Act on Certification and Disclosure of Origin of Electricity

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In accordance with the decision by Parliament, the following is stipulated:

Chapter 1

General provisions

Section 1 (14.6.2013/445)

Scope of application

This act provides procedures for the certification and disclosure of the origin of electricity produced from renewable sources of energy and by high-efficiency cogeneration.

Section 2, subsection 3 and section 3 a shall not be applied to the guarantees of origin of electricity produced using high-efficiency cogeneration.

Section 1 a (14.6.2013/445)

Definitions

The following definitions apply in this act:

- 1) renewable energy sources refers to wind, solar and air source heat energy, geothermal energy, hydrothermal energy, ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas and biogas;
- 2) air source heat energy refers to energy stored in the form of heat in the air;
- 3) *geothermal energy* refers to energy stored in the form of heat under the ground;
- 4) hydrothermal energy refers to energy stored in the form of heat in surface water;
- 5) biomass refers to the biodegradable fraction of products, waste and residues of biological origin from agriculture (including plant and animal substances), forestry and related industries including fisheries and aquaculture, as well as the biodegradable fraction of industrial and municipal waste;
- 6) *electricity produced from renewable energy sources* refers to electricity which is produced by power plants which use solely renewable energy sources; the share of electricity produced from renewable energy sources in power plants which use other sources of energy in addition to renewable energy sources; and electricity produced from renewable energy sources which is used to fill storage systems, excluding electricity produced by the storage systems;
- 7) power plant auxiliaries refer to those devices and machines which the power plant needs to produce electricity or electricity and heating and to maintain production preparedness and which is needed to remove or reduce environmental nuisance caused by the power plant;

- 8) *cogeneration* refers to the simultaneous production of heat energy and electrical or mechanical energy in the same process;
- 9) high-efficiency cogeneration refers to joint production that meets the criteria laid down in Annex II of the Directive 2012/27/EU of the European Parliament and of the Council on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC., hereinafter the Energy Efficiency Directive;
- 10) *electricity produced using cogeneration* refers to electricity generated in a process linked to the production of useful heat and calculated in accordance with the methodology laid down in Annex I of the Energy Efficiency Directive;
- 11) *promotional material* refers to written material or the corresponding electronic material that is given or sent directly to an electricity user for the purpose of marketing electricity and which the electricity user can save or copy in unchanged format;
- 12) *electricity user* refers to an end user of electricity and a natural or legal person that delivers electricity only to other companies that belong to the same group or property or within a corresponding property group.

Section 1 b (14.6.2013/445)

Recognition of guarantees of origin issued by EU and EEA member states to electricity produced from renewable energy sources

In accordance with Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources produced by another European Union (*EU*) or European Economic Area (*EEA*) country and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC, guarantees of origin issued for electricity produced from renewable energy sources shall be recognised for use as proof of the elements referred to in section 2 and provisions passed under it, and for the purpose outlined in section 11.

The Ministry of Economic Affairs and Employment can decide that Finland will not recognise guarantees of origin in accordance with subsection 1 from an EU or EEA country for the purpose outlined in section 11 if there are well-founded doubts about the accuracy, reliability or veracity of the guarantee of origin. The Ministry of Economic Affairs and Employment shall notify the Commission of such a refusal and its justification. If the Energy Authority or registrar considers that recognition of guarantees of origin from a certain EU or EEA country should be refused, it shall notify the Ministry of Economic Affairs and Employment of this matter.

The guarantees of origin referred to earlier in subsection 1 that are not recognised by Finland in accordance with a Ministry of Economic Affairs and Employment decision can, notwithstanding subsection 2, be used for the purpose in section 11 if they are entered in the registrar's electronic registry within two months of the Ministry of Economic Affairs and Employment decision.

Further provisions may be given by Government decree concerning the application of subsection 1 to also cover guarantees of origin issued outside the EU and EEA.

Section 1 c (14.6.2013/445)

Recognition of guarantees of origin issued by EU and EEA member states to electricity produced using high-efficiency cogeneration

Guarantees of origin issued for electricity produced using high-efficiency cogeneration by another EU or EEA country shall be recognised as proof of the elements referred to in section 2 and provisions passed under it.

