

Open consultation around proposed changes to the RE100 technical criteria

March 2022

Introduction

RE100's technical criteria may be revised periodically to recognize shifts in markets, new and credible sourcing options for renewable electricity, and maintain RE100's position as a leadership initiative dedicated to accelerating the change towards carbon free grids by 2040. Revisions to the criteria happen every two years, in March. The next planned update will be published in March 2023.

In February 2022, RE100 held town hall meetings with its members to discuss three proposed changes to the RE100 technical criteria for consideration in the next planned update.

RE100 has taken the feedback gathered from members in the town hall meetings and updated the position papers it has prepared for each of the proposed changes. For the next step of the technical criteria update process, RE100 is launching a public consultation around the position papers.

A summary of the feedback gathered on each proposed update and the revised position papers are included in this consultation briefing.

RE100's governance

RE100's strategy and performance are overseen by a Project Board, comprising representatives from the executive management teams of both The Climate Group and CDP. The Board is responsible for confirming the strategic direction and approach of RE100, including membership criteria, the RE100 technical criteria, and RE100's regional partnerships. The Board is advised by two groups: the RE100 Advisory Committee and the Technical Advisory Group (TAG). The TAG is responsible for defining the RE100 technical criteria, for formal approval by the Project Board. The RE100 Project Board is the only decision-making body in RE100. Both the Advisory Committee and the TAG advise the Project Board.

How to participate

RE100 is welcoming feedback on the three position papers from the public.

Please participate in the consultation **by completing the accompanying spreadsheet** and sending it to re100@cdp.net.

The consultation will close on **27 May 2022 so that the feedback can be discussed in RE100's June meeting of its Technical Advisory Group (TAG)**.

The three proposed changes are:

1. Making AIB membership the market boundary for Europe
2. Accepting physical cross-market procurement when certain conditions are met
3. Introducing a fifteen-year limit on the commissioning dates which RE100 members may claim purchased (not self-generated) renewable electricity from

1. Making AIB membership the market boundary for Europe

Summary

RE100 requires its members to procure renewable electricity from the same markets in which they operate. Most markets are defined by countries' geographic boundaries. The two exceptions are in Europe and North America, both of which have single markets for electricity trading. RE100 publishes guidance on these two single markets in its [note on market boundaries](#).

CDP has its own guidance on market boundaries for electricity trading, and considers the following principles for defining single markets of electricity trading between countries:

- The laws and regulatory framework governing the electricity sector are consistent between the areas of production and consumption;
- There is a physical interconnection between the point of generation and the point of consumption of electricity. When interconnection happens across different grids, there must be a level of system-wide coordination between the grids.
- The countries' utilities/energy suppliers recognize each other's energy sourcing instruments and have a system in place to prevent double-counting of claims.

CDP's guidance on market boundaries differs from RE100's only in Europe. In Europe, CDP considers [AIB member countries](#) to define a single market for electricity trading¹. This definition is generally more restrictive than RE100's definition, meaning RE100 members reporting to CDP are generally also observing RE100's rules. However, some AIB member countries are not included in RE100's European single market for electricity trading, meaning RE100 members reporting to CDP are presented with conflicting guidance.

CDP provided grandfathering provisions for market boundaries for some contracts entered into before 31 December 2021, as detailed in the CDP Scope 2 technical note.

Proposal

RE100 proposes to amend its definition of the European single market boundary to AIB membership. CDP's market boundary grandfathering provisions would be adopted, meaning that new contracts that do not observe this market boundary would not be accepted by RE100, but some contracts entered into before 31 December 2021 would continue to be.

Justification

To reduce conflicts across CDP's and RE100's guidance. To ensure energy attribute certificates in the European market boundary are EECS-compliant. As more countries join AIB and begin issuing EECS certificates, the European market boundary will grow.

¹ Iceland and Cyprus are AIB member states without grid connections to the rest of AIB. CDP does not recommend using Icelandic or Cypriot renewable electricity to decarbonize electricity consumption in mainland Europe.

Impact

Which countries in RE100's current European market boundary are not AIB members?

The following countries would no longer be part of RE100's single market for electricity trading in Europe:

Andorra	Poland
Bulgaria	Romania
Liechtenstein	San Marino
Malta	United Kingdom
Monaco	Vatican City

Note on the United Kingdom

The UK currently accepts renewable electricity claims from mainland Europe, but it is not possible to make renewable electricity claims in mainland Europe from generation in the UK. This is RE100's understanding of the legal situation described by Ofgem and the European Commission, and not a rule which RE100 has defined. In the short-to-medium term, it is expected that the UK will stop accepting mainland Europe renewable electricity while the UK and the EU negotiate mutual recognition of each other's renewable electricity. CDP and RE100 would recognize the UK as part of the market boundary for Europe in the future if the UK became an AIB member.

