

E-TRACK project**Minutes from the third Nordic Consultation Workshop (DRAFT)****29 November 2006, 10:00 – 17:00**

Venue: Arlanda Airport, Stockholm

Participants

Steen Mücke	Dong/E2	Denmark
Christian Friberg Bruun Nielsen	Energienet DK	Denmark
Erik Juliussen	The Norwegian Water and Energy Directorate (NVE)	Norway
Borgny Hatlestad Tveekrem	The Norwegian Water and Energy Directorate (NVE)	Norway
Ulf Möller	Statnett	Norway
Birgit Nielsen	Enviro Energi	Norway
Harri Roto	GreenStream Network	Finland
Hans Backström	Fortum	Finland
Jenny Gode	IVL Svenska Miljöinstitutet	Sweden
Louise Marcellius	Svensk Energi – Swedenergy	Sweden
Claes Hedenström	Vattenfall	Sweden
Birgit Bodlund	Vattenfall	Sweden
Christof Timpe	Öko-Institut	Germany
Dominik Seebach	Öko-Institut	Germany

Apologies

John Hov Lauritzen	Statnett	Norway
Eva Helmenius	Kraft & Kultur	Sweden
John Ravlo	Enviro Energi ASA	Norway
Mari Hegg Gundersen	The Norwegian Water Resources	Norway

Welcome, Introductions and Agenda

Claes and Christof welcome the participants, followed by a brief introduction of the participants. Christof presents the agenda, which is confirmed by the participants.

10:00	Welcome and introduction of new participants	Claes Hedenstrom
	Confirmation of the agenda	Christof Timpe
	Minutes from the second consultation workshop on 15.05.2006	
10:15	Overview on the status of the E-TRACK project	Christof Timpe
10:30	What's new in Nordic countries?	All
	Informal reports from participants on new developments in the context of electricity disclosure, Guarantees of Origin and tracking issues in the Nordic area	
11:30	Revision of tracking options and their evaluation	Christof Timpe
12:00	Proposal for a European Tracking Standard (Part 1)	Christof Timpe
12:30	Business Lunch	
13:30	Proposal for a European Tracking Standard (Part 2)	Christof Timpe
	Comments and discussion	
14:30	Coffee	
15:00	Continuation of the Discussion	
15:30	Estimated cost of tracking systems	Dominik Seebach
	Comments and discussion	
16:30	Outlook on the upcoming work in the project	Christof Timpe
	Feedback from participants	All
17:00	Close of the Workshop	

The minutes of the last Consultation Workshop are confirmed by the participants.

Overview on the status of the E-TRACK project

Christof Timpe presents the current status of the project (see file [1-State of project.ppt](#)). Further questions are discussed as follows:

- Christof confirms the comment from Claes on slide 2, that "Support of cross-border trade" is not meant to be in legal terms, but in terms of developing framework conditions which remove possible disincentives and barriers to cross-border trade.

- Christof replies on the question, whether regulators and IBs appreciate physical cross border trade of electricity, that this is happening anyway and not the relevant key question for E-TRACK. The project is aiming at supporting trade of corresponding attributes. (This has been reflected in a revised version of the presentation: “To support cross-border trade of electricity generation attributes.”)
- Claes states that at the beginning of the project, the project was assumed to come too late in order to influence political decisions. But currently the timing seems perfect, as a review of the support schemes will be carried out by the EC in 2007, and disclosure regulations need to be reviewed. Concerning the role of the E-TRACK outcomes, Christof clarifies that E-TRACK is not a service contract for the Commission but a research project, and therefore has not necessarily a direct impact on EC decision making. However, the Commission is interested in the issues addressed by E-TRACK. The project team will approach the Commission staff responsible for GoO and disclosure in order to discuss the recommendations from the project.
- Claes remarks that stakeholders are well involved in the project, but NGOs are underrepresented. Christof agrees: NGOs have been invited continuously, but it seems that they find the project too technical and have other priorities. The project team will continue to enhance the project’s outreach to NGOs.
- Hans recognises a more active role of the Commission with regards to harmonising CHP GoO compared to RES-E GoO. Birgit Bodlund states that CHP has a high importance due to the large volume of CHP power in Europe. Christof assumes that harmonisation of RES-E GoO will be a higher EC priority in the future.

What’s new in Nordic countries?

Denmark

Christian Nielsen gives an overview on the situation in Denmark (see files [2-The Danish tracking system 2006.ppt](#) and [Individuel2006 Demoversion.xls](#)). The information given includes the following issues:

- General declarations as default statistical values (national production mix) are prepared by Energinet.dk and are used by most companies (which have no specific interest in their fuel mix).
- Since 2006 also individual declarations are possible for disclosure of electricity products (explicit tracking via certificates or contracts). For the companies, a combination of both approaches is possible (e.g. 50% wind power, 50% default mix).
- Guidelines for the calculation of individual declarations will be published by Energinet.dk until beginning of December 2006.
- So far, general declarations are not corrected for attributes tracked explicitly, i.e. it is NOT a residual mix so far.
 - EECS serves as database.
 - DK is divided in two different markets → balancing is difficult.