The Ministry of Economic Affairs and Employment can decide that Finland will not recognise guarantees of origin in accordance with subsection 1 from an EU or EEA country if there are well-founded doubts about the accuracy, reliability or veracity of the guarantee of origin. The Ministry of Economic Affairs and Employment shall notify the Commission of such a refusal and its justification. If the Energy Authority or registrar considers that recognition of guarantees of origin from a certain EU or EEA country should be refused, it shall notify the Ministry of Economic Affairs and Employment of this matter.

The guarantees of origin referred to earlier in subsection 1 that are not recognised by Finland in accordance with a Ministry of Economic Affairs and Employment decision can, notwithstanding subsection 2, be used as proof of the elements referred to in subsection 1 if they are entered in the registrar's electronic registry within two months of the Ministry of Economic Affairs and Employment decision.

Further provisions may be given by Government decree concerning the application of subsection 1 to also cover guarantees of origin issued outside the EU and EEA.

Chapter 2

Certification of the origin of electricity with guarantees of origin (14.6.2013/445)

Section 2 (14.6.2013/445)

Guarantee of origin of electricity

A guarantee of origin of electricity can be issued for electricity produced from renewable sources of energy or using high-efficiency cogeneration. It cannot, however, be issued for electricity which is consumed by power plant auxiliaries either of a power plant or a combined heat and power plant.

Electricity produced from renewable energy sources can only be certified by a guarantee of origin laid down in this Act.

A guarantee of origin of electricity shall include information on the production method of electricity and its energy sources as well as an indication of the production period of time and place. Further provisions are given by Government decree regarding other information on the production method of electricity and energy sources used for it that shall be included in the guarantee or origin, and on the information needed to identify the guarantee of origin.

Section 2 a (14.6.2013/445)

Standard size and validity of the guarantee of origin

The guarantee of origin shall be of the standard size of 1 MWh. Only one guarantee of origin for electricity can be issued for each unit of energy produced.

A guarantee of origin shall be issued for the amount of energy produced by calendar month. If the production quantity is less than one megawatt hour in a calendar month, the guarantee of origin will be issued during the month in which the production quantity reaches one megawatt hour.

A guarantee of origin can be used within 12 months of the last day of the production of the electrical energy that corresponds to it.

Section 3 (14.6.2013/445)

Issuing of a guarantee of origin and the registrar

A guarantee of origin of electricity shall be issued at request for electricity generated with a production method falling within the scope of this Act and for electricity generated from energy sources within the scope of this Act, if:

- 1) the production method of electricity and its energy sources have been verified in compliance with this Act; and
- 2) the applicant has provided the information required to issue a guarantee of origin to the registrar.

The registrar is responsible for the issue, transfer, cancellation and annulment of guarantees of origin in a manner that is equal and non-discriminatory for all electricity market parties.

A transmission system operator tasked with system responsibility shall serve as the registrar. The registrar can assign this task in its entirety to a subsidiary owned by itself. The registrar can also purchase the services required to handle this task in part or in whole from a service provider operating as a contract partner. The registrar is responsible for ensuring that the task is handled appropriately.

Section 3 a (14.6.2013/445)

Cancellation and annulment of a guarantee of origin

The electricity supplier shall, without unnecessary delay, inform the registrar or another body designated by the registrar of the use of the guarantee of origin for the purpose laid down in section 11 in writing or in another method approved by the registrar. The registrar shall cancel the guarantee of origin immediately upon receiving information about the use of the guarantee.

The registrar shall, at its own initiative, annul a guarantee of origin immediately if it has not been used within 12 months of the last day of the production of the electrical energy that corresponds to the guarantee.

Section 3 b (14.6.2013/445)

Electronic management of guarantees of origin and service pricing

A guarantee of origin of electricity is issued, transferred, cancelled and annulled electronically. The issuing, transfer, cancellation and annulment of guarantees of origin shall be arranged so that they are accurate, reliable and difficult to forge. Further provisions may be given by Government decree concerning the method used when issuing, transferring, cancelling and annulling guarantees of origin.

