

# Future Governance of European Tracking Systems

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*Deliverable 8.1 of the RE-DISS II Project*

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# 1 Introduction and Background

## 1.1 The long-term development of tracking and disclosure systems in Europe

Since the start of the liberalisation of electricity markets, transparency of market offers for consumers has strongly improved, and pan-European markets for renewable electricity and guarantees of origin have developed. After the initial introduction of guarantees of origin and common electricity disclosure by the Renewables Directive 2001/77/EC (RES Directive) and the Internal Electricity Markets Directive 2003/54/EC (IEM Directive) on the legal side, and the launch of technical systems for handling guarantees of origin and electricity certificates by the Association of Issuing Bodies (AIB) and RECS International on the other hand, it became necessary to develop and implement coordinated practices to account for the traded electricity in order to avoid double counting of disclosure attributes and to avoid confusion amongst consumers. This development has been strongly supported since 2005 by different projects funded by the European Commission, namely the projects “*A European Tracking System for Electricity*” (E-TRACK) in its two project phases, and the projects “*Reliable Disclosure Systems for Europe (RE-DISS)*”, which also had two project phases. In the period 2005 to 2015, these projects have provided relevant input for the development and coordination of tracking and disclosure systems in Europe, and supported their implementation in European countries on a national level, also taking into account the 2009 revisions of the RES Directive and the IEM Directive. Key publications include different stages of Best Practice Recommendations and annual publication of Residual Mix data. An overview of these developments is provided by Figure 1. RE-DISS II as the last of these projects ended in September 2015. Figure 2 shows that this project has provided quite different outputs and services, including the facilitation of a communication platform for competent bodies and other stakeholders, publication of background and analysis, regularly updated data and country descriptions and last not least a lot of different guidelines and recommendations. While it is obvious – and also outlined by Figure 2 - that some of this output will be likewise applicable also after the end of the RE-DISS II project, some other of these services would have to be provided by other organisations in the future in order to maintain their value for the operation of well-established and coordinated disclosure systems.

Figure 1: Milestones in the development of European tracking and disclosure systems, including key contributions by the E-TRACK and the RE-DISS projects.

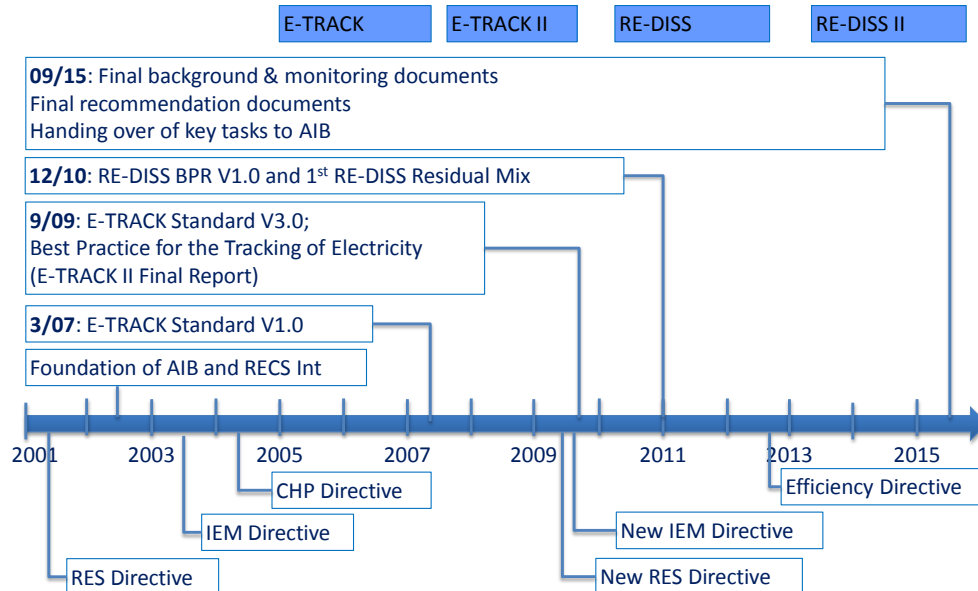
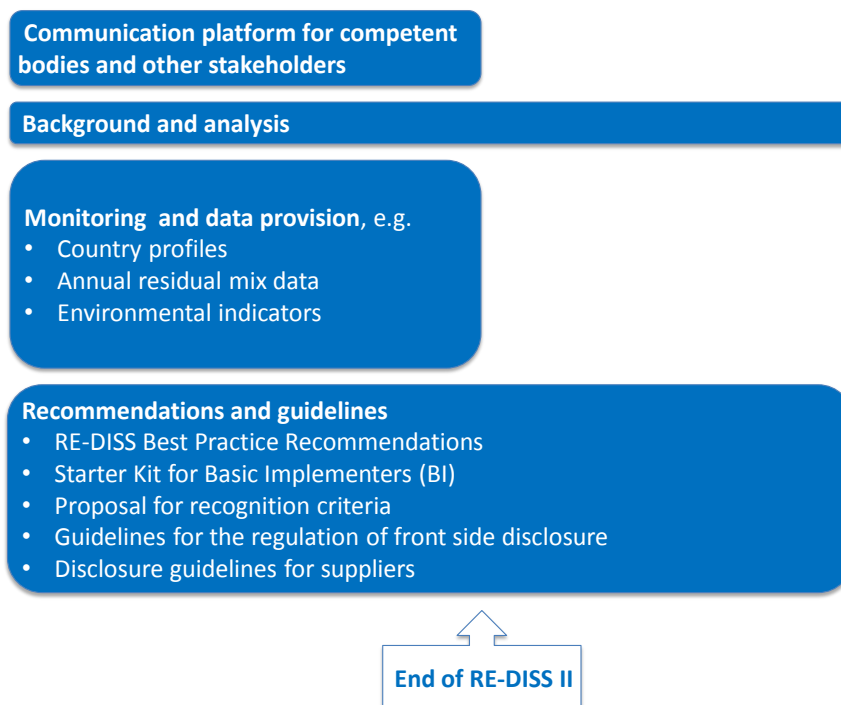


