



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

## Supervisory Framework for Administration of Guarantees of Origin

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Commission for Energy Regulation

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## CER – Information Page

**Abstract:** This paper sets out the Commission for Energy Regulation's Supervisory Framework for Guarantees of Origin as required by Statutory Instrument No. 147 of 2011 which transposes Directive 2009/28/EC.

### Target Audience:

Renewable generators, conventional generators, suppliers, system operators, SEMO, electricity customers and other interested parties.

### Related Documents:

- Consultation on Supervisory Framework for Guarantees of Origin ([CER/11/139](#))
- Consultation on Fuel Mix Disclosure in the SEM: Calculation Methodology ([SEM/11/058](#))
- High Level Methodology for the Calculation of Fuel Mix Disclosure in the SEM ([SEM-09-033](#))
- Interim Arrangements: Fuel Mix Disclosure in the SEM ([SEM-09-081](#))
- European Communities (Renewable Energy) Regulations 2011 ([SI No. 147 of 2011](#))

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# 1 Introduction

## **1.1 *The Commission for Energy Regulation***

The Commission for Energy Regulation ('the CER') is the independent body responsible for overseeing the regulation of Ireland's electricity and gas sectors. The CER was initially established and granted regulatory powers over the electricity market under the Electricity Regulation Act, 1999. The enactment of the Gas (Interim) (Regulation) Act, 2002 expanded the CER's jurisdiction to include regulation of the natural gas market, while the Energy (Miscellaneous Provisions) Act 2006 granted the CER additional powers in relation to gas and electricity safety. The Electricity Regulation Amendment (SEM) Act 2007 outlined the CER's functions in relation to the Single Electricity Market (SEM) for the island of Ireland. This market is regulated by the CER and the Northern Ireland Authority for Utility Regulation (NIAUR). The Petroleum (Exploration and Extraction) Safety Act 2010 provides the CER with responsibility to regulate the activities of petroleum undertakings with respect to safety. The CER is working to ensure that consumers benefit from regulation and the introduction of competition in the energy sector.

## **1.2 *Purpose of this Paper***

Statutory Instrument No. 147 of 2011 ("the Regulations"), which transposes Article 15 of Directive 2009/28/EC (the "Renewables Directive"), requires the CER to establish a Supervisory Framework for guarantees of origin ("GOs") for the purposes of fuel mix disclosure. GOs are electronic certificates, issued to renewable generators, whose sole function is to prove a portion of a supplier's demand was met by renewable energy for the purposes of fuel mix disclosure.

This paper sets out the CER's decisions in relation to the introduction of the Supervisory Framework.

## **1.3 *Structure of this Paper***

This paper is laid out as follows:

- Sections 1.4 and 1.5 provided the background legislative information relating to GOs. Section 1.6 outlines terms used to describe the status of GO.

- Section 2 provides the responses received to the Consultation on Supervisory Framework for Guarantees of Origin ([CER/11/139](#)). The CER's response to the comments received is also outlined.
- Section 3 provides a summary of the key decisions outlined by the CER in respect of the Supervisory Framework for GOs. Note that section 3 is a summary of key decisions and should be read in conjunction with the rest of the paper<sup>1</sup>.
- Section 4 outlines any relevant next steps. The appendices contain the presentation format to be used by suppliers, an overview of the Northern Irish administrative arrangements for guarantees of origin and illustrative examples.

## **1.4 Background Information**

Regulation 25 of Statutory Instrument No. 60 of 2005, transposing Article 3(6) of Directive 2003/54/EC, requires the CER to ensure that suppliers reliably disclose their fuel mix on all bills issued to customers. Accordingly a methodology for fuel mix disclosure was established by the CER in 2006 (CER/06/117). This methodology applied to the years 2005, 2006 and 2007.

The introduction of the Single Electricity Market (SEM) in November 2007 required a new methodology. Disclosure was deemed to be a SEM matter by the SEM Committee and in April 2009 the SEM Committee published the decision paper *High Level Methodology for Disclosure in the SEM* (SEM/09/033). This methodology anticipated the publication of the then proposed Renewables Directive. However, the legal framework was not in place to facilitate a methodology based on GOs or certificates. Therefore, Interim Arrangements (which do not use certificates) were established by the SEM Committee (SEM/09/081) in the same year. The Interim Arrangements have applied to the calculation of the fuel mix in 2008, 2009 and 2010.

The Renewables Directive has now been published and transposed by the Regulations. At the end of July 2011, the CER published a consultation paper *Supervisory Framework for Guarantees of Origin* (CER/11/139) ('the Consultation

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<sup>1</sup> A more detailed description of the Supervisory Framework is provided in the Appendix

Paper') and this decision paper is the follow-up decision to the Consultation Paper. In parallel with the CER's publication of the *Supervisory Framework for Guarantees of Origin*, the SEM Committee published the consultation paper *Fuel Mix Disclosure in the Single Electricity Market: Calculation Methodology*. In the near future the SEM Committee will be issuing a final decision for the methodology for the calculation of fuel mix disclosure in the SEM – the resulting methodology will replace the Interim Arrangements.

This decision paper outlines the Supervisory Framework for GOs which will provide inputs to the calculation from relevant Irish renewable generators and relevant suppliers while the SEM Committee's decision paper will address the methodology of how these inputs, along with those from Northern Ireland and other inputs from Irish suppliers and generators will be used in the calculation of fuel mix disclosure.

For clarity, the arrangements outlined in this paper will apply to Ireland only. The arrangements which will be published by the SEM Committee in relation to the methodology for the calculation of fuel mix disclosure will apply to Ireland and Northern Ireland. The arrangements in relation to GOs for Northern Ireland are summarised in the SEM Committee's consultation paper on the methodology for the calculation of fuel mix disclosure in the SEM<sup>2</sup>.

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<sup>2</sup> Consultation on Fuel Mix Disclosure in the SEM: Calculation Methodology ([SEM/11/058](#))

## **1.5 Legislative Background**

As discussed above, Regulation 25 of SI 60 of 2005, transposes Article 3(6) of Directive 2003/54/EC<sup>3</sup> and requires the CER to ensure all suppliers reliably disclose their fuel mix on all bills issued to customers.

The Renewables Directive, Directive 2009/28/EC, replaces Directive 2001/77/EC. Article 15 of the Renewables Directive further develops GOs which were introduced in Directive 2001/77/EC. The Renewables Directive makes several clarifications regarding GOs which should be noted. Firstly, there is no connection between the calculation of national targets and fuel mix disclosure. Secondly, the sole purpose of GOs is fuel mix disclosure. Thirdly, the GO does not need to follow the physical flow of the electricity to which it relates. Lastly, GOs have a lifetime of twelve months and are fully transferable throughout Europe<sup>4</sup>.