Pricing of the service associated with the issuing and transfer of guarantees of origin shall be reasonable. The service fees can cover reasonable costs incurred by the registrar as a result of handling the obligations of this Act and a reasonable profit for arranging the service. Service pricing or other terms shall also take into account the possibilities for smaller producers to utilise the guarantee or origin system.

No separate fee may be charged for the cancellation or annulment of a guarantee of origin. The terms of sale and prices of the service shall be published. Further provisions may be given by Government decree on pricing of the service.

Section 4 (14.6.2013/445)

Verification of the production method at the power plant and the energy sources it uses

A verifier shall verify the method of production and energy sources of a power plant before guarantees of origin can be issued for the electricity produced by the power plant. The verification is valid for a period of time laid down by Government decree. The verification shall be renewed during its period of validity if the technical properties of the power plant's production method or the energy sources it uses change compared to the earlier verification in a way that affects or may affect the issue of guarantees of origin for the electricity produced by the power plant. Further provisions may be given by Government decree stating that verification based on another verification system shall be considered equal to verification under this Act.

The verification certificate given by the verifier shall include information on the power plant's production method and energy sources used by it that are needed to issue a guarantee of origin, as well as confirmation that the electricity produced by the power plant meets the conditions for issuing a guarantee of origin. Further provisions may be given by Government decree concerning the verification and the information included in a verification certificate.

Section 5 (14.6.2013/445)

Provision of information on the power plant's production method and energy sources

A power plant operator shall notify the registrar of information about the production method of electricity and the energy sources that the power plant has used for producing the electricity volume that is the object of the guarantee of origin. The power plant operator shall ensure that the reliability of the information on the production method and energy sources used can be verified for at least six years after the end of the calendar year that the information concerns. Further provisions can be given in a Government decree concerning the notification procedure and storage of information on the production method and energy sources.

Section 6 (14.6.2013/445)

Refusal of a guarantee of origin for a specific period of time

The Energy Authority may refuse to issue a guarantee of origin of electricity for a maximum period of two years to a power plant operator that has applied for a guarantee of origin of electricity or to which such a guarantee has been issued if the power plant operator has, in order to obtain a guarantee of origin of electricity, given incorrect information to the verifier or the registrar, or neglected to give the verifier or the registrar information, and this procedure has led to a situation in which a guarantee of origin of electricity has been issued without grounds or for an electricity volume essentially higher than the volume actually produced.

The verifier and the registrar shall notify the Energy Authority if they suspect that the power plant operator has acted in the manner referred to in subsection 1 above.

Section 7

Verifier

A 'verifier' refers in this Act to a body or an establishment operating in the EEA area, which is approved by the Energy Authority and which meets the requirements set for a verifier.

Section 8

Requirements set for a verifier and accreditation of a verifier

A verifier shall meet the following requirements:

- 1) The verifier is operationally and financially independent of any parties with a direct or indirect interest in the matter;
- 2) The verifier's staff has good technical and professional training, and sufficiently extensive experience in tasks inducting them to the operations; and
- 3) The verifier has a reliable, controlled method for ensuring the electricity origin's compliance with requirements, and has the appropriate instructions for operations and related monitoring.

The Energy Authority shall accredit a body or an establishment meeting the requirements as a verifier as referred to in this Act. The approval may be given for a specific period of time if there is a particular reason for doing so.

Section 9

Notification of changes in the operations of a verifier

A verifier shall notify the Energy Authority of any changes in its operations that affect fulfilment of the requirements set.

Section 10

Cancellation of the accreditation of a verifier

If a verifier operates against regulations or fails to meet the requirements set for accreditation, the Energy Authority shall ask the verifier to rectify the deficiency within a fixed period of time. If the deficiency is not rectified by the time limit set, the Energy Authority may cancel the accreditation.

Chapter 3

Disclosure of origin of electricity

Section 11 (14.6.2013/445)

Obligation to certify the origin of electricity reported as being produced from renewable energy sources

An electricity supplier that sells electricity produced using renewable energy sources to an electricity user shall certify the origin of the electricity produced using renewable energy sources that it sells. At the latest, the volume of electricity produced from renewable energy sources or share of electricity sold shall be certified by the date specified by the Energy Authority by means of a corresponding amount of cancelled guarantees of origin. However, the share of renewable energy sources does not have to be separately certified if the share is reported using the residual mix published by the Energy Authority.

