3](#). In the year ahead, this exercise will be extended to more countries and it will also cover the issuance side of the statistics. Results are expected in 2011.

Consumers are entitled to receive specific, transparent and complete information about renewable electricity (in order to make an educated choice) and the GO provides the only valid way of tracking its source. Not all renewable electricity is sustainable, which is why we need to use the GO as a tool for displaying such information. Carbon emissions are crucial to sustainability. And, since disclosure obliges suppliers to inform customers about their fuel mix, the resulting CO₂ emissions should, in our view, also be listed on the GO. We didn't take a position on additionality. However, we do list the various definitions and we stress the importance of transparency. The next step is to further explore the notion of carbon additionality, which either refers to the carbon footprint of an individual or organisation – based on tracked electricity with a specific CO₂ emission factor – or to the carbon footprint of the world as a whole, based on tracked electricity compensated by the retirement of EU allowances.

The ACT brochure:

a successful, broadly supported formulation of our position on carbon accounting, sustainability and additionality within the context of corporate social responsibility.



WHAT
ABOUT OTHER
RESOURCES?
NO WATER WAS
USED IN THE PRINTING
PRESSES.



5 TARGET COMPLIANCE MARKET

RES Directive 2009: National Renewable Energy Action Plans (NREAPS) and cooperation mechanisms

Our main activity in 2010 was monitoring the inclusion of the EU RES Directive 2009/28/EC in the legislation of Member States, as Article 4 of the Directive required Member States to submit national renewable energy action plans by 30 June 2010. By 31 December 2010, almost all **NREAPS** were presented to the EC. We are now examining the consequences of the NREAPS in terms of windows of opportunities for cross-border trade and we are formulating our overall position on the effective use of the cooperation mechanisms (joint support systems, joint projects and statistical transfer).

Our position

In 2010 we prepared a position paper with expert support from [Copenhagen Economics](#) and [SQ Consult](#) on cost efficiency through the harmonisation of support systems and the effective use of the cooperation mechanisms. Why do we need to take an explicit stand on the target compliance market if our day-to-day focus is on supporting our members within the voluntary market?

There are a number of reasons:

- The current costs of achieving the EU targets are too high
- We see no clear ways of using the cooperation mechanisms effectively
- We want a pan-European market for renewable energy because this is more cost-efficient and will therefore keep costs low for consumers
- To ensure a steadily increasing share of renewable electricity, a stable investment framework is of the utmost importance (this is a political issue).

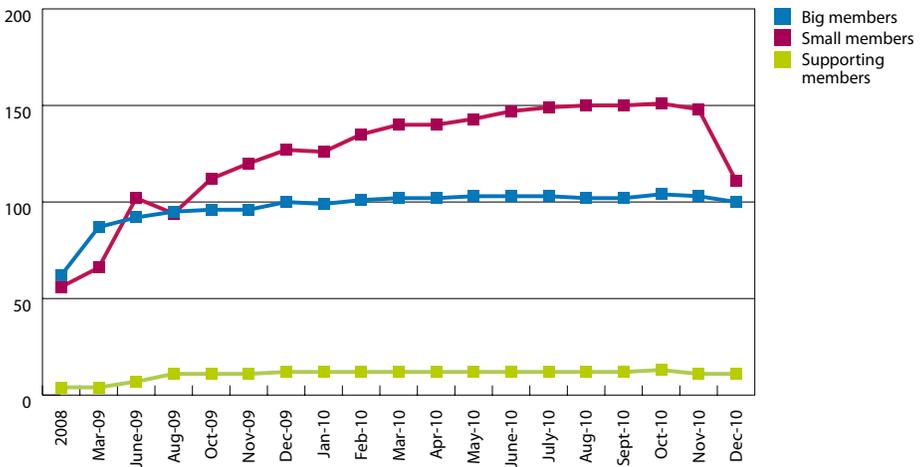
A bridge to the future

We both advocate for and represent our members, while working to secure a sound future for renewables. We welcome the trend towards carbon accounting among large consumers of electricity. We support further cooperation in Europe and would like to see current instruments strengthened and used more systematically by Member States. We also aim to establish a dialogue with governments about the long-term future of the renewable electricity market. These activities culminate in the [RECS Market Meeting](#), of which the [RECS Policy Forum](#) is an integral part. This annual conference will be launched in Brussels on 30 - 31 March 2011.