## **1.6 Terms to Describe the Status of a GO**

This section describes terms relating to the status of Irish GOs which are used in subsequent sections of this document.

- **Active:** A GO is active for twelve calendar months from the date of production of the associated electricity (i.e. GO electricity generated on 1<sup>st</sup> January 2011, GO active to 1<sup>st</sup> January 2012). A GO can be used for disclosure in any disclosure period in which it is active.
- **Expired:** A GO expires twelve calendar months after the date of production of the associated electricity. A GO can still be used, retired, and transferred after it expires.
- **Cancelled:** A GO can be cancelled in one of two ways. Firstly, the supplier holding the GO can use it for fuel mix disclosure. In this case the GO is applied to the supplier's fuel mix for any appropriate disclosure period and cancelled. Secondly, if the GO is not retired by a supplier for fuel mix purposes in the final relevant disclosure period in which it can be

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<sup>3</sup> This has been replaced by Article 3(9) of Directive 2009/72/EC, while this has yet to be transposed into Irish legislation there are no practical implications resulting from the differences between Article 3(6) and 3(9) of the respective Directives.

<sup>4</sup> "Europe" in this paper refers to the EU27 plus those non-EU European countries which have implemented GOs to the standard required by Article 15 of the Renewables Directive. The term "Member State" is used for convenience but should be read in the same context.

disclosed it will be applied to the Irish Residual Mix after the Irish deadline for supplier submissions has passed. Once used in the Residual Mix it will be cancelled.

- **Retired:** Retired means a GO has been presented to the SEMO by a supplier and accepted by the SEMO for disclosure purposes. Once retired for the purposes of disclosure, the GO is then cancelled by the SEMO.
- **Used:** A GO is deemed to be used in a disclosure period in which that GO is counted for fuel mix disclosure purposes. A GO must be used for a disclosure period that is within twelve months of the production of the associated energy. A GO can only be used once.
- **Transferred:** A participant in the GO scheme may transfer a GO to another participant in accordance with SEMO's processes and procedures. In the case of PSO-supported renewable generation, the generation attributes are transferred to the supplier with whom the renewable generator has a PSO supported PPA.
- **Revoked:** Where the SEMO has doubts about the accuracy, reliability or veracity of a GO issued by it the SEMO may, following consultation with CER, revoke such a GO.
- **Imported:** GOs can be imported by participants in the Irish GO scheme from other Member States. The SEMO will confirm that the GO is valid with the relevant competent authority before accepting that GO for the purposes of disclosure. The participant must inform the SEMO of imported GO certificates in advance of the participant's relevant fuel mix declaration in accordance with the SEMO's process and procedures.
- **Exported:** Once the GO leaves the SEMO's registry it is a matter for the competent authority in the jurisdiction to which the GO has been imported to confirm the status of the GO with the SEMO, including whether it has been cancelled or not.



## 2 Responses to Comments Received to CER/11/139

In this section an overview of the responses to the main issues in the consultation paper is given. The overview highlights the key issues outlined in the consultation paper as commented on by respondents and gives the CER's decisions (in italics) in respect of the relevant matters raised.

The following parties responded to the consultation:

- SEMO
- Endesa Ireland Ltd
- Galeforce Energy Ltd
- Airtricity Ltd
- Bord Gais Energy Ltd
- ESB Energy International
- Captured Carbon
- Energia

Those responses not marked as confidential are published with this decision paper.

### ***2.1 Frequency of Request, Transfer, and Issue of GOs***

For the GO scheme to work effectively there must be sufficient opportunity for participants to request and transfer GOs during the year. In the Consultation Paper, the CER was minded to provide for quarterly periods for requests and transfers as it was considered that this provides sufficient opportunity to participants to request and transfer GOs during the year.

Most respondents who commented on this matter requested that monthly periods should be provided for requests for and transfers of GOs during the year. A respondent also requested that the transfer of GOs should happen immediately once that transfer is requested. The SEMO noted that its workload would be dispersed more evenly if the requesting and transferring of GOs were processed on an ad hoc basis as opposed to the end of every quarter.

*Firstly, it should be noted that the GOs for the 2011 calendar year disclosure period will be issued together by the SEMO in early 2012. GOs will then be issued at regular intervals thereafter.*

*The CER considers that the issue of GOs on a quarterly basis (after the first issue for 2011 referred to above) is appropriate considering that 2011 will be the first year for which GOs will be issued by the SEMO. The CER considers, as per the Consultation Paper, that the quarterly issue of GOs provides sufficient opportunity for participants to be issued GOs during the year. The CER notes that given the provisions in the Regulations, a significant portion of renewable generation in Ireland will not be in receipt of GOs, assuming such generation opts to retain its support under the PSO. The issue of GOs on a quarterly basis will be kept under review and if deemed appropriate the frequency of the issue of such GOs may be changed. Following discussion with the SEMO, it is considered that the issuance of GOs on a quarterly basis would also have lower operational costs than if the GOs were to issue on a monthly basis.*

*In respect of the transfer of GOs and requests for issue of GOs, the CER has considered respondent's comments. The SEMO's comment regarding the processing of requests for issue and transfers of GOs is also noted. In this context the CER has decided that the SEMO shall endeavour to process the transfer of GOs and requests for issue of GOs as the relevant representations are made to it, without prejudice to minimum processing times the SEMO may require, including in relation to the validation of imported GOs (see section 2.4). The processing of the transfer of GOs and requests for issue of GOs shall be completed by the SEMO at a minimum of once per quarter in accordance with its processes and procedures to be approved by the CER. To be clear, the SEMO shall endeavour to process requests for the issue of GOs as the relevant representations are received by it, but the issue of those GOs will be carried out on a quarterly basis.*

*In summary, the CER does not consider that a fully automated system where the transfer of GOs or requests for the issue of GOs always happens on a continuous real time basis is required at this stage. The CER also considers that the quarterly issue of GOs is appropriate at this stage. The transfer, request and issuing requirements in respect of GOs must be balanced with a solution that is cost effective, implementable, and proportionate to the solution required. The CER considers that the above measures facilitate this. Further detail as required will be outlined in the SEMO's processes and procedures.*

## **2.2 Disclosure Period and Commencement for GOs**

The Consultation Paper proposed that the first period of issuing will take place in early 2012 with respect to the period 1st January 2011 to 31st December 2011. Thereafter, the quarterly cycle will apply. Most respondents who commented on

this matter agreed with this proposal and it was requested that the CER confirm that the scheme will be back-dated for the calendar year 2011, such that the first period for issuing GOs will be in respect of 1st January 2011 to 31st December 2011.

