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1 Implementation of Tracking Systems

1.1 Electricity Disclosure

A system for electricity disclosure has been in place in the Netherlands since 2005. Articles 95j, 95k and 95l of the Dutch Electricity Act¹ serve to implement electricity disclosure as required by EU Directive 2009/28/EC. In the Netherlands, disclosure is under the responsibility of the Netherlands Competition Authority NMa Energiekamer.

Energy source, CO₂ emissions and radioactive waste are to be covered by disclosure information, while energy sources are to be distinguished between

- Coal
- Natural Gas
- Nuclear
- Other non-renewables (e.g. oil)
- Renewables (breakdown by Wind, Solar, Hydro, Biomass, Other)

For disclosure of renewables, use of GO is mandatory, while for any other electricity source, bilateral contracts or certificates can be used voluntarily. In any case, suppliers have to inform the Netherlands Competition Authority NMa before 1st of March of the following year about the supplied electricity covered by direct contracts. On March 31st market parties do have to explicitly specify which part of cancelled GO's between January 1st and March 31st do count for disclosure in year X. As implicit tracking information, a residual mix is applied. Currently expired GOs do not qualify for electricity disclosure at all, therefore the residual mix excludes all renewables, and also electricity disclosed using direct contracts in the case of non-renewable electricity. Calculations of this residual mix are made on request of the regulator by a consultancy organisation. Suppliers have to publish the updated disclosure statement to their consumers by May of the following year. The current legislation does not specify a net balance mechanism for potential lack of attributes in the domain as compared to the actual consumption.²

Disclosure takes place annually with reference to the calendar year. Suppliers are obliged to disclose both the supplier's portfolio and the portfolio of the individual product which has been delivered to the consumer. Disclosure of the supplier mix refers to the supply mix of that company only within the Dutch domain.

1.1.1 Disclosure Figures

Not available

1.1.2 Environmental Information

Dutch disclosure system includes publication of environmental parameters as required by the IEM Directive, i.e. CO₂ and nuclear waste.

¹ Electricity Law 1998, latest version coming into force 23 August 2010

² However, this has currently no practical implications as the Netherlands are a major importer of RES GO and therefore have a surplus of attributes available..

1.1.3 Suppliers Fuel-Mix Calculations

By 1st March, all suppliers have to inform NMa about the supplied electricity covered by direct contracts. Information on cancelled GO is available to CertiQ, a subsidiary company of the Dutch TSO TenneT. The TSO furthermore determines for every year the amount of electricity imported.

A residual mix is calculated on request of the regulator by a consultancy organisation according to the method outlined above.

1.2 Guarantees of Origin for Electricity from Renewable Energy Sources and High-Efficient Cogeneration

1.2.1 RES-GO System

The RES-GO System has been implemented since 1998 by the "Electriciteitswet 1998", article 73-77c. CertiQ B.V., a subsidiary company of the Transmission System Operator TenneT has been appointed as competent body. The following documents about detailed rules and procedures of the GO system are available:

- Regeling garanties van oorsprong voor duurzame elektriciteit (December 8, 2003)
- Wijziging Regeling garanties van oorsprong voor duurzame elektriciteit (December 17 2004)
- Wijziging diverse regelingen Economische Zaken (December 15 2005)
- Wijziging Regeling garanties van oorsprong voor duurzame elektriciteit en de Algemene uitvoeringsregeling milieukwaliteit electriciteitsproductie (June 16 2006)
- Wijziging Regeling garanties van oorsprong en de regeling certificaten WKK E-wet 1998 (May 7 2007)
- Wijziging van de Regeling garanties van oorsprong (October 22 2008)
- Wijziging regeling GvOs voor Duurzame Elektriciteit ivm vaststellen meetvoorwaarden voor nuttige aanwending warmte (March 16 2009)

RES-GO are implemented and operational since 2001 according to EECS, and fulfil therefore all respective requirements. In 2011, over 11 millions GO (equalling 1 MWh each) have been issued. GO are issued in an electronic registry maintained by CertiQ on a monthly basis for net production, and can be electronically transferred and used for the sole purpose of disclosure for the calendar year for which they are cancelled. Expiry takes place 12 months after issuing, whereas cancellation will not be possible already as of 12 months after end of production. Imports of GO are accepted subject to submission of reliable data on sustainable electricity and reliability guaranteed by an authority recognized by the Ministry of Economic Affairs. In practice, imports have been limited to GO within EECS.

1.2.2 CHP-GO System

The CHP-GO System has been implemented since 1998 by the "Electriciteitswet 1998", article 77ca-ce. CertiQ B.V., a subsidiary company of the Transmission System Operator TenneT has been appointed as competent body. The document "Regeling certificaten warmtekrachtkoppeling Electriciteitswet 1998, including 1 "bijlage" (appendices) and 3 "wijzigingen" (adjustments)" describes the detailed rules and procedures of the CHP-GO system. CHP-GO are implemented and operational since 2004. However, no GOs are currently being issued.