Figure 2: Overview over outputs and services which have been provided by the RE-DISS II project, and an indicative illustration of their applicability also after the end of RE-DISS II.



## **1.2 Identification of relevant long-term tasks**

### **1.2.1 Methodological approach**

The RE-DISS II project team has intensively consulted competent bodies and responsible governmental organisations for electricity disclosure and guarantees of origin, as well as other stakeholders in order to identify the specific needs for further future services. This also includes particularly input and requests from Competent Bodies as represented during the RE-DISS II domain workshops in 2013 and 2014, and within Core Theme 5 of the Concerted Action for the Implementation of the Renewable Energy Directive (CA-RES).

As a result, RE-DISS II has identified a list of four tasks which have been considered relevant to be carried out on a regular (e.g. annual) basis in order to assure reliable and trust-worthy tracking and disclosure systems in Europe.

### **1.2.2 Calculation of residual mix and European attribute mix:**

This task is highly relevant in order to avoid double counting of disclosure attributes.

The RE-DISS projects have developed a methodology for calculation of residual mixes for European countries, including several alternative calculation approaches (like the Issuance-Based Method, or the Shifted Transaction-Based Method) (RE-DISS II D7.2 2015). Besides that, RE-DISS has provided on an annual basis both central figures for a European Attribute Mix, which can be considered the equalising reservoir of European tracking systems, and Residual Mix data for individual European Countries (e.g. RE-DISS II D7.1 2013, 2014, 2015).

Throughout the last years, the RE-DISS II residual mix methodology (RE-DISS II D7.2 2015, RE-DISS II 2015), based on the centrally provided European Attribute Mix, has been implemented and applied in many European countries. Even for countries which have not implemented a residual mix domestically, but which are actively participating in pan-European markets for electricity and for guarantees of origin, this activity is crucial for assuring the reliability of their own disclosure in order not to include double counting of attributes. As a consequence, the vast majority of European countries depends on annual provision of the respective data.

### **1.2.3 Provision of relevant information for decisions on the recognition of foreign GOs / regular update of country profiles:**

The task of collecting and analysing qualitative information has shown to be of high value for competent bodies and other interested parties that want to have information on the status quo of the implementation of disclosure and GO system as well as on the harmonisation of these systems across Europe.