The Consultation Paper also proposed that, in accordance with the Regulations a GO must be used within twelve months of the production of the associated energy and must be cancelled once used. In effect, this means that for a year-long disclosure period, the GO may be used for the disclosure year the relevant electricity was generated in or in the subsequent disclosure year, in accordance with the relevant submission dates for the annual disclosure calculation. Respondents who commented on this agreed with this approach.

*In respect of the above, the CER confirms that the scheme will be back-dated for the calendar year 2011, such that the first period that GOs will be issued for will be the 1st January 2011 to the 31st December 2011. A GO may be used for disclosure purposes in any disclosure period during which it was active.*

*As noted in the Consultation Paper, a GO can be transferred after it has expired (i.e. at the end of its twelve month life) provided it has not been used for disclosure purposes.*

### **2.3 Interaction with Support Schemes**

In the Consultation Paper, the CER proposed in accordance with the Regulations that any renewable generator that is covered by an Irish government support scheme, and wishes to remain in receipt of support, will not receive a GO. The generator will have the attributes of their generation transferred directly to the fuel mix of the supplier with whom they have their Power Purchasing Agreement (PPA) under the support scheme. Neither the generator nor the supplier will be able to transfer the attribute to any other party and it will be applied to the supplier's fuel mix for the disclosure period in which the generation occurred.

The majority of respondents who commented on this matter agreed with the CER's interpretation of the Regulations and with the proposal that that a GO is not issued in respect of generation in receipt of PSO support but that the attribute of the generation is captured in the fuel mix in a manner that reflects suppliers' activities in the electricity market.

One respondent did not agree with the CER's proposed approach and did not agree that any renewable generator covered by a support scheme should have the attributes of their generation transferred to the fuel mix of the supplier with whom they have a PPA. The respondent noted that all PSO customers should get the benefit of any relevant PSO-supported electricity and not just have this attributed to those suppliers with PSO-related PPAs. The respondent is of the viewpoint that where a support scheme payment is made, no single supplier should receive a fuel mix disclosure benefit and that this is in accordance with Article 7(4) of the Regulations. The respondent also noted that another aspect of the proposed rule is that as REFIT PPA contracts are for 15 years, suppliers that have not entered into PPAs with these generators are effectively locked out of the market for GOs for the large majority of renewable electricity in Ireland and that this could pose a barrier to market entry for such suppliers.

*The CER has considered the reasons put forward for why supported energy should not be attributed to the suppliers with the relevant PPAs under support schemes. The CER considers that it is appropriate that the approach outlined in the Consultation Paper is followed. The CER considers that the Consultation Paper's approach is consistent with the underlying purpose of fuel mix disclosure by providing customers with reliable information with which to distinguish between suppliers on the basis of their fuel mix. In the event that the supplier has more generation than demand to be met, the excess renewable generation attributes arising will be proportionally allocated to licensed Irish electricity suppliers according to the demand of those suppliers. The CER will monitor allocating such excess renewable generation based on demand, noting in this context that if this creates a situation where suppliers are disincentivised to participate in a support scheme, e.g. REFIT, then it will re-examine this allocation method accordingly. This proposal ensures that a GO is not issued in respect of PSO supported generation and that the attribute of the generation is captured in the fuel mix in a manner that reflects suppliers' activities in the electricity market. The CER considers that the above approach is in accordance with Article 7(4) of the Regulations and facilitates the broader thrust and purpose of GOs.*

*The CER does not consider that those suppliers whom have not entered PPAs with renewable generators are 'locked out' of the Irish market for GOs. Such suppliers are free to purchase GOs that are issued to renewable generators that are not in receipt of PSO support. In addition such suppliers are free to acquire GOs from other EU Member States for use in their fuel mix disclosure and the processes and procedures put in place by the SEMO will facilitate the use of valid imported GOs in this context. In addition, all electricity suppliers are free to participate in the REFIT scheme.*

## **2.4 GO Trade and GO Transfer to Other Member States**

One respondent proposed that bilateral agreements between the SEMO and EU counterparts be made whereby each country will allocate GOs transferred from Ireland to their domestic suppliers. Another respondent would welcome the introduction of cross border transfers in a European context. The respondent noted that a mechanism which recognises the renewable purchases of suppliers in other jurisdictions is needed. Another respondent suggested that the SEMO be required to consult with CER if it has any doubts before recognising a GO presented to it from elsewhere in Europe, and not just consult with the CER, as proposed in the Consultation Paper, before refusing to recognise a GO.

The SEMO requested that the onus be put on the participant to inform the SEMO of imported GO certificates in advance of the participant's relevant fuel mix declaration. This would enable the SEMO to verify the validity of the GO in advance of the yearly disclosure calculation. If the SEMO only receives this information once a year, i.e. through the declarations, it could result in imported GOs not being included for some participants if there is a delay in the response from the relevant Member State.

It was also questioned whether the requirement that the relevant authority must confirm the validity of an imported GO runs counter to the Regulations.

*Firstly, as per the Consultation Paper, the SEMO is required to prepare and publish procedures detailing the operation of the scheme and GOs register, in accordance with the Supervisory Framework and as approved by the CER. The SEMO's procedures will also contain information with regard to the process adopted for the transfer and cancellation of imported and exported GOs. Any relevant timelines for informing the SEMO in respect of imported/exported GOs, including a minimum time that the SEMO requires in respect of notice of imported GOs for inclusion in fuel mix calculations will be outlined in the SEMO's process and procedures. The CER considers it is appropriate to afford the SEMO sufficient time to check the status of imported GOs. The CER shall approve these procedures and any subsequent changes to these procedures in the context of this decision regarding the Supervisory Framework. The SEMO may recommend changes to these procedures and processes to the CER, such recommendations will normally be included in the annual report and audit findings (see section 2.5). The CER may consider changes proposed by the SEMO outside of the annual report and audit finding timelines in extraordinary circumstances. The processes and procedures shall not be changed without the CER's approval.*

