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Criteria for the “ok-power” labelling of eco-electricity

This translation contains only the parts of the original criteria text which are relevant for requirements of Guarantees of Origin.

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This English version of the criteria for ok-power labelling has been published for information purposes. In case of doubt, the criteria for ok-power labelling as laid down in the official German version apply.

EnergieVision e.V.

17 August 2015

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2.2. Electricity mix

30 Eco-electricity products certified under the ok-power scheme must be sourced 100% from production plants based on renewable energy.

This requirement refers to the complete quantity of electricity delivered to the customers of the certified product without consideration of the disclosure of an electricity quantity under the German EEG in accordance with § 42 of the German Energy Industry Act (Energiewirtschaftsgesetz, EnWG) and § 78 of the German Renewable Energy Sources Act (Erneuerbare-Energien-Gesetz, EEG).
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2.5 Environmental requirements for electricity production plants

2.5.1 Eligible eco-electricity production plants

2.5.1.1 Basic rules

40 The following criteria apply to electricity produced in Germany. As a rule these requirements apply analogously to foreign power plants.

EnergieVision e.V. reserves the right to set more comprehensive criteria in the light of future experiences gathered with the approval procedure for certain generation plants.

2.5.1.2 General requirements

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- Only the following power plants are eligible:
 - power plants that adhere to the prevailing legal provisions for licensing and operation; and
 - power plants that produce electricity from renewable energy sources.
 - Power plants that are refused governmental support funds (under the German EEG or comparable mechanisms) for environmental reasons are not eligible.
 - Unless otherwise stipulated in the following sections, no additional requirements beyond those specified in the licensing procedure are placed on the properties of the generation plants for electricity from solar power, wind
50 power, sewage gas and geothermal energy.
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2.5.1.3 Hydropower

Run-of-river power plants are eligible as a rule.

In the case of pumped storage hydro power plants, the maximum eligible amount is the net electricity production of the power plant, i.e. the electricity production minus all auxiliary energies (including pump current).⁸
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Hydroelectricity should come primarily from reactivated or rehabilitated plants, as interference with the natural habitat remains comparatively low in these cases.

2.5.1.4 Biomass

65 For electricity from solid, gaseous and liquid biomass, the following restrictions apply:

Biomass from not continuously forested areas (e.g. agricultural areas such as fields or short-rotation plantations or landscape conservation areas) is eligible when the fuels comply with the area-related requirements laid down in the German Biomass Electricity Sustainability Ordinance (Biomassestrom-Nachhaltigkeitsverordnung, BioSt-NachV) in its current version.

Biomass from continuously forested areas is eligible when it originates from FSC-certified forestry.

75 For liquid biomass the requirements based on the greenhouse gas (GHG) mitigation potential laid down in the German BioSt-NachV in its current version apply. EnergieVision e.V. reserves the right to subject gaseous and solid biomass to comparable requirements based on the GHG mitigation potential, once corresponding procedures have been introduced.

80 In addition, liquid biomass is only admissible if it has been produced from biomass grown in Europe. EnergieVision e.V. reserves the right to change the criteria for liquid biomass in the future.

85 Wood residues and pulpwood not related to specific areas (e.g. waste wood) are only allowed to be used in the case of untreated wood or wood that has only been treated mechanically or of recycling products bearing the RAL GZ Quality Label 428. In individual cases it is also possible for quality assurance procedures comparable to the RAL Quality Label to be recognised.

Co-firing biomass in thermal power plants is also eligible provided it fulfils the above-stated requirements. The quantity of electricity produced needs to be broken down in calculations according to the heat value of the relevant fuels.

2.5.1.5 Solar radiation energy

90 Photovoltaic plants located in the open spaces of national parks, nature conservation areas, biosphere reserves and landscape protection areas are not eligible. This also applies to comparable protected areas abroad.

Apart from the applicable licensing conditions for PV plants in open spaces, no additional environmental criteria currently apply for ok power certification.