6 RECS MARKET MEETING & RECS POLICY FORUM



7 OVERVIEW OF THE MEMBERS OF RECS INTERNATIONAL



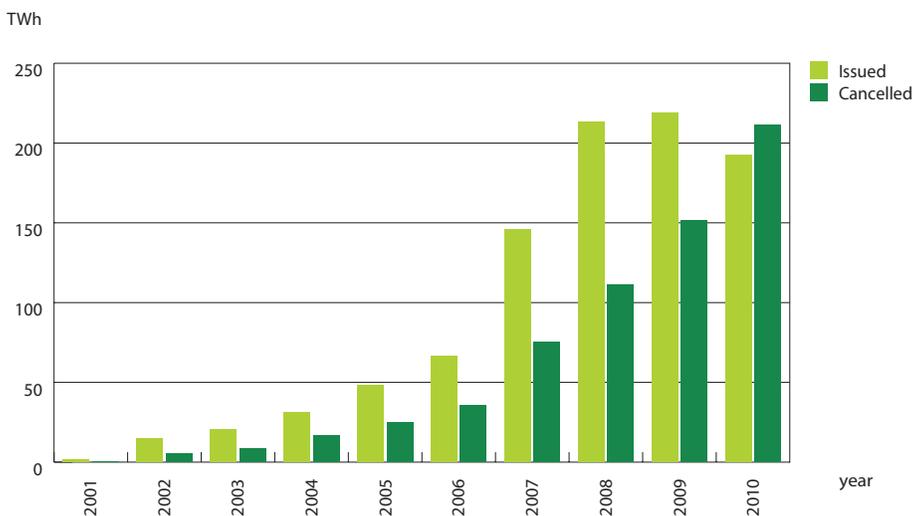
AND WHAT ABOUT CHEMICALS? WE DON'T USE PRINTING CHEMICALS SO THERE IS NO CHEMICAL WASTE.

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8 MARKET STATISTICS ⁵

FIGURE 1 TOTAL ANNUAL CERTIFICATES ISSUED AND CANCELLED (IN TWh)



*5 Association of Issuing Bodies

FIGURE 2 TOTAL ANNUAL CERTIFICATES IMPORTED (IN TWh)

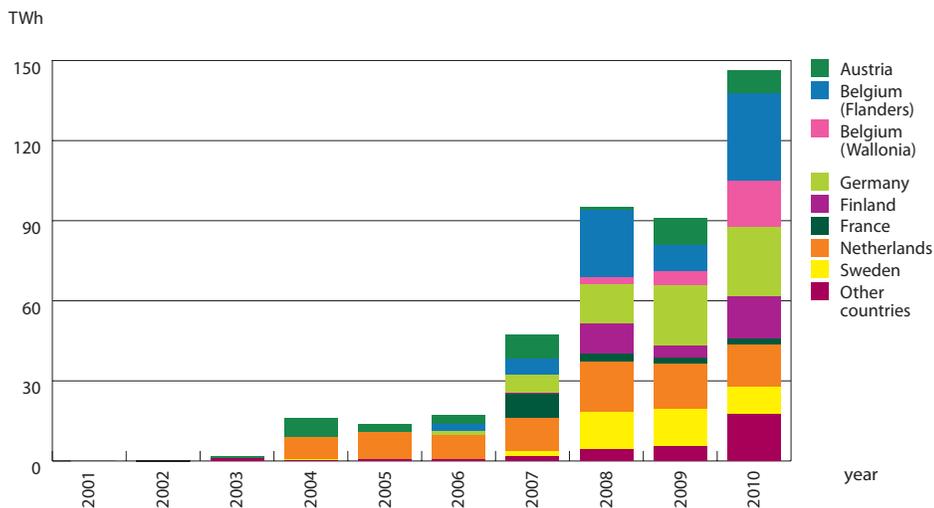


FIGURE 3 TOTAL ANNUAL CERTIFICATES EXPORTED (IN TWh)