- For the sake of simplicity grid losses are not accounted for (can probably be neglected in DK due to short grid distances).
 - Net imports are included in the general declaration, but net exports are not (yet).
 - Main reason for non-correction into a residual mix: The market share of individual declarations has been very small, and therefore the effort was considered to be too high.
 - Claes states that wind power produced under the public support scheme is included in the general mix, but GO out of supported energy are still freely tradable and can also be used for a windpower product. As no correction of the general declaration takes place, this is double counting (due to poor harmonisation of support and disclosure schemes). Christof adds that the Directive requires that all RES-E is eligible to receive GoO. He refers to the German system, where GoO may be issued for supported electricity, but their transfer is prohibited and therefore double counting can be avoided.
- Individual declarations submitted to Energinet DK are checked only on a random basis,
 - Timing: For products sold in 2006, the production period for GoO has to be 2006 and the GoO have to be redeemed by 1 Feb 2007.
 - The extensive list of environmental indicators does not cause too much administrative problems; they are partly calculated based on emission factors and data is available anyway, as Energinet.dk has to publish environmental reports on impact of energy production by 1 May each year.
 - The Danish system results in no big differentiation between suppliers, but if customers have an active interest, they can choose.
 - Christof comments that the German tracking system for disclosure (ex post, based on net electricity trading activities) avoids the use of a very large share of default data and therefore gives a better picture of the conditions in the electricity market and provides for more “meaningful” information for customers.

Sweden

Claes gives an overview on the situation in Sweden.

- Guidelines for disclosure have been published by the branch organisation (Swedenergy). The official guidelines by the Regulator are delayed.
- Swedenergy guidelines include explicit and implicit tracking:
 - Accepted means for explicit tracking are electricity contracts with attributes, RECS, GoO, and the Swedish green power label “Bra Miljöval”.
 - Basis for implicit tracking is the generation in the Nordic area. Christof remarks that this would have to be agreed with the other Nordic countries in order to avoid double counting. E.g. as Denmark uses a national approach to implicit tracking, Danish generation attributes and imports to Denmark have to be subtracted from the Nordic mix, as these attributes are already allocated to Danish customers.
 - The Nordic production mix is corrected by cross-border trade with Russia, Poland and Germany and by RECS, GoO and “Bra Miljöval” issued.

- RES-E GoO implementation is not well developed in Sweden, therefore EECS GoO are used “on top” of national GoO (both types of GoO are bundled and can not be used separately).
- The Swedish regulator is interested in a similar approach to the one of Swedenergy.

Jenny reports of a project commissioned by the Swedish Energy Companies and the Swedish Energy Agency, on which she is currently working (it is supposed to be finished in late January 2007).

- The focus of the project is the view of commercial customers on disclosure.
- Companies’ representatives are very interested and have a strong position: They are in favour of at least a joint Nordic disclosure scheme, harmonised with other countries, preferably on a European level.
- Birgit Bodlund adds that global players are highly interested in harmonised information (including life cycle aspects) to include it in their environmental reports.

Norway

Erik gives an overview on the situation in Norway.

- The Norwegian regulator and Statnett have made a proposal for handling the RES-E GoO. The Ministry is drafting a regulation (aiming to have a hearing before Christmas 2006).
- It is still open whether Norway is going for a Norwegian or Nordic approach.
- Detailed regulations on Disclosure are now under discussion between the regulator and branch organisations (assumed to come into force 1 January 2007):
 - Quite similar approach to the Danish system.
 - National production mix will be corrected by exported and imported attributes.
 - After implementation of a regulation for GoO, redeemed or exported GoOs will be deducted from the production mix (starting in 2008).
 - Ex post disclosure: In 2008 information on production and supply in 2007 has to be given to consumers.

Finland

Harri gives an overview on the situation in Finland:

- Legislation was originally supposed to be the first in the Nordic countries, but currently it is rather poor. Finland will probably wait for the Swedish and Norwegian systems in order to react on them.
- Finland is basically using the NordPool mix for disclosure.
- Products can be designed based on GoO or contracts.

Christof states that a lot of certificates are exported from Finland. As there is no correction of the national production mix for disclosure in Finland, such exports result in a considerable volume of double counting.

Claes adds that Norway and Denmark have nominated authorities for disclosure, but Sweden and Finland do not (yet).

Birgit Bodlund informs the participants that Eurelectric has made an inquiry on disclosure design. They will compile this information and probably feed it in the E-TRACK project and the European Commission.

Revision of tracking options and their evaluation

Due to the extensive presentations and discussions on recent relevant developments in Scandinavia the schedule of the workshop is delayed. Therefore, the agenda item “Revision of tracking options and their evaluation”, which is not crucial for further discussions, is skipped.

