

## European associations call for the strengthening of disclosure of the source of all electricity and related environmental impact in the forthcoming Renewables Directive

When we refer to renewable energy, we have to make one thing absolutely clear: consumers are in the driver seat. They no longer consider energy to be a simple commodity but rather as a series of specific products with different origins, impacts and prices. They are increasingly taking responsibility for their energy choices – by reducing their environmental impact, becoming a ‘prosumer’ or specifically purchasing energy generated with renewable technologies. Consumers are taking the lead and are demanding both more choice and improved information about the impact from the products they choose. We applaud the current EU Directive on Renewable Energy for its many achievements, as well as the many initiatives it has stimulated. One of these is making information about the origin of energy available. This provides consumers with extremely useful information. Building on the framework provided by the EU Directive, an integrated practice has emerged all over Europe that ensures that information is transparent, standardised and verified by a third party. This is achieved through Guarantees of Origin (GOs).

GOs, which contain factual information about the source and production of energy, present this information coherently and transparently to end users. They successfully provide the electricity market with a crucial cornerstone, allowing consumers to know more about the renewable energy they purchase. And – just as important – they empower consumers in the choices they make and the influence they have on energy producers.

Increasingly, consumers large and small in a growing number of countries are using GOs. The volume, value and use of GOs have grown steadily over the last decade and the amount of electricity they represent has grown from zero to more than 360 TWh per annum.

So why are consumers using GOs? It’s because they provide them with proof that the claims made by their energy suppliers are valid and can be trusted. It has become increasingly clear that for reliable disclosure of the source and type of electricity (together known as “disclosure”), it is crucial that consumers – and their energy suppliers – use GOs. However, consumers must be certain that disclosure is well regulated for **all** types of energy. By creating a direct and unique link between GOs and disclosure in all European countries, we can ensure that consumer confidence in renewable energy continues to grow.

Consumers are also using GOs to make a statement of the carbon emitted during the production of the energy they consume. This is now the main driver for business consumers. So GOs are not just about how energy is produced; they are also about the impact that the source of that energy has on the environment. This offers a whole new perspective on the value of GOs, yet it is already common practice, particularly among large energy consumers. It is therefore essential to define the relationship between the source of the energy and the associated environmental impact.

Climate action is global and so too is consumer action. A growing number of global initiatives are unfolding as a result of large global companies committing to reduce their carbon emissions. At the same time consumer organisations are putting consumer protection high on their energy policy agendas.

We are now at a crucial turning point if we wish to ensure a more sustainable energy future. The importance of the Paris COP21 Agreement for the energy transition cannot be understated and we are approaching a number of other important decisive events, including the approval and implementation of the next EU Renewables Directive, the Energy Efficiency Directive and the Internal Energy Market Directive. Now is the time to build on what we have achieved so far. The availability of transparent, standardised and reliable information on the source and environmental impact of energy generation empowers consumer action as part of the transition towards a sustainable energy future.

**There are many reasons for choosing a particular form of energy, yet current practice demonstrates that decarbonisation is the principal driver for consumers.** They can now be confident that, when they purchase energy, it was generated with zero or lower carbon emissions. This is supported by international standards for carbon accounting. But current legislation does not require the CO<sub>2</sub>-impact to be recorded on GOs, which are the sole medium available for delivering such information to consumers. The GO is the logical instrument for ensuring that consumers make an informed choice based on reliable and unambiguous information about carbon emissions. Given the public attention to nuclear energy across Europe, consumers should also get complete and relevant information about the **radioactive waste** generated by the energy they use. Allowing carbon emissions and radioactive waste to be explicitly disclosed through GOs is in line with consumer expectations, as well as with much current practice. To enable the requirements of the Internal Electricity Market Directive to be accurately and reliably implemented, GOs should provide the basic information that is needed to calculate the emitted carbon and generated radioactive waste arising from the underlying electricity production.

By explicitly providing data regarding the carbon emissions and radioactive waste on GOs, we bring clarity to consumers – and to the market and society in general – giving consumers more choice, and allowing them to take responsibility for their energy consumption.

