

RECS International Response RE-DISS Seminar
Bad Nauheim, Germany

To: RE-DISS Project and RECS International Members
From: RECS International member's from RE-DISS Seminar
Subject: Recommendations for the RECS International community following the seminar on residual mix calculations by RE-DISS

1. Seminar held on Wednesday November 27, 2013 in Bad Nauheim, Germany

Peter Niermeijer, RECS International – Moderator
Christof Timpe, RE-DISS Project – Presenter

Intention of the workshop – To skip basic comprehension material and go directly into rather complex, expert-level discussions. The assumption was made that those involved in the seminar would be well informed of various disclosure methodologies and as such not be in need of basic explanation.

Basic changes from RE-DISS 1 to RE-DISS 2 – One of the most important differences for market players is that RE-DISS 2 will analyze and consult them on their residual mix and disclosure needs. There is also a mandate to further consult with the market players in RE-DISS 2. Additionally, it was mentioned that it is unlikely to see a continuation of the project in the future and as such a portion of the current RE-DISS II project will be to find the best organization to secure its long-term continuation.

2. The Seminar presented a number of discussion items, including:

- Extension of the 'fuel-category' list for the residual mix calculations
- Strengthening the connection between production year and disclosure year
- Mutual recognition of GOs
- Large consumers cancelling GOs on their own
- Contract-based tracking
- Environmental indicators based on the GO
- Future governance

2.1 Discussion of fuel-categories and the extension of the list – In general there was consensus that the fuel-categories proposed by RE-DISS during the meeting were sufficiently specific. **The RECS community accepted the proposals and had no additional comments.**

2.2 Strengthen the connection between production year and disclosure year – The proposal from RE-DISS was rather straight forward, electricity consumption from year X should only ever be disclosed with a GO from the same year's production. An example of this would be a homeowner consuming green electricity in 2013 should only receive GOs with electricity production from 2013. The purpose of this was to prevent the double counting of electricity attributes. **In general this is a proposal supported by RECS International. The secretariat has previously informed the RE-DISS project of ways in which this production year/disclosure year issue could be addressed.**

In order to solve this problem and RE-DISS proposed an 'early expiry approach' where GOs would expire on March 31st or year X+1 and could only be used for disclosure in year x (regardless of the cancelation year). This would be introduced in three-steps:

- 2014: Would result GO- electricity production between 1.04.2014 and 31.3.2015 would be disclosed for 2014
- 2015: The production year (i.e. 2015) would be the disclosure year (i.e. 2015)
- 2016: The early expiry approach would be fully introduced

It was the opinion of the RECS members that the step in 2014 should be skipped and that the first step should be, 'The production year would be the disclosure year'. This could be implemented directly in 2014.

Between now and when the 'early expiry approach' could be universally implemented there would still need to be a decision made on the best ways to calculate the yearly residual mix. There are two main methods that RE-DISS could use to deal with the existing inconsistencies. The first method is the STB (Shifted transaction based) method and the second is the IB, or issuance based method. **The RECS participants at the seminar believed that the IB method would be preferred during the interim period. The IB method was a bit more straightforward from the individual domain perspective.**

2.3 Mutual recognition of GOs – The RE-DISS group finds this a difficult topic because it is also up for discussion in a different European working group, CA-RES. **The criteria mentioned during the meeting was generally agreed upon by the RECS members in attendance.**

2.4 Large consumers canceling GOs on their own – RE-DISS is concerned that some large consumers may be double attributing their green electricity purchase. This is to say that the large consumer would cancel two-GOs for 1-MWh of actual consumption. In actuality it is more likely that a large consumer would consume 1-GWh of actual electricity but 1.1-GWh worth of GOs. **It was the opinion of RECS international that this is not a problem at this point in time but it should be noted that it is also suppliers that could 'over cancel' and as such this is not only the concern of large independent end-consumers.**

2.5 Contract-based tracking – Contract based tracking is seen in two forms, ex-ante (future delivery contracts) and ex-post (it was delivered and was green). RE-DISS as well as RECS International believes that tracking systems need to be transparent and as such contract-based tracking should not exist in the future. In the meantime it is difficult to know the size of the problem. **RECS International was of the opinion that the Best Practice Recommendations from RE-DISS should very clearly not allow the use of contract-based tracking instruments. There should also be some pragmatism however and allow for its calculation while discouraging its use.**

2.6 Environmental indicators in the residual mix – The RE-DISS group is considering what environmental indicators should be included in the residual mix. The suggestions were as follows:

- Direct emissions or LCA
- CO₂ or CO₂-e

- Definition of the unit of radioactive waste

RECS International is of the opinion that emissions should always be expressed as end-of-pipe emissions, or direct emissions, as the workable boundary is clearly defined. Other environmental criteria should be left to the RE-DISS working group.

2.7 Future governance structures for RE-DISS – An actor or number of actors must eventually take over the project and also finance the future calculations. **The market parties have offered their help if this is needed in the future.**

For additional questions or comments please contact the RECS International Secretariat.