Impact based on reporting in 2021

For RE100 members that have only been observing RE100's European market boundary (i.e. if they do not report to CDP) the change could be significant. Operations in non-AIB countries could only use in-country renewable electricity to decarbonise consumption.

Based on reporting from 159 members completing the RE100 spreadsheet in 2021, 459 GWh of procurement of renewable electricity from 22 RE100 members in 28 European countries would no longer meet RE100's technical criteria. However, this procurement is expected to change without RE100's intervention anyway, since these members already report to CDP, and are thus subject to the existing CDP grandfathering provisions.

Transition plan

For most RE100 members, which already report to CDP, there is no necessary transition plan.

Possible additional grandfathering

Separate grandfathering is being considered for any RE100 members that will be reporting to CDP for the first time in the 2023 annual reporting cycle and therefore will not have benefited from CDP's grandfathering provisions.

2. Accepting physical cross-market procurement when certain conditions are met

Summary

RE100 requires its members to procure renewable electricity from the same markets in which they operate. Market boundaries are defined by countries' geographic boundaries (except for the single markets for electricity trading in Europe and North America).

RE100 hopes to see new single markets for electricity trading form, especially where this lowers barriers to procurement in previously challenging markets and creates new opportunities for capacity additions in renewable electricity. However, RE100 also recognises that expectations for European-style regulatory integration are unrealistic in some regions, or that the pace of policy change to form single markets is too slow for companies with immediate demand for credibly sourced renewable electricity.

RE100 is often approached with proposals for sourcing renewable electricity across market boundaries and is considering how shared elements of these proposals can be generalised and introduced as amendments to [RE100's note on market boundaries](#).

Proposal

RE100 proposes to amend its note on market boundaries to accept claims of use of renewable electricity sourced across market boundaries when all of the following apply:

- The RE100 member has entered into a PPA with a renewable electricity generator located in a different market from their consumption or into a green electricity product with a utility that has such a PPA.
- The volume of electricity being claimed cross-market is physically being transmitted cross-market from renewable electricity generator(s) connected to the cross-market transmission infrastructure.
- The delivery and ownership of the environmental attributes (ideally using a credible EAC system² which is recognized in both markets) from generator to consumer are specified in the PPA, and these clauses are legally enforceable in both markets. The contract must give the consumer unique and exclusive claims to all the environmental attributes of the renewable electricity.
- A residual mix³ is calculated in both the markets of origin and of destination. Where renewable electricity has been tracked without EACs, the consumer can report to its relevant regulator the renewable electricity it has sourced to improve the calculation of the residual mix.

² The EAC system should give its user [credible claims to use of renewable electricity](#).

³ A residual mix emission factor represents the emissions and generation that remain after certificates, contracts, and supplier-specific factors have been claimed and removed from the calculation.

To be clear, these are not criteria for the formation of single markets, but are conditions which must be met for individual supply arrangements for renewable electricity sourced across a market boundary.

Where single markets for trade of electricity exist [as defined by RE100](#), all in-market supply arrangements between the countries in those single markets are accepted.

Justification

When new and credible contract structures become available, the RE100 technical criteria should recognize them.

Impact

It is still unclear how feasible it is for a company to negotiate a supply arrangement with the features in this proposal. RE100 is unaware of any supply arrangements with all these features but understands there to be similar arrangements in development in multiple markets. If such supply arrangements are realizable, they could have a significant impact on the amount of renewable electricity RE100 members are able to source credibly.

3. Introducing a fifteen-year limit on the commissioning dates which RE100 members may claim purchased renewable electricity from

Summary

RE100's aim is to accelerate the global transition to renewable electricity. This will not be possible without new capacity in renewable electricity generation. For RE100 members to lead this transition, RE100 is considering ways the RE100 technical criteria can emphasize procurement of renewable electricity which adds new renewable electricity capacity to grids.

A 15-year financing life is typical of a renewable electricity project, beyond which capital costs are likely paid and the viability of the project is secured. Purchases of renewable electricity are lower in their impact if they are from old generators.

Proposal

RE100 proposes to introduce a 15-year commissioning date limit on the facilities RE100 members may claim renewable electricity from to meet their RE100 targets. The limit would only apply to purchased electricity, **not self-generation**. An appropriate transition plan, including any necessary grandfathering, would accompany this change. Grandfathering would be provided for long term PPAs, on-site generation, the original off-taker of a PPA, and any contracts entered into before this criteria change. There would be a yet-to-be-determined transition period as suppliers and companies become accustomed to providing commissioning date information.

Justification

The mission of RE100 is to accelerate change towards zero carbon grids. As leaders in RE procurement members must procure in ways which increase the supply of renewable electricity on the grid, in particular by supporting the initial financing of projects. While older renewable generation is still an important resource for the grid, procuring from it does not directly change the grid mix.