**Accurate and reliable disclosure is vital, so that consumers can make credible claims about the real environmental impact of their use of electricity.** This is why strong disclosure regulation is essential to ensure that suppliers provide reliable information to consumers. Currently, GOs are only required to be issued for renewable electricity, exempting conventional forms of production (such as those using fossil fuel and nuclear energy) from the same requirements and costs. **Extending the use of GOs to all types of energy creates a level playing field for all forms of electricity, regardless of its source, will be more cost-efficient than the current hybrid disclosure systems and meets the expectations of consumers** who wish to know the source and environmental impact of the energy they use. If this principle is common practice for food, clothing and other consumer goods, then why should it not be so for energy? Through ‘full disclosure’, including all fuel sources and technologies, the status of all forms of energy becomes verifiable through GOs. This long-term goal could be implemented gradually, encouraging electricity supply companies to use GOs whenever they market and sell specific electricity products. It is also necessary that countries organise import and export using the widely accepted disclosure methodologies proposed by the RE-DISS project<sup>1</sup>. Consumers need to know that their claims are based on sound, trustworthy information, regardless of the form of energy they choose.

**The unified GO has been achieved voluntarily, by stakeholders and authorities working together on a single GO standard.** Countries currently use a variety of ways of disclosing information to consumers about energy from non-renewable sources. So consumers have a great deal to gain if we expand standardisation to make the story more complete and coherent. The current Renewable Energy Directive sparked the development of an efficient instrument (the GO) for providing consumers within a unified, dependable system. More and more countries have joined forces to ensure the reliability of GOs issued across Europe. It has proved to be an effective instrument for working towards a unified goal, while allowing the countries involved to preserve their particular idiosyncrasies. The Association of Issuing Bodies (AIB) – as creator and guarantor of the European Energy Certificate System Guarantee of Origin (EECS GO) standard – is preparing the standard for the next important phase. Supporting the AIB in this initiative will help secure the links between GOs, disclosure and environmental accounting. Europe now has the opportunity to set the stage for meaningful change in the decades ahead, a period which will be decisive for our energy future. The upcoming Renewables Directive offers a unique chance to optimise consumer empowerment and encourage consumer action as well as to increase transparency in the electricity and energy market in general. Let us seize this opportunity.

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1. [The Reliable Disclosure Systems for Europe \(RE-DISS\) project has significantly improved the reliability and accuracy of the information given to European electricity consumers regarding the origin of their electricity.](#)

## WHO WE ARE

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The European associations who champion the cause of disclosing the source of all electricity along with the associated carbon emissions consist of AIB, CDP, CEDEC, EKOenergy, Europex, RECS International and REScoop. Please find below short descriptions of their roles, missions and members:

### **About AIB – Association of Issuing Bodies**

The purpose of the AIB is to guarantee the origin of European energy by using and promoting the European Energy Certificate System - EECs - which ensures the reliable operation of international certificate schemes, and operating an inter-registry communications hub. The AIB's members are European energy certificate system administrators, almost all of which are competent bodies for Guarantees of Origin – usually transmission system operators, electricity regulators and energy market operators, or the service organisations that administer energy certificate systems on their behalf. [www.aib-net.org](http://www.aib-net.org)

### **About CEDEC – European Federation of Local Energy Companies**

CEDEC represents the interests of 1500 local and regional energy companies, serving 85 million electricity and gas customers and connections. These companies have developed activities as electricity and heat generators, electricity, gas & heat distribution grid & metering operators and energy (services) suppliers. Their wide range of services is reliable, sustainable and close to the customer. [www.cedec.com](http://www.cedec.com)

### **About Europex – Association of European Energy Exchanges**

Europex is a not-for-profit association of European energy exchanges. It represents the interests of the exchange-based wholesale markets for electricity, gas and environmental products, engages in the further development of the European regulatory framework for wholesale energy trading and provides a discussion platform at European level. [www.europex.org](http://www.europex.org)

### **About RECS International – Foundation of European Guarantee of Origin Market Parties**

RECS International represents market players - generators, traders, wholesalers, suppliers and consumers - in a constant dialogue with national legislative bodies and European policy makers to further develop a standardised pan-European electricity tracking system. RECS International has worked since 2001 to improve and simplify the system of tracked electricity, the certificates used in that system and the claims consumers can make after their certificate purchases. [www.recs.org](http://www.recs.org)

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Dirk Van Evercooren, AIB



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