95 Electricity from photovoltaic cells on buildings and from solar thermal generation is eligible.

2.5.1.6 Wind power

Electricity from offshore and onshore wind power plants in national parks and other designated areas of protection is not eligible.

100 Apart from the applicable approval requirements, no further environmental criteria currently apply for offshore wind power plants.

2.5.1.7 Other energy sources

For electricity from sewage gas and geothermal energy, no conditions beyond the applicable legal requirements apply.

105 2.5.2 Non-eligible generation plants

For clarification, the production of electricity from energy sources listed in the following is not eligible for ok power certification:

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 - Electricity from plants for thermal waste management (“17. BImSchV-Anlagen”)⁹ is not eligible, unless confirmation is provided by an expert that the specific quantities of electricity accompanied by Guarantees of Origin are from biomass satisfying the requirements under Section 2.4.2.4.
 - Electricity from landfill gas.
 - Electricity from mine gas is not eligible since it is (despite promotion under the German EEG) not a renewable energy source.
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 - Electricity generated from peat.
 - Electricity generated from all types of fossil fuel.

2.6 Guarantees of origin

120 In accordance with §42 of the German Energy Industry Act (EnWG) the proof of delivery of renewable electricity from certain power plants has to be provided in the form of Guarantees of Origin, which are cancelled from the German Environment Agency’s register for Guarantees of Origin.

125 The Guarantees of Origin must originate from EU Member States, Switzerland or Norway, and be physically connected to the integrated power network of Central Europe. Thus, the use of Guarantees of Origin from Iceland or Cyprus or overseas territories belonging to EU Member States is not permitted.¹⁰

3 Elective criteria

130 The elective criteria ensure that the eco-electricity product makes a contribution to energy transition. Various criteria are available to the supplier. The eco-electricity supplier can choose the share of the electricity quantity to be certified for which the supplier wishes to provide the required contribution to energy transition through one of the elective criteria. For some criteria there are requirements concerning the minimum quantity in relation to the overall turnover of the electricity supplier.¹¹ Furthermore, the criteria are designed such that they preclude double counting or inappropriate double attribution of their environmental benefit.

135 **3.1 Support for additional new plants**

Support for new plants follows two avenues in principle, which can be taken individually or in combination.

1. **Purchasing** guarantees of origin from new plants (3.1.1)
2. **Initiating** and **operating** plants (3.1.4 + 3.1.5)

140 **3.1.1 Purchasing guarantees of origin from additional new plants**

In addition to the environmental requirements set out in Section 2.5, the following requirements apply to the "Purchasing from new plants" criterion:

- The age structure of the plants generating the electricity supplied under contract must meet the requirements set out in Section 3.1.1.1.
- 145 ▪ Governmental support for electricity generation is excluded in accordance with section 3.1.2.

The stated requirements refer to the complete quantity of electricity delivered to customers without consideration of the disclosure of an electricity quantity under the German EEG in accordance with § 42 of the German Energy Industry Act (Energiewirtschaftsgesetz, EnWG) and § 78 of the German EEG.

150 **3.1.1.1 Age structure of the electricity mix**

In order to provide an incentive to build new eco-electricity production plants based on renewable energy sources, the following rules apply:

The supplier commits, for the quantity of eco-electricity certified pursuant to this criterion, to procure from additional new plants at least 33% of the electricity quantity supplied annually under contract to final customers. The following age limits apply to additional new plants:¹²

- Hydropower: 8 years
- Wind power: 4 years
- 160 - Photovoltaics: 5 years
- Biomass: 4 years
- Geothermal: 8 years

The start of operation is understood as the first feed-in to the grid.

165 If existing plants are expanded, the additional new generation quantities can be accounted.

Section 7 sets out further details.

3.1.2 Recognition of eligible plants, and exclusion of plants already financed under support schemes

The supplying power plants must not receive any governmental support. In the case of price-controlling governmental support schemes like the German EEG, plants

must not be eligible for support under those schemes. It is permissible, however, for plants to be eligible for such support in principle if a long-term commitment applies to the plant to not claim governmental support, notably in the case of new construction without award in connection with EEG calls for tenders in Germany, or if the quantities generated are not accounted under existing quota-based systems.