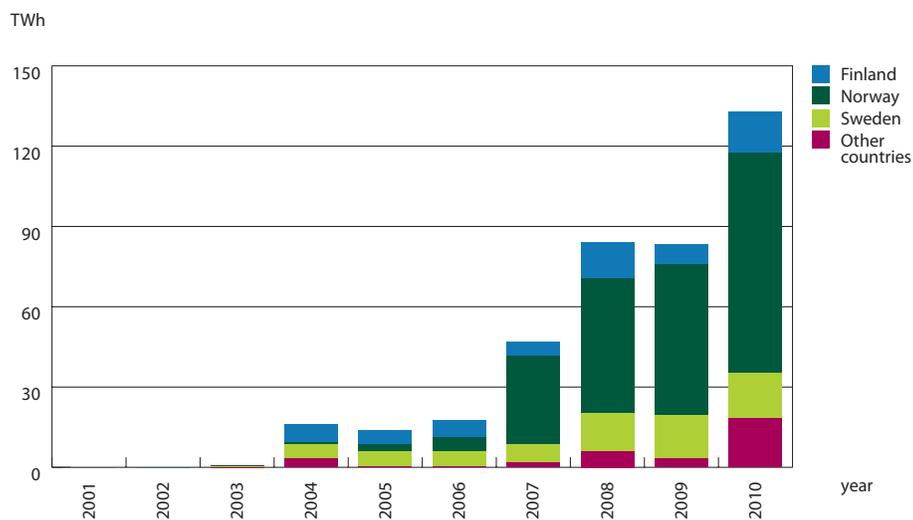
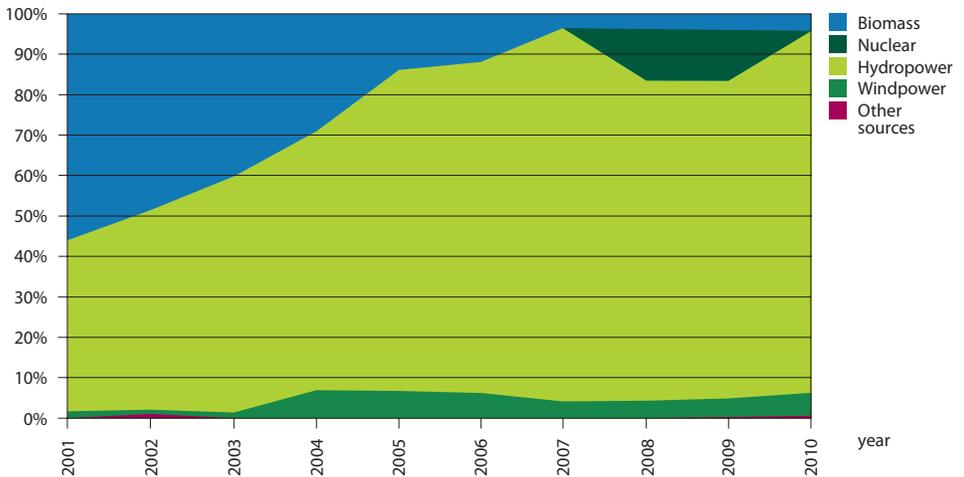


FIGURE 4 CERTIFICATES ISSUED PER TECHNOLOGY (AS A % OF THE TOTAL)



ANY OTHER
CHEMICALS?
NO STRONG ACIDS
OR SILVER WERE
USED TO MAKE
THE PLATES.

INCOMES 2010

FEES	
Big members	384,000
Small members	81,000
Supporting members	6,500
Other Income	7,560
RECS GOOD PRACTICE STANDARD	
RECS members RGPS	800
Non-RECS members RGPS	2,100
REXCHANGE	20,000
INTEREST	546
Total	502,506

EXPENSES 2010

SECRETARIAT	
Secretariat	249,900
Travel & Accomodation	14,570
Legal advice	22,555
Office Costs	18,487
MEETINGS	29,657
PR & COMMUNICATION	55,576
SPECIAL PROJECTS	38,444
RESULT	73,316
Total	502,506

*6 A full compilation of the financial report for 2010 is available at the RECS-I secretariat.

BALANCE SHEET RECS INTERNATIONAL

31 DECEMBER 2010

ASSETS 2010

Trade debtors	22,455
Cash	133,990
Saving account	50,000
Loan Events	105,063
Other receivables	23,915
Total	335,423

LIABILITIES 2010

Result previous years	205,200
Result this year	73,316
Creditors	50,867
Other creditors	6,040
Total	335,423

10 RECS INTERNATIONAL BOARD MEMBERS

PER 31-12-2010

COMPANY NAME	SURNAME	GIVEN NAME	DOMAIN
Agder Energi Produksjon AS	Palme	Robert	Germany
Assoelettrica	Cicoletti	Giulio	Italy
EDF	Commaret	Philippe	France
EDP Energias de Portugal S.A.	Matos	Pedro	Portugal
Electrabel GDF Suez	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.	García	Laura	Spain
Luxembourg Energy Office S.A.	Rütze	Roger	Luxembourg
Natsource	Santokie	Fiona	Ireland (UK)
Vattenfall AB/Elproduktion Norden	Hedenström	Claes	Sweden
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

YOU STILL
USED ENERGY?
SURE, BUT
THE ENERGY WE
DID USE WAS
CERTIFIED AS
RENEWABLE.



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PRINTING THIS REPORT IS JUST ONE EXAMPLE OF SUSTAINABLE USE OF ENERGY AND SCARCE RESOURCES.



The Forest Stewardship Council (FSC) is an international organisation that promotes responsible forest management. The FSC compiles international standards for forestry management, and provides certification and a label in accordance with these standards. The FSC's approach ensures that social, environmental and economic interests are given equal consideration.



Products that are sold as containing no volatile organic compounds (VOCs) often do contain very low levels of these substances. VOCs are carbon compounds which evaporate at room temperature; they are released as gases from certain solids and liquids.



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