Single Electricity Market

High Level Methodology for the Calculation of Fuel Mix Disclosure in the SEM

Decision Paper

2nd April 2009

SEM – 09 –033

Executive Summary

In accordance with Article 3(6) of Directive 2003/54/EC, Member States are obliged to ensure that electricity suppliers indicate in or with bills, and in promotional materials made available to final customers, the contribution of each energy source to their overall fuel mix over the previous year. In addition, suppliers are required to provide at least a reference to existing sources of information regarding the environmental impact resulting from the electricity produced by the fuel mix of the supplier in question over the same period.

Article 5 of Directive 2001/77/EC introduced 'guarantees of origin' as a means whereby a generator can demonstrate that the origin of electricity produced from renewable energy sources can be guaranteed as such within the meaning of the Directive. This Directive also distinguished between guarantees of origin and certificate trading. The Regulatory Authorities have been closely following progress on a European Commission proposal for a Directive[1] regarding the promotion of renewable energy sources, which includes proposals for additional provisions on the use of guarantees of origin for fuel mix disclosure purposes and other amendments to Directive 2001/77/EC. However, a final text has yet to be published. This decision paper is therefore without prejudice to the content or requirements arising from any future EU Directive on fuel mix disclosure.

The Single Electricity Market Committee[2] (SEM Committee) has determined that the disclosure of information to customers by suppliers in the All-Island Market is a responsibility of the SEM Committee within the meaning of the relevant legislation.

Following the publication in March 2007 of a consultation paper (AIP/SEM/07/46), which set out available options for the calculation of the fuel mix of suppliers for disclosure purposes, the Regulatory Authorities published a proposed decision paper in February 2008 (SEM/08/006). The latter details the proposed procedures for the implementation of fuel mix disclosure and environmental impact information requirements in the Single Electricity Market (SEM).

In the proposed decision paper, the SEM Committee proposed that the calculation of fuel mix disclosure in the SEM would be largely based on 'Option 3', as first set out in AIP/SEM/07/46. Under 'Option 3', the SEM Committee proposed that certificates would be issued for output generated from specified fuel types, namely Renewable Energy Guarantees of Origin (REGOs) for renewable energy sourced electricity and Generator Declarations for non renewable energy sourced electricity. Since the publication of the proposed decision paper, the Regulatory Authorities have engaged in discussions with suppliers regarding the responses received in relation to the proposed decision.

This decision paper presents relevant comments raised by respondents to SEM/08/006 on the choice of Option 3, as well as the use and presentation of environmental impact information. In Section 3 of this paper the Regulatory Authorities provide their responses in relation to these comments, as well as to certain points subsequently raised by suppliers. Comments received to the proposed decision paper are published in conjunction with this paper unless a respondent requested that their comments be kept confidential.

The SEM Committee's decisions and next steps are outlined in Section 4. The SEM Committee has decided in this paper that a system involving REGOs and Generator Declarations, in conjunction with residual fuel mix data, is to be employed as the enduring method for the

[1] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0019:FIN:EN:PDF

[2] The SEM Committee was established in Ireland and Northern Ireland by virtue of section 8A of the Electricity Regulation Act 1999 as inserted by section 4 of the Electricity Regulation (Amendment) Act 2007, and Article 6(1) of the Electricity (Single Wholesale Market) (Northern Ireland) Order 2007 respectively. The SEM Committee is a Committee of both CER and NIAUR (the Regulatory Authorities) which, on behalf of the Regulatory Authorities, takes any decision as to the exercise of a relevant function of CER or NIAUR in relation to a SEM matter.

calculation of suppliers' disclosed fuel mix in the SEM. Requirements relating to environmental impact information are also specified in this paper. It has been decided that a consultation paper on an interim calculation methodology for fuel mix disclosure will be produced in the next few weeks. A further consultation paper on the detail behind the high level calculation methodology will subsequently be produced.

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1 Introduction

1.1 Overview

Article 5 of the EU Directive 2001/77/EC sets out requirements relating to the establishment of guarantees of origin for electricity produced from renewable energy sources.[3] Under Article 3 of the Directive 2003/54/EC, Member States are obliged to ensure that the contribution of each energy source to the overall fuel mix of the supplier over the preceding year and related environmental information are provided in or with bills sent by suppliers to final customers. In March 2007 the Regulatory Authorities (RAs), produced a consultation paper (AIP/SEM/07/46) setting out three high level options for the implementation of the fuel mix disclosure requirement in accordance with Article 3(6) of Directive 2003/54/EC. The three methodologies proposed in this consultation paper were the use of either an average pool fuel mix, financial contracts, or the certification of fuel types. On the 22nd February 2008, the CER and NIAUR, the Regulatory Authorities, issued the proposed decision paper, *Disclosure of Information to Final Customers by Suppliers*, (SEM/08/006). In accordance with the relevant articles of Directive 2003/54/EC and Directive 2001/77/EC, the SEM Committee detailed a proposed calculation methodology for fuel mix disclosure as well as a procedure for the production of environmental impact information in the SEM, including related format and presentation requirements. Comments were requested from interested parties by the RAs on the SEM Committee's proposed decisions.

In SEM/08/006, the SEM Committee proposed that the calculation of fuel mix disclosure in the SEM to final customers for a given Disclosure Period would be largely based on 'Option 3', as first set out in AIP/SEM/07/46. This approach involves the use of certificates as evidence of the source of energy as follows: Renewable Energy Guarantees of Origin (REGOs) and Generator Declarations for renewable[4] and non renewable energy sourced electricity respectively, generated on the island and traded either inside or outside of the SEM pool.[5] The Regulatory Authorities noted that this option constituted a more pragmatic approach to the disclosure issue than 'Option 2' as outlined in AIP/SEM/07/46, in which the use of financial contracts was proposed.

1.2 Comments Received

The Regulatory Authorities received responses to SEM/08/006 from the following six parties:

- Airtricity
- Bord Gáis Energy Supply
- ESB Customer Supply
- Northern Ireland Electricity Energy Supply
- Northern Ireland Electricity Power Procurement Business
- Viridian Power and Energy

[3] The Regulatory Authorities are aware of a European Commission proposal for a Directive on the promotion of renewable energy sources (see footnote 1) which includes proposals for additional provisions on the use of guarantees of origin for fuel mix disclosure purposes and other amendments to Directive 2001/77/EC. However, a final text has yet to be published. This decision paper is therefore without prejudice to the content or requirements arising from any future EU Directive on fuel mix disclosure.

[4] The definition of 'renewable energy sources', set out in Directive 2001/77/EC, shall apply for fuel mix disclosure purposes.