*The CER agrees with the SEMO that if a participant wishes to include imported GOs in their fuel mix the participant should inform the SEMO of imported GO certificates in advance of the participant's relevant fuel mix declaration. This will help ensure that the SEMO has sufficient time to validate all imported GOs for use in that participant's fuel mix disclosure. The CER considers that it is appropriate that before an imported GO is accepted into the Irish register that the SEMO confirms it is a valid GO with the relevant authority in the country of origin. This supports the requirement regarding fraud resistance as per the Regulations. The steps the SEMO will take to confirm this will be outlined in the process and procedures document.*

*As per the Consultation Paper, participants in the GOs scheme must inform the SEMO of the export of any GOs. Where a GO is exported to another jurisdiction it will remain on the register as "exported" and will not be valid until it is imported again and the SEMO confirms with the relevant competent authority that the GO is valid. The SEMO may contact the CER where it considers it is unable to accept a claimed competent authority in a Member State. Where a certificate has been exported and the SEMO has been informed of its cancellation in another jurisdiction this will be reflected on the register and it will be marked as cancelled but will not be used for the all-Island fuel mix disclosure. Where the SEMO is not aware of its status it will be marked as cancelled the year after the Disclosure Period in which it would have expired, similarly it will not be used for fuel mix disclosure.*

*The CER will monitor EU developments in this regard with a view to ensuring that any such developments take into consideration the arrangements proposed in this paper. A co-ordinated approach at an EU level in relation to GOs and disclosure is essential for a fully functioning, robust disclosure and GO scheme in Europe. In the absence of a fully harmonised, robust transfer structure at an EU level, the CER, through supervision, and the SEMO, through administration and operation, shall endeavour to facilitate the appropriate, efficient and cost-effective transfer of GOs between participants in Ireland and other Member States as required.*

## **2.5 Robust Administrative System, Security, and Fraud**

It was noted by most respondents who commented on this matter that the system used for tracking, issuing, transferring, and cancelling of GOs should be robust and resistant to fraud. A number of suggestions were made in respect of the

security of the process and to provide for fraud resistance. One suggestion made is to use CMO.grexel as an appropriate benchmark. CMO.grexel is a central registration database for European Energy Certificate System (EECS)® certificates<sup>5</sup>. Another alternative proposed was the platform proposed under the new EU code dealing with capacity transfers at interconnector points for either gas or electricity.

The SEMO noted that measures required for fraud resistance may result in increased implementation costs. This potential arises because e-mail may be not considered truly “fraud resistant” and this could introduce a requirement for a more expensive business to business solution to be implemented for the GO tracking scheme. Another respondent welcomed the suggestion of authorised/nominated persons but suggested that additional checks could be made by the SEMO to improve the security of the scheme. These checks relate to confirmation from generators and suppliers in respect of contractual arrangements and appropriate transfer of GOs in that context.

The SEMO also noted that the Consultation Paper proposed that the SEMO could conduct audits on Participants, including at the request of the CER. The SEMO considers that independent audits, rather than an audit by the SEMO, are more appropriate in this case.

*The CER considers that given the volume of GOs anticipated to be processed for Ireland in the initial years, it is not appropriate at this stage to implement a full business to business solution to counter fraud and/or security concerns. The CER does acknowledge that any measures implemented should be as fraud resistant as reasonably possible but that such measures should be proportional to the matter that is required to be addressed. To this end, the CER considers that at present email should be a sufficiently secure and robust manner in which to effect communication for the purposes of the issue, transfer, and cancellation of GOs. The use of email in the SEMO’s process will be supplemented with the use of nominated contact persons on GO matters and password control for the transfer of information which will help mitigate potential security risks in a cost effective and practical manner. Security and fraud prevention arrangements may be reviewed in subsequent periods and periodic reporting on such arrangements will form an important part of the reporting structure referred to below.*

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<sup>5</sup> See Association of Issuing Bodies Website for more information [http://www.aib-net.org/portal/page/portal/AIB\\_HOME](http://www.aib-net.org/portal/page/portal/AIB_HOME)

*The SEMO will complete an annual report for the CER ('the annual report') providing an overview of its administration of the Supervisory Framework relating to GOs, in particular highlighting any matters which need to be brought to the CER's attention. The CER considers it necessary that there is an appropriate level of auditing and verification inherent in the process that controls the issue, transfer, and cancellation of GOs. The CER therefore considers it appropriate that an annual process audit of the SEMO's processes and procedures in respect of its administration, issue, transfer, and cancellation of GOs is carried out by an independent party. The CER shall tender for the annual process audit of the SEMO. The audit shall be tendered in sufficient time to allow completion of the audit and the annual report according to the timelines outlined below.*

*The annual report findings will be sent to the CER by the 30<sup>th</sup> September of each year. Together with the audit, the annual report will provides an annual update to the CER on the implementation of the Irish GOs Supervisory Framework and any issues that have arisen in that regard during the relevant twelve month period. The annual report to be submitted to the CER and the audit of the SEMO's processes and procedures will be completed separately and in addition to the annual report that the SEMO send to both RAs in respect of the all-island fuel mix disclosure. The costs of the audit shall be recovered in the same fashion as the rest of the costs under the Irish GO Supervisory Framework (see section 2.6 below).*

## **2.6 Recovery of SEMO's Costs Associated with GOs**

The Consultation Paper proposed that the costs approved by the CER will be recovered through EirGrid's network charges on the basis that the tracking of electricity is associated with the use of the transmission system. The consultation also noted that the CER may review this position should the volumes of transactions and/or the associated costs increase to an extent that justifies the establishment of a separate charging infrastructure.

Respondents who commented on this matter generally agreed with the CER's proposed approach and considered it appropriate that the costs associated with the administration of the scheme be recovered from EirGrid's network charges. One respondent requested that the CER clarify what the cost associated with SEMO's administration of the scheme would be, along with whether the costs would be recovered from supplier or generator use of system charges. Another respondent also noted that "any future review which may determine that the



charging of fees is necessary should be accompanied by a competitive tender (where SEMO would be allowed tender on the same basis as other qualifying interested parties) before any such charging methodology be adopted”.

*The CER will approve appropriately incurred costs submitted by the SEMO in respect of its efficient administration of the Supervisory Framework. The relevant costs associated with the administration of the GOs Supervisory Framework shall be charged to both the supplier and generator use of system charges using the relevant current methodology for charging use of system charges to suppliers and generators.*

*In relation to the response regarding competitive tendering, it is noted that the SEMO is named in the Regulations as the competent body and therefore is the legally prescribed body for this work.*

## **2.7 Additional SEMO Comments from the SEMO as Legal Administrator of the GO Scheme**

The SEMO requested that the Meter Data provided by MRSO be submitted ten working days after the end of the quarterly period in question. In addition, the SEMO requested that consent to obtain GO information from the System Operator (EirGrid) and Meter Data Providers (EirGrid and MRSO) be obtained from the generator as part of the registration process, as opposed to asking for consent with every transfer and issue requested. The GO information referred to is essentially the information on page twelve of CER/11/139, which is required to populate each GO.