During the execution of the RE-DISS projects (Phase I and Phase II) and its predecessors, information on the implementation of disclosure and GO system across Europe was supplied to Competent Bodies and the interested general public through publication of:

- Reports, such as Status of Implementation of Disclosure and GO systems across EU:
  - Baseline Report of 2014 (RE-DISS II D2.2a 2014)
  - Monitoring Report of 2015 (RE-DISS II D2.2 2015)
  - Report on the Status of Implementation of Recognition Criteria of 2014 (RE-DISS II D4.2 2015).
- Country Profiles where the disclosure, GO systems are analysed in details and tailor made recommendations on the implementation of the RE-DISS BPR are provided to the Competent Bodies (e.g. RE-DISS II D2.1 2015).

All this information has been published on the project's website and sent to the Competent Bodies in at least two instances: at the start of each project and by the end of each project.

The basis for the development of these reports and Country Profiles is the qualitative data collection which is based on a Qualitative Data Collection Spreadsheet and the respective instructions. The RE-DISS project has been maintaining and updating the Qualitative Data Collection Spreadsheet per country where progress can be tracked since the E-TRACK project.

In order to support Competent Bodies in their decisions about recognition of imported GOs, RE-DISS II has developed a set of recognition criteria for GOs, based on six first level criteria are defined, which are consistent with the criteria defined in the CA-RES questionnaire (CA-RES 2013), (RE-DISS II D4.3 2014). These proposed recommendations for recognition criteria are not binding for any Member State. In fact, but could be used on a voluntary basis by the Member States for developing and implementing own criteria.

In a country analysis on the fulfilment of the recommended recognition criteria the most detailed level of each criterion is analysed, based on the country survey among national Competent Authorities. The status of fulfilment is indicated per country in EU 28+CH+NO+IS based on data of the year 2015 (RE-DISS II D4.2 2015). The respective country which would like to use these GOs for national disclosure purposes can use this information for specific decisions on recognition, by drawing their own specific conclusions if the recognition criteria are sufficiently fulfilled.

#### **1.2.4 Hosting annual workshops for the exchange of experience between Competent Bodies for GOs and disclosure:**

The RE-DISS projects have provided annual workshops for Competent Bodies for disclosure and for guarantees of origin, allowing those to meet, to exchange experiences and to discuss the further need and options for coordination and cooperation. Competent Bodies have expressed the further need for such regular meetings and exchange also after the end of RE-DISS II, and the upcoming end of also the CA-RES initiative.

#### **1.2.5 Maintenance of Best Practice Recommendations:**

One of the core documents of the RE-DISS projects is the Best Practice Recommendations (BPR) document (RE-DISS II D3.1 2015), which has set out the major principles of how tracking and disclosure systems in Europe should be designed and coordinated in order to assure consistent and reliable disclosure information for end consumers. These BPR have

been developed by the project team in close cooperation with interested competent bodies, and have been approved by the competent bodies participating in RE-DISS domain workshops as described above.

The RE-DISS Best Practice Recommendations have been used by the RE-DISS project team as blueprint for the RE-DISS country profiles (RE-DISS II D2.1 2015) in order to develop country-specific advice for further improvements. As the RE-DISS II Monitoring Report (RE-DISS II D2.2 2015) shows, many countries have progressed throughout the years by implementing more and more of these recommendations in their national policy context.

Although the RE-DISS Best Practice Recommendations are well developed and elaborated throughout the last years, it has been considered relevant by consulted stakeholders that the need for further improvements and revisions should be monitored also in the future and, where necessary, be discussed and agreed by competent bodies for guarantees of origin and of disclosure.



## 2 The future share of responsibilities

### 2.1 Overview

There is broad consensus amongst stakeholders that the responsibility for the tasks described above should lie with organisations which are independent from market actors, have a good knowledge of GO and disclosure systems, which should be a European institution and, of course, should have sufficient options for financing.

The Association of Issuing Bodies (AIB)<sup>1</sup> has decided to take over responsibility for the activities related to Residual Mix calculation and for provision of country specific information. The RE-DISS project team thinks that this is an excellent perspective, as AIB is very well positioned for such activities and can tap large synergies with their core activities and interests.

### 2.2 Calculation of the European Attribute Mix (EAM) and of national Residual Mixes (RM)

The Association of Issuing Bodies (AIB) has agreed to be responsible for the provision of the European Attribute Mix and of national Residual Mixes for a period of the next 2 years. This includes the annual data collection related to production and consumption statistics, and also related to the use of tracking instruments like guarantees of origin. AIB is perfectly prepared for the latter, as they are operator of the EECS data HUB for GOs and thus owner of EECS GO statistics anyway. Still, this has to be completed by further data on national GO systems and on “other reliable tracking systems” (RTS), which are established in some countries e.g. in the context of support systems.