[5] See Section 3.2.1 of SEM/08/006.

These comments are available on the All Island Project website.

Further to receipt of these comments additional discussions were held with these and other suppliers and additional correspondence was received by the Regulatory Authorities on this matter.

Comments received regarding the high level calculation methodology for fuel mix disclosure, requirements in relation to environmental impact information and the presentation and format of disclosed information have been summarised and set out in Section 3 of this document. The responses of the Regulatory Authorities are also presented in this section. Having considered these comments, the SEM Committee's decisions in the context of their duties are set out in Section 4 of this paper.

1.3 Purpose of this Paper

The purpose of this paper is to:

- respond to relevant questions and comments arising in relation to the introduction of procedures for fuel mix disclosure in the SEM based on 'Option 3' as outlined in the proposed decision paper;
- set out the SEM Committee's decision in relation to the calculation methodology for fuel mix disclosure in the SEM; and
- set out next steps in relation to these matters.

Section 2 of this paper details the legislative background to this issue.

Section 3 presents the responses to the proposed decision paper which the Regulatory Authorities have considered. The responses of the Regulatory Authorities to the comments are also outlined in this section.

Section 4 presents the SEM Committee's decision and outlines the next steps in light of the areas discussed in this paper.

In order to ensure that no ambiguity exists in relation to certain terms used in subsequent sections of this paper, the following clarifications are included below:

- Renewable Energy Guarantee of Origin (REGO) - a document (electronic or otherwise) which has the sole purpose of proving to final customers that a given share/quantity of electricity was produced from renewable sources. The legal basis and function of 'guarantees of origin' are set out in Article 5 of Directive 2001/77/EC and in the new EU Renewables Directive. (See Section 2.1 of this paper)
- Generator Declaration - a document (electronic or otherwise) which has the sole purpose of proving to final customers that a given share/quantity of electricity was produced from certain non-renewable sources.
- Certificates – this term refers to both REGOs and Generator Declarations unless otherwise stated.
- Average fuel mix for the island of Ireland means the fuel mix associated with the total generation on the island of Ireland plus or minus net imports/exports.
- The residual fuel mix means the average fuel mix for the island of Ireland minus the total generation associated with all suppliers' declared certificates for the Disclosure Period.

1.4 Contact Details

For further information on the issues set out in this paper please contact the following:

Jerry Mac Evilly

Commission for Energy Regulation

The Exchange

Belgard Square North

Tallaght

Dublin 24

E-Mail: jmacevilly@cer.ie

Tel: 00 353 1 4000800

Frankie Dodds

Northern Ireland Authority for Utility Regulation
Social & Environmental Branch

Queens House

14 Queen Street

BELFAST

BT1 6ER

Email: frankie.dodds@niaur.gov.uk

+44 (0) 28 9031 6631

2. Legislative Background

Having reviewed all comments received, the RAs deem it appropriate to reiterate the legislative requirements in relation to the disclosure of fuel mix information and environmental impact information. This includes obligations on the subject of disclosure set out in Directive 2003/54/EC as well as corresponding member state legislation. In addition, an overview of associated legal matters, such as legislation regarding REGOs is provided. These legal requirements serve as a guide to the decision making of the SEM Committee as set out in Section 4 of this paper.

2.1 EU Legislative Requirements

Article 3(6) of EU Directive 2003/54/EC details Member State duties in relation to the disclosure of fuel mix and environmental impact data on the bills of customers. It states as follows:

Member States shall "*ensure that electricity suppliers specify in or with bills and in promotional materials made available to final customers:*
(a) the contribution of each energy source to the overall fuel mix of the supplier over the preceding year;
(b) at least the reference to existing reference sources, such as web-pages, where information on the environmental impact, in terms of at least emissions of CO2 and the radioactive waste resulting from the electricity produced by the overall fuel mix of the supplier over the preceding year is publicly available.

With respect to electricity obtained via an electricity exchange or imported from an undertaking situated outside the Community, aggregate figures provided by the exchange or the undertaking in question over the preceding year may be used.
Member States shall take the necessary steps to ensure that the information provided by suppliers to their customers pursuant to this Article is reliable."

Article 5 of Directive 2001/77/EC requires Member States *"to ensure that the origin of electricity produced from renewable energy sources can be guaranteed as such within the meaning of the Directive according to objective, transparent and non-discriminatory criteria laid down by each Member State'.* In addition, it notes that Member States *"shall ensure that a guarantee of origin is issued to this effect in response to a request".*

The Directive distinguishes between guarantees of origin and exchangeable green certificates and states that Member States are not required to recognise the purchase of guarantees of origin from other Member States or the corresponding purchase of electricity as a contribution to the fulfilment of a national quota obligation.[6] The legal basis for guarantees of origin in relation to high-efficiency co-generation is provided for in Article 5 of Directive 2004/8/EC.

In January 2008, the European Commission published a proposal for an EU Directive of the European Parliament and the Council on the "p*romotion of the use of energy from renewable sources".* On the 17th of December 2008, the European Parliament produced a legislative resolution on the EU Commission's proposal.[7] The proposed Directive deals with the issuing and use of REGOs specifically in relation to fuel mix disclosure and proposes to repeal and replace those requirements relating to REGOs set out in Directive 2001/77/EC. The RAs have analysed the relevant proposed conditions and discussed their potential implications with relevant government Departments in Northern Ireland and Ireland. The legal obligations of this Directive, when published, will have important implications for the establishment of a certificate based system in the SEM and, in this way, the SEM Committee is mindful not to introduce specific

[6] Recitals 10 and 11 of Directive 2001/77/EC
[7] This resolution is an amended version of the original European Commission proposal by the same name (2008/0016 (COD)) originally published in January 2008.
http://ec.europa.eu/energy/climate_actions/doc/2008_res__en.pdf

stipulations relating to the use of REGOs until this Directive has been finalised and published in the Official Journal of the European Communities. It is expected that the finalised Directive will be produced in the first quarter of 2009.[8]

2.2 Member State Disclosure Legislation

Article 3(6) of the Electricity Directive (2003/54/EC) has been transposed into national legislation in Ireland under Regulation 25 of S.I. 60 of 2005. In this regard, the CER is required to ensure that all suppliers provide on bills/promotional materials sent to customers reliable information regarding the contribution of each energy source to their overall fuel mix and related environmental impact information over the preceding year.

This Article was transposed in Northern Ireland under the Electricity Order 1992 (Amendment) Regulations (Northern Ireland) 2005. Article 5 inserts a new Article 11A (8) in the Electricity (NI) Order 1992 under which electricity licences, issued by the NIAUR, shall include conditions to ensure compliance with Article 3(6) of the Directive 2003/54/EC.