*The CER considers it appropriate that the MRSO provide Meter Data to the SEMO ten working days after the end of the quarterly period in question. This is to ensure the necessary information is provided to the SEMO at regular defined intervals and will enable the SEMO to structure its processes efficiently. The CER also considers it prudent that the SEMO obtains permission from the generator for the procurement and use of required relevant information from the System Operator (EirGrid) and Meter Data Providers (EirGrid and MRSO) to be included in any GOs transferred and issued. It is not practical or efficient to do this with every time such information is required, therefore the CER agrees that the best way to obtain such permission is as part of the Supervisory Framework registration process and requests the SEMO to include the relevant steps in its forthcoming process and procedures document.*

The SEMO is concerned at the inclusion of the date and location of cancellation in the GO Certificate requirements. The SEMO maintains this would prove onerous from a process point of view, as the SEMO would have to enter this data for every electronic document (for every 1MWH of renewable generation) that was due to be cancelled. As these certificates will no longer be forwarded on, as they are deemed to be cancelled; the SEMO believe that it is sufficient to maintain the cancelled status and location of cancellation in a log or a database instead of amending every electronic document.

*The CER considers that once the cancelled status and location of cancellation of a particular GO is recorded on the register and recording of that status ensures that GO is thereafter not transferred or used again, the requirement set out in the Regulations that the same renewable energy unit shall be taken into account only once is fulfilled.*

*Where a GO has been exported and the SEMO has been informed of its cancellation in another jurisdiction this will be reflected on the register and it will be marked as cancelled but not used for fuel mix disclosure. Where the SEMO is not aware of its status it will be marked as cancelled the year after the Disclosure Period in which it would have expired, similarly it will not be used for fuel mix disclosure. The onus is on the relevant authority in another Member State to check with the SEMO as to the status or validity of GOs which are exported from Ireland.*

## **2.8 Other Comments**

One respondent requested that all renewable generators should be compelled to apply for all GO entitlements or nominate an agent in respect of their application such as a supplier.

*Under S.I. 147 of 2011, generators may request a GO but are not compelled to do so. Therefore, the CER does not consider it appropriate generators should be compelled to request a GO. The CER notes that the attributes of the generator as appropriate will still be accounted for in the all-island Residual Mix.*

A respondent sought clarification on the statement in the last paragraph of section 2.8 of the consultation paper CER/11/139 that “[i]t is not possible to issue GOs with respect to the period 5th December 2010 and 31st December 2010 as generation for this period has been included in the fuel mix disclosure figures for 2010”. The respondent was not clear why that specific time period was referenced.

*This time period was referred to because the 5<sup>th</sup> December 2010 was the transposition deadline for the Renewables Directive. As the 2010 Fuel Mix Disclosure has already been calculated and published, the CER considers that the appropriate date from which GOs should be issued from is the 1<sup>st</sup> of January 2011. To use quantities from 2010, which have already been accounted for in the 2010 fuel mix disclosure would constitute double counting.*

### **3 Summary of Key Decisions**

The purpose of this section is to summarise the key decisions that the CER has made with respect to the Supervisory Framework for GOs in Ireland. The decisions are grouped under appropriate headings. The rest of the paper including the Appendix should be read in conjunction with this section to ensure the reader has a full understanding of how the GOs Supervisory Framework is to operate.

#### **Guarantees of Origin**

1. A GO is defined by the Renewables Directive as an electronic document which has the sole function of providing proof to a final customer that a given share or quantity of energy was produced from renewable sources
2. Any eligible (i.e. not PSO supported) producer of renewable energy which is registered with the scheme may request to be issued with a GO which may be transferred and used in any Member State in Europe.
3. A GO must be used for a disclosure period that is within twelve months of the production of the associated energy.
4. A given GO can only be used once and any one MWh can only be issued with one GO.

#### **Issue, Transfer, and Cancellation of GOs**

5. A valid request for a GO shall be issued for each megawatt hour of metered generation not previously issue with a GO. A GO will be valid from the date of production, verified against meter readings, and will expire twelve calendar months from the date of production.
6. The issue of GOs will take place on a quarterly basis by the SEMO.
7. The issue of GOs on a quarterly basis will be kept under review and if deemed appropriate the frequency of the issue of such GOs may be changed.
8. GOs for the calendar year 2011 will be issued together by the SEMO in early 2012. GOs will then be issued at regular quarterly intervals thereafter.

9. A participant can request or transfer a GO in accordance with SEMO's timelines. The SEMO shall endeavour to process the transfer of and requests for the issue of GOs as the relevant representations are made to it, without prejudice to minimum processing times the SEMO may require in the case of validating imported GOs. The processing of the transfer of GOs and requests for issue of GOs shall be completed by the SEMO at a minimum of once per quarter, in accordance with the SEMO's processes and procedures to be approved by the CER.
10. A GO can be transferred and used after it has expired. Cancellation is the only restriction on the transfer and use of a GO, subject to use for a disclosure period for which it is valid.

### **Interaction with Support Schemes**

11. Where a renewable generator is in receipt of PSO support and has entered a PPA with a supplier in respect of the support scheme, the attributes of the generator's electricity shall be transferred to that supplier. Neither the generator nor the supplier will be able to transfer the attribute to any other party.
12. The attributes of the PSO supported electricity will be applied to the supplier's fuel mix for the disclosure period in which the generation occurred.
13. In the event that the supplier has more renewable generation attributes than demand to be met, the excess renewable generation attributes arising will be proportionally allocated to licensed Irish electricity suppliers according to the demand of those suppliers.
14. Where a generator requests a GO in respect of energy supported by the PSO, the SEMO may only issue it where the Department of Communications, Energy and Natural Resources gives its confirmation that the energy in question has not, and will not, receive PSO support.