Non-supported electricity quantities from plants which receive support for a part of their production under a quota-based support model (such as the El Certificate system in Norway and Sweden) can be recognised as electricity from additional new plants if the following conditions are met: It must be proven that the electricity quantity in question is not taken into account to fulfil the quota under the support system, i.e. that the support is not claimed. In the case of plants that are entirely new, this proof can be furnished definitely through a "non-supported" mark in the guarantees of origin, in combination with uniform plant quality.

This applies equally to electricity quantities from new power plant shares due to re-investment measures. In such cases the support given to the specific re-investment measure determines ok-power recognition. However, re-investment plants supply electricity that cannot be attributed to specific plant qualities by means of guarantees of origin. Further evidence must therefore be furnished, e.g. through reports by accredited environmental verifiers. Consideration of the eligibility for support and of the actually received support of re-investment plants is not performed at plant level, but rather on the basis of specific re-investment measures. To gain recognition for a new plant share, the operator of a re-investment plant must prove that the specific re-investment measure on which the new plant share seeking recognition is based does not receive governmental support. Eligibility for support for a re-investment under a quota-based support model such as the El Certificate system does not automatically cause recognition to be refused, as long as the support is not actually claimed.

If support under a quota-based scheme (e.g. El Certificates) is claimed for periods less than a year, the plant operator must state the quantity produced during the eligible period and the period in which governmental support was not claimed. This can be recognised as an electricity quantity from additional new plants. Plant operators are obliged to notify the certification office without delay and without being prompted of any changes in the support situation of a recognised plant.

Recognition of plants with a contract award for a Oct tender will be considered in detail as soon as the first such cases are submitted for certification to EnergieVision e.V.; so will recognition of non-supported electricity from new plants under long-term Power Purchase Agreements.¹³

Plants abroad are assessed analogously with due regard to the specific rules and regulations in each country.

3.1.3 Recognition of additional shares of new/re-investment plants

170 If major re-investment measures (rehabilitation, capacity increase through turbine
improvement etc.) or large investments in maintenance that are significantly
higher than the usual costs for operation and maintenance of the plant have been
made within the age limit pursuant to Section 3.1.1.1 prior to the year of eco-
175 electricity certification and the power plant cannot be considered a new power
plant according to the above rule, some of the electricity production can be rec-
ognised as electricity from new power plants.

The extent to which such power plants can be assessed as new plants on the ba-
sis of re-investment can be calculated using one of the following methods:

180 Amount of re-investment: The relative share of the new power plant corresponds
to the relation of the current value of the re-investment to a comparable new in-
vestment for the entire power plant including all plant components adopted from
the existing power plant. The calculation can summate all substantial and eligible
investments performed within the age limit pursuant to Section 3.1.1.1. If the
185 power plant was taken out of operation completely for the time period of the re-
investments, all investments can be assigned to the year in which operation re-
sumed.

$$\text{New power plant share} = \frac{\text{current value of investment}}{\text{value of new investment for whole power plant}}$$

190 Increase in capacity: The share of the new power plant is determined by the dif-
ference be-tween the installed plant capacity (that is technically usable at least in
the short term) before and after re-investment. (Increases in capacity that cannot
be used because additional investments are pending are not eligible to be recog-
nised under this criterion). This increase is converted to the share of the electricity
fed into the grid in the year concerned.

$$\text{New power plant share} = \frac{\text{capacity after investment} - \text{capacity before investment}}{\text{capacity after investment}}$$

195 New power plants (including ones partially recognised as new power plants based
on re-investments) must meet the requirements of Section 3.1.2 (exclusion from
governmental support schemes).

200 Recognition of new power plant shares arising from re-investments that are
wholly or partially financed by investment- or production-related support schemes
is not possible. Re-investment power plants are considered separately. For the
recognition of new power plant shares under the ok power criteria, the respective
reinvestment measure is considered.

