

**CEER Consultation on "Green" Electricity**

**To:** Public  
**From:** RECS Secretariat  
**Subject:** Final RECS submission to the CEER consultation on "Green"

Note: The questions seen below refer to the consultation questions presented by CEER. The link to the CEER consultation can be seen via their website at [www.ceer.eu](http://www.ceer.eu)

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**Q1) Do you agree that further improvement is needed concerning the terminology that is used to inform the customer on electricity offers based on renewables and to promote these offers in marketing?**

RECS International supports clear and factual information about the sale and purchase of electricity, the discussion of terminology falls under this category as well. Factual information and the use of clear terminology allows the consumer to make an educated and informed decision about their electricity product. By allowing the consumer to think they are purchasing 'green' electricity we are doing ourselves a disservice. In our opinion electricity itself has no color, 'green' electricity doesn't exist – only 'electricity produced from renewable sources'. When the consumer realizes that they are supporting a specific electricity production station and not a specific 'type' of electricity the whole story of electricity tracking becomes easier for the consumer to understand.

By focusing on the site of electricity production we can easily describe the GO as a sort of voluntary support instrument that the consumer may choose to purchase. This allows the consumer to more easily understand that the purchase of a GO does not immediately impact the total electricity grid mix. It does however, allow them to claim that they have consumed a volume of electricity placed onto the grid from a specific production source. Their reward for making such a dedicated choice is the satisfaction of knowing that they have supported, and now own, a small portion of Europe's renewable electricity production.

By removing the words 'green', 'sustainable' and 'eco-friendly' from our vocabulary, as was successfully done in Norway, we are left with factual and easily proven criteria for the supplier to use in communication tools. Buying 'electricity from renewable production stations', or 'electricity generated from Belgian wind turbines' is clear, straight forward, trustworthy and easily verifiable. It is something the consumer deserves and something that is, with the example of Norway, clearly attainable.

**Q2) Do you agree that all price Comparison tools should provide customers with an overview of electricity products, including specific information on the origin of the electricity that will be supplied?**

RECS International believes that the responsibility should be with the electricity supplier who must correctly inform their consumers about the electricity product they are consuming/purchasing.

In many countries there is the requirement that renewable-produced electricity products must be backed by the guarantee of origin however this is not the requirement in all countries. This must be changed for the benefit of the European consumer and cohesive product definitions within the European single market. Where this is well regulated however there is also significant room for improvement. Informing consumers about the generating device that produced their electricity is a start but there is a significant amount of secondary information (location, specific technology, size of the facility etc.) that can be displayed as well.

**Q3) Do you agree that the NRA (or other competent body) should develop a harmonised format on how information concerning the origin of electricity is displayed and should specify the level of detail required on electricity bills for this information?**

Harmonized information is always in the benefit of the consumer. It is clear that any information referring to the origin of the electricity being supplied must be based on the factual information provided with the GO. The information on the GO can easily be displayed to the consumer via their electricity bills and this is something we see more interest for from consumer organizations. Three main categories seem to be of the chief importance for end-consumers in regards to their electricity's origin: 1. The technology they are consuming, 2. The originating country of their electricity and 3. Any third-party environmental labels that may be connected to that production station.

In order to accomplish these three steps the consumer must receive proper information from the GO (or in other world regions, equivalent tracking mechanisms). The first step in proper information on the GO is harmonization via the EECs standard held by the AIB. The next point of harmonization is Europe-wide mandatory allowance for non-renewable technologies to also receive GO issuance. The more electricity, including non-renewables, that are tracked the less that will show up on the consumer's electricity bill as coming from an 'unknown' origin and consequently be part of the 'residual mix'.

For this reason it is critical that we focus on expanding the GO system towards mandatory full-disclosure. The mandatory issuance for all production technologies has already been proven possible in Austria and Switzerland.

**Q4) Do you agree that two levels of information should be provided to customers? Complementing the bill, additional information such as the geographic origin, the technology and the product mix could be made available on the website of the supplier. In that case, a reference on the bill should draw customers' attention to this additional information.**

It's the responsibility of legislators to have regulations in place that protect the consumer's choice for electricity products. Suppliers must be clear about the product they are selling. It seems logical that there should be a distinction between mandatory information and voluntary (additional information) that is displayed on the supplier's electricity bill as well. Basic information like the technology and country of origin should always be given.