## **SEMO – Administrative Body, Process and Procedures**

15. In accordance with the Regulations, the SEMO is the competent body responsible for the operation of the system for the issuance, registration, transfer, and cancellation of GOs.
16. The SEMO will be required to prepare and publish procedures detailing the operation of the scheme, the registration process for generators and suppliers, and the operation of the GOs register, in accordance with the Supervisory Framework and these procedures shall be approved by the CER. The CER shall approve these procedures and any subsequent changes to these procedures.
17. The CER considers it prudent that the SEMO obtain permission from generators for the procurement and use of required relevant information from the System Operator (EirGrid) and Meter Data Providers (EirGrid and MRSO) to be included in any GOs transferred and issued. It is not practical or efficient to do this every time such information is required. Therefore, the CER agrees that the best way to obtain such agreement is as part of the Supervisory Framework registration process.
18. The SEMO may refuse a request for a GO where it is not satisfied that the requester is a generator of electricity from renewable sources, and/or the application is incomplete or ineligible.
19. The SEMO may refuse to recognise a GO issued by another Member State where there are doubts about the accuracy, reliability or veracity of the GO in accordance with the Supervisory Framework and its processes and procedures.
20. In its capacity as administrator of the Irish GO scheme, the SEMO shall act in accordance with the Regulations, the CER's decisions in this paper and any further decisions as appropriate.

## **GO Transfer to and from Other Member States**

21. If a participant wishes to include imported GOs in their fuel mix the participant should inform the SEMO of imported GO certificates in advance of the participant's relevant fuel mix declaration in accordance

- with timelines to be set out in the SEMO's procedures and processes as approved by the CER.
22. Before an imported GO is accepted into the Irish register the SEMO must confirm it is a valid GO with the relevant issuing authority in the country of origin.
  23. Participants in the Irish GOs scheme must inform the SEMO of the export of any GOs. Where a GO is exported to another Member State it will remain on the Irish register as "exported" and will not be valid if and until it is imported again and is confirmed by the SEMO with the relevant issuing authority to be a valid GO.
  24. Where a certificate has been exported and the SEMO has been informed of its cancellation in another jurisdiction this will be reflected on the register and it will be marked as cancelled but not used for fuel mix disclosure. Where the SEMO is not aware of its status it will be marked as cancelled the year after the Disclosure Period in which it would have expired, similarly it will not be used for fuel mix disclosure. .

### **Security and Fraud**

25. Email shall be used for the purposes of communication between the SEMO and GO scheme participants for the purposes of the issue, transfer, and cancellation of GOs under the Supervisory Framework
26. The use of email in the SEMO's process will be supplemented with the use of nominated contact persons on GO matters and password control for the transfer of information to help mitigate potential security risks in a cost effective and practical manner.
27. Security and fraud prevention arrangements may be reviewed as more experience is gained in this regard by the SEMO. The SEMO's annual report to the CER (outlined below) will note any matters, including recommendations as appropriate for the CER to consider in this regard.
28. The SEMO will complete an annual report for the CER providing an overview of its administration of the Supervisory Framework relating to GOs, in particular highlighting any matters which need to be brought to the CER's attention.

## **Recovery of Costs**

29. The CER will approve appropriate, efficiently incurred costs submitted by the SEMO in respect of its efficient administration of the Supervisory Framework.
30. The relevant costs associated with the administration of the GOs Supervisory Framework, and relevant audit costs in respect of the SEMO's administration of the scheme shall be charged via both the supplier and generator transmission use of system charges using the relevant current methodology for charging use of system charges to suppliers and generators as per CER decisions on these matters.

## **Review and Reporting**

31. The SEMO will complete an annual report and submit it to the CER setting out an overview of its administration of the Supervisory Framework relating to GOs. This report will highlight any matters which it is considered need to be brought to the CER's attention.
32. An annual process audit of SEMO's processes and procedures in respect of its administration, issue, transfer, and cancellation of GOs under the Supervisory Framework will be carried out by an independent party. The CER may require changes to the process/procedures in the context of the findings of the audit.
33. The CER shall annually tender for the process audit of the SEMO. The audit shall be tendered in sufficient time to allow completion of the audit and the annual report the SEMO will submit to the CER in accordance with the timelines outlined below.
34. The annual report from the SEMO will be sent to the CER and audit findings will be completed by the 30th September of each year providing an annual update to the CER on how the GOs Supervisory Framework is performing.



## 4 Next Steps

The CER requests that the SEMO put in place the necessary arrangements to implement the Supervisory Framework by the end of this year.

The first period of issuing of GOs will take place in early 2012 with respect to the period 1<sup>st</sup> January 2011 to 31<sup>st</sup> December 2011. Thereafter, the quarterly cycle will apply.

It is not possible to issue GOs with respect to the period 5<sup>th</sup> December 2010 and 31<sup>st</sup> December 2010 as generation for this period has been included in the fuel mix disclosure figures for 2010. To issue GOs for such generation would constitute double-counting and would be contrary to the Directive. While the Regulations were not in place for the period 1<sup>st</sup> January 2011 to 28<sup>th</sup> March 2011 it is considered that this does not prohibit the SEMO issuing GOs for this period, further to a request from a generator in accordance with the Supervisory Framework.

The SEMO will send the CER its process and procedures for administering the Supervisory Framework in order for approval. This will be done in a timeline that ensures that GOs can be issued under the Supervisory Framework as above. The SEMO's processes and procedures will be published post approval by the CER.

The SEM Committee is also progressing a follow-on decision to the Consultation on Fuel Mix Disclosure in the SEM: Calculation Methodology ([SEM/11/058](#)) to be published in time to ensure that the relevant arrangements are in place to allow the 2011 all-Island fuel mix to be calculated in accordance with the Regulations and the Renewables Directive.

## **5 Appendix: Overview of the GO Supervisory Framework**

### **5.1 Introduction**

This section provides an overview of the operation of the GO Supervisory Framework. The decisions adopted in this paper aim to establish a scheme that is relatively simple, accurate and reliable, cost-effective, facilitates the promotion of renewables and consumer choice, allows generators and suppliers sufficient freedom to enter into their preferred commercial arrangements, is compatible with the development of a pan-European market for attributes, and will require minimal revision as the electricity market develops.

In accordance with the legislation a guarantee of origin (“GO”) issued under this Supervisory Framework to a renewable generator will represent 1MWh of electricity and will be traceable back to the generator that produced the electricity. These GOs can then be transferred to suppliers. Suppliers in turn use these GOs for the fuel mix disclosure which appears on customers’ bills.

It is important to keep in mind that the GO and the physical energy it represents do not need to move together. The Renewables Directive requires this disconnect and requires that GOs can be transferred freely throughout Europe regardless of the destination of the physical energy.