Following the annual data collection, the calculation of the respective mixes has to be performed and results have to be published in due time, which should be 15 May X+1 for the EAM according to the RE-DISS Best Practice Recommendations.

AIB and its members should in any case be highly motivated to provide sound EAM and RM figures, as this can be considered an essential precondition for assuring the integrity of GO, and should therefore be a core interest for AIB members.

In October 2015, AIB has awarded a contract to Grexel Systems Ltd. to perform the calculation of the European Attribute Mix and Residual Mixes.

### 2.3 Provision of country specific information

Furthermore, AIB has decided to provide country specific information with respect to disclosure and tracking policies in the coming 2 years. Of course, it is up to AIB to finally decide which format it considers appropriate in order to provide transparency on this issue, but the RE-DISS project has been asked to prepare its document as being fit for the following approach:

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<sup>1</sup> For more information on the AIB, please visit the organisation’s website [www.aib-net.org](http://www.aib-net.org).

The provision of country specific data will be strongly based on the further maintenance of the RE-DISS data collection spreadsheet, which is handed over from RE-DISS II to the AIB. This standard form is an Excel spreadsheet covering standardised questions on the status quo in the given country, including an assessment of all RE-DISS Best Practice Recommendations. Updates of these spreadsheets are planned to be made by the respective national competent bodies whenever the developments in the country make this necessary. In any case, revisions for EECS domains will be made every three years together with regular audits as foreseen by the AIB audit scheme. Reviewers as appointed by AIB will be asked to make a plausibility check. Although this does apply only for EECS domains and not for all EU28+NO+CH+IS which have been addressed by RE-DISS II, one should note that the EECS domains cover the most relevant countries with respect to European trade of GOs and green electricity.

It is not planned that the textual country profiles as published by the RE-DISS project are further maintained. The latest versions, which are also available on the RE-DISS project website, are handed over to AIB and will be also available on AIB's website. If a competent body finds it appropriate to update the country profile of his own country on own resources and responsibility, he is free to do so and ask AIB to upload the revised version.

The RE-DISS project also hands over its working documents in order to maintain overall monitoring of progress and to provide overviews over the status of implementation of disclosure and tracking policies in Europe, allowing AIB to use those as is found feasible by AIB and its members.

## **2.4 Regular meetings of Competent Bodies**

As outlined in Chapters 2.2 and 2.3, the Association of Issuing Bodies will be a key player for future activities related to tracking and the use of tracking instruments in disclosure. AIB as membership based organisation covers GO competent bodies from the most relevant European countries, which regularly meet several times in a year in order to discuss the operation of their GO systems and related activities. These meetings to quite some extent meet the needs as have been described for future meetings of competent bodies in chapter 1.2.4. However, this leaves the question open how non-members of AIB could be involved adequately in the discussions. This includes both competent bodies in domains which are not part of the EECS system, but also disclosure competent bodies of EECS domains, which are as organisation not a member of AIB. As a future vision, all these actors, together with the members of the AIB, should jointly form a platform for exchange and coordination.

So far, no single organisation (or group of organisations) has indicated clear willingness to organise such a platform. However, the RE-DISS project team has investigated in the interest of competent bodies (particularly of non-AIB Members) that such a platform is implemented, and also assessed the possibilities and interest of individual competent bodies to actively support the organisation and financing of such activities. A consultation in January 2015 amongst all European competent bodies for disclosure and guarantees of origin clearly documented that there is a clear preference for further workshops for competent bodies, preferably held back to back with AIB meetings in order to tap organisational and travel synergies. The ideal solution seems to be a central organisation of the workshops and financing through a centralised mechanism. However, for the next few years, voluntary hosting of workshops could be possible and seems more realistic, as the consultation also

revealed willingness by several competent bodies to organise and finance workshops as hosts or sponsors.

It should also be noted that AIB officially conducts its general meetings open for all competent bodies for GO and disclosure and responsible governmental bodies. Those organisations are invited to join AIB meetings as Guests / Observers even if they are not AIB members or HUB users.

