Response to CEER public consultation on "green" electricity

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Answers to consultation questions

Q1) Do you agree that further improvement is needed concerning the terminology that is used to inform the customer on electricity offers based on renewables and to promote these offers in marketing?

A1) Yes

Additional comments) Guarantees of Origin (GOs) are best suited to provide a clearly defined, standardized means of providing information to customers on electricity offers based on renewables. The European Energy Exchange (EEX) has been running a wholesale-trading exchange-platform with automated clearing and settlement for Guarantees of Origin (GOs) since June 2013. We are in constant contact with different stakeholders in the field. From this experience, we see the necessity to strengthen customers' trust in GOs as the most reliable and transparent system for tracking the origin of electric energy. Non-harmonization of the terminology harms this trust and under mines consumers.

Q2) Do you agree that all price Comparison tools should provide customers with an overview of electricity products, including specific information on the origin of the electricity that will be supplied?

A2) No answer.

Q3) Do you agree that the NRA (or other competent body) should develop a harmonised format on how information concerning the origin of electricity is displayed and should specify the level of detail required on electricity bills for this information?

A3) Neither yes nor no.

Additional comments) EEX supports the further harmonization of standards in order to provide consumers with clearer and more easily understandable information on the origin of electricity. Developing common minimum standards for electricity bills can make a contribution to this. These standards should be developed with the end goal of common, Europe-wide standards by the body best able to do so. The level of information given should be aligned with the development of the GO market. This means that at its current stage, it is sufficient to supply information on the amount of renewable energy consumed. Further information can be included later in the process, when for instance GOs for specific energy sources are more widely traded. This approach also supports the aim of CEER stated in this consultation document to standardise GOs as providing too many details potentially contradicts this aim.
Q4) Do you agree that two levels of information should be provided to customers? Complementing the bill, additional information such as the geographic origin, the technology and the product mix could be made available on the website of the supplier. In that case, a reference on the bill should draw customers’ attention to this additional information.

A4) Neither yes nor no.

Additional comments) EEX believes that the first priority should be to inform end consumers thoroughly about the assets and merits of GOs. Any additional details and information provided should be critically evaluated as to whether it provides additional value to the consumer. Already today, it is difficult to communicate to end consumers that GOs need to be distinguished from renewable energy produced under national support schemes.

Q5) Do you support the idea that if a supplier also publishes the product mix on the bill for some customers, the publication of the product mix should be done consistently for all of its customers in order to minimise the risk of “double counting” within one company?

A5) No answer.

Q6) Do you agree that the publication of an annual disclosure report by NRAs (or other competent bodies) is a good practice?

A6) Yes

Additional comments) EEX considers such a report a good tool to strengthen end consumers' trust in the disclosure of the origin of electricity. In addition, such a report can improve transparency and represent a further step towards harmonisation of disclosure. We do not have any preference if such a report should be prepared by NRAs or another competent body.

Q7) Do you agree that further harmonisation of the existing disclosure systems on a European level necessary?

A7) Yes

Additional comments) EEX completely agrees with CEER on this matter. Differing tracking mechanisms between European countries but also within individual countries lead to a lack of transparency, with power tracking systems becoming excessively complicated.
Q8) Do you agree that GOs should be used as a common and reliable basis for all disclosure systems?

A8) Yes

Additional comments) EEX fully agrees with CEER on this matter. GOs as the only tool with clear and reliable standards should be the basis for all disclosure systems and should be used Europe-wide. This approach also increases the liquidity of the GO market, thereby making a significant contribution to the transparency of the origin of electricity throughout Europe.

Q9) Do you agree that the issuing of RES-GOs should be mandatory for all electricity produced with renewable sources?