A note on the specific text prior to the questions:

Consumers are demanding the choice to directly use/supply their own GO certificates to prove the origin of their electricity. This is similar to end-consumers wishing to supply their own physical electricity flows with solar-panels on their roofs. Both show active involvement in the origin/production of electricity and something that should be supported in a free and liberalized marketplace. The statement then, "A direct use of GOs by end-users is not recommended and would even contradict EU Directives", is something we disagree with whole-heartedly and something that is seen to be false in the working reality. Large consumers are directly using/canceling GOs more than ever before. This direct use of GOs is supported by the World Resource Institute's – Green House Gas Protocol, the CDP and environmental NGOs large and small. Examples of this direct use can be seen by Google (<http://googleblog.blogspot.nl/2013/06/powering-our-finnish-data-center-with.html>) and even the Dutch National Rail Provider, the 'NS' (<http://www.nsstations.nl/ns-stations/duurzaam.html>).

**Q5) Do you support the idea that if a supplier also publishes the product mix on the bill for some customers, the publication of the product mix should be done consistently for all of its customers in order to minimise the risk of "double counting" within one company?**

Consistency is always the best policy. Unfortunately the European Directive only regulates the disclosure of a supplier's mix, something RECS International believes is irrelevant compared to the individual consumer's product mix. The best possible solution is total transparency on the part of the electricity supplier as well as clear definitions of a supply mix and a product mix. In our opinion the supply mix is nothing more than the average of all the various product mixes delivered to consumers.

In the opinion of RECS International the consumer chooses an electricity product and this specific mix can be determined by two factors. The first is that the electricity product is tracked with GOs and then based upon GOs used in the current year, or the product is non-tracked and based upon the previous year's residual mix (non-tracked attributes). In our opinion all suppliers will offer a residual mix product mix unless they have specifically cancelled GOs for a consumer product mix.

**Q6) Do you agree that the publication of an annual disclosure report by NRAs (or other competent bodies) is a good practice?**

The organized, transparent disclosure of information is always beneficial. Reports of annual disclosure information would reduce confusion and provide a location for correct information. This is most helpful if NRAs agree upon a reporting format.

**Q7) Do you agree that further harmonisation of the existing disclosure systems on a European level necessary?**

While on the surface the implementation of the RES directive and the harmonization of GOs with the AIB seem like two distinct issues this is not actually the case. The implementation of a national-GO system that is not connected to the AIB hub opens the possibility for systemic issues that can undermine the reliability of a national GO-based disclosure system. Additionally we have seen that national governments who take the step to implement a national GO often become 'attached' to their individual national systems unwilling to consider the systemic change that would be involved with the voluntary harmonization to the AIB's European Energy Certificate Standard (EECS). Only when a GO is standardized with EECS is it truly reliable and able to be considered as a trustworthy disclosure instrument. For this reason RECS International supports the harmonization of GOs with EECS and the implementation of the RES directive equally.

It should also be mentioned that the RE-DISS team is doing a good job in their attempt to harmonize disclosure methods within the EU. They have encountered a number of issues however including the reporting date and GO synchronization with calendar years.

A note on the specific text prior to the questions:

We disagree that the risk of double counting exists when energy consumers cancel GOs separately for their own purposes. We see this as a symbol of a highly developed marketplace and something that should be supported. The only issue that can arise from individual companies canceling GOs is over cancellation or the cancellation of two GOs for one MWh of electricity. This is a topic RECS International has discussed in detail with the RE-DISS II project. Our conclusion as RECS International was that this is a theoretical problem. In the situation that the market for GOs is short, those that accidentally double cancel GOs (either directly or because their supplier also canceled GOs on their behalf) essentially have further decreased the supply inevitably increasing the price of GOs for others. This increased price for GOs is beneficial for the producer of in-demand electricity sources as they will receive more revenue for their electricity production.

Those unwilling to pay the price for the GOs would purchase another type of electricity production (i.e. residual mix, nuclear or in some markets even coal/natural gas) inevitably changing the fuel-mix they are able to disclose.

**Q8) Do you agree that GOs should be used as a common and reliable basis for all disclosure systems?**

It is quite clear that the GO should be used as a common and reliable basis for all disclosure systems. The GO is already the chosen system for voluntary disclosure (i.e. carbon accounting) among large corporate consumers and the third-party standards that attempt to regulate these voluntary disclosure reports (like CDP and the Green House Gas Protocol). The use of the GO as the principle voluntary electricity disclosure mechanisms underpins the fact that the GO market is already consumer-driven, market-based and adherent to reliable, transparent and robust principles. The step towards GOs becoming the basis for all disclosure systems, including the mandatory requirement for supplier electricity disclosure, is strongly supported by RECS International. The system is able to take on this task and has proven reliable in doing so in many European countries. Problems arise from the existing legislation (2009/28/EC and 2009/72/EC) which regulate the GO system and the European disclosure system as two separate needs with no overlap. This, as we know, is not the case and it is something that international projects like CA-RES should investigate more closely. The support from CEER could speed up this process.