2.3 Member State Legislation regarding Guarantees of Origin

In Northern Ireland, REGOs for generation from renewable energy sources are issued by the NIAUR by virtue of Article 3 of the Electricity (Guarantees of Origin of Electricity produced from Renewable Energy Sources) Regulations (NI) 2003 (the Order). A request for the issue of a guarantee of origin may be made and is not properly made until NIAUR has been provided with all the information and evidence specified in Schedule 1 to the Order (Article 4(4) of the Order). The NIAUR also has the legal responsibility for revocation of REGOs (Article 8 of the Order). NIAUR has entered into an agency services agreement with Ofgem so that Ofgem may carry out the administration of REGOs on behalf of NIAUR.[9]

In Ireland no legislation has been enacted to date to establish REGOs. The requirements of Directive 2001/77/EC have been met within the context of a bilateral market, supply licences and the associated balancing regime that had been in place prior to the establishment of the SEM.[10] The implementation of REGOs in Ireland will necessitate legislative changes. Implementation measures will be dealt with in a subsequent consultation paper on the establishment and implementation of a certificate based system in light of the decisions outlined below.

[8] The current stage of the proposed Directive, as well as the latest text in place, is available at http://www.europarl.europa.eu/oeil/file.jsp?id=5589632
[9] http://www.opsi.gov.uk/si/si2008/uksi_20081888_en_1
[10] Please see Sections 3 and 4 of AIP/SEM/07/46.

3. Comments Received on Specific Matters Raised

This section summarises the comments provided by respondents in relation to the choice of certification for the calculation of fuel mix disclosure and in relation to the presentation and format of environmental impact information. The position of the RA's regarding each of the matters raised is subsequently detailed in each case. Responses not associated with these two issues will be addressed in a subsequent consultation paper. See Section 4.4 for further information.

3.1 Option 3 - Certification of Fuel Types

In the proposed decision paper, SEM/08/006, the Regulatory Authorities decided that an approach similar to Option 3 would constitute a suitable method for the tracking of energy on the island of Ireland for disclosure purposes. In the proposed decision paper it was outlined that Renewable Energy Guarantees of Origin (REGOs) would be recognised as proof of fuel source from renewable energy generated on the island and traded in the SEM pool in order to calculate the disclosed fuel mix of suppliers to final customers. Generator Declarations would be employed as evidence of fuel source for non renewable energy generated on the island and traded in the SEM pool. These certificates would be accompanied by bilateral contracts for energy generated on the island and traded outside of the SEM pool.

Respondents' Comments

The respondents were generally supportive of the RAs choice of Option 3. One respondent strongly agreed with this method. This party noted that Option 3 complies fully with fuel mix disclosure requirements and the relevant EU Directive obligations and expressed the view that the use of certificates would allow for the accurate tracking of energy. Another respondent was generally supportive of Option 3 as they believed that it would provide the most accurate calculation of fuel mix figures and would also complement the requirements around REGOs. A further respondent noted that Option 3 may be a disproportionate basis to deal solely with fuel mix notices for customers but agreed that it would provide a firm foundation for future renewable developments.

Regulatory Authorities' Position

The RAs welcome the general support of respondents for the use of certificates in order to calculate the fuel mix of suppliers. The RAs particularly appreciate, however, that this approach will require careful planning in the context of the SEM in order to ensure that the relevant information produced is reliable and that the implemented system is accurate, robust and user-friendly.

ESB Customer Supply and NIE Energy Supply opposed the choice of Option 3. Their comments are summarised and responded to in turn below.

3.1.1 Complexity and Accuracy of Proposed Method

Respondents' Comments

One party expressed the view that such a method is onerous and complex and may not provide reliable information as required by Directive 2003/54/EC. The respondent also rejected this approach as they stated that '*it would not mirror the physical flow of energy through the pool*' and that it would require the introduction of new legislation. A further respondent noted that the fuel

mix disclosed to customers will not correspond with the generation actually purchased by suppliers and as a result, green claims by suppliers would be incorrect and misleading. The two respondents consequently re-iterated that Option 1 ('average pool fuel mix') should be introduced for the calculation of fuel mix disclosure in the SEM and one respondent noted that this approach was consistent with Article 3(6) of the Directive 2003/54/EC. This party also noted that Article 3(6) allowed for the use of information relating to an electricity exchange.

Regulatory Authorities' Position

The reliability of information presented to customers is of paramount importance to the RAs in the context of the current governing legal requirements. It should be noted that the relevant conditions of the new, proposed Directive explicitly link guarantees of origin and fuel mix disclosure requirements. In addition, it is stated in that proposed Directive that the purpose of these certificates is to prove to final customers the share or quantity of renewable energy in an energy supplier's energy mix, according to Article 3(6) of Directive 2003/54/EC. While the RAs are mindful that this version is still subject to change, it is important to note that the use of guarantees of origin for the calculation of fuel mix information is unlikely to remain optional for Member States. As regards the possible utilisation of aggregate pool data, it is set out in Article 3(6) Directive 2003/54/EC that such an approach *may* be employed. However, in the view of the RAs, such a methodology cannot be interpreted as a preferred or appropriate option in light of the current version of the new proposed Renewables Directive. The RAs consider that the use of aggregate pool mix figures will not serve to facilitate suppliers who wish to differentiate their offerings to customers on the basis of fuel type and will not act as a stimulus for the production of electricity from renewable generation.[11] It is noted that a certificate based system and not an average pool mix calculation has been employed in the context of both the Iberian pool market and of Nordpool in Scandinavia.

In relation to the possible complexity of the certificate-based system, the RAs consider transparency and ease of use to be fundamental aspects of the certification methodology for the calculation of fuel mix information disclosed to customers. The RAs will set out implementation options in a subsequent consultation paper, although it should be noted that in Northern Ireland, there is already legislation in place in relation to how certificates will be requested, issued, transferred and redeemed.

As regards the reliability of the information to be presented to final customers, the RAs are keenly aware of their obligations in relation to the reliability of guarantees of origin and fuel mix disclosure, as set out in the relevant Directives. The RAs wish to clarify that the guiding principle for the RAs in this regard is to ensure that no double counting of energy supplied to final customers occurs so that the accuracy and reliability of the fuel mix disclosure calculation as required by Article 3(6) of Directive 2003/54/EC can be guaranteed. It should also be noted that actual energy flows cannot be physically tracked, regardless of the energy source under consideration. While certificates do not necessarily reflect direct energy flow, they act as evidence of the attributes of quantities of electricity sold by generators. The use of certificates is considered to be the most appropriate approach in the context of the SEM and in light of the EU Directives noted above.

