

Minutes from the second E-TRACK Consultation Workshop for Baltic countries

2 June 2006, 10.00-16.00

Venue: Lithuanian Energy Institute, Breslaujos str. 3, Kaunas, Lithuania

Participants:

1. National Control Commission for Prices and Energy
2. SC Lietuvos Energija (Transmission System Operator)
3. Energy Agency
4. Ekostrategija (consulting company)
5. SC "Termosistemų projektai" (consulting company)
6. Vytautas Magnus University
7. Kaunas Univeristy of Technology
8. Lithuanian Energy Institute

For all agenda items, see the PowerPoint presentations in the annex of these minutes.

1 Introduction

Inga Konstantinavičiute (IK) introduced new participants to the group of the Lithuanian stakeholders, gave an overview of the agenda. IK recalled the project objectives, anticipated project results and explained the problem of tracking, the practical application and benefits of tracking systems for electricity disclosure and other policies. The E-TRACK project has ambitious objectives. Therefore the project team is encouraging active participation from wide array of stakeholders to ensure that various organization concerns about electricity tracking are taking into account. (File: I_Introduction.ppt).

Issues from the discussion:

- The requirement from Electricity Directive 2003/54/EC to ensure that disclosure information is reliable creates demand for tracking system. However, it is not clear what the cost of such system, what are positive side of tracking system to consumers in relation to cost, are our consumers ready to pay more taking into account living standards.
- Tracking system will increase transparency in electricity market and educate consumers. Taking into account improving living standards consumers can create demand for electricity with certain generation attributes.
- Tracking system could increase transparency on cost and prices of electricity from different sources. The reliable information about product can be useful for research purposes, for objective study of energy system, for finding of optimal energy supply decision.

2 Status of the project WP1: Existing tracking schemes for electricity generation attributes in Europe

Presentation by Inga Konstantinavičiute “Existing tracking schemes for electricity generation attributes in Europe” (file: II_Project status WP1.ppt).

IK presented the overview of existing tracking schemes across Europe focusing on tracking of generation attributes in relation to: GO for renewable energy (Renewables

Directive 2001/77/EC); GO for high efficiency cogeneration (Cogeneration Directive 2004/8/EC); Disclosure of generation attributes or labelling (Electricity Directive 2003/54/EC) policies. General findings and general conclusions from WP1 were presented.

Issues from the discussion:

- Implicit tracking weaknesses: implicit tracking relies on statistical data and uses appropriate averages to cover part of the market. Therefore extensive use of implicit tracking could lead to mostly identical information supplied to customers of large number of suppliers. Identical information would not provide transparency in the market and not enhance consumer choice.
- Combination of implicit and explicit tracking weaknesses: multiple counting of attributes and loss of data can easily occur. If green electricity would be tracked explicitly based on GO, while other electricity is implicitly tracked based on generation mix, then green electricity will be a part of this mix. Therefore green electricity will be counted more than once and part of non-renewable generation will not be accounted at all.
- Frequency of electricity disclosure information submission to consumer: information should be submitted to final consumer at least once a year. Information should be based on the preceding period.

3 Status of the project WP2: Framework conditions for tracking electricity in Europe

Presentation by Dalius Tarvydas (DT) “Framework conditions for tracking electricity in Europe” (file: III_Project status WP2.ppt)

DT presented the framework conditions (addresses policy, electricity market conditions and stakeholders positions) for function of tracking system.

Issues from the discussion:

- Market conditions: the degree of market opening matters, because disclosing fuel mix and other information related to electricity consumption makes more sense when the consumer can freely act upon this information and switch supplier. But at the same time it is simply for consumer’s right to know.
- Flexibility of tracking system: it is important that system would be able to adapt to different framework conditions now and in the future.
- Cost of implementation and administration of a tracking system: would be interesting to know the total cost of such system. Consumers are interested at the first place in electricity at low cost. It is doubtful whether presented information has to reach a high level of accuracy.

4 Discussion on recent developments of tracking systems in Lithuania, Latvia, Estonia

Presentation by Vilma Beinoriene (SC Lietuvos Energija) “Recent development of tracking system in Lithuania” (file: IV_Recent development_LT.ppt in Lithuanian language).

Vilma Beinoriene presented the status of RE-GO implementation in Lithuania. Legislation concerning guarantees of origin of RES-E entered into force on 14 October 2005. These rules state that GO will be issued by Transmission System Operator (TSO). TSO created the data base in January 2006. RES-E production eligible for GO are wind power, hydropower, biomass, biogas, solar energy and geothermal energy. For the time being TSO have been registered: 7 suppliers; 95 producers (80 small-scale hydro plants, 6 wind power plants, 5 biogas power plants, 1 forestry residues power plant).

The structure of data base: rules, application form, register, data about producers and suppliers, technologies data, reports.

TSO is responsible for: maintenance of data base, registry of new market players, issue of GO, preparation of reports on green electricity production, preparation of reports on GO issue, redemption and handling.

Issues from the discussion:

- The implementation of RE-GO is finished in Lithuania but no GOs have been issued yet, because there no request for the issue.
- The data base (including reports) is available on website <http://www.lpc.lt/lt/main/klm> (only in Lithuanian language).

Presentation by Inga Konstantinaviciute (SC Lietuvos Energija) “Recent development of tracking system in Latvia and Estonia” (file: IV_Recent development_LV_EE.ppt).

Issues from the discussion:

- It is noted that unfortunately there is no participants from Latvia and Estonia.
- Latvia: the Electricity Market Law adopted in 2005 states that an institution authorised by Cabinet of Ministers shall issue the GO. The Cabinet of Ministers shall specify procedure for issue of GO.
- Estonia: The Electricity Market Act (amended in 2005) states that a grid operator shall develop and publish on its website the conditions and procedure for the issue of GO. A grid operator shall create a database for administration of GO and shall publish information regarding the issued GO on its webpage.
- Slow processes of RE-GO systems implementation in Latvia and Estonia and no interest on the consultation workshops of the project.

5 Evaluation criteria for tracking options

Presentation by Inga Konstantinaviciute “Evaluation criteria for tracking options” (file: V_Evaluation criteria.ppt)

Issues from the discussion:

- Cost: the feasibility criteria includes cost/benefit ratio. When will be available cost assessment? How will be made cost assessment?
- Feasibility: Implementation of the system has to be feasible under realistic conditions taking into account national conditions.
- No suggestions for additional criteria.

6 Three alternative tracking options. Draft recommendation for harmonised tracking system

Presentation by Dalius Tarvydas “Three alternative tracking options. Draft recommendation for harmonised tracking system” (file: VI_Tracking options.ppt)

Issues from the discussion:

- Tracking system should be flexible. Option C (“Ambitious certificate system”) looks like very strict system. The strict system can’t be flexible.
- A comprehensive certificate system for all types of generation could be the solution for tracking system. But in this case certificates can’t be voluntary.
- National registries or central? The cost difference of national registry or one central registry? Cost of interfaces between registries?
- The national schemes are already implemented. How proposed tracking system will influence the national legislation?
- No suggestions for the draft recommendation.

7 Cost drivers of tracking systems

Presentation by Dalius Tarvydas “Cost drivers of tracking systems” (file: VII_Cost drivers.ppt)

Issues from the discussion:

- No participants comments or questions.

8 Outlook on the upcoming work in the project

Inga Konstantinaviciute informed about the next steps of work in the project and explained how the third consultation workshops will fit into the project schedule and what will be presented and discussed there.