Impact

Based on reporting from 159 members completing the RE100 spreadsheet in 2021, 15 members procuring from 31 countries/markets purchased 523 GWh of renewable electricity from facilities commissioned more than 15 years ago, while 19.2 TWh of renewable electricity was procured from facilities commissioned in the last 15 years. It is important to note, however, that the commissioning date was not reported for 48.3 TWh of purchasing of renewable electricity, making an impact assessment using only RE100 reporting data difficult. At least the 15 members known to be procuring renewable electricity from older facilities would need to change their procurement.

Data on commissioning dates are being sought from EAC registries globally, so that RE100 can better develop its impact assessment. The impact assessment will likely determine whether this proposed change to the technical criteria is included in any updates in 2023.

Summary of town hall feedback

The position papers presented in this consultation brief are revised from their original forms which were presented in the February 2022 technical criteria town halls. Feedback from these meetings is summarized, including any brief responses RE100 has to issues raised in the town halls.

Registered interest in the town halls

	8 Feb 2022	9 Feb 2022	10 Feb 2022	Totals
Registered Attendees	13	16	14	43
Attended	9	12	10	31
Possible call-ins	3		4	7
Didn't attend	1	4		5

1. Making AIB membership the market boundary for Europe

- Two members registered interest in speaking in the town halls on this proposal. Seven members spoke in the town halls on this proposal.
- There were general questions around which countries would be affected by the change, including the status of the UK, the Channel Islands, and Iceland.
 - **The position paper now includes a list of countries affected by the change**
- There were general questions about any grandfathering associated with the change.
 - **No change to any rules for members that have previously reported to CDP. Any necessary grandfathering for members who will be new to reporting to CDP at the time of introduction of the rule change is being explored. This is now clarified in the position paper.**
- One member requested that the European market boundary should be wider and defined by the presence of either a trading scheme or an interconnection
 - **RE100 does not consider this a credible proposal to define market boundaries**
- One member noted that AIB cancellation in each market is unnecessary and overly-complicated
 - **RE100 already advises around ex-domain cancellation of certificates within AIB countries in its [current note on market boundaries](#).**
- One member asked how this would affect countries not in AIB that do not have in-country EACs
 - **It may still be possible to credibly source renewable electricity using contracts alone in these countries.**

2. Accepting physical cross-market procurement when certain conditions are met

- One member registered interest in speaking in the town halls on this proposal. Three members spoke in the town halls on this proposal.
- There were questions around the eligibility of VPPAs
 - **Members would need to ensure that all the conditions outlined in the position paper are also met**
- There was one question around how the change might affect imported primary energy, like hydrogen
 - **The proposal, and the remainder of the RE100 technical criteria, only consider electricity**
- One member requested that the condition should be that electricity could be 'capable' of being physically transmitted to allow a cross-market claim and that the requirement for a residual mix calculation should be removed
 - **This could lead to interconnector capacities being smaller than the volume of cross-market claims of use of renewable electricity, which would not be credible. The condition for a residual mix to be calculated by both markets is also important to the accounting of renewable electricity generation by both markets.**

3. Introducing a fifteen-year limit on the commissioning dates which RE100 members may claim purchased renewable electricity from

- Two members registered interest in speaking in the town halls on this proposal. Thirteen spoke in the town halls on this proposal.
- Some members expressed support for the proposal.
- One member expressed firm opposition to the proposal, saying it would disrupt their procurement strategy of buying short-term unbundled EACs from old generation.
- There were general questions about grandfathering and a transition plan. What happens to existing contracts? What about facilities which pass the fifteen-year limit during the contract term? If the member is the original off-taker of a project, could the facility be exempt from any limit? Could the restriction be implemented for only a threshold amount of members' purchasing?
 - **A transition plan for this proposed change still needs to be developed. Contracts would be grandfathered for their lifetimes (meaning facilities which pass the limit during the supply period would continue to be accepted). RE100 thinks it is acceptable to allow the original off-taker of a project to continue renewing any PPAs with it even if the project passes the fifteen-year limit. RE100 is also open to only requiring that a certain threshold amount of members' purchasing should come from facilities commissioned in the last fifteen years.**

- Two members mentioned that the rule change would conflict with their policies of focusing on local procurement rather than procuring from newer generation, and gave Switzerland and Serbia as examples of countries where they have these policies
- Some members were concerned that companies with small loads are unable to enter into PPAs and access EACs from newer generation
- Members were concerned about the difficulty of obtaining information about the commissioning dates of the facilities they purchase from because the information is not given to them by their suppliers
- Two members enquired about self-generation and on-site power purchase agreements
 - **This proposed limit would only apply to purchased electricity generated off-site, and not to generation owned by the member or located on-site**
- One member asked how this might affect Paraguay and Uruguay
 - **These grids are highly renewable and RE100 accepts claims of passively sourced renewable electricity in them (see ‘default delivered renewable electricity from a grid which is 95% or more renewable and where there is no mechanism for allocating electricity’ in the RE100 technical criteria). RE100 members are not expected to actively purchase renewable electricity in these markets, and the limit only applies to purchased renewable electricity**