3.1.2 Transfers/Trading in Certificates in the SEM

Respondents' Comments

The respondents expressed concerns in relation to how certificates will be transferred between generators and suppliers. They emphasised that in order for REGOs and Generator Declarations to be transferred, the certificates will inevitably become tradable commodities with an inherent value. They maintained that such trading would constitute a step away from the principals of the market to bilateral arrangements between generators and suppliers.

Regulatory Authorities' Position

While a system for the transfer of REGOs (which are tradable) is currently in place in Northern Ireland[12], the RAs are not in a position to provide further information on the transfer of certificates on an all-island basis at this juncture due to the fact that the new, proposed Directive has not yet been finalised. This matter will be the subject of further consultation post the finalisation of that Directive. In Ireland it is anticipated that the legal basis and related requirements for the use of such certificates will be set out in a statutory instrument to be prepared by the Department of Communications Energy and Natural Resources (DCENR).[13] In Northern Ireland details on the issuing and revocation of REGOs are set out in the Electricity (Guarantees of Origin of Electricity produced from Renewable Energy Sources) Regulations (NI) 2003 (the Regulations).Articles 3 and 4 cover the request for and issuing of guarantees of origin, Under Article 6 (5) of the Regulations if the registered holder of a guarantee of origin requests the Authority to transfer that guarantee of origin to any other person, NIAUR shall do so. It should be noted that it has been agreed that the administrative function of issuing and transferring guarantees of origin is to be carried out by Ofgem on NIAUR's behalf, See Section 2.3.

3.1.3 Non vertically integrated suppliers and the Economic Purchasing Obligation

Respondents' Comments

The two respondents argued that they are not a vertically integrated entity and are prohibited from entering into negotiations with their generation arm. They stressed that, as a result, they do not possess the means to influence their fuel mix utilising certificates and that other suppliers would be unduly favoured in this way. One respondent emphasised that the proposed methodology would be particularly unfair as they would be ultimately allocated the 'residual pool mix'. This party also queried as to how they might improve their environmental impact data/quantity of renewable energy sources without compromising their responsibilities as set out in the Economic Purchasing Obligation (EPO).

Regulatory Authorities' Position

The Economic Purchasing Obligation (EPO) is a set of requirements placed upon the respective Public Electric Suppliers in Ireland and Northern Ireland by the RAs and is set out in the relevant supply licences of the suppliers in question. Under the EPO, the Public Electricity Suppliers are required to carry out the purchasing of electricity and financial hedging of associated price and volume risk in a transparent manner that obtains the best value for final customers and provides

[12] It should be noted that no REGOs have been issued in Northern Ireland to date.
[13] Requirements relating to REGOs in Northern Ireland are set out in the Electricity (Guarantees of Origin of Electricity produced from Renewable Energy Sources) Regulations (NI) 2003.

price stability and certainty. As part of this requirement, a Hedging Policy Statement must be produced which details the manner of hedging carried out in the SEM and the approach to be adopted in relation to the procurement of contracts.

As regards possible conflicts with the EPO requirements, the EPO of both Public Electric Suppliers in the SEM has been examined in light of the use of certificates. It is the position of the RAs that the certificate system is not at odds with the requirements of the EPO. The EPO is a separate obligation related to the purchasing of electricity at best available price. It does not prevent parties from contracting with greener forms of generation and it does not preclude the transfer of certificates between generator and supplier. The use of these certificates by suppliers for fuel mix disclosure purposes is also not dependent upon the financial hedges in place. It should be noted that requirements relating to certificate transfer will be consulted upon following the publication of the new Renewables Directive.

3.2 Further Information regarding Certificates

A high level calculation methodology for fuel mix disclosure based on the use of certificates relating to generated output was provided in SEM/08/006. The SEM Committee proposed that REGOs and Generator Declarations would be employed as evidence of renewable and non renewable energy generated on the island and traded in the SEM pool. It was also proposed that bi-lateral contracts, in association with REGOs and Generator Declarations, would be used in relation to energy traded outside the SEM pool. The SEM Committee also determined that a residual fuel mix for the island of Ireland would be applied to any remaining energy that is not covered by the required evidence as detailed in the paper.[14]

Respondents' Comments

All respondents to SEM/08/006 requested further detail on how REGOs and Generator Declarations will operate. Specific queries were also made in relation to the following:

- Interaction of certificates with the Directed and Non Directed Contracts process
- Interaction with support schemes in Northern Ireland and Ireland
- Request, issue and transfer of certificates
- Implementation of the system

Regulatory Authorities' Position

The RAs welcome the written responses received from suppliers regarding SEM/08/006, as well as subsequent comments from suppliers on each of the above issues. The RAs recognise that it would be premature to introduce requirements until the new Renewables Directive has been finalised. The RAs also note the support of all respondents for a further consultation round in relation to the details and implications of the certificate based system.

The RAs are mindful that a system for the issuing, tracking and cancellation of such certificates will take time to implement. Therefore, the Regulatory Authorities consider that, an interim solution for the 2008 and subsequent Disclosure Periods must be prepared. The RAs have therefore decided that two consultation papers on an interim approach and on the use of certificates respectively will be produced in the coming months. The RAs will continue to liaise

[14] This high level calculation methodology also detailed evidence to be employed in the case of Relevant Arrangements in Northern Ireland as well as the case of export/import of energy to the island of Ireland.

closely with the relevant market participants and government Departments on these outstanding issues.

3.3 Calculation Methodology for Fuel Mix Disclosure

As the RAs are not in a position to decide upon the detailed operation of the system, this paper sets out the high level methodology for the calculation of fuel mix disclosure in the SEM utilising certificates is included below. Having taken into account the comments received on the choice of Option 3 as set out in SEM/08/006, the RAs examined the use of certificates both in the context of the SEM and have taken into account national legislation on fuel mix disclosure, as well as existing and proposed EU Directives noted above. Current practices in other Member States have also been examined.

The calculation of fuel mix disclosure to final customers for a given Disclosure Period, as required under Article 3(6) of Directive 2003/54/EC, will be carried out on a common basis in Ireland and Northern Ireland and will be based on electricity generated on the island and traded both in and outside of the SEM pool. In order to carry out this calculation, the RAs have decided that suppliers should use a methodology that is broadly based on that originally set out in proposed decision paper, SEM/08/006. This methodology involves the use of certificates for output generated from specified fuel types along with a residual fuel mix which is to be provided where suppliers do not hold such certificates.

