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1 Implementation of Tracking Systems

1.1 Electricity Disclosure

Electricity disclosure is implemented through Law No XI-1375 of the Republic of Lithuania on Energy from Renewable Sources. Articles 28-29 of the Law provide:

An energy supplier shall, in accordance with the procedure prescribed in the legislation and within its remit, provide its final customers with information on the share or the amount of energy from renewable sources in the energy supplied by the supplier. This share or amount of supplied energy shall be calculated on the basis of the amount of energy from renewable energy sources for which a guarantee of origin has been issued.

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

Rules for the issue of guarantees of origin for electricity from renewable energy sources were approved by Order No 4-346 of Minister of Economy on October 7th 2005 (Valstybes zinios, No 122-4375, 2005¹), (Rules on issue of guarantees of origin).

The issuing body is the transmission system operator, which was at the time of the writing of the legislation Lietuvos Energija AB, but currently Litgrid AB. The issuing body was appointed to its task through the implementation of Order No 4-346. The guarantee of origin system is fully operational, but not based on EECS.

From 1.1.2010 the transmission system operator task has been carried out by company Litgrid. The central registry for guarantees of origin was previously publicly available at Lietuvos Energija², but the current registry can be found at Litgrid's site³. Statistical information about the volumes⁴ and information about issuance of RE-GO and CHP-GO⁵ are available. Statistics are in Lithuanian and for kWh of electricity production, since GOs are issued for each kWh.

1.2.1 RE-GO System

A new RES law was approved by decision No. XI-1375 on 24 May 2011⁶. Requirements of the new RES directive 2009/28/EC Article 15 are transposed by Chapter 5 (Articles 28 and 29) of the new law. The law sets the standard unit of GOs is 1 MWh as opposed to the previous 1 kWh. Also the rules on cancellation are specified so that a GO is cancelled once it is used. The role of GOs is defined as: demonstrating to the end user that the consumed electricity is derived from renewable sources. GOs are issued in electronic form for **electricity, heating or cooling**. GOs are by law clearly distinguished from renewable energy targets and target flexibility mechanisms. Financially supported renewable production is not entitled to receive GOs. The possibility to import and export GOs is still not clear. It is only stated that

¹ http://www3.lrs.lt/pls/inter2/dokpaieska.showdoc_l?p_id=263748

² <http://www.lpc.lt/lt/main/klm>

³ http://www.litgrid.eu/go.php/kilm_gar_registr

⁴ <http://www.litgrid.eu/index.php?1973822023>

⁵ http://www.litgrid.eu/go.php/Kilmes_garantiju_pazymejimai

⁶ http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=398874&p_query=&p_tr2=

Lithuania should recognise GOs issued by other Member States. The guarantee of origin may be used within 12 months from the moment of production of the respective energy unit. A guarantee not used during that period loses its validity.

The Rules for the provision of guarantees of origin for electricity generated from renewable energy sources, approved by Order No 4-346 of the Minister for the Economy of the Republic of Lithuania of 7 October 2005 (Official Gazette 2005, No 122-4375; 2006, No 42-1534). 2.

The information provided by producers is checked by the State Energy Inspectorate under the Ministry of Energy. The information is checked in the course of scheduled checks as well as at the request of the institution administering the guarantees of origin.

1.2.2 CHP-GO System

The legislative framework is in place⁷ and it is in line with the requirements of the CHP directive. CHP-GOs are issued by Litgrid and the database for CHP-GOs has been operational since May 2008. The same database is used as for RES-GOs.

1.2.3 EECS

No EECS domain exists.

1.2.4 GO Statistics

There has been some 700 000 GOs issued in 2011 by end of August (700 MWh since GOs issued for kWh). No statistics of cancellations, exports or imports could be found.

1.3 Other RES-E Relevant Support Schemes

A detailed list of support schemes can be found in Article 3 of the new law. Main support mechanisms are FIT, purchase obligation and investment support. GOs cannot be issued for financially supported production.

2 Proposals for Improvement of the Tracking System

2.1 Proposals regarding general regulation on tracking systems

See below

2.2 Proposals regarding Disclosure

1. A residual mix should be introduced in order to account for untracked consumption and it should be calculated according to the RE-DISS methodology, following the RE-DISS schedule for RM calculations. (BPR [25-28]).
2. 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. This would also require revision of the timeline which currently applies within the country (BPR [31-33]). The same allocation rule should apply to expired GOs (BPR [6]).
3. In the medium to longer term, GO should be the only “tracking certificate” used. Any other tracking systems of a similar purpose and function as GO should be closely coordinated with GO and eventually converted to GO (BPR [15]).
4. (Other) Reliable Tracking Systems (RTS) should be defined where appropriate based on criteria of added value, reliability and transparency (BPR [23,24]). It is important to regulate contract based tracking clearly since this is much used. (BPR [29, 30, 32]).

⁷ http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=320738

5. Where necessary, the support schemes should be defined as RTS (BPR [36]).
6. Suppliers offering two or more products which are differentiated regarding the origin of the energy should be required to give product-related disclosure information to all their customers, including those which are buying the “default” product of the supplier. (BPR [39]).
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]).
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)).

2.3 Proposals regarding GO

9. The metered production periods for purposes of issuing GO should not be longer than a calendar month. Longer intervals up to one year are acceptable only for very small plants. If possible, issuing should be done without delay after the end of each production period (BPR [1, 2]).
10. Expiration date should be implemented 12 months after the end of the production period (BPR [3]).
11. An extension to this lifetime can be granted if a GO could not be issued for more than [six] months after the end of the production period for reasons which were not fully under the control of the plant operator. In this case, the lifetime of the GO might be extended to [six] months after issuing of the GO. (BPR [4]).
12. The implementation of GO in all countries in Europe should be based on the European Energy Certificate System (EECS) operated by the Association of Issuing Bodies (AIB). In case that national GO systems are established outside of EECS, then EECS should at least be used for transfers between registries. (BPR [7]). Reliable linkages should be established with countries which are not EECS members. (BPR [8]).
13. So-called ex-domain cancellations of GO, where a GO is cancelled in one registry and a proof of cancellation is then transferred to another country in order to be used there for disclosure purposes, should only be used if there is no possibility for a secure electronic transfer and if there is an agreement on such ex-domain cancellations between the competent bodies involved. Statistical information on all ex-domain cancellations should be made available in order to support Residual Mix calculations. (BPR [9]).
14. The GO system should be extended beyond RES & cogeneration to all types of electricity generation, which should all be handled in one registry. (BPR [11]).
15. Besides GO, only Reliable Tracking Systems (which may include contract based tracking) and the Residual Mix should be available for usage for disclosure. No other tracking mechanisms should be accepted. (BPR [17]).
16. Within the rules set by the respective Directives, Member States should consider to reject the recognition of GO from other countries for disclosure in case that these countries have not implemented adequate measures which avoid double counting, e.g. a proper determination of a Residual Mix for disclosure (BPR [21]).

2.4 Matrix of disclosure related problems and country-specific proposals

Problem	Country-specific proposal
Possible double counting in different explicit tracking instruments	2, 3, 4, 5, 6, 12, 13, 14, 15
Double counting of attributes in explicit and implicit tracking mechanisms	1, 2, 4, 13, 16
Double counting within individual supplier's portfolio	6
Loss of disclosure information / Intransparency for consumers	4, 6, 7, 8, 14
Leakage of attributes and/or arbitrage	11, 2, 9, 10, 11, 12, 13, 16
Unintended market barriers	12, 13