

Report on Guarantees of Origin in accordance with Article 5(3) of Directive 2004/8/EC - Cogeneration Directive

In accordance with Article 5(3) and Article 10(1) of the Cogeneration Directive, Austria has to submit a report on the system of guarantees of origin to the European Commission. The report below gives details of the system created to administrate the guarantees of origin for cogeneration.

Summary

On the basis of the provisions of Directive 2004/8/EC, the administration system set up for the guarantees of origin of green electricity/electricity from renewable energy sources (databank at the regulator Energie-Control GmbH) has been extended and is now also fully operative for cogeneration guarantees of origin. However, at the time of writing this report (December 2008), companies have used this system little or not at all, in contrast to electricity from renewable energy sources.

Report

Article 5(3) of the Cogeneration Directive states:

"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."

Directive 2004/8/EC was transposed into Austrian law by means of the Green Electricity Act, BGBl No 149/2002 and the Cogeneration Act BGBl I No 114/2008 and the regional implementing Acts.

Regarding Article 5(3) of Directive 2004/8/EC, these legal bases stipulate the following procedure for Austria:

For issuing a guarantee of origin in accordance with Article 5 of the Cogeneration Directive it is necessary to recognise these production plants as carrying out "high-efficiency" cogeneration. For this, a recognition decision is issued by the locally applicable regional government in accordance with Section 42b of the Electricity Act (hereinafter E1WOG) and the relevant regional implementing act, provided that all the requirements have been met. This is examined by the regional government within the

framework of an administrative procedure. This procedure, which is usually supported by a report by an expert who possesses the relevant technical qualifications and aptitude, establishes whether the cogeneration plant is potentially capable of producing high-efficiency cogenerated electricity and can therefore be designated as a high-efficiency cogeneration plant within the meaning of Directive 2004/8/EC. As a condition of the recognition decision, the involvement and notification of an accredited office will be required, which can calculate on a monthly basis the high-efficiency cogenerated electricity supplied. Involving an accredited body (such as TÜV Süd) in accordance with the Law on Accreditation ensures that the special technical requirements for determining the efficiency of the cogeneration plants, calculating the high-efficiency cogenerated electricity and the primary energy savings as compared to separate production of heat and electricity are taken into account. The following legal framework and directives are to be consulted by the accrediting body in order to assess the cogeneration plant and the cogeneration production of electricity:

Annexes to EU Directive 2004/8/EC "Methodology for determining the efficiency of the cogeneration process".

- Commission Decision of 19 November 2008 establishing detailed guidelines for the implementation and application of Annex II to Directive 2004/8/EC of the European Parliament and of the Council.

The decision is to be submitted by the regional government to both the plant operator and the Austrian energy regulator Energie-Control GmbH.

On the basis of this plant recognition decision, the master data of the cogeneration plant (such as the plant address, type and maximum capacity of the production plant, fuel categories used, the lower calorific value of the fuel categories) and the necessary administration accounts and user profiles, etc. are entered in the electricity certificate databank administered by Energie-Control GmbH¹.

¹ Energie-Control GmbH has operated an electricity guarantee databank for several years, which was originally created to ensure that green electricity guarantees (such as guarantees of origin for electricity generated from renewable energy sources) could be issued and administered securely in electronic form, as well as to wind up the related designation system for electricity that was in use at that time.

As a consequence, the accredited body enters monthly in the electricity guarantee databank the data required to issue cogeneration guarantees of origin, such as the amount of high-efficient cogenerated electricity the cogeneration plant supplies to the grid, savings in primary energy and the use of the heat generated together with the electricity.

Subsequently the cogeneration guarantees of origin will be likewise generated monthly in the electricity guarantee databank (= issued electronically) and automatically transferred into the user account of the cogeneration plant operator. From there the cogeneration guarantee of origin can be transferred within the electricity guarantee databank to electricity suppliers and traders and used for electricity designation.

This electronic (green) electricity guarantee databank was then extended in the course of the implementation of the Cogeneration Directive to cover issuing and administering guarantees of origin for high-efficiency cogenerated electricity.

[see diagram in original document]

System for Issuing Cogeneration Guarantees of Origin in Austria

Request by the plant operator to be recognised as a high efficiency cogeneration plant

Issue of a plant recognition decision by the regional government.

Report to ascertain whether this can be called a high efficiency cogeneration plant

Energie-Control GmbH adds the master data of the cogeneration plant to the electricity guarantee databank

The accredited body enters the amounts of cogenerated electricity, savings in primary energy and so on in the electricity guarantee databank

The cogeneration guarantees of origin are issued and administered in the electricity guarantee databank

The reliability of the guarantee system is ensured above all by the fact that in Austria cogeneration guarantees of origin are issued and administered exclusively in the electronic electricity guarantee databank and cancelled in the end by designation of

electricity. Duplicate issue or use can therefore be ruled out. The electronic electricity guarantee system has been used in Austria since 2003 and even before the introduction of the cogeneration guarantees of origin it covered a large part of the national electricity output, due to the large proportion of renewable energy sources within the electricity output. In addition to this, the electricity guarantee databank is operated by the independent regulator Energie-Control GmbH, and the issuing of guarantees of origin is regularly monitored by the regional governments in accordance with Article 42b(3) of the Electricity Act.

Energie-Control GmbH, and therefore the Austrian system for electricity guarantees, is also a member of the EECS (European Energy Certificate System) formed by the European organisation AIB (Association of Issuing Bodies), and as such is regularly audited. In the course of implementing the Cogeneration Directive and shaping a European system for cogeneration guarantees of origin, the AIB's EECS (European Energy Certificate System) is the best practice system recommended by the European Commission to the Member States. Through the amalgamation of independent electricity guarantee databanks taking place in Europe, it is additionally possible to transfer electricity guarantees simply, securely and in a standardised manner across national borders within the European energy market.

In contrast to the guarantees of origin for renewable energy, there is currently little interest in Austria for guarantees of origin for electricity from high-efficiency cogeneration plants. As of October 2008, Energie-Control GmbH has received only two requests for plant acceptance decisions for high-efficiency cogeneration plants. So far no cogeneration guarantees of origin have been generated, as no data have been registered with the accredited bodies. There are currently no experiences as yet of the issue and use of the cogeneration guarantees of origin. Due to the fact that the system for guarantees of origin for renewable sources of energy has been in use for many years, as outlined above, the possibility of any problems following the introduction of cogeneration guarantees of origin in Austria can be ruled out.