Proposal for a European Tracking Standard (Part 1)

Christof presents the non-technical aspects of the proposed European Tracking Standard (see file [4-Tracking Standard Part 1.ppt](#)). The following aspects are discussed by the participants:

- Standards can be defined procedural (and thus quite soft) or very strict; participants consider a strict standard to be too conservative, and are in favour of a procedural approach.
- Claes states that in some countries there are regulations regulating that marketing of any products has to be based on reliable information. Implicit tracking has to accord to these quality standards in terms of accuracy etc.
- The question is raised whether it makes sense to have different tracking schemes in one country. Christof replies that for example in Germany, RES-E supported by the feed-in regulation is allocated to consumers based on a separate mechanism and that this mechanism might not be adapted based on the E-TACK standard. However, if different schemes and tracking systems exist in parallel, they have to be harmonised in order to limit the danger of double counting.

Proposal for a European Tracking Standard (Part 2)

Christof presents technical aspects of the proposed Tracking Standard (see file [5-Tracking Standard Part 2.ppt](#)). The following issues are discussed:

Explicit Tracking:

- Christof explains that explicit tracking has not necessarily have to be based on GoO; it rather means using a piece of evidence (e.g. a certificate or other type of registry entry). This registry entry might qualify as a GoO. The criteria which must be met in order to qualify as evidence under the E-TACK standard will be part of the E-TRACK recommendation.

Implicit Tracking:

- Participants argue that implicit tracking can have hidden cost, but does not have to. (This has been reflected in a revised version of the presentation: “Potentially inexpensive – but can have hidden costs”)

IRM:

- The timing of IRM calculations as proposed on slide 8 can be applied to Denmark:
 - 1 February: Trading has to be finished, including explicit tracking where used (X+Y)

- 1 March: The disclosure mix has to be determined (X+Y+Z)
- In Denmark environmental indicators are plant-specific for larger plants. For smaller plants standard factors are applied (different to Germany, where almost all CO₂ emissions data are plant specific).
- Claes wonders whether there is a harmonised time restriction for fuel information within the EU ETS, as this could enhance the process. Her furthermore proposes a more regular calculation and publication of disclosure information (twice a year, once a month, ...). Christof states that in the UK and in the US New England States a three month accounting period is applied. However, this might cause a higher burden on market participants.
- Ulf reports that Statnett will ask market participants in Norway to redeem certificates monthly in order to have an up-to-date picture of which volumes are used and what might remain as residual mix.
- Christof explains that the national balancing approach as proposed in the presentation is based on net (rather than gross) cross-border transfers of electricity. Christof assumes that such calculations can best be done on a European level and that they will be simple and not expensive, once tracking registries are established.
- Christof announces that the E-TRACK project team will present some concrete examples of IRM calculations. Participants encourage the E-TRACK project that these calculations should include sensitivity analysis and a thorough discussion why a particular IRM is proposed. This should also include a discussion of the trade-off between up-to-date information and correct information.

Governance:

- Birgit Bodlund states that a lot of the necessary institutions and processes are already in place. It is important to stress the fact that the E-TRACK standard can include existing structures, which reduces additional cost.

Estimated cost of tracking systems

Dominik presents the assessment of cost aspects for tracking electricity (see file [5-Cost assessment-V2.ppt](#)). The following aspects are further discussed by the participants:

- Claes questions whether E-TRACK should promote regular audits of plants and proposes to rely on existing auditing and verification procedures as much as possible.
- Christof comments on slide 16 that the indicated figures assume an equal distribution of the cost on all electricity consumption in Europe. For the final report, different calculations will be made including a distribution of cost for explicit tracking only to users of explicit tracking. In any case, some overall cost for tracking should be borne by all consumers.
- Participants remark that the term “external” users on slide 16 is confusing and propose to remove “external”.
- Participants propose to avoid the term “socialising” on slide 18. They consider it most appropriate to include this cost in the TSO charges.

- Ulf assumes that the E-TRACK standard would not imply any significant additional cost for Norwegian customers, as most systems required are already in place.
- According to Claes, the Cesar registry for Swedish Elcert system implied total cost of about 1 million EUR.

Overview on future project work

Christof presents the future work phases of the E-TRACK project (see file [6-Project Outlook.ppt](#)).

Feedback of participants

Christof asks the participants for their view on the E-TRACK consultation process and for further suggestions for improvement. The following comments were made:

- The process is considered by all participants as very useful.
- However, information should have been sent earlier to participants. This could have encouraged more authorities to participate. On the other hand, authorities might prefer to send executive agents (like TSOs) to such workshops, because they expect that the discussion will focus on operational questions, and that no changes to the regulations will be required.
- The project should approach ministries and other national authorities in a more active way. (Christof assumes that these actors would probably prefer bilateral meetings in order to avoid public debates, if the relevant regulations are still being drafted.)
- One participant explicitly appreciates the well developed draft proposal for the standard. He encourages the project team to continue the efforts building on RECS and AIB activities which now show to have affected authorities (GOs become tradable commodities). This work should be continued.

There is broad agreement amongst the participants that they feel to have been well informed and adequately involved in the work of the project team and that their comments and thoughts have been considered to a large extent. They encourage the project team to continue their activities.

Proposals for further improvements of this kind of consultations include the suggestion to approach ministries and other national authorities more actively and to provide information earlier to participants. Also, a more extensive participation of consumer organisations would have been very welcomed.

Close of the Workshop

Christof thanks the participants and closes the workshop.