

**Report to the European Commission under Articles 10(1) and 5(3) of Directive
2004/8/EC of the European Parliament and of the Council of 11 February 2004 on the
promotion of cogeneration based on a useful heat demand in the internal energy market
and amending Directive 92/42/EEC**

Ministry of Economic Affairs

Directorate-General for Energy and Telecommunications

Directorate for Energy and Sustainability

the Netherlands

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Introduction

Article 5(3) of Directive 2004/8/EC stipulates: 'Member States or the competent bodies shall put in place appropriate mechanisms to ensure that the guarantees of origin are both accurate and reliable and they shall outline in the report referred to in Article 10(1) the measures taken to ensure the reliability of the guarantee system.' This report complies with that requirement by describing:

- the legal guarantee for the Dutch guarantee-of-origin regulation;
- the regulation's operation and how its reliability is guaranteed;
- the designated guarantee management body.

Legal guarantee

Since 14 December 2005, the 1998 Electricity Law has provided a framework for the nature, operation and application of guarantees of origin for high-efficiency cogeneration (Article 77ca to 77ce). This has taken place in the context of implementing the cogeneration Directive (Directive 2004/8/EC of the European Parliament and of the Council of 11 February 2004 on the promotion of cogeneration based on a useful heat demand in the internal energy market and amending Directive 92/42/EEC – OJ L 52, 21.2.2004).

The essence of the Law on this point is that the designated guarantee management body (CertiQ), at a producer's request, opens an account and enters guarantees of origin in it based on the measurement data, submitted by a network manager or recognised entity responsible for measurement, regarding the cogeneration electricity generated and input into a network. These Guarantees of Origin are intended to be used within the framework of the labelling requirements (under Directive 2003/54/EC read in conjunction with Article 95j to 95l of the 1998 Electricity Law). Their period of validity is limited to one year. The explanatory memorandum to the Law states that the Guarantees of Origin are not intended for subsidy purposes and are not tradable.

On 14 September 2007 the Minister for Economic Affairs adopted the Guarantees-of-Origin regulation for high-efficiency cogeneration installations, on the basis of Article 77cb and 77ce of the 1998 Electricity Law. The regulation develops in greater detail a number of provisions in the above-mentioned articles of the Law.

Operation of the regulation and how its reliability is guaranteed

On the basis of Article 16(1)(h) of the regulation, it is determined whether an installation can be designated as an installation for high-efficiency cogeneration (as defined in Annex 3 to the Directive). In order to do this the network manager, at the producer's request, assesses whether the producer's installation generates electricity by means of cogeneration such that there is a saving of at least 10 % compared with the separate generation of electricity and heat.

An assessment is also made of whether the installation's measuring equipment is suitable for measuring the electricity input onto a network.

Then, in accordance with Article 77ca et seq of the Law, Guarantees of Origin are issued for the electricity which the installation concerned has fed into a network and entered in an account with the Guarantee management body. This is done using an electronic system. The Guarantee of Origin relates to a MWh or a multiple thereof; and the quantity per calendar

month is determined on the basis of Annex 2 to the Directive (with the exception of gas engines – see below).

The data are shown on the guarantee of origin as stipulated in Article 5(5) of the Directive. This is laid down in Articles 7 and 8 of the regulation.

The regulation sets out more detailed conditions regarding whether a production installation meets the requirements for high-efficiency cogeneration, how the electricity input is measured and the issuing of cogeneration guarantees of origin. The regulation has, however, been based as much as possible on the existing Regulation on cogeneration certificates under the 1998 Electricity Law, and the Regulation on Guarantees of Origin for sustainable electricity.

An initial check to determine whether an installation meets the efficiency criterion is not sufficient. Therefore, also during the generation of electricity checks are made as to whether a producer meets the saving requirement. In order to do this, the producer draws up a monthly measurement report which – after verification by a recognised entity responsible for measurement – is submitted to the guarantee management body; the report includes the quantity of electricity fed into the network. In order to ensure that the data are measured consistently, the producers must use a measurement protocol approved by the entity responsible for measurement.

A producer with an installation comprising only gas engines is exempt from periodic measurement under the current regulation. Such an installation will receive guarantees of origin based on a fixed saving, because the ratio between the electricity to be produced and the quantity of heat is in principle invariable for this type of installation. The main argument in favour of this approach is a considerable lightening of the administrative burden for this category of producers. This is also in keeping with the approach underlying Article 9(1) of the Directive, under which legislative and other administrative barriers to cogeneration installations are to be reduced (prevented) as much as possible, and with Article 3 of the Directive, under which the values for calculating efficiency and the primary energy saving are determined on the basis of the expected or actual operation of the unit under normal operating conditions. Also in connection with this fixed approach for gas engines it has been chosen not to introduce a separate system for small-scale and/or micro cogeneration.

Further to the Detailed Guidelines published recently by the European Commission, the Dutch Government is endeavouring to amend the regulation quickly as regards the exemption from measurement. After the intended amendment a measurement requirement will also apply to installations comprising only gas engines, as now already applies to installations not comprising only gas engines.

In connection with a number of technical aspects the regulation refers to measurement conditions (annex to the regulation); these largely correspond to the conditions which apply under the existing cogeneration certificates in the context of the subsidy. It is therefore sufficient for participants in the existing scheme to produce a summary supplement to the existing protocol. This is an attempt to keep new administrative obstacles to a minimum for potential participants in the scheme. Both the measurement protocol and the measurement reports must satisfy the conditions. However, as much as possible it has been chosen to apply directly the conditions in the Directive (including the provisions in the accompanying annexes).

Guarantee management body

By decree of 3 March 2008 the Minister for Economic Affairs designated CertiQ, part of the network manager of the national grid Tennet, as the guarantee management body for high-efficiency cogeneration for a period of 10 years.

CertiQ works using the standards of the Association of Issuing Bodies (AIB), of which it is a member. The AIB has developed a set of standards enabling clear and verifiable information provision at international level. This ensures to the greatest possible extent international, mutual recognition of Guarantees of Origin for high-efficiency cogeneration issued in other EU Member States.