CHP-GOs refer to 1 MWh each and are to be issued for gross production. Detailed regulation on determining the high efficiency CHP production has passed and was published within "Regeling garanties van oorsprong voor elektriciteit opgewekt in een installatie voor hoogrenderende warmtekrachtkoppeling, (September 14, 2007)". Like RES-GO, CHP-GO are to be issued in an electronic database maintained by CertiQ on a monthly basis. CHP-GO are not supposed to be transferable, but can be cancelled.

1.2.3 EECS

The Dutch RES-E GO system as described in chapter 1.2.1 is fully implemented and operated according to EECS with CertiQ as responsible competent body.

1.2.4 GO Statistics

RES-GO statistics for 2011:

- Issuing: 11,138 TWh
- Import: 25,534 TWh
- Export: 3,293 TWh

1.3 RES-E Relevant Support Schemes

The SDE (Stimuleringsregeling duurzame energieproductie) support scheme for renewable electricity came into force on 1 April 2008. It replaced the previous MEP (Milieukwaliteit Van Elektriciteitsproductie) which was in force since 2003 until August 2006. SDE is the Dutch government main subsidy instrument in support of the application of both renewable electricity and green gas and it is a so-called feed-in premium (FIP) system – producers have to sell the power production to the power market and receive the SDE premium on top. The premiums are technology specific and are adjusted according to the actual wholesale electricity price in order to keep the combined income from power sales and SDE premium stable. The SDE scheme covers electricity generated from hydro, wind, solar photovoltaic, biogas, biomass and heat generated from biomass. The duration of the subsidy is 15 years, except biogas and biomass (12 yrs).

Thus the SDE subsidy is calculated as follows:

- A *base tariff* is derived from the production costs. This base tariff takes into account the additional costs for the generator of electricity production and sales, including the cost of imbalance settlement;
- The *subsidy tariff* paid equals the *base tariff* minus the *correction tariff*.
- The *correction tariff* is set each concession year at an ex post adjustment level derived from the average electricity market price. This is done to stabilise the average income of the energy producer per unit of energy in successive years.

The subsidies include expenditure ceiling safeguards (quantitative limits, auctions). The available funding and installed power capacity under the SDE is capped annually for each of the technologies and faces an annual political review. The ceiling to the total subsidy payable over the subsidy period is set yearly by the Minister for the different SDE technology categories

The responsible authority Agentschap NL determines the amounts of subsidies to be paid based on the same production measurements that are being used to issue GOs. In this way there cannot be a difference between the amount of electricity supported and the amount of electricity disclosed as renewable.

The Energy Investment Allowance (EIA) is a tax incentive for investment in renewable energy projects, allowing companies to deduct 44% of the investment amount for sustainable energy from the pre-tax profit and therefore to pay less corporate tax. EIA can be awarded over a maximum of € 110 million investments per installation and it can be combined with the SDE. The support is yearly updated. Within EIA the supported technologies are: solar photovoltaic; wind turbines (off-/onshore); boiler based on biomass; cogeneration plants based on biomass; hydropower; heat pumps, heat pump boiler and biofuel production installations.

2 Proposals for Improvement of the Tracking System

The following proposals are made in accordance with the RE-DISS Best Practice Recommendations,³ which have been agreed by the Participating Domains of the RE-DISS Project.

2.1 Proposals regarding Disclosure

1. GO should be the only “tracking certificate” used. Any other tracking systems of a similar purpose and function as GO should be converted to GO. For Netherlands, this remains valid with respect to non-RES production. *(BPR [16])*
2. Besides GO, only Reliable Tracking Systems (which may include contract based tracking, see below) and the Residual Mix should be available for usage for disclosure. No other tracking mechanisms should be accepted. Reliable Tracking Systems (RTS) should be defined where appropriate based on criteria of added value, reliability and transparency. *(BPR [17], [23])*
3. Regulation with respect to contract based tracking should ensure that
 - a. The rules of the tracking system are transparent and comprehensive and are clearly understood by all participants in the system.
 - b. Double counting of attributes and loss of disclosure information is minimised within the contract based tracking scheme and also in the interaction of the contract based tracking scheme to GO and other RTS (if applicable). As a precondition for this, the contract based tracking scheme should be able to provide comprehensive statistics about the volumes and types of electricity attributes which are tracked through it.
 - c. The relevant information for disclosure purposes should be available in time to meet the timing requirements for calculation of the residual mix.

(BPR [30])

4. Although the principle of residual mix calculation is already applied in the Netherlands, this should be extended in order to coordinate information with other domains. This particularly is relevant with respect to import and export (i.e. provision) of residual mix information. However, due to the large import volumes of GO the Netherlands can be expected to be rather an exporter of residual mix disclosure attributes. *(BPR [26])*
5. The following timing of the calculation of the Residual Mix should be followed in coordination with other countries across Europe (this is particularly relevant as the Netherlands are exporter of attributes to the European Attribute Mix):
 - a. By 30 April X+1 all countries should determine their preliminary domestic Residual Mix and whether they have a surplus or deficit of attributes.
 - b. By 15 May X+1, the European Attribute Mix should be determined.
 - c. By 31 May X+1, the final national Residual Mixes should be published.
 - d. As of 1 July X+1 the disclosure figures relating to year X can be published by suppliers.