An electricity producer that, in other business operations, reports to its customers of the origin of the electricity it uses, shall certify the origin of electricity produced using renewable energy sources in accordance with subsection 1.

An electricity user that, in its marketing, reports that the electricity it uses is produced from renewable energy sources, shall certify the origin of the electricity in accordance with subsection 1 or be able to otherwise demonstrate that it has used electricity certified in accordance with subsection 1.

Section 11 a (14.6.2013/445)

Obligation of an electricity supplier to disclose information concerning the origin of electricity

An electricity supplier shall disclose information on the origin of the electricity it sells in Finland in electricity bills or in their appendices at least once every calendar year. This information shall also be provided in sales promotion material and made available to electricity users. An electricity supplier shall ensure that the reliability of the information can be verified for a period of at least six years after the end of the calendar year that the information concerns.

The disclosure referred to in subsection 1 above shall divide the electricity supplier's proportions of the energy sources used for producing the electricity sold by the supplier during the previous calendar year in relation to the total volume of electricity sold. The minimum level of detail is:

1) fossil sources of energy and peat;

- 2) renewable sources of energy;
- 3) nuclear power.

The division of energy sources that the electricity supplier discloses to electricity users shall include all procurement sources for electricity sold to electricity users and electricity suppliers with the exception of balancing power provided by a balancing power unit.

The share of electricity certified with guarantees of origin as being produced using renewable energy sources shall be disclosed as being produced using renewable energy sources in the division of energy sources. The shares of electricity produced using renewable energy sources or outside the EEA that has not been certified with guarantees of origin and the energy sources for electricity of unknown origin shall be disclosed using the residual mix published by the Energy Authority. The origin of electricity from known sources other than renewable ones can be disclosed according to the actual method of production or using the residual mix.

Section 11 b (14.6.2013/445)

An electricity supplier's right to information

An electricity producer, electricity importer and electricity supplier are liable to give an electricity buyer, at its request, information that it needs on the electricity being sold in order to meet the obligation laid down in sections 11, 11 a or 11 c.

Section 11 c (14.6.2013/445)

Disclosure of the amount of carbon dioxide emissions and radioactive waste generated from the energy sources of electricity

An electricity supplier shall, at least once a year in its electricity bills or their appendices and in sales promotion material, provide a reference to public sources of information on the amount of the carbon dioxide emissions and radioactive waste derived from the energy sources of electricity sold by the electricity supplier during the previous calendar year.

The disclosure to the public shall indicate the following information concerning the energy sources used to produce the electricity sold by the supplier during the previous year:

- 1) emissions of carbon dioxide as grams per kilowatt hour; and
- 2) the amount of nuclear fuel used in relation to the total amount of electricity sold reported as milligrams per kilowatt hour.

The disclosure on carbon dioxide emissions shall indicate the emissions coefficients specific to the energy source and production method used to calculate emissions and the method for dividing emissions in joint production of electricity and heat. Information on the amount of nuclear fuel used can be based on electricity purchases made by the electricity supplier or on statistics published by the Radiation and Nuclear Safety Authority.

With regard to electricity produced using renewable energy sources that is not certified with guarantees of origin, electricity produced outside the EEA that is not certified with guarantees

of origin and electricity of unknown origin, the residual mix information calculated by the Energy Authority is used to disclose the amount of carbon dioxide emissions and nuclear fuel used.

Section 11 d (14.6.2013/445)

Residual mix

The residual mix is used to provide an origin for non-certified electricity produced using renewable energy sources, non-certified electricity produced outside the EEA, and electricity of unknown origin. The Energy Authority shall calculate the residual mix for a period of one calendar year and publish it each year by the end of June in the following year. An electricity supplier, producer and user is obliged to begin using the latest residual mix two months after its publication at the latest.

When calculating the residual mix, it shall be ensured that an energy unit produced from renewable energy sources is only taken into account once. Further provisions are given by Government decree on the calculation of the residual mix.