### **5.2 Guarantees of Origin (GO)**

A GO is defined by the Renewables Directive as an electronic document which has the sole function of providing proof to a final customer that a given share or quantity of energy was produced from renewable sources as required by Article 3(6) of Directive 2003/54/EC<sup>6</sup> (i.e. for fuel mix disclosure). Any producer of renewable energy may request to be issued with a GO which may be transferred and used in any country in Europe<sup>7</sup>. The Renewables Directive is also explicit in restricting the double-counting of GO – a given GO can only be used once and any one MWh can only be issued one GO.

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<sup>6</sup> Since replaced by Article 3(9) of Directive 2009/72/EC

<sup>7</sup> This is subject to the provisions of Article 15(2) in the Renewables Directive which outlines that Member States may choose that “no support be granted to a producer when that producer receives a guarantee of origin for the same production of energy from renewable sources”.

The Renewables Directive seeks to standardise the GO by prescribing its size (1MWh), the minimum information it is to contain and by requiring it be an electronic document. Furthermore all Member States are obliged to accept a GO as proof that electricity supplied was produced from renewable sources<sup>8</sup>.

### **5.3 Administrative Body**

The Regulations provide that the Single Electricity Market Operator (SEMO) be the body responsible for the administration of the scheme.

In this role the SEMO will be responsible for ensuring that GOs are issued, transferred, and cancelled in accordance with the Supervisory Framework and the legislation. In particular the SEMO must ensure that the GOs which it issues are accurate and reliable and use reasonable endeavours to ensure that those transferred to it from elsewhere in Europe are accurate and reliable. Where it has doubts about the accuracy, reliability or veracity of any GOs issued by it, the SEMO must consult with the CER before revoking a GO. To ensure accuracy and reliability the SEMO's processes shall be independently audited every year.

As this framework will apply to Ireland only it would not be appropriate to recover costs on an all-island basis. The Regulations provide the SEMO with the option of charging a fee for the issue, transfer, and cancellation of GOs. However, given the likely modest volume of GOs in question initially and the costs involved in setting up a charging infrastructure especially for GOs, the CER considers that at this stage it is appropriate that the costs be recovered through EirGrid's network charges.

The SEMO shall be required to prepare and publish procedures detailing the operation of the scheme and register, in accordance with the Supervisory Framework and as approved by the CER. The CER shall approve any changes to these procedures.

### **5.4 Interaction with Support Schemes**

Regulation 7(4) of the Regulations states "*Where a PSO generator receives a guarantee of origin for a renewable energy unit, no support scheme payment for the same unit of electricity shall be made.*"

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<sup>8</sup> A Member State may refuse to recognise a guarantee of origin only when it has well-founded doubts about its accuracy, reliability or veracity.

To effect this provision any renewable generator<sup>9</sup> that is covered by an Irish support scheme will have the attributes of their generation transferred directly to the fuel mix of the supplier with whom they have their Power Purchasing Agreement (PPA). Neither the generator nor the supplier will be able to transfer the attribute to any other party; it will be applied to the supplier's fuel mix for the disclosure period in which the generation occurred<sup>10</sup>. In the event that the supplier has more renewable generation attributes than demand to be met, the excess renewable generation attributes arising will be proportionally allocated to licensed Irish electricity suppliers according to the demand of those suppliers.

This ensures that a GO is not issued in respect of PSO generation and that the attribute of the generation is captured in the fuel mix in a manner that reflects suppliers' activities in the electricity market.

Where such a generator requests a GO in respect of such energy the SEMO may only issue it where the Department of Communications, Energy and Natural Resources gives its confirmation that the energy in question has not, and will not, receive support.

## ***5.5 Issue, Transfer and Cancellation Overview***

To manage the issue, transfer and cancellation of GOs the SEMO will establish and maintain an electronic register holding all of the GOs and related information. Each generator unit and supplier unit holding GOs will have an account on this register and will be required to provide the SEMO with any information it requires in order to discharge its duties as outlined in this paper. Generators and suppliers will be required to register with the SEMO as a participant in the GO scheme. Only generator and supplier units who successfully complete registration may participate in the GO scheme.

In accordance with the Regulations, GOs may only be issued to generators and may only be used by suppliers. Generators and suppliers will nominate authorised persons to act on behalf of the company in requesting, transferring, using or any other communications with the SEMO in relation to GOs.

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<sup>9</sup> The CER will provide SEMO with the list of PSO supported generators.

<sup>10</sup> In the event that the supplier has more generation than demand to be met, the attributes will be applied to the SEM Residual Mix in accordance with the proposals set out in SEM Committee's consultation paper on the disclosure methodology.

For the GO scheme to work effectively there must be sufficient opportunity for participants to transfer GOs and request the issue GOs during the year. GOs should also be issued at sufficiently regular intervals. In accordance with the decisions in this paper the SEMO shall endeavour to process the transfer of GOs and requests for issue of GOs as received, but at a minimum of once per quarter, in accordance with the SEMO's processes and procedures to be approved by the CER. GOs shall be issued once per quarter, in accordance with the SEMOs processes and procedures.

## **5.6 Requesting a Guarantee of Origin**

In order to request a GO, a generator must be registered for the GO scheme and provide the required information. Once successfully registered, each renewable generator unit, not in receipt of support, may be able to request a GO. However, as each GO will be issued for 1MWh, requests may be made in bulk for all GOs the generator unit wishes to claim over a set period of time. The SEMO will receive and process these requests over each quarterly period, for issue at the end of that quarterly period.

Generator units will be required to provide the following information, as part of the registration for the GO scheme:

- Consent for the SEMO to obtain information held by the System Operators and the MRSO for use in the discharge of its duties as set out in this Supervisory Framework;
- MPRN associated with the metered generation;
- the energy source(s);
- the identity of the installation (generator unit ID, name and address);
- the easting and northing references for the location of the installation;
- the installed capacity of the installation (MW);
- confirmation that the generator is not covered by the PSO;
- the date on which the installation became operational<sup>11</sup>; and
- the authorised person(s) for all communication with the SEMO regarding GOs

## **5.7 Issue**

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<sup>11</sup> Date of the first metered export.

Further to a request GOs shall be issued to the generator unit for each MWh of metered generation recorded not previously issued with a GO. The GO will be valid from the date of production, verified against meter readings, and will expire twelve calendar months from the date of production. Please note that only generation that can be verified against meter readings will be issued with a GO.

Metered generation less than one MWh will not be issued with a GO but can be included in a request for a GO made in a subsequent quarterly issue period up until the end of that Disclosure Period, at which point any such metered generation will be included in the Residual Mix. GOs relating to such generation will be valid for twelve months from the date of production of the 1MWh to which the GO relates.