It should be noted that this methodology differs from that set out in SEM/08/006 as the association of certificates with bilateral contracts for renewable energy generated on the island and traded outside of the SEM pool has been removed. It is considered that it is not appropriate for the RAs to determine the interaction between contracts and certificates when the provisions of the new Renewables Directive have not been finalised.

Evidence on which the calculation of fuel mix disclosure will be based it set out below:

- Renewable Energy Guarantees of Origin (REGOs) for renewable energy sourced electricity generated on the island and traded in the SEM pool.

- Generator Declarations for non renewable energy sourced electricity generated on the island and traded in the SEM pool.

- REGOs for renewable energy generated on the island and traded outside of the SEM pool.

- Generator Declarations for non renewable energy generated on the island and traded outside of the SEM pool.

- REGOs for renewable energy imported to the island of Ireland, accompanied by assurances that the REGO has not and will not be used as evidence of fuel mix for disclosure purposes outside of the island of Ireland. Evidence to the satisfaction of the RAs that physical energy of an equivalent volume was imported may also be required as appropriate.

- A residual fuel mix will be applied to energy imported to the island of Ireland that is not covered by any of the above evidence. This residual fuel mix for imports will be calculated on the basis of the residual fuel mix of Great Britain.

- A residual fuel mix for the island of Ireland will be applied to any remaining energy that is not covered by the above evidence. For the avoidance of doubt, this will be calculated as the average fuel mix for the island minus the total of the declared certificates from all suppliers.

Licensed suppliers will be required to inform a central body (to be consulted upon) as to the total number of Generator Declarations and/or REGOs held by them on the Disclosure Date and which relate to the preceding Disclosure Period. This data will be used in the ex post calculation of their respective fuel mix. The central body will perform an ex post calculation to produce the average fuel mix for the island of Ireland. The residual fuel mix data will be produced by subtracting individual supplier information from the fuel mix for the average fuel mix for the island of Ireland.

All parties should be aware that REGOs do not count automatically for target fulfilment and in this way, the fuel mix disclosure calculation does not have to correspond with statistical data related to national targets (See Recital (10) (1) of Directive 2001/77/EC). As regards any possible ambiguity over imported certificates from NI/Ireland/GB being used to meet respective national targets, the proposed Renewables Directive explicitly differentiates the use of guarantees of origin for fuel mix disclosure purposes from Member State target reporting. It is noted, however, that this Directive is not yet finalised. In this context, if and where relevant matters arise, they will be addressed in subsequent consultation papers The European Commission has also previously clarified that guarantees of origin for electricity from another Member State may only be counted towards the importing Member State's target if this is accepted and explicitly stated by the exporting Member State alongside the relevant REGOs.[15]

3.4 Compliance Cycle

Under Article 3(6) of the Directive 2003/54/EC, Member States are required to ensure that suppliers detail in or with their bills and in promotional material the contribution of each energy source to their overall fuel mix, as well as environmental impact information, over the preceding year. The Disclosure Period was defined in the proposed decision paper as January 1st to December 31st each year (i.e. a calendar year). The SEM Committee noted in the proposed decision paper that the first Disclosure Period would commence on January 1st 2008 and declared that information regarding this first Disclosure Period must be made available to customers in the subsequent year. The SEM Committee also stipulated that the required information must be published in or on bills within two months of this information (regarding a given Disclosure Period) being made available to them. In addition, it was decided that suppliers that have not supplied electricity to customers for the full Disclosure Period in question are not required to disclose a fuel mix specific to their offerings to final customers but must include on all bills the average fuel mix for the SEM.[16]

Respondents' Comments

One party disagreed with the SEM Committee's decision to implement the calendar year for the Disclosure Period, stating that the use of the SEM tariff year (1 October to 30 September) is the more logical approach. This respondent emphasised that emissions data is not verified until

[15] COM(2004) 366 final COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT, The share of renewable energy in the EU. See also the Terms and Conditions of the Renewable Energy Feed in Tariff by the Department of Communication, Energy and Natural Resources: *"eligible imported electricity"*

[16] Please refer to points two and three of section 3.2.2 in SEM/08/006 for the full set of requirements.

February or March and therefore, utilising the calendar year would still entail an extended delay period. Another respondent also called for the period in question to follow the tariff year, which had been recently aligned on an all-island basis for the SEM.

Regulatory Authorities' Position

Having reviewed the respondents' comments, the RAs continue to support the use of the calendar year for the Disclosure Period. In relation to the first issue raised that the choice of calendar year will result in delays due to the dates for the production of emissions data, the RAs note that Environmental Protection Agency (EPA) emissions data is produced on a calendar year basis and is released the following March (i.e. a three month delay period). The use of the tariff year (October to September) would give rise to a six month delay as opposed to a three month interval (in the case of the calendar year) in the production of these figures. In addition, emissions data to 2006 in relation to Northern Ireland has been published by AEA Technology on behalf of the Department for Environment, Food and Rural Affairs and the National Atmospheric Emissions Inventory. This information is produced for the calendar year. Lastly, the accounting period for the recently introduced excise duty (October 2008) on electricity in Ireland (electricity tax) is the calendar year from 2009, the calculation of which is based on the latest fuel mix data.

3. 5 Environmental Impact Information

In the proposed decision paper SEM/08/006, the SEM Committee set out that data supplied by the Environmental Protection Agency (EPA) in Ireland, by the Department of Energy Fisheries and Rural Affairs (DEFRA) in Northern Ireland and by generators would be employed to calculate the CO2 emission factors necessary for distribution of applicable environmental impact data to suppliers.

It was proposed, *inter alia*, that this information would be updated, with respect to the relevant periods, by suppliers in each subsequent year on the 'Disclosure Date'. The SEM Committee also stipulated that the fuel mix and environmental impact information must be published on either the front or back of bills within two months of this information (regarding a given Disclosure Period) being made available to suppliers.[17]

Respondents' Comments

One respondent suggested that the requirement that suppliers must use data obtained from a number of sources to determine their environmental impact, would create confusion and complicate the validation process. The respondent in question also stated that this would increase the likelihood of the total CO2 figure differing from verified totals provided to the local environmental agencies and the European Commission under EU Emissions Trading Scheme. This party therefore called for all disclosures to be based on the verified generator CO2 data.

One party rejected the use of separate CO2 emission calculations for individual suppliers. They emphasised that the total level of CO2 produced by generation which feeds into the pool remains the same regardless of the tariff and/or supplier chosen by customers. They stated that a average rate of emissions should instead be employed unless the supplier can prove that the carbon benefits associated with a tariff are *additional* and rejected any use of zero CO2 emissions rates for specific tariff offerings. This party also made note of a DEFRA paper on this issue. [18]

[17] Further requirements are outlined in Section 3.2.5 of the decision paper, SEM/08/006

[18] DEFRA, Guidelines to DEFRA's Greenhouse Gas Conversion Factors for Company Reporting, June, 2008.

