

Minutes Consultation workshop E-TRACK

BENELUX countries, (Belgium, Netherlands, Luxembourg)

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Attendants:

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Michael ten Donkelaar	ECN	E-track project partner	NL
Jaap Jansen	ECN	E-track project partner	NL
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Chris Arthers	Essent	Energy supplier	NL
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Introduction

The aim of this consultation workshop was to gain inputs from stakeholders regarding electricity tracking. A number of regional consultation workshops in the framework of the E-track project have been held in a number of EU MS during 2005. This was the first workshop gathering input from stakeholders in the Netherlands, Belgium and Luxembourg.

The participants from Dutch energy companies (Eneco & Essent) and regulators (Flanders - VREG, Wallonia - CWAPE and Luxembourg - ILR) were all somehow involved in tracking of electricity, Guarantees of Origin (GO) and green electricity certificates.

First a project introduction was given by Michael ten Donkelaar, describing the point of departure, the project objectives and the anticipated project results. Wietze Lise then continued with the first outcomes of the project, Work Package 1 and 2.

Remarks to WPI presentation from the group

Work package 1 of E-track provides a comprehensive overview of all the existing schemes for tracking electricity in Europe.

When showing the overview table of implementation of GOs, the following remarks were made by the group:

- Finland and Sweden recently started to consider to have other issuing bodies than the TSO, as is the case now
- For Belgium (Flanders and Wallonia), it can be said that legislation is passed but it is not operational yet

When showing the level of implementation of GO, four stages were distinguished: not implemented, minimum compliance, advanced implementation, policy integration. Within the group the question was raised what the last stage “policy integration” means. As so far

no MS has implemented full policy integration it was agreed to rename the last stage “partial policy integration”. In principle, a fifth category can be added but this would then be empty.

Currently, both a system of tradable green certificates for RES-E and CHP and a system for GOs exist in parallel in Belgium. This creates the risk for multiple counting of electricity attributes. Strictly separating both systems may prevent this problem.

The E-track project also made a *review of disclosure implementation*:

- In the Netherlands legislation is passed and the system is prepared to be implemented
- In Flanders the legislation is implemented, in Wallonia the system is underway
- The system is not implemented in Luxembourg. The government of Luxembourg is waiting for the implementation in the German market. Reason is that the major share of power consumed in Luxembourg is imported from Germany

The practical situation with electricity disclosure in the Netherlands is the following:

- There is explicit tracking of green certificates, and
- Implicit tracking of residual mix. Here, statistical corrections are applied for imports and exports. EnergieNed, the umbrella organization of stakeholders in the Dutch power and gas supply industry, has developed a certain methodology for this purpose.

The Dutch energy companies feel that consumers are interested into buying green electricity (and receive additional information about that), but might not be so interested in the complete generation mix of the supplied electricity. Therefore, the question was raised whether more advanced tracking has any added value. So far, there seems to be little demand from the public for additional information. Since January 2005 it is mandatory for Dutch energy suppliers to distribute data on the fuel mix to consumers. Millions of such leaflets have been distributed showing the consumers the fuel mix of their purchased electricity. So far no or very little feedback has been received from consumers.

This situation might be different in the other countries. In Luxembourg the prevailing negative attitude towards nuclear energy gives the impression that there is major added value of the tracking information to consumers.

Practical issues with implementation

Full labelling of all production is generally viewed as a system that is most fair.

- In the Netherlands the additional costs for that are not high, where a fully internet-based tracking system for RE-GOs is already in place. All RES-E plants, CHP plants and large fossil-fuel based plants co-firing biomass are already certified to be eligible for the Dutch MEP (Feed-in tariff scheme). To fully certify all plants, only about 20 plants remain to be certified.
- Certifying all plants in Belgium may be more demanding however, where certification of plants has not taken place yet.

Given the already established system, it is in the Dutch interest to establish a harmonized system for tracking within Europe to improve efficiency and effectiveness of RE-GO tracking in the MS and cross-border trade in RE-GOs.

- Harmonize utilization, counting and the overall philosophy of the system is crucial.
- Reliability is required if ever consumers will use it.

