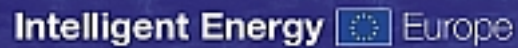


E-TRACK - A European Tracking System for Electricity



DG TREN, Contract No. EIE/04/141/S07.38594

Sub-project Switzerland

with financial support by the Swiss Federal Office of Energy

3rd national consultation workshop

Berne, November 27, 2006

Workshop location:

"Titanic" Federal Agency for Informatics und Telecommunications, Room 104
Monbijoustr. 74, Berne

Organised by:

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Participants:

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C. Timpe, Öko-Institut
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A. Tsimitselis, EGL
L. Vetterli, Pro Natura / VUE & naturemade
A. Vonbank, EWZ / VSE
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excused:

A. Clerc, Fédération Romande des Consommateurs
P. Grossholz, Konsumentenforum
R. Palme, Rätia Energie
U. Riesen, Swisspower
U. Stocker, VUE & naturemade

Agenda

- 13:30 - 13:40 1) Reception, state of the project, aim(s) of the workshop
Jochen Markard (JM)
- 13:40 - 14:15 2) Guarantees of origin: state of implementation in Switzerland
Romina Salerno, Louis von Moos
- 14:15 - 15:45 3) Proposal for a European tracking standard, Christof Timpe (CT)
- 15:45 - 16:15 Break
- 16:15 - 17:00 Further discussion
- 17:00 - 17:25 4) Cost estimation for the tracking, J. Markard
- 17:25 - 17:30 5) Outlook, J. Markard

The workshop had the aim

- to present the proposal of the tracking standard and the cost estimations,
- to achieve a common understanding regarding the tracking standard and
- to have a critical discussion on the propositions and findings of the E-Track project.

Summary of results

I) State of implementation for guarantees of origin (GO) in Switzerland

The Swiss regulation concerning the implementation details of GOs for RES-E will come into force at December 20, 2006. Necessary data can be registered both by an independent party responsible for meter reading or an auditor. GOs will be issued on the basis of these data. For the time being, Etrans/Swissgrid has been assigned as the issuing body - but this is a temporary assignment.

Information content of the GOs: Electricity generated (per month or year), energy sources (according to the Swiss law on disclosure), type and location of the power plant as well as further data depending on the plant type, name and address of the operator. Furthermore, GOs can also carry attributes about voluntary labeling schemes for green power like 'naturemade' in Switzerland. Carbon dioxide emissions and nuclear waste, however, will not be part of the GO information and are also not required for disclosure in Switzerland.

A GO is in principle envisaged for all fuel sources, but at first probably only GOs for renewable energy sources (RES) will be issued. A GO scheme for cogeneration is not intended so far. With regard to the system, the Swiss Federal Office of Energy has reached an agreement of administrative assistance with the Austrian E-Control. The Swiss issuing body will obtain the right to use the databank, which will be adapted to the specific needs in Switzerland. The system will be operational by December 2006.

The legal status of the Swiss GOs with regard to European legislation is still under negotiation. So far, it is a voluntary system. There is no obligation to use GOs but there is the obligation that every GO scheme has to comply with the regulation.

II) Proposal for a European tracking standard

The following aspects were most intensely discussed:

- *Which market actors will be responsible* to for electricity disclosure? Or: is it necessary to also ask electricity traders to provide the information or can the obligation just lie with the suppliers of end consumers? It was argued that, formally, the latter would be sufficient because the supplier then could ask the trader to provide the information if he wants him to. Alternatively, the supplier could also by certificates elsewhere, independent of power trading. However, for small suppliers who don't want to develop competences with certificate trading it might be more straightforward to oblige the trader to provide the necessary information.
- A particular discussion in Switzerland was whether to declare "*unknown origin*" is more appropriate than a residual mix. While this may work just with regard to energy sources, it does not for information on CO2 and nuclear waste as required in the EU. It was discussed whether there is the option to achieve both: to be honest with the consumer and declare "unknown origin" but to use the residual mix internally to calculate the environmental parameters.
Is a co-existence of disclosure schemes with unknown origin and residual mix feasible under the E-Track scheme? Yes, E-Track makes no claims what information to present to the customer as long as the RM calculation works internally.
- A critique of the E-Track proposal was that there is no obligation to have *certificates for every kWh generated*. Several participants in the workshops suggested that certificates should be issued automatically for every kWh produced and those not used at the end of the period will determine the residual mix. The E-Track team responded that this would, of course, be an option for the long run but probably not feasible in a few years (quite complex, too much resistance). One participant claimed that the whole residual mix procedure practically undermines the idea of disclosure because it allows a large part of the power to be not explicitly tracked and assigned to end consumers. Another one contributed that an automatic issuing of GOs for all power sources would make it easier to also trade coal or nuclear GOs in future because the GOs are already available. There was a pro / con discussion whether there would be trading in GOs for nuclear energy.
- A further issue was *whether RES-E certificates can go into the residual mix* because this meant that nobody paid a price for them and utility companies that did not invest in RES-E still get a share of it from the RM. The E-Track team responded that this might be possible (but not so likely) and cannot be avoided.
- *Can certificates be printed out? How does the information transfer from one registry to another work?* E-Track does not include a printed out version of certificates (just redemption statement). The transfer of certificates should only be possible in an electronic way (also across registries). Due to that circumstance the proposed tracking standard does exclude systems, which aren't capable for an reciprocal communication. Furthermore some information always get lost, because the different systems aren't compatible 100 per cent.

- What about the *time lines proposed in the E-Track* standard? All participants agreed that a 3-months period for meter reading and issuing would be feasible. However, one participant expressed the concern that the short period might lead to an increase in prices for auditors because they will have so much work country-wide and even Europe-wide.
- The *calculation of the residual mix* with the proposed method has a weak point: Only the balance of exports and imports for one year is calculated and this procedure neglects real situations, e.g. on a daily basis (in Switzerland nuclear and coal power is imported at night and electricity, above all hydropower, is exported in the day). Such a situation cannot be dealt with under the current E-Track scheme.

III) Cost estimation for the tracking

The cost estimation were presented (see the power point presentation). Here are the remarks of the workshop participants.

- Operation costs for a central registration strongly depend on the way users enlist the data in the databank (by themselves for example via internet or in a central office). In the first case the operational cost for registry would lie clearly under 195 k€ per year.
- Audit costs for a plant such as 1.000 € (medium version) seem to be realistic.
- There will be economics of scale if 27 nations install a registry. Insofar a linear addition of individual costs is a quite conservative estimation.
- It should be made clear in the E-track standard that existing registry structures should be used as far as possible and / or adapted where necessary.
- With regard to cost allocation, the "polluter-pays-principle" proposed in the E-Track consultation document was said to be a good solution.

IV) Outlook

At the 9th of March there will be a one day conference in Brussels to present the E-Track project results. A follow-up project (E-Track II) was applied for by the Öko-Institut and other partners at the European Commission. In the follow-up project, among others, guarantees of origin for highly efficient combined heat and power production as well as the further implementation of the E-Track standard will be on the working plan. The funding decision is expected for February 2007.

In Switzerland, E-Track project partners will keep the workshop participants posted on the outcomes and on the upcoming Brussels conference.