Some notes on the specific text prior to the question:

1. CEER mentioned that GOs should be issued only for net-generation and GOs should be internationally transferable. These are both logical and something RECS International agrees with fully, however these are only two issues that can arise if a GO system is implemented outside of the EECS standard held by the AIB. The AIB standard helps GO systems standardize under commonly accepted rules.

2. The calculation of the residual mix is a subject we are willing to discuss with external stakeholders, including CEER, and something we feel is integrally important for a working electricity tracking system. The basic principles remain that products tracked with a GO represent the production of the current year while residual mix calculations, non-tracked supplier products, are by nature based upon the unused attributes of the previous year. In more technical terms electricity consumption in year X can only be associated to GOs from year X. As a result, residual mix based products must be based upon year X-1 calculations. This then creates a problem from year X GOs that have a lifetime of 12-months. The possibility to calculate the previous year's residual mix while GOs from that year are still actively available for consumption creates an inconsistency. When the residual mix is calculated should these previous year GOs be automatically retired and fall into the residual mix, or, should they be active for the full 12-month lifetime and create possible inconsistencies in the calculation? RECS International has previously expressed their opinion for correct information even if that means a shorter lifetime for some

GOs. Our solution is inline with most other stakeholders who are actively involved on this topic. Creating an artificial deadline for previous year GOs of March 31 X+1 is beneficial for proper information and the consumer. The promotion of best practice within CEER would help communication aspects in and outside the electricity tracking community.

**Q9) Do you agree that the issuing of RES-GOs should be mandatory for all electricity produced with renewable sources?**

Generally speaking the use of GOs should be mandatory for the tracking of all renewable energy products, the result of an active choice by suppliers to profile a renewable energy mix. As a logical result suppliers must use the GO to distinguishing various types of electricity products. It should be voluntary for producers to take part issuing GOs from renewables. Production devices that do not issue a GO certificate will not have their attributes disappear but rather they will only be a part of the residual mix. It is one-step too far to mandate GO production on producers, rather we can mandate this on suppliers' products. This will slowly reduce the amount of electricity that falls into the residual mix.

RECS International still strongly supports the developments seen in Switzerland and Austria but must insist that the requirement to prove consumption is the most important criteria, not create supply. This is part of the reason the focus on only renewable GOs is incorrect. Currently, in most European countries if a supply company, or individual consumer, wants to prove they have consumed low-carbon, non-renewable, electricity production technologies (like natural gas) it is still impossible because there is no tracking system available for non-renewables. As a result we see supply companies claiming the use of non-renewable technologies in a product/supply mix without the use of a tracking instrument as proof of their disclosure ownership.

Putting requirements on the suppliers is more important than placing these requirements on the producers but having the systems in place for the suppliers to correctly identify their product is critical.

**Q10) Do you agree that issuing of GOs should be extended to all sources of electricity to make the basis for the disclosure system more consistent and reliable, but also to provide opportunities for market offers for electricity based upon specific non-renewable sources in a trustworthy manner? Should this be mandatory or voluntary?**

We agree that GOs issuance should be extended to all production sources including non-renewables. At first this can be done on a voluntary basis, however mandatory disclosure should be seen as a long-term goal. We believe this should implemented via a step-wise approach where more and more becomes tracked meaning less and less falls into the residual mix. The benefits of a mandatory, full-disclosure systems are just starting to be seen in a few national domains. After one-year of full disclosure in Austria and Switzerland we can now see that the consumer is better protected and can receive more factual information about their electricity products/consumption.

The trend towards full-disclosure is not only a European trend. The US-RECs tracking system is also taking this into consideration. Some US-regional tracking systems (comparable to European national domains) now allow for the voluntary issuance of all electricity sources.

**Q11) Do you agree that the integration of electricity markets at European level should ideally be accompanied by actively developing a European RES-GO market?**

Keeping energy affordable for the consumer should be the highest priority of any liberalized marketplace. With the electricity market these needs must always be balanced against the desire for increased reliability and further sustainability. RECS International feels that the focus on socialized support systems, where no single end-consumer is allowed a choice in their electricity product, has led to an inattention to cost-efficiency. The focus on sustainability and reliability has indeed produced short-term increases in the actual installed capacity of renewable production sites but cannot be considered in any long-term vision for the future of European energy support systems.

By viewing the choice of a consumer as a priority (as is normal in a marketplace) the development of a reliable and transparent (RES-)GO market will develop naturally. The GO allows this type of bottom-up electricity market to slowly develop where once an entirely top-down market existed. By realizing that consumers can have an influence on the future direction of the electricity market, the free and open GO marketplace will become a natural byproduct. We must together, as a community, realize that the electricity consumer is not unimportant in the future of the electricity system.