## **2.5 Further maintenance of the Best Practice Recommendations**

With the end of RE-DISS II, the RE-DISS Best Practice Recommendations remain as central document describing the definition of sound tracking and disclosure policies under the current European policy framework. The need to define a mechanism how this can be further maintained, which had been expressed by competent bodies, has not further substantiated neither in the form of specific topics where changes actually were found necessary, nor in the form of an agreed group of responsible actors. AIB as central player in a future governance structure has taken the decision to focus on the technical tasks rather than to engage in the more value-driven and potentially political decisions on the BPR.

Still, this situation in general seems appropriate, as organisations like AIB but also CEER bring together a relevant number of competent bodies which could at any time agree on the need for discussions on further revisions and set up an appropriate working context in the short term.

### **3 Conclusions and Outlook**

The commitment of AIB is an excellent perspective for the continuous provision of operational services in the context of tracking and disclosure policies. AIB is independent from market activities, and is a well-connected pan-European institution with proficient knowledge of GO and disclosure systems. With respect to the chosen tasks described above, AIB can be seen as a natural. This includes on the one hand the fact that fulfilment of the respective services can be seen as a core interest of AIB members as competent bodies for GO, but on the other hand there is also a large potential for synergy between the described tasks and work which has to be done by AIB and its members anyway. Although this is not officially mandated by the European policy framework, this voluntary role is broadly acknowledged and supported by stakeholders, e.g. as documented by the RE-DISS consultation amongst European competent bodies early 2015. All European competent bodies have been approached, and about half of them have not responded, so their position is not known. One should also note that with one exception, all responses came from countries already involved in AIB. However, keeping this in mind, there was not a single objection to AIB taking on the proposed role in the follow-up to RE-DISS. This can be seen as a clear signal of non-objection. Also the members of the RE-DISS II Advisory group, including European Associations of market players and NGOs, clearly support AIB in this role.

With respect to the further development of systems as it could be enhanced by further meetings and by further revisions of the Best Practice Recommendations, there is no clear road map given by the current state of decisions. But still, the given situation allows for sufficient possibilities to get active once competent bodies feel that there is explicit need for changes or for further coordination. The next major milestone in order to discuss this would probably be the revised versions of the Renewables Directive and of the Internal Market Directive which can be expected in 2016. By then, AIB can be expected to be a crystal nucleus which will allow competent bodies to trigger further activities.

## 4 References

- CA-RES (2013): Questionnaire for the recognition of Guarantees of Origin Art. 15 (9) 2009/28/EC – published for example on the webpage of the German Umweltbundesamt (last viewed 25 Nov 2015):  
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- RE-DISS II D3.1 (2015): Best Practice Recommendations for the implementation of Guarantees of Origin and other tracking systems for disclosure in the electricity sector in Europe; Version 2.4, September 2015
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- RE-DISS II D7.2 (2015): The Residual Mix and European Attribute Mix Calculation – Methodology Description of the RE-DISS II Project; Deliverable 7.2 of the RE-DISS II project; written by Markus Klimscheffskij, Marko Lehtovaara and Martin Aalto, 2015

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## **Documents handed over to the AIB to support the further governance and coordination of European tracking and disclosure systems**

### **Annex to the RE-DISS II Report “Future Governance of European Tracking Systems” (D8.1 of the RE-DISS II Project):**

The following documents are handed over from the RE-DISS II project to the AIB in order to support the further governance and coordination of European tracking and disclosure systems:

1. List of contacts of national competent bodies
2. RE-DISS II Monitoring File including the last assessment of EU28+NO+CH+IS based on 2015 data collection; this file can also be used as template for further updates and data collection
3. Country Profiles (available online)
4. List of emission factors (public version online, confidential version will be provided to AIB after signing the confidentiality agreement)
5. Excel calculation tool for Residual Mix and European Attribute Mix
6. Methodology description for calculation of the Residual Mix and European Attribute Mix
7. Quantitative data collection sheets for collecting the input for the calculation of the Residual Mix and European Attribute Mix

Those documents are either publicly available on the RE-DISS project website ([www.reliable-disclosure.org/documents](http://www.reliable-disclosure.org/documents)) or have been handed over directly to the Association of Issuing Bodies in order to allow for a smooth hand over of responsibilities and specific tasks for all parties involved.

With respect to the information provided for individual countries (see 1), it should be noted that this is to some extent subject to individual assessment and interpretation. As some of the information is directly derived from national Competent Bodies, it might be that there are in individual cases some misinterpretations of the questions and correct answers, and therefore the answers should be understood with the appropriate carefulness.