If a re-investment is eligible under a quota-based support model but this support is not claimed, the new power plant share in question can still be recognised. If, however, for a certain re-investment measure investment- or production-related support (e.g. EL certificates) is claimed, this re-investment is excluded from certification as a new power plant share. However, if it can be proven that no support has been or is being claimed for a different re-investment measure in the same power plant, this can be recognised as a new power plant share.

A new power plant share can be recognised if the reinvestment measure is not eligible for governmental support or if the support in a volume-controlling system such as EL-cert is not claimed. If this situation changes because such support is subsequently claimed, recognition under the ok power criteria is withdrawn for the time frame in which the quota-based support is used. Plant operators are therefore obliged to notify Energievision e.V. without delay and without being prompted if there are any changes in the support situation of a power plant certified under the ok power criteria. If quota-based support has been claimed or ended during the year, the electricity quantities must be precisely specified and it must be proven that no support was claimed for the rest of the relevant time frame. The electricity quantity from a partially new power plant is calculated by multiplying the new power plant share with the electricity produced during the eligible periods of the year.

If a power plant share is eligible for support within a price-controlling governmental support scheme like the German EEG, this reinvestment is not recognised as a partial new power plant in accordance with paragraph 5.3 of the criteria.

3.1.6 Eligibility of generation from existing, previously supported plants

EnergieVision considers contributions by eco-electricity suppliers designed to prevent the dismantling of renewable-energy facilities without repowering and thus to prevent the reduction of installed renewable capacity to be eligible in principle. At the present point in time it is not yet possible to configure in a purposeful manner a criterion for plants that drop out of the German EEG scheme. This would above all have to consider the actual need for support of each specific technology, taking account of the current market price. ok-power will address this issue in due time and will then determine the mechanisms for such a criterion.

The following criteria apply to plants abroad that have already dropped out of support schemes:

The supplier commits to procure guarantees of origin from wind power plants whose support has expired that cover at least 33% of the quantity certified pursuant to this criterion. The basic need for support for wind power following the end of support periods in each generating country will be assessed by the certification body, as will the attribution of such plants to national renewable energy expansion. Eligibility for recognition will be determined on that basis in a country-by-country manner.

This rule initially applies to wind power plants, as EnergieVision currently only sees a need for support for that technology. Upon application, however, the eligibility of other technologies will also be assessed.

245 **6 Annex 3: Transitional rules and grandfather policy**

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Transitional rules for guarantees of origin from states that are not connected to the integrated power network of Central Europe (see 2.5):

250 Guarantees of origin from states that are not connected to the integrated power network of Central Europe will be recognised, out of goodwill, up to 31 December 2020 at the latest as long as the supply contracts were verifiably concluded prior to 1 March 2018 or supply orders were exercised prior to 1 March 2018. Purchase options under existing framework contracts may no longer be exercised after 1 March 2018.

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Footnotes

⁸ This is in keeping with the regulations of the EECs, as implemented by the updated German Implementing Ordinance on Guarantees of Origin (HkNDV).

260 ⁹ This also applies to biomass in power plants covered by the 17th German Immission Control Act (BImSchV), which are recognised as renewable energies within the terms of the German EEG in accordance with the German Biomass Ordinance.

¹⁰ A transitional rule is described in annex (chapter 6).

265 ¹¹ These barriers are necessary in order to prevent contributions to energy transition being attributed to a supplier for which the quantity of electricity certified under ok-power is small relative to its overall turnover, which would lead to very simple and, above all, sustained fulfilment of the criteria.

¹² The technology-specific criteria for new plants follow one-quarter of the depreciation period of plants, whereby within each technology average values were formed from the partly differing depreciation periods per component.

270 ¹³ As there is currently no such case in practice, there is no basis for defining this criterion in further detail. When assessing the eligibility of plants with Oct tenders or of supplies under long-term Power Purchase Agreements (PPAs) it should be considered to what extent these plants are accounted for within the terms of the EEG goals, and how long the plants abstain from claiming support – this is necessary
275 in order to prevent “cherry picking” through rapidly switching EEG claims.

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