To conclude, energy companies in the Netherlands are quite satisfied with the system they have in operation right now with:

- Explicit tracking of green electricity
- National residual mix (based on natural capacity) excluding the green
- Imported residual mix

Comments to WP2 presentation:

Work Package 2 of E-track concerns an analysis of the context in which a tracking system will function. It addresses policy and electricity market conditions and expected stakeholder positions with regards to E-tracking.

Comments to the stakeholder positions as described by the E-track consortium were discussed:

- Producers, especially those with a significant portfolio of renewable electricity production, would like to preserve the level of feed-in tariffs (general agreement within the group), however not for the feed-in tariffs as such, but more that a stable subsidiary environment is created. Whether this is with or without feed-in tariffs does not really matter.
- For energy suppliers it is attractive to show their green share (viewed as positive by the consumer) in the supply portfolio, but not the share of coal and nuclear.
- Suppliers may be concerned about costs of introducing a tracking system, therefore they prefer a simple system, that should not do more than needed:
 - In NL consumers have a clear choice between green and grey products. Suppliers are not willing to offer more differentiated products (especially the large companies).
 - Conservative approach of suppliers, not clear whether this would help suppliers further in marketing (selling their product)
- No clear ideas within the group what type of electricity consumers would like to prefer except RES-E. Hence, tracking grey or yellow attributes may cost money twice, *first* of all for tracking and *second* for a possible loss of sales.
- Traders will be against contract based tracking, this may threaten the liquidity of the market (this has also been concluded by the project consortium).

Some other observations with regards to electricity tracking:

- Suppliers and other stakeholders prefer in the first place a stable policy environment for support without significant changes of the feed-in / certificate system in place.
- A certificate system (RE-GO or certificate-based tracking) is not transparent when introduced in one country only, only when introduced in the whole of Europe. Otherwise market actors (suppliers, consumers) do not know what they buy or sell.
- If a supplier sells a green product already, there is no need to base tracking on statistics only. These suppliers already have to prove that x% of their supply is from renewable energy.
- But taking averages already leads to a good estimate at the moment; it is not necessary to wait until a full certificate system is in place. Preferably more detailed information could be obtained on the market share of other companies in the residual mix, which is possible in practice, but not done as yet.
- The UCTE data are of no use for the Dutch suppliers, because the residual mix has to be known by 15 January, while the UCTE provides the number only after six months.

WP3 - Non-technical system specifications

A short overview of Work package 3 was presented, covering the following issues:

- Introduce a single certificate or multiple certificates?
- Problem with transparency when countries use different systems.
- Explanation of the three scenarios (A, B, C) used. The three scenarios each present a different level of E-tracking implementation

The energy companies prefer a pragmatic approach, mandatory explicit tracking only for renewables- and CHP-based electricity, for the rest use statistics as long as RE-GO and CHP-GO systems have not been harmonized across Europe.

The questions was raised, especially from the Belgian side, about the TSO being independent and able to be issuing body? Common view was that this could only be the case with perfect unbundling. In the NL, this was seen as less of a concern.

A very basic question was raised by one of the attendants at the end: Why do we want to track at all? Suppliers are not in favour of full tracking, as they see no real benefit.

Conclusions

The following can be concluded about the input from the stakeholders;

- Full tracking of all electricity is not seen as something that will strongly benefit suppliers and consumers. For the moment, and as long as no harmonized system of tracking exists in the EU, the NL suppliers seem to be satisfied with the system of explicit tracking of green electricity and implicit tracking of the “grey” part.
- Whenever full electricity tracking will be introduced, harmonisation is the key!
- Another challenge with the implementation of tracking are the additional costs that are raised, especially when it concerns explicit tracking for all generation plants.
- A harmonised (streamlined) system of certification of all plants would be of assistance and possibly decrease administrative costs. Now each different plant type (RES-E, CHP etc.) has to be certified in a different manner. One certification procedure per year for multiple purposes would improve this.

In general, the participants viewed that it was a useful workshop and they would like to be kept informed about future developments within the E-track project.