**Q12) Do you agree that when informing customers about their energy, RES-support schemes and disclosure should be seen as separate issues with their own instruments?**

The natural separation of electricity production and electricity consumption explains the reason that these two items, RES-support and disclosure, can be seen as two separate issues and each in need of their own instruments. To be clear, when we as a European community speak about RES-support schemes we are speaking about renewable production support. In Europe these renewable production support schemes are most commonly feed-in tariff systems, premium schemes or quota systems (support certificates). The financial support is given when renewable electricity is produced (and in the case of a quota system support certificates are determined by market prices).

The consumption of electricity is different and not directly related to the production support. Electricity produced (whether the recipient of subsidies or not) naturally flows through the grid; single electrons are impossible to follow. Electricity consumption, as mandated by the physical flow of electrons, will come from an unknown origin unless an electricity tracking mechanisms (the GO) can be used as proof of consumption. By using an electricity tracking mechanism as a

disclosure certificate we can still allow for the traditional production support (RES-support schemes) while simultaneously allowing proper consumer information about their actual electricity consumption. Part of the consumer information about their actual electricity consumption is knowing if they have consumed electricity from a production station receiving RES-support.

The ability to disallow individual consumers from cancelling GOs from subsidized production is fine if that is the choice of the national government. That being said, the best situation would be if a GO was always produced, regardless of if the production station was subsidized or not. The national government would then be able to choose if GOs from subsidized power were the disclosure rights of all taxpaying citizens and immediately canceled on their behalf, or if the disclosure rights could be individually owned and used for end-consumer disclosure.

It is our opinion that the topic of RES-support solutions and their interaction with disclosure systems is a complex topic that should be given more attention. We have attached our recent position paper to this questionnaire for the review of the CEER consultation committee. It is important as well to consider the lessons learned from similar support systems/disclosure systems in a number of individual states within the USA. These can provide some good examples of how disclosure systems and RES-support systems can be introduced.

**Q13) Do you feel that it is necessary to recognise all GOs for disclosure purposes, irrespective of whether GOs come from supported or not-supported electricity?**

As we have previously written in Q12, there is a clear distinction between the production of electricity and the consumption of electricity. If we understand that there is a need to support the production of renewable electricity and a need to prove the electricity products consumed by individuals, then it is logical that all GOs must be recognized for disclosure purposes. An individual country would still have right to own the consumption attributes of supported electricity by making it a requirement that recipients of production support forfeit GO disclosure rights to the government.

**Q14) Do you agree that "green" power quality labels should mandatorily be using GOs as their unique tracking mechanism?**

If the 'green' quality label is marketing itself as an electricity product than it should be obliged to adhere to the European best practices for the disclosure of renewable electricity; in most European countries that means using the Guarantee of Origin. There are labels in Europe that allow the consumer to market they are using 'wind electricity' even though the label is supplying the consumer with carbon offsets from the other side of the globe. This is not to say that the this type of label is a bad product, it is however poorly described to the consumer. The consumer is not consuming 'wind electricity' in the same way an electricity supplier may be forced to deliver it – rather they are consuming carbon offsets, a different but also valuable environmental commodity.

The only way to prove reliability and transparently delivery electricity attributes to the consumer is through the guarantee of origin.

**Q15) Do you feel that it would benefit customers if a labelling model would be implemented alongside the GO, so that label(s) can provide “additionality” for those customers that demand it?**

We believe that the only way to provide a workable ‘labelling model’ would be with if consumer organizations, large-scale consumers and environmental NGOs came together to discuss the outcome of any labeling model.

Additionality is a difficult subject because most electricity consumers and stakeholders have not agreed upon a definition of sustainability. Each organization has their own opinion about additionality and this even changes from person-to-person. To make things even more complicated, the way that the European renewable 2020 targets were defined makes it more difficult to define additionality than it has been in other locations with targets (like much of the United States).

A few things seem to be true about additionality:

1. The decision to build a new renewable power station is not based on any single criteria. While the funding provided is very important to the decision to build a new power station, it is not the only decision that must be made. Additionally one will never know to what degree the prices paid to the renewable producer were windfall profits (for both national subsidy schemes and Guarantee of Origin (GO) based revenue streams).
2. A Guarantee of Origin can never be considered a totally additional mechanism, or for that matter a non-additional mechanism as both involve a combination of other factors. These factors include the price of the certificate, the revenue model for the renewable energy plant, the maintenance costs of the plant versus the revenue that was expected among others.
3. Some industry leaders have gone so far as to say that nothing is additional while the European 2020 targets are in place. Another however can just as easily argue that certain mechanisms are additional given certain criteria in certain locations. The point remains that until the industry as a whole decides upon a definition it is a difficult topic to address.