Regulatory Authority's Position

The RAs are mindful that processes to obtain data used in the calculation of suppliers' CO2 emissions must be as clear, straightforward and cost-effective as possible. For this reason, the RAs envisage that one body will have responsibility for the co-ordination and calculation of CO2 emissions information utilising data provided by generators, the EPA in Ireland and from the Department of Energy and Climate Change (DECC) in the UK for data relevant to Northern Ireland. NIAUR are currently in discussions with the DECC on this issue.

Such an approach will ensure that incorrect information is not produced and that the relevant data is consistent with that provided to the European Commission and environmental agencies. Further detail will be provided on this issue in subsequent consultation papers.

As regards the presentation of environmental impact information, the RAs have examined the respondent's comments in detail and have reviewed the relevant DEFRA paper, as well as associated guidelines produced by Ofgem.[19] The RAs recognise that the choice of particular suppliers or tariffs does not provide an *immediate and direct* environmental benefit and does not instantly reduce levels of CO2. However, the purpose and long-term effect of the provision of CO2 information must also be taken into consideration when examining requirements relating to the presentation of environmental impact information to customers.

It is stated in the European Commission's communication on disclosure requirements set out in Directive 2003/54/EC that the purpose of this information is to '*enable consumers to make informed choices about suppliers based on the generation characteristics of the electricity they supply*' and to '*stimulate electricity generation that contributes to a secure and sustainable electricity system*.' [20] It is the view of the RAs that the use of an average rate of emissions would be contrary to these objectives. As noted above, the use of averages instead of supplier specific information is also rejected in this communication.

In addition, it should be noted that in the longer term, the increasing choice by customers of suppliers with relatively high levels of renewable sources in their disclosed fuel mix and/or relatively low carbon emissions would encourage suppliers to increasingly contract with renewable generators and/or lower carbon emitting generators. This would therefore act as a stimulus for such generation.

The RAs agree that the CO2 table disclosed by a supplier does not constitute an indication of immediate or short term additional environmental benefits associated with that supplier/a specific offering. Therefore, the RAs recognise that there should be no suggestion nor claim made by suppliers on relevant material that the overall carbon emissions have been *directly* reduced by a customer opting for a particular supplier/tariff. The environmental impact table is associated with the fuel mix of a supplier and/or a particular tariff offered by a supplier. Therefore, it is noted that the CO2 emissions disclosed by a supplier in relation to their offering is an indication of emissions relative to that offered by other suppliers in the context of the overall fuel mix of the island and associated emissions. Consequently, it is considered appropriate that suppliers who differentiate their offerings to customers on the basis of the percentage of renewable sources in the fuel mix table associated with a tariff and/or the CO2 intensity associated with a tariff should provide separate information on their bills regarding these different offerings in the fuel mix disclosure table. This ensures that no double counting of the percentage of the fuel mix sourced from electricity with renewable attributes across the tariff offerings of a supplier takes place. In

[19] Ofgem, Green supply guidelines: Updated proposals, 97/08.
[20] Proposal for a Directive on the promotion of the use of energy from renewable sources (2008/0016 (COD)). See also Note of EU Commission on Directives 2003/54 and 2003/55 on the Internal Market in Electricity and Natural Gas (Non Binding) entitled 'Labelling provision in Directive 2003/54/EC'.

addition, it ensures that emissions in relation to specific tariff offerings are reflective of these offerings.

3.6 Promotional Materials

In SEM/08/006, the SEM Committee set out a proposed definition and format for promotional materials and stipulated that requirements in this regard would be enforced under licence condition.[21]

Respondents' Comments

One party disagreed with the requirement to include fuel mix data on all promotional materials, especially as regards material sent to prospective customers, as they consider it onerous and restrictive in terms of marketing strategy. They also stated that it would detract from their '*general message of switching supplier*'. This respondent also noted that fuel mix data is not included on every piece of "change of supplier" literature that is sent to prospective customers in the UK.

Regulatory Authority's Position

The RAs recognise that requirements in relation to the inclusion of fuel mix data on promotional materials must not place an unnecessary burden on suppliers. The RAs wish to emphasise that a proportionate response to enforcement will be adopted in this regard. In accordance with Article 3(6) of Directive 2003/54/EC, the RAs note that suppliers will not be required to provide fuel mix information on *all* material but only on that sent or given to customers, as was set out in the proposed decision paper. Please see section 4.2.7 on this issue.

3.7 Presentation of Disclosure Information

In SEM/08/006, the SEM Committee set out, *inter alia*, that the form and detail of communications regarding fuel sources and environmental impacts would be subject to the prior approval by the Regulatory Authorities. It was also set out that this information is required to be provided by all suppliers and must be supplied on either the front or back of all bills to customers. The default label format for presentation of fuel mix and associated environmental information to final customers was set out in Figure 1, Appendix A of SEM/08/006. The label format in cases of differentiation of fuel mix for energy supplied to customers on a specific tariff and further sub-division of a fuel category were set out Figures 2 and 3 respectively of Appendix A. The categories of energy sources that may be used for the purpose of fuel mix disclosure were provided. The SEM Committee also noted that the definition of 'renewable energy sources', as set out in Directive 2001/77/EC, would apply for disclosure purposes.[22]

Respondents' Comments

One party disagreed with the requirement to include fuel mix data on the front of all bills as, in the view of this respondent, giving precedence to fuel mix is unjustified. This respondent also stated

[21] See Section 3.2.6 of SEM/08/006
[22] For full details on these requirements see Section 3.2.7 of SEM/08/006

that the front of bills should be reserved for information on the calculation of bills, as well as emergency and contact details, in order to eliminate confusion. The respondent in question noted that "Nuclear" appears as a category in these fuel mix tables, despite the fact that it is not one of the categories noted in the SEM Committee's proposed decision. In addition, this respondent indicated that the category for "Other" is absent from these tables.

One respondent emphasised their support for the proposed format for publication of information. However, this respondent questioned the need to include "Nuclear", "Pumped Storage", "Distillate" and "Heavy Oil" as categories for fuel source information, as well as "Radioactive Waste" for environmental impact information. The respondent in question stressed that the approving body should allow some flexibility in cases where relevant percentages are below *de minimis* level or zero.

One party requested that such information only be included in their sole annual communication, as the respondent's customers do not receive bills and rather use a keypad meter. This respondent also called for a renewable micro generation category to be added to Figure 3.