(BPR [35])

6. It should be further clarified to which extent the application of contract-based tracking has to be improved in order to avoid double counting of the covered attributes. This does not only mean that the Residual Mix has to take this into account based on notification by the suppliers, but should particularly also clarify international coordination in case that the contract based supply refers to an international contract. This might include a mandatory notification of the regulator about any international contract based tracking. *(BPR [29], [30])*
7. There should be clear rules for the claims which suppliers of e.g. green power can make towards their consumers. There should be rules how the “additionality” of such products can be measured (the effect which the product has on actually reducing the environmental impact of power generation), and suppliers should be required to provide to consumers the rating of each product based on these rules. *(BPR [40])*

³ Version 2.0 (Draft), 7 September 2012

8. Claims made by suppliers and consumers of green or other low-carbon energy relating to carbon emissions or carbon reductions should also be regulated clearly. These regulations should avoid double counting of low-carbon energy in such claims. A decision needs to be taken whether such claims should adequately reflect whether the energy purchased was “additional” or not. *(BPR [41])*

2.2 Proposals regarding GO

2.2.1 Proposals regarding the RES-GO System

Please note that these recommendations also apply for GO for other fuels than RES.

9. The deadline for cancelling GO for purposes of disclosure in a given year X should be 31 March of year X+1. *(BPR [5])*
10. It shall be assured that cancellations of GO relating to production periods in a given year X which take place until 31 March of year X+1 should count for disclosure in year X. Later cancellations should count for disclosure in year X+1. *(BPR [5])*
11. The same allocation rule should apply for expired GO: the date of expiry thus determines the disclosure period for which information from expired GO will be used. This of course includes that expired GO are taken into account within the Residual Mix in the Netherlands. *(BPR [5])*
12. Within the rules set by the respective Directives, the Netherlands should consider their criteria for the acceptance of imported GO for purposes of disclosure.
 - a. These criteria should address imports at least from all EU member states, other members of the European Economic Area (EEA) and Switzerland. The parties to the Energy Community Treaty should be considered as well, as soon as GO imports from these countries become relevant.
 - b. The criteria should specify the electronic interfaces, specifying data format and contents of GO to be imported, which the respective country accepts for imports of GO (such as the EECS Hub and any other interfaces accepted).
 - c. Conditions for the recognition of GO from other countries should be that they were issued based on Art. 15 of Directive 2009/28/EC or compatible national legislation, and that they meet the explicit requirements set in Art. 15, e.g. regarding the information content of the GO.
 - d. The recognition of GO from other countries should be rejected in case that these countries have not implemented an electricity disclosure system.
 - e. The recognition of GO from other countries should be rejected in case that the country which has issued the GO or the country which is exporting the GO have not implemented adequate measures which effectively avoid double counting of the attributes represented by the GO. Such adequate measures should ensure the exclusivity of the GO for representing the attributes of the underlying electricity generation, implement clear rules for disclosure, establish a proper Residual Mix or equivalent measures, and ensure their actual use. Furthermore, the adequate measures should ensure that attributes of exported GO are subtracted from the Residual Mix of the exporting country and cannot be used for disclosure at any time in the issuing or the exporting country by explicit mechanisms, unless the GO is re-imported and cancelled there.

(BPR [21])

2.2.2 Proposals regarding the CHP-GO System

13. CHP-GO should be implemented within EECS as tradable instrument. *(BPR [12], [15])*
14. Only one GO should be issued per unit of electricity, which should combine the functionalities of a RES-GO and a CHP GO. *(BPR [15])*
15. Disclosure allocation of supported CHP production shall be clarified. *(BPR [36])*

See also proposals regarding the RES-GO system.

Furthermore, it shall be noted that the participating domains of the RE-DISS project have decided that the Best Practice Recommendations should also include the following recommendations, which should generally be considered by all Competent Bodies in order to assess relevance for their individual domains:

- Member States should at least publish the set of criteria they apply in order to decide over recognition of GO from other Member States.
- Member States should clearly regulate the use of GO directly by end consumers.
- If using cooperation mechanisms, Member States should take care of regulating the attribution of GO concerning electricity concerned by these mechanisms.

2.3 Matrix of disclosure related problems and country-specific proposals

Problem	Country-specific proposal
Possible double counting in different explicit tracking instruments	1, 2
Double counting of attributes in explicit and implicit tracking mechanisms	2, 3, 4, 6, 12
Double counting within individual supplier's portfolio	
Loss of disclosure information	11
Intransparency for consumers	7, 8, 14, 15
Leakage of attributes and/or arbitrage	5, 9, 10, 11
Unintended market barriers	13