A9) Yes

Additional comments) Issuing GOs should be mandatory for all power production in the European Union, thus including all renewable energy sources, regardless of whether they are covered by renewables support schemes. In Germany, only the amount of renewable energy production may receive GOs that does not receive any support at all. As a result, only a very small share of Germany's renewable energy production may be issued GOs. The remainder cannot be marketed as green power. The aim of this approach is to avoid that the ?green quality? is marketed twice and support received twice. As a result, it is difficult for German end consumers to understand that they can hardly get ?German Green Power? while a very large number of renewable power plants have been built. This situation clearly demonstrates the importance of making the issuance of GOs mandatory for all electricity produced from renewable energy sources. EPEX SPOT, a joint venture between EEX and Paris-based Powernext, has presented a model showing how the revenues generated by marketing GOs can be used to reduce the levy paid by electricity customers in Germany to support the production of energy from RES.

Q10) Do you agree that issuing of GOs should be extended to all sources of electricity to make the basis for the disclosure system more consistent and reliable, but also to provide opportunities for market offers for electricity based upon specific non-renewable sources in a trustworthy manner? Should this be mandatory or voluntary?

A10) Yes / Mandatory

Additional comments) Yes, EEX supports the extended use of GOs for all energy sources as the only tracking tool for power. Reliability and comprehensibility of the system would be strengthened by such a step as the residual mix would no longer have to be calculated. Such a system should be mandatory in order to maximize its efficiency through avoiding the emergence of parallel systems. As the disclosure system is already legally required, the extended use of GOs is a logical step towards making the best use of it.
Q11) Do you agree that the integration of electricity markets at European level should ideally be accompanied by actively developing a European RES-GO market?

A11) Yes

**Additional comments** Yes, the integration of European electricity markets should be accompanied by the development of a European GO-market. This market could first be developed for RES-GOs and later extended to other kinds of GOS. The great importance of developing a common market is confirmed by our experience in the power market. EEX organizes transparent European markets for electric energy, gas, emissions rights and coal. From our daily business we know that power trading is not a national matter but has developed to be a European business. E.g. EPEX SPOT - a joint venture of EEX and Powernext - cooperates with other power spot exchanges and Transmission System Operators to create a European physical power market. We believe that a single European energy market is close to become reality on a Wholesale market level. At the trading level, significant steps towards a pan-European market for GOS have already been taken. EEX has been organising a transparent, non-discriminatory exchange-trading platform since June 2013. Trading participants have the possibility to trade three different European GO-products up to three years before delivery. It is our aim to establish a European market for GOS. Already today, GO-trading companies as well as GO-producers and utilities using GOS are spread all over Europe. However, market development is hindered by differing national regulations on GOS. Given this background, we fully support the aim of developing a European market for GOS accompanying the European electricity market.

Q12) Do you agree that when informing customers about their energy, RES-support schemes and disclosure should be seen as separate issues with their own instruments?

A12) Yes

**Additional comments** Ultimately, GOS should be issued for energy produced with and without the support of RES support schemes. Once this aim has been achieved, no more distinction is required when disclosing information on the origins of electricity to consumers.

Q13) Do you feel that it is necessary to recognise all GOS for disclosure purposes, irrespective of whether GOS come from supported or not-supported electricity?

A13) Yes

**Additional comments** Yes, we believe that GOS should be used as a tracking tool for the whole European energy production. As a means to avoid over- or double support, adequate measures should be taken, e.g. by reducing support by the revenues gained by marketing GOS.
Q14) Do you agree that “green” power quality labels should mandatorily be using GOs as their unique tracking mechanism?

A14) Yes

Additional comments) Yes, using GOs as a mandatory tracking tool should also be obligatory for labels in order to strengthen transparency in the Green Power Market.

Q15) Do you feel that it would benefit customers if a labelling model would be implemented alongside the GO, so that label(s) can provide “additionality” for those customers that demand it?

A15) Neither yes nor no.

Additional comments) Today an almost hardly comprehensible and understandable variety of labels exists. Therefore, a minimum harmonization of labelling standards in order to provide consumers with clearer and more easily understandable information on additionality and benefit of labelling is needed.
Contact

European Energy Exchange AG
Augustusplatz 9
DE-04109 Leipzig
www.eex.com

Timo Schulz
Political Communications
+49 341 21 56-273
timo.schulz@eex.com

Miriam Brandes
Strategy & Market Design
+49 341 21 56-271
miriam.brandes@eex.com