Analysis of Article 15, Paragraph 2, 3 and 4, of Directive 2009 28 EC

A. Guarantees of Origin (GoO)

I. Definition

The guarantees of origin are a scheme which allows specific attributes to be assigned to particular quantities of electricity. It gives information to consumers. More specifically facts about the product, in this case electricity. According to Art. 15 para. 2 of the Directive a “guarantee of origin shall be of the standard size of 1 MWh.”

II. Differences between GoO and RECs

The RECs are also Green tags-Renewable Energy Credits-Tradable. Like the GoOs they are Renewable Certificates. This tradable, non-tangible energy commodities that represent proof that 1 megawatt-hour (MWh) of electricity was generated from an eligible renewable energy resource.

But in comparison as GoOs it is a private, non regulated system. GoOs are regulated by an EU Directive, but RECs do not have a legal framework.

The competent body to issue a certificate - issuing body - is appointed by the government in the case of the Guarantee of Origin system, in the case of RECS the issuing body is appointed by market players. In some cases the GoO is accepted by a RECS system, but the other way around is not possible. The GoO as well as the RECS certificate are standardized certificates and exclude each other (double issuance and usage is not possible).

B. Application in Member States

I. Germany

In Germany, the issuance of the GoO begins with the auditor, such as TÜV SÜD, who issues the GoO to the producer under the requirements set by the Environmental Audit Act. The guarantee of origin includes specifics regarding the energy sources and the electricity produced, listed according to type and major components; information regarding the presence of biomass; the information of the plant operator; details on the amount of electricity the plant generates; and the place, the amount, and the date of commissioning of the plant.

From here, the producer gives the renewable energy with it is GoO to an energy distributor, typically grid operator closest in proximity or the grid operator that purchases the energy (RESA), and receives a tariff of the energy price plus the subsidy of the GoO. Under Section 10 of the RESA, the installation operators cover any costs necessary with connecting the energy to the grid. Furthermore, either the grid operator or a qualified third party implements the actual connection. Disputes are settled under the Federal Ministry of Economics and Technology. The distributor, now with the ownership of the GoO, sells the energy to the consumer, redeeming 20% of the GoO, or to the trade market. As the GoO undergoes its final transaction, it is cancelled. Every two years the Federal Ministry of Economics and Technology drafts a report with the assistance of the Federal Ministry for Environment, Nature Conservation and Nuclear Safety and also the Federal Ministry of Food, Agriculture, and Forestry, to analyse the costs and the energy traded (RESA 12).

II. Sweden

The role of competent body is divided between two different organizations: The monitoring authority is Energimyndigheten – Swedish Energy Agency and the account keeping authority is the TSO – Svenska Kraftnät.

The monitoring authority is responsible for e.g. monitoring the implementation of the law, registering of production devices, determining to whom and according to which detailed rules the GoOs are issued and making decisions on compliance issues. The account keeping authority is responsible for providing the central registry for GoO e.g. issuance, transfer and cancellation.

According to the new law and secondary legislation, GoOs are electronic; GoOs can be used for the purpose of electricity disclosure; GoOs are cancelled when they are used; they have a lifetime of 12 months from the beginning of respective generation period; the amount and type of support the production device or energy unit has received shall be recorded in the GoO; GoOs can be issued for all energy sources, not only renewable; and there can be only one GoO per unit of electricity produced, so both RES-GO and CHP-GO are in the same electronic document and they cannot be separated.

Practically all RE guarantees of origin in Sweden are currently issued and traded within EECS framework. The EECS issuing body is Grexel Systems Oy, a private company acting together with the Account keeping authority. The co-operation between the account keeping authority, TSO Svenska Kraftnät (SvK), and Grexel is based on an agreement facilitating the handover of national guarantees of origin issued by SvK to Grexel. Grexel uses the national GoOs to issue EECS certificates. In this automatic process the original national GoOs cease to exist and EECS certificates with identical data are created.

The current domain protocol does cover renewable guarantees of origin for large hydro and disclosure -GoO certificates for nuclear and fossil production but not for e.g. biomass, wind, solar or cogeneration guarantees of origin. The energy sources that the domain protocol does not cover and CHP-GOs are issued as national electronic guarantees of origin tradable only in Sweden.

C. Transfer of GoO as trading of GoO

1. The GoOs themselves have no monetary value. Equally, possession of a GoO will not, of itself, entitle the holder to a tradable certificate. [5]

2. The Directive is silent on the issue of whether the GoO can be traded separately from the electricity in respect to which it was issued.

It’s important to underline that certificates are principally used to disclose to consumers the source of energy and its environmental impact, moreover they can be used to demonstrate the achievement of national targets. Anyway it’s possible to use them to create many types of support schemes, whether voluntary or obligatory, giving the possibility to the source of the energy to be guaranteed.