

Press release

by ESD,
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Major new European project to explore green certificate trading

Today saw the start of a major new European project, 'RECErT' (The European Renewable Electricity Certificate Trading Project), which aims to accelerate the development of the European green certificate market.

The leaders of the consortium met in Brussels to launch the eighteen-month long project which is part-funded by the European Commission's 'fifth framework programme', and is supported by twenty seven major electricity companies, system operators and specialist consultants drawn from sixteen European countries. The project will assess the costs, benefits and likely size and value of a future European green certificate market, and provide insight into the operation of the market through a live, Europe-wide internet-based trading simulation. The trading simulation and the project results will be open to a wide range of market actors from the partner countries.

A series of international and national workshops will be held during the project, and interested parties from industry, government and NGOs are welcome to participate in these, as well as the simulated certificate trading activity. A dedicated project website will shortly be created, to serve as an information hub for project team members and for visitors.

Whilst green certificate systems are in various states of development in several European countries, notably Denmark, Italy, the Netherlands, Belgium and the UK, very little substantive trade between countries has yet been seen. Many complex policy and technical issues must be resolved before such trade can be achieved on a wide scale. The RECErT project will address these issues, define the costs and benefits of such an international market, and help to minimise barriers to trade in green certificates.

Interest in green certificate markets is growing very quickly, and several initiatives are being taken. RECErT will coordinate closely with the independent initiative 'RECS' (the Renewable Energy Certificate System) and with other projects also supported by the European Commission.

RECErT is led and managed by Energy for Sustainable Development Ltd, ESD, UK (www.esd.co.uk), with a core consortium comprising The Netherlands Energy Research Foundation ECN (www.ecn.nl), the German Centre for European Economic Research ZEW (www.zew.de/en), the Technical University of Denmark DTU, OM Environment Exchange (UK, www.t2e.co.uk), KEMA (Netherlands, www.kema.nl) and the University of Amsterdam.

Other project members are NUON (Netherlands), Elkraft A.m.b.A. (Denmark), Hamburgische Electricitaets-Werke AG (HEW, Germany), Birka Energi AB (Sweden), Energieforschungsgemeinschaft/Verband der Electricitaetswerke Oesterreichs (Austria), ESB (Ireland), Electrabel S.A. (Belgium), Norsk Hydro Ltd (Norway), Fortum Power and Heat Oy (Finland), KanEnergi Sweden AB, Observ'ER (France), KWI Project Development & Consulting GmbH (Austria), Future Wind Partnership Ltd (Ireland), Energie et Environnement S.A. (Luxemburg), Heliostat Ltd (Greece), TEE Consult Lda (Portugal), 3E nv (Belgium), PriceWaterhouseCoopers DA (Norway), and SERVEN S.R.L (Italy).

The project manager, Christopher Crookall-Fallon of ESD, said *"This is a very exciting time for green certificate developments. There's currently a lack of clarity over EU policy on certificate*

systems, and individual Member States are developing systems at different speeds, with different characteristics. It's going to be very important to achieve a basic compatibility between national systems, if international trading is to work well. We've got a great opportunity here to bring together some of the key players, and using an internet-based market simulation to show how such a market could really work, and how the key stakeholders can benefit from it. We're keen to get a wide participation in the simulation, and we'll be advertising this in due course."

"It's also important to see green certificate trade in its wider context. As the international carbon market slowly develops, a real value will emerge for the CO₂ emission reduction credits from renewable energy schemes. But that market is still undeveloped, and in the meantime green certificate trading systems could help us all to better understand the operation of such markets."

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Notes to editors

1. The RECErT project is the largest of three projects part-funded by the European Commission's 'fifth framework programme', and grouped together in a 'green electricity cluster'. The others are InTraCert (contact the project manager Dr Gerrit Jan Schaeffer at ECN, schaeffer@ecn.nl) and ELGREEN (contact the project manager Reinhard Haas at the Technical University of Vienna, haas@risc.iew.tuwien.ac.at).
2. Green certificates are also described as Renewable Electricity Certificates or Tradable Green Certificates (TGCs). A green certificate is a tradable economic instrument that embodies the environmental benefit, or alternatively the societal value, of renewable electricity production. This environmental benefit is universal, and may therefore be traded separately from the physical power, across national boundaries. By adopting this trade, a much larger market for 'green' power is potentially opened and stimulated, the costs and risks of finance may be reduced, and the development of new renewable energy capacity may be maximised, on an EU-wide basis.
3. The 'RECS' (Renewable Energy Certificate System) group is an independent initiative that has existed for about one year, and has become an important platform for international discussions on the development of green certificate trade. Information is available through the RECS website, www.recs.org.
4. The wider context for RECErT is the EU's indicative target for renewables penetration of 12% of primary energy by 2010, and the EU's Kyoto targets for CO₂ emissions reduction. RECErT's primary objective is to ensure that REC market development is coordinated, that information is shared, and that barriers to REC trade between Member States are minimised.