Another respondent rejected the proposal to include a customer-specific fuel mix disclosure table with every bill when the tariff of the customer in question is based on a particular generation mix. They maintained that it would not be practically possible, is not required under current EU legislation, is not required by customers and would distort competition between suppliers.

Regulatory Authority's Position

The RAs firstly note that the provision of fuel mix information is not restricted to the front of bills. The RAs outlined in the proposed decision paper that such information must be supplied on *either the front or back* of all bills to customers.

In relation to the inclusion of a 'Nuclear' category, a list of categories for the fuel mix disclosure table has been included in Section 4.2.7. The RAs cannot reject the inclusion of relevant categories for generation supplied in the SEM as they consider it inappropriate and misleading not to present categories when relevant sources of generation make up the fuel mix for the island. However, it should be noted that a *de minimis* level of 1% will be employed in the calculation and presentation of the data relating to the different fuel types. Sources below this level will be listed in an 'Other' category. The RAs acknowledge that an 'Other' category should have been present on the tables provided in the proposed decision paper.

The RAs do not accept that a renewable micro generation category should be added to the fuel mix table as micro generation is a technology type and not an energy source. It would therefore be inconsistent with the other categories present in the fuel mix table. Pumped Storage is similarly a technology type and therefore, will be removed from the relevant tables.

In cases where bills are not used by a supplier, the inclusion of fuel mix and environmental impact information in an annual communication is acceptable and does not conflict with legislative requirements. However, it should be noted that the above information must be included in bills and promotional materials, as outlined in Section 4.2.6, and that the RAs will adopt a proportionate approach to the enforcement of this matter.

Lastly, in relation to the provision of tariff-specific data on bills, the RAs are mindful of the concerns of certain suppliers regarding this issue. Having examined the matter further, the RAs do not believe that it is appropriate to decide upon on the exact format of the fuel mix disclosure table at this time and it will therefore be included in a subsequent consultation paper. The RAs wish to emphasise that the guiding principle in this regard is the presentation of *reliable and accurate* disclosure information to all customers, as required by Article 3(6) of Directive 2003/54/EC. Any proposed amendments to the tables, as originally set out in SEM-08-006, will be considered in light of the above principle.

4. SEM Committee's Decision

4.1 Background

Having reviewed the comments received to the proposed decision paper (SEM/08/006) and discussed the issues with suppliers and the relevant government Departments, the SEM Committee has decided that calculation of fuel mix disclosure in the SEM will be facilitated by Renewable Energy Guarantees of Origin and Generator Declarations, with a residual fuel mix being provided where REGOs and/or Generator Declarations have not been submitted. In addition, the SEM Committee has taken into account that the new Renewables Directive, which sets out conditions in relation to guarantees of origin, has not yet been finalised and has noted that further consultation with industry and relevant government Departments is required. Therefore, the SEM Committee has set out the high level calculation methodology of fuel mix disclosure utilising certificates, as well related environmental impact requirements, in this decision paper. Further details on the issue, transfer and cancellation of certificates will be consulted upon in a subsequent paper.

The SEM Committee is also mindful that this system will take time to implement and recognises that an interim approach must be developed for the calculation of disclosure information in the intervening period. Therefore, a consultation paper on this interim methodology will also be produced.

In reaching this decision, the SEM Committee has taken into account their original objectives, as first set out in the consultation paper.

Section 4.1 of AIP/SEM/07/46 stated that the methodology put in place should:
• Ensure compliance with governing legislation;
• Facilitate ease of comparison by customers on the island of information provided by suppliers in accordance with the disclosure requirement;
• Be implemented in a manner that minimises costs to market participants and final customers and
• Be compatible with the other functions and duties of the Regulatory Authorities.

In addition, the SEM Committee's decisions have paid particular attention to all relevant national and EU legislative requirements relating to disclosure. Having analysed the above, as well as all relevant EU Commission communications, in particular Directive 2003/54/EC, Directive 2001/77/EC and draft versions of the new Directive on renewables, the SEM Committee believes that the decision detailed below will ensure that all pertinent requirements are met whilst operating within the intentions of the above Directives.

In light of Article 3(6) of Directive 2003/54/EC, as well as the objectives of this requirement as set out the by EU Commission[23], the SEM Committee is mindful that the methodology for the calculation of the fuel mix and associated environmental impact information disclosed to customers should ensure no double counting of generation attributes occurs. For this reason verification and audit procedures of fuel mix disclosure and environmental impact information may be established in Ireland and Northern Ireland. Details of such procedures will be included in a subsequent consultation paper.

Lastly, decisions relating to environmental impact information, as well as the presentation and format of disclosure information provided on bills and promotional materials, are regarded as appropriate as they allow for ease of comparison of supplier offerings by customers on the island of Ireland, minimise cost impacts for suppliers currently providing such information and ensure a suitable level of regulatory supervision.

[23] Note of EU Commission on Directives 2003/54 and 2003/55 on the Internal Market in Electricity and Natural Gas (Non Binding) entitled 'Labelling provision in Directive 2003/54/EC'.

The SEM Committee's decision regarding disclosure of fuel mix and associated environmental impact information by suppliers to final customers is set out in Section 4.2 below.

4.2 SEM Committee's Decision

4.2.1 High Level Calculation Methodology for Fuel Mix Disclosure (enduring approach)

The calculation of fuel mix information for disclosure to final customers for a given Disclosure Period (subsequent to the interim measure as noted above) as required under Article 3(6) of Directive 2003/54/EC will be based on evidence of the source of energy as follows:

– Renewable Energy Guarantees of Origin (REGOs) for renewable energy sourced electricity generated on the island and traded in the SEM pool.

– Generator Declarations for non renewable energy sourced electricity generated on the island and traded in the SEM pool.

– REGOs for renewable energy generated on the island and traded outside of the SEM pool.

– Generator Declarations for non renewable energy generated on the island and traded outside of the SEM pool.

– REGOs for renewable energy imported to the island of Ireland, accompanied by assurances that the REGO has not and will not be used as evidence of fuel mix for disclosure purposes outside of the island of Ireland. Evidence, to the satisfaction of the RAs, that physical energy of an equivalent volume was imported may also be required as appropriate.

– A residual fuel mix will be applied to energy imported to the island of Ireland that is not covered by any of the above evidence. This residual fuel mix for imports will be calculated on the basis of the residual fuel mix of Great Britain.

– A residual fuel mix for the island of Ireland will be applied to any remaining energy that is not covered by the above evidence. For the avoidance of doubt, this will be calculated as the average fuel mix for the island minus the total of the declared certificates from all suppliers.

4.2.2 Compliance Cycle

1. The Disclosure Period will run from January 1st to December 31st each year, i.e. a calendar year. Information regarding this first Disclosure Period must be made available to customers in the subsequent year.

