

**North American Association of Issuing Bodies
Nov. 6, 2003 Meeting, Chicago, Illinois**

Present:

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Introductions

Meeting Goals

- To bring together U.S., Mexican and Canadian stakeholders for the first time to discuss the formation of a North American network for tracking and accounting of renewable electricity certificates;
- To affirm support for the creation of a North American Association of Issuing Bodies (NAAIB);
- To develop a plan of action and next steps;
- To form working groups to work on specific institutional issues and agreements

There was general agreement that the group should start with the simpler things and get those into place and gradually move towards the more difficult things. This will give the process some early accomplishments. Overall, the process of establishing the NAAIB should be more straightforward than setting up individual tracking systems. The intent is for all generators including Mexico and Canada to sell their renewables anywhere in the continent. There was a brief overview of the agenda.

Updates on Regional Tracking Systems

Canada

Leslie Welsh gave a presentation on the current status of tracking systems in Canada. The Canadian Government does not have any official position at this time in regards to RECS and tracking systems.

Leslie Welsh's presentation is available at: <http://groups.yahoo.com/group/NAAIB/files/>

Mexico

The representative from Mexico could not attend the meeting. Jan Hamrin gave an overview of the situation in Mexico: Mexico is interested in participation, along with many other developing countries that are starting to get their renewable policies in place. The NAAIB should be sure to make a placeholder available for including Mexico in any potential network.

WREGIS

The Western Renewable Energy Generation Information System (WREGIS) is a renewable energy tracking system that will support voluntary tracking of renewable generation in the 11 western US states, parts of Baja California and Western Canada. The tracking system is currently being designed and developed by Western Governors' Association and the California Energy Commission with input from regulators, market participants and stakeholders throughout the Western US and Canada. For more information about WREGIS, see: <http://www.westgov.org/wieb/wregis/>

NAAIB

Meredith Wingate and Jan Hamrin gave an overview of the NAAIB concept including an overview of US renewable certificate tracking initiatives, a description of NAAIB concept/proposal, the goals and purpose of NAAIB, the proposed institutional structure and key roles and responsibilities of governing bodies, and presentation of suggested timeline/process for forming the NAAIB.

The presentation is available at: <http://groups.yahoo.com/group/NAAIB/files/>

Discussion of Committees and Timeline

*The Committee Task list and Timeline is available at:
<http://groups.yahoo.com/group/NAAIB/files/>*

The draft timeline was introduced along with proposed Committees. Funding is essential to get this process moving forward. One of the main tasks of this group will be to determine how to finance the organization once it is up and going. Funding requirements drive some parts of the timeline.

The group was asked to highlight any timing issues that might influence this process.

Target launch date for legal incorporation of the NAAIB is November 2004 – but this does not necessarily mean a fully functional network will be in place.

CRS has identified four Committees: Institutional and Governance Committee, Financial Committee, Technical Committee, and Security Committee. The group was asked for help in determining other committees that are needed, especially after the issues that need to be addressed are firmed up. Committees are responsible for working out the issues and reporting back to the larger group. In addition there will be an Executive Committee that is comprised of chair people from each of the other committees to help with committee coordination. The initial task list for each of the committees is as follows:

Institutional and Governance Committee

- Identification of membership/participation in NAAIB
- Create proposal for governance structure and development of decision-making structure for NAAIB
- Create proposal for the institutional structure of NAAIB (what type of organization is it?)
- Types of stakeholders that will participate and how they can participate

Financial Committee

- Creation of an operational budget
- How NAAIB can be funded, are there fees for participation, who pays, how much, are there ongoing fees?
- Identifying other sources of funding during formation period

Technical Committee

- Review and revision of "first draft" of Basic Commitment
- Identification of issues that still need to be worked out
- Creation of subcommittees to work on these other issues

Security Committee

- Identify key security issues, research how existing systems work, and think about minimum standards for new tracking systems

In addition, two other Committees were suggested; a Markets Overview Committee and a Communications Committee. Their initial task list is summarized below:

Markets Overview Committee

- Identify gaps and need for default issuing Body
- Address compatibility issues with GHG tracking and GHG markets (e.g. identify what are future issues related to emissions and GHG trading that are coming down the pike and will need to be addressed in the future)

Communication and Outreach Committee

- Identify who NAAIB should be communicating with
- Develop some short 1-2 page brochure/handouts on purpose and function of NAAIB that can be distributed at meetings and conferences
- Identify potential venues and opportunities to get on agendas and calendars of regional meetings, e.g. energy market groups, regulators, suppliers, etc.

Questions on Committees and Timeline:

- Is the financial committee responsible for funding NAAIB or will it address how IBs are financed? The initial thinking is that funding is only for NAAIB, tracking systems that are now working have already determine their own funding.
- Who funds the AIB in Europe? Authorities have designated different sources – some of the IB's contribute funds, other funds come from transmission operators. Germany has some problems with funding and is currently seeking funding from the industry – but this is difficult. For the AIB, each IB contributes funds and the RECs system contributes funds that they pass onto their members/generators.
- What is the AIB governance structure? Six members are elected by the general meeting from different countries. Different IBs and their domains are different sizes so they have different representation. Working groups make most of the decisions and present them to the general meeting for voting.
- How is small, distributed generation (DG) dealt with in the European system? Answer: A production aggregator, a service provider that handles the contracts and acts as trader in the system. Only electricity that is going into the grid is counted. Someone advocated that these systems be included in the North American system. Note: The details of tracking DG is up to the IB or regional tracking system where the generation occurs.