The SEMO shall ensure that GOs be in such an electronic form such that they can be exported from the register with all of the necessary information. While the GO and its information may be exported from the registry this does not oblige the SEMO to facilitate the import of that GO into the registry in another jurisdiction. The CER will continue to engage with its European colleagues in this regard but the handling of a GO once it leaves the SEMO registry is a matter for the competent authority in the relevant jurisdiction.

GOs must contain the following information:

- MPRN associated with the metered generation;
- status (i.e. active, expired, exported, cancelled);
- the energy source from which the energy was produced;
- the start and end date the production took place;
- whether it relates to electricity or to heating or cooling<sup>12</sup>;
- the identity of the installation (generator unit ID, name and address);
- the capacity of the installation;
- whether and to what extent the installation has benefited from investment support, whether and to what extent the unit of energy has benefited in any other way from a national support scheme, and the type of support scheme;
- the date on which the installation became operational<sup>13</sup>;
- the date of issue;

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<sup>12</sup> This information is required by the Directive but please note that, in accordance with the Regulations, GOs will only be issued with respect to electricity.

<sup>13</sup> Date for first metered export.

- the country of issue;
- a unique identification number;
- the current (last) holder of the certificate;

## **5.8 Transfer**

For GOs to be used for fuel mix disclosure there must be some means of transferring them from generators to suppliers. It is likely that some form of market in GOs may develop. At this stage, the SEMO will not maintain any form of transfer platform as it is not considered that the potential volume of transfers will be sufficient to merit this. The adequacy of the SEMO's processes and procedures in this regard will be kept under annual review.

That the transfer process must involve the notification by the party holding the GO to the SEMO that the transfer should take place. Any commercial arrangements which may exist between the two parties will not be examined by the SEMO or in any way affect the transfer. Provided the party holding the GO notifies the SEMO that the transfer should proceed, it will proceed (subject to validation of the GO itself)<sup>14</sup>. Any participant may transfer a GO to any other participant; it need not be that a generator transfers to a supplier in every case.

A GO will be valid for transfer between participants until it is cancelled on the register. Participants must inform the SEMO of the export of any GOs. Where a GO is exported to another jurisdiction it will remain on the register as "exported" and will not be valid if and until it is imported again. The CER considers that this will assist in preventing any double-counting that may occur due to the movement of GOs around Europe and will facilitate other jurisdictions should they enquire as to the validity of a given Irish GO.

## **5.9 Cancellation**

A GO is cancelled when it is used. Once cancelled it cannot be transferred to any other participant and cannot be used again.

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<sup>14</sup> Where a party does not wish to be the recipient of a GO for any reason they may chose not to use it during the annual disclosure calculation where they will be notified by SEMO of the GOs assigned to it.

A GO can be cancelled in one of two ways. Firstly, the supplier holding the GO can use it for fuel mix disclosure. In this case the GO is applied to the supplier's fuel mix for any appropriate disclosure period and cancelled. Secondly, if the GO is not retired by a supplier for fuel mix purposes in the final relevant disclosure period it can be disclosed it will be applied to the Residual Mix after the deadline for supplier submissions has passed. Once used in the Residual Mix it will be cancelled.

Please note that the implication of this and the decisions around transfers is that a GO can be transferred and used after it has expired. Cancellation will be the only restriction on the transfer and use of a GO. Where a certificate has been exported and the SEMO has been informed of its cancellation in another jurisdiction this will be reflected on the register and it will be marked as cancelled but not used for fuel mix disclosure. Where the SEMO is not aware of its status it will be marked as cancelled the year after the Disclosure Period in which it would have expired, similarly it will not be used for fuel mix disclosure.

Where an imported GO has expired but remains unclaimed after the submission deadline it will be added to the Residual Mix and then cancelled, assuming it was active at some point during the last disclosure period. If it was not active at some point during the last Disclosure Period it will be cancelled, not included in the fuel mix disclosure calculation and its country of origin will be notified.

In order to be valid for submission to a supplier's fuel mix disclosure the GO must:

- be held by a supplier registered in the SEM;
- have been active at some point during the Disclosure Period in question;
- be a valid GO (i.e. correctly issued, not disclosed elsewhere, or otherwise invalid); and
- in the case of an imported GO the SEMO must confirm its validity with the relevant authority in its country of origin

## **5.10 Reconciliation**

It is a feature of the industry that initial metered values are subsequently corrected. The best available data will be used in the calculation however the



GOs will be issued based on initial meter data. This raises the possibility that the values of the attributes represented by the GO will be different to the best available meter data at the time of the disclosure calculation.

However, once a GO, with a standard value of 1MWh, is issued it cannot be reissued with a value different to 1MWh. It would also not be practical to do this. Therefore for each disclosure period the SEMO will conduct a reconciliation of total GOs issued against total generation per participant over the relevant disclosure periods using best available meter data. Any difference will result in more or less GOs being issued to the generator to the same value as the difference. The SEMO will consider generation and GOs issued from the start of the previous disclosure period. For example when issuing GOs in April of 2013 the SEMO will consider all generation and GOs from 1 January 2012 and will similarly consider generation and GOs from 1 January 2012 when issuing at the end of 2013.

## **5.11 European Transfers**

The purpose of Article 15 of the Renewables Directive is to standardise the GO and facilitate transfers around Europe. While the Renewables Directive creates the legal framework for this to occur several practical difficulties remain which Member States must overcome. A number of these difficulties relate to differences in the approach to the implementation of the GO scheme or fuel mix disclosure in Member States. The SEM Committee's decision paper on the disclosure methodology will include discussion of the challenges posed by Great Britain's approach relative to the Irish and Northern Irish approach.

A co-ordinated approach at an EU level in relation to GOs and disclosure is essential for a fully functioning, robust disclosure and GO scheme in Europe. The CER will monitor EU developments in this regard with a view to ensuring that any such developments take into consideration the arrangements in this paper. There is also the technical practicality of transferring an electronic certificate from one registry to another in a manner that meets the reliability requirements of the legislation. The SEMO shall make reasonable endeavours to ensure the Irish GO scheme facilitates interoperability with other European schemes in a proportionate and cost-effective manner, in particular taking account of the volume of transfers to and from a given Member State. However, this should not be construed as placing any obligation on the SEMO to ensure the successful importation of a GO to another registry. Once the GO leaves the SEMO's registry this is a matter for the competent body in the jurisdiction to which the GO has been imported. The onus is on the SEMO to verify the validity of imported GOs

with the relevant competent authority before accepting such GOs for use in Ireland for disclosure purposes.