2. Suppliers will be required to provide customers with information on fuel sources and associated environmental impacts on bills within two months of all relevant information regarding a given Disclosure Period being made available to them by the central authority (known as the 'Disclosure Date'). This will allow suppliers time to use up existing bill stocks and to revise bills to reflect revised disclosure information.

3. Suppliers that have not supplied electricity to customers for the full Disclosure Period (the applicable period) in question are not required to disclose a fuel mix specific to their offerings to final customers. Here, such suppliers will be obliged to put the disclosure label on all bills to final customers, in line with the requirements set out in this paper, and shall include percentages by energy source for the average fuel mix for the island of Ireland. Zero percent shall be represented for each energy source with regard to the electricity supplied by the supplier in question.

4.2.3 Approval/Validation

1. Licensed suppliers must provide the relevant implementing body with information in relation to the number and type of REGOs and Generator Declarations they intend to claim for a period. The RA with which a supplier is licensed may approve the revised information of that supplier as updated for each Disclosure Period.

2. Requirements in relation to fuel mix disclosure may be set out in supply licence conditions by the relevant RA. This may include requirements relating to Generator Declarations.

3. It should be noted that the interaction between fuel mix disclosure and support mechanisms will be dealt with in the consultation paper on the detail of this methodology.

4.Renewable Electricity Generators in Northern Ireland can treat their output as consumed in Northern Ireland where it is sold through the pool, where the output is the subject of a 'relevant arrangement' with a Northern Ireland supplier whereby the supplier agrees to purchase an equivalent amount of electricity from the pool for onward supply to customers in Northern Ireland. (See The Renewables Obligation (Amendment) Order (NI) 2007)

5. For each fuel type disclosed to customers, the total aggregate data in any category in a given Disclosure Period cannot exceed the amount of generation[24] related to that fuel type in that period.

6. It is the responsibility of the supplier to have in their possession enough Generator Declarations and/or REGOs to support their disclosed fuel mix. In relation to the auditing of certificates in Northern Ireland, procedures are already in place and will be undertaken by Ofgem. In Ireland an auditing system will be introduced in order to firstly ensure that REGOs are specifically issued for renewable energy only and the correct number of certificates is issued for the number of MWhs of energy produced. Auditing procedures must also be put in place to ensure that generators have not issued Generator Declarations improperly. Details on the auditing of certificates and related information will be provided in a subsequent consultation paper.

4.2.4 Enforcement

1. Suppliers, under the terms of their Supply Licence in Ireland and Northern Ireland, will be required to provide fuel mix information to final customers in accordance with the SEM Committee's decision(s) on this matter.

2. In Northern Ireland enforcement of licence conditions in relation to fuel mix disclosure will be dealt with through the enforcement procedure as set out in part VI of the Energy (Northern Ireland) Order 2003.

[24] Adjusted for imports and exports.

3. Prior to the completion of the modifications to the Supply Licence and the publication of formal guidelines by the Regulatory Authorities, suppliers in Ireland must provide accurate information (and in the required format) in accordance with any directions issued by the CER under Regulation 25 of S.I. No. 60 of 2005.

4.2.5 Environmental Impact Information

1. In order to determine the applicable environmental impact data, CO2 emission factors will be provided to suppliers based on data obtained from generators, from the EPA in Ireland and from the Department of Energy and Climate Change (DECC) in the UK for data relevant to Northern Ireland. NIAUR are currently in discussions with the DECC on this issue.

2. Suppliers will multiply their fuel disclosure percentage per energy source by the associated CO2 emission factor, as provided to them, to give the required information, i.e. CO2 emissions in kg/MWh, by energy source.

3. This information will be updated, with respect to the relevant periods, by suppliers in each subsequent year on the 'Disclosure Date'.

4. The publication of fuel mix and environmental impact information on either the front or back of bills must be concluded within two months from the date on which the required information is made available to suppliers.

4.2.6 Promotional Materials

1. Promotional material is material handed out or sent directly to customers, excluding newspaper, magazine, bill-board and television advertisements. It includes welcome packs for new customers, materials provided by doorstep sellers seeking to attract new customers and material sent to households encouraging them to sign up to a supplier.

2. Information provided by suppliers on promotional materials regarding fuel mix and associated environmental impact information should use the same basic format as that required to be made available in or with bills to final customers. References to such information provided on promotional material should refer to information provided in this format also.

3. The Regulatory Authorities will adopt a proportionate approach to the enforcement of this matter.

5. Associated Issues

The SEM Committee notes that the necessary legal framework to support the implementation of the disclosure requirement under the SEM must be put in place. This will include the modification of supply licences in both jurisdictions. It will also include a statutory basis for Guarantee of Origin in Irish law.

The CER notes the associated issue of the necessity to continue to provide for the separate licensing of green and CHP suppliers under the Electricity Regulation Act 1999. Heretofore "green suppliers" were permitted to balance green sales and procurement over a reasonable time. It has previously been noted that the question arises as to whether the full implementation of the fuel disclosure requirement will eliminate the necessity of this regime. This matter was consulted upon previously[25] and has been discussed with the DCENR. Discussions on this matter are ongoing.

6. Next Steps

The RAs will liaise further on the issue of fuel mix disclosure with the relevant government Departments post the finalisation of the new Renewables Directive which is expected to be produced in the second quarter of 2009.

The RAs recognise that an opportunity must be provided for all parties to respond and set out their concerns in relation to both the interim and enduring calculation methodologies. The RAs are equally mindful that certain questions raised by respondents to SEM/08/006, which have not been addressed in this paper, must be answered.

To this end, the RAs will produce two consultation papers in the second quarter of this year. The first will set out options relating to possible calculation methods to be employed as an interim measure prior to the introduction of the certificate system. The second will detail the use and implementation of certificates for fuel mix disclosure in the SEM and will incorporate requirements provided in the finalised Renewables Directive.[26] As regards the latter paper, the RAs will in particular provide information and seek further responses on the following outstanding issues:

- Interaction with Directed and Non Directed contract process.
- Interaction between the use of certificates and support schemes.
- Transfer of certificates.
- Appointment of body/bodies responsible for the administration of certificate system in Ireland.
- Appointment of appropriate body to calculate the disclosure figures annually.
- The format and detail of fuel mix and environmental impact information provided to customers on bills and promotional materials.

[25] CER/06/188 Consultation Paper: 'Removal of separate green and CHP supply licence requirement'
[26] It should be noted that the production of a consultation paper on the details of this certificate system is dependent upon the publication of the finalised EU Directive on renewables.