Q: How can this group increase awareness among those who are not able or are not participating in the formation process of the NAAIB (such as: IPP organizations, regulators, state energy offices, utility or retail service providers, NRECA, and APPA)?

A: They should be aware of this process. The Communications Committee should be responsible for this.

Q: At what level is the decision made as to who can trade with whom? Is it the IB or AIB?

A: In the EU, there is a formal accreditation system – basically generators must agree with the Basic Commitment and protocol in their domain, they will then gain acceptance from the general meeting for participation. Certificates are as general as possible. There is no restriction on trade or transfer of certificates at the AIB level. Trading restrictions are based on country level (IB) policies as to what is acceptable.

Q: Is the NAAIB going to cover incremental costs for IBs participating in the system? Or is it informing participants that there may be other costs. We need to be clear about the issues so we can find solutions.

Comments and Suggestions on Committees and Timeline:

- The Institutional and Financial Committee should determine what the **business plan** is and what the **organizational priorities** are going forward. Institutional Committee would be responsible for the business plan; Financial would be responsible for the organizational priorities. Communications plan should be worked out first so that those who want to participate in the process and various committees know about it and can participate.
- We are missing something here, what is the market? Proposal was made to **define a clear market overview and a default IB to fill the gaps** where no IB exists.
- With this large a group there is a danger that we do not get things done. **We need to get a few things done and show successes.** Proposal made that we establish a default IB or set up a sample trade that uses the communications system to show this is a viable idea. Get two IBs together and do a trade to see what the issues are.
- **Fees** – it might be better to have funding come from outside of the generators or other members – fees for a voluntary system might be a difficult sell. **Fees depend on the services that are provided.** What are the costs of the services and who should pay for them? We need to talk more with the EU system and see what services they offer. There may be some voluntary services that fees are paid for. **This needs to be determined.**
- Who benefits the most from the NAAIB formation? This is a starting point for the funding question.

- We need to understand policies in particular states and countries. What are the rules in other regions that would impact trades and to influence the design of systems for those regions?
- The Markets Overview Committee should be tasked with identifying emerging markets, who is buying RECs, why are they buying them, and what are the state RPS requirements?
- The immediate need for the Communications Committee is to identify the audience (categories and organizations) and develop summary information about what the NAAIB is and where the process stands, as well as identification of key opportunities and events that we should be part of.
- The Technical Committee should identify prototype projects or technology demonstrations that can be accomplished in these early phases of the project. It should determine: (1) common definitions, (2) the relationship between RECs and ERCs, (3) definitions of certification, (4) the process by which RECS move from Renewable registries/tracking systems to GHG or other climate registry systems, (5) seams issues, both domestic compatibility and tri-national compatibility issues – all three countries have different participation in UN climate change treaties. Note: Some tracking systems might have these issues worked out already and we should build on their experiences.

TRECKIN¹ presentation

*Christof Timpe's presentation can be found at:
<http://groups.yahoo.com/group/NAAIB/files/>*

Questions Related to TRECKIN

- How is data put into the system? In Germany, certificates are issued on self-declaration of the generator and based on meter readings when available; once a year an auditor verifies the meter readings. (this is the case in most of the other countries as well that do not have independent transmission system operators – which generally give settlement quality data to the AIB).
- Where the generation is self-reported, how is this rectified with settlement data? RECs are only given for net generation. This is done during the accreditation process, the auditor determines which meters should be read and calculate the actual net generation.
- What about line losses or other types of deterioration in the amount of generation that actually gets into the system? There is no need to account for line losses as this system is only tracking generation. The system is kept clean of these issues.
- From the perspective of the AIB, what information is made available to the public? When you aggregate to become an integrated network, what is available to the public? For all participants, all generation, power plant

¹ <http://www.treckin.com/>

information, and user accounts are public information. There are currently issues with making certificate purchases public. The more actors there are in the system, the less relevant information privacy is.

- What % of generating resources are participating? There is a fairly low participation rate of <5%. 40% of certificates have been redeemed. The RECS system is very well designed, but there is very low demand.
- Is there any reason to put more generation into the system with such low participation? No, because there are no date requirements (unlimited banking is allowed). Also, there is a Working Group on green power labeling, currently discussing issues around additionality and figuring out how to get that information into the system. Therefore each program and state can determine which generators they would like to allow into their program.
- Is there a range of prices for the certificates? Prices are rather low – there is no market indicator, what you hear from traders is around 5¢/MWh, which does not stimulate new participants.
- Is there a way for a purchaser to differentiate the quality of the REC in terms of emissions, vintage, etc.? Much of the information is available, but it is not included on the certificate. The system is still lacking demand patterns, which could change as RPS type policies are implemented. There are requirements in the EU for full disclosure of all generations.
- Are there some aspects unique to the EU that would not apply in the US? There are already cooperation standards in place due to the nature of the EU as a unified economic system. Yes, there are some issues, but this is not a big obstacle, there are just some things to add.
- Can RECs be disaggregated? In theory, all attributes are all included. You cannot disaggregate attributes at this time, though this is being discussed.
- Who are the buyers? Green electricity purchasers.
- What percentage of the EU Green markets are participants in the system? We don't have the information to answer this. There are some countries that have over 70% green power generation. In the EU voluntary markets are very new and are somewhat behind what we see in the US.
- Are there any IBs independent of the AIB? Both AIB and RECS are non-profit organizations; there are some national systems that are in place for regulatory regions in certain countries. In those countries, there are requirements to keep generators from being double issued certificates.

Technical Issues Brainstorm Session

- **Software interface** – should rely on emerging standards such as XML (a system of database standardization that allows different systems to communicate). Every industry is now using XML. XML includes tools for handling data security and integrity.
- **Standardization** is a good impetus to get the system in place before there are any more IBs established. Once the AIB is in place, there will be a reason and

format for new systems to follow the same standards. ERCOT, WI and APX already use XML compatible datastreams.

- **Compatibility between RECS and emissions trading markets.** We have to keep the vision broad and be able to account for other future needs/uses.
- **System Costs:** In Texas, the need for a system was part of the RPS legislation, but it was not paid for. ERCOT, the transmission operator, took on the cost. This is a service to the people of TX. It costs around 1cent/MWh to develop and operate the system. In Wisconsin, the cost is lower. The goal is to maintain minimum additional costs for renewables. The system is a web-based system, like the other IB systems, and is administered by an outside contractor, Clean Power Markets. In the EU, the operating cost is 1 full time general secretary plus administrative support. Many members are providing in-kind/time contributions that are not being paid for. In addition, there are other costs, such as transportation and meetings.
- **Issue of retirement,** is it an NAAIB or IB jurisdiction? Should there be a standard definition of what retirement should be? We want to be sure that there are no huge transfers from one IB to another because of different banking times. It is up to the market to determine the value and cost.
- How to accommodate IBs that issue certificates to retail suppliers instead of generators.
- How to accommodate DG/small generation.
- Identify the market: Who benefits from REC credits, and who buys them?
- How to deal with existence (or non-existence) of bundled electricity requirements in different regions.
- How to handle transactions between areas with tracking systems and those without them.
- Need for common definitions and terminologies.
- We need to have an inclusive (not exclusive) definition of what is renewable.
- Compatibility between RECs and GHG credits and other environmental benefits (NOx).
 - Domestically and tri-nationally
- Issue of line losses and consistency with handling line losses between tracking systems
- Reconciling settlement data/meter readings.
- Certification versus non-certified RECs
- Eligibility of different technologies
- Levels of verification – auditing and monitoring
- Authentication data security/data integrity
- Definition of “what is renewable”
- Which attributes RECS contain
- Confidential vs. public information.
- Certificate information content - from siting through emissions.
- Certificate registry requirements .
- Verification of static generator information.

- Languages used in communications, as well as all the reports and other documents.
 - if anyone has translation capabilities to lend to this process, please let us know.
- Minimum standards of data verification
- Issues unique to public power entities - WAPA, APPA and NRECA should be involved in this process.
- Aggregation of smaller generation and costs of transactions.
- Define under what circumstances RECs are retired as a standard for the AIB system. Are there times when the NAAIB dictates when certificates are retired?
- Transfer of RECs between IBs and removal of the REC from the originating IB, to ensure no double counting.
- Serial number standardization.
- Aggregated reports or public reports. The relevant information is the retirement of RECs not what is in your account at any specific time. The EU uses a redemption statement, which should include who the final owner is.
- Should the NAAIB have any data interface with the individual IBs?
- Code of conduct for users of the system (account holders).
- What are the qualifications of the IBs?
- What kind of rules are there regarding competition between IBs?
- How to handle default areas that have no IB?
- What if a voluntary IB comes into an area, where there is already an IB established? Will this lead to a race to the bottom (in terms of quality)?
- What if generators want to switch which IB they are registered with?
- How to identify generating facilities - need to have a uniform method of Identifying generators so they can't double register.
- How to enforce qualification standards for IBs, particularly if you have competing IBs.
- What criteria need to be met for IBs to be allowed into the system? In the EU, there is simply one IB per domain. These details are covered in the basic commitment. Why only allow one IB? So that there is a guarantee of only one certificate per MWh generated. This would be part of the role of the NAAIB.
- Definition of double counting
- How to handle state or federal REC multipliers. In NV solar is counted as 2.4 RECs. The federal government is looking to double the RECs produced on native American lands. States or others are looking to create incentives for certain technologies. Usually multipliers occurs at the state level and it does not enter into the tracking system. Multipliers are applied when the REC is redeemed.
- Demand schemes must be harmonized to a certain extent.