The Energy Authority shall give the registrar and the electricity suppliers provisions concerning deadlines needed to form the residual mix, which shall be observed when allocating the guarantees of origin used to a certain year and when disclosing information about allocation to the Energy Authority.

Chapter 4

Supplementary provisions and entry into force

Section 12

Monitoring

The Energy Authority shall monitor compliance with this Act.

Notwithstanding this Act or the provisions laid down by virtue of it, the legality of marketing is monitored under the Consumer Protection Act (38/1978) when electricity is marketed to consumers.

Section 12 a (14.6.2013/445)

Terms and methods confirmed by the Energy Authority

The Energy Authority shall confirm to the registrar the following terms for services and methods concerning the pricing of services prior to their implementation:

- 1) methods for determining reasonable compensation for the service related to the issue and transfer of guarantees of origin and for the specification of fees charged for the issue and transfer;
- 2) terms of the service related to the issue and transfer of a guarantee of origin.

The confirmation decision shall be based on the terms of service and grounds for pricing laid down in sections 3 and 3 b and the provisions adopted pursuant to them.

Section 13

Giving information to the Energy Authority

To verify the correctness of guarantees of origin of electricity, a power plant operator that has applied for a guarantee of origin of electricity or to which such a guarantee has been issued is liable, at request, to give the Energy Authority information on the production method and energy sources of its power plant and on the electricity volumes produced.

The registrar and a verifier are liable, at request, to give the Energy Authority information needed for monitoring the correctness of guarantees of origin of electricity or the obligations laid down in Chapter 2 of this Act. (14.6.2013/445)

An electricity supplier is liable, at request, to give the Energy Authority information on the energy sources of the electricity it is selling, which are necessary for monitoring the obligations laid down in Chapter 3 of this Act.

The Energy Authority has the right to verify the correctness of the information in premises controlled by the party monitored, which do not fall within domiciliary peace.

Section 14

Coercive means

Where anyone violates or neglects his obligations provided in this Act or in the statutes laid down by virtue of it, the Energy Authority shall oblige him to remedy his error or neglect.

If an electricity supplier has disclosed to an electricity user that electricity is produced from renewable energy sources or an electricity producer or electricity user has, in its activities, disclosed that it uses electricity produced from renewable sources without certifying the origin of the electricity in accordance with section 11, the Energy Authority shall oblige the electricity supplier, producer or user to act in the manner laid down in section 11 without delay. (14.6.2013/445)

The Energy Authority may impose a conditional fine to emphasise its decision referred to in subsection 1 or 2 or its decision on the obligation to give information laid down in this Act. The procedure provided in the Act on Conditional Fines (1113/1990) shall be applied in imposing a fine and when ordering the fine paid. (14.6.2013/445)

Section 15 (14.6.2013/445)

Obligations of a registrar and a verifier while handling a public administrative duty

While handling public administrative duties referred to in this Act, the registrar and a verifier shall comply with the provisions of the Act on the Openness of Government Activities (621/19, the Act on Electronic Services and Communication in the Public Sector (13/2003), the Language Act (423/2003) and the Administrative Procedure Act (434/2003). Exceptions

to the requirements of the Language Act may, however, be made at the customer's request with respect to the language used in a guarantee of origin of electricity and a verification certificate.

Section 16 (14.6.2013/1011)

Appeal against Energy Authority decisions

A decision made by the Energy Authority by virtue of this Act may be appealed in Administrative Court as provided in the Act on Administrative Judicial Procedure (586/1996).

Section 17 (14.6.2013/1011)

Appeal against decisions by the registrar and a verifier

A decision on a guarantee of origin of electricity by the registrar and a decision on a verification certificate by a verifier may be appealed as provided in the Administrative Procedure Act.

A decision given in a rectification procedure may be appealed to the Administrative Court as provided in the Administrative Judicial Procedure Act.

Section 18 (14.6.2013/1011)

Appeal against Administrative Court decisions

An Administrative Court decision on cancellation of the accreditation of a verifier and refusal of a guarantee of origin for a specific period of time may be appealed as provided in the Administrative Judicial Procedure Act. Other decisions by the Administrative Court referred to in sections 16 and 17 may only be appealed if leave to appeal has been granted by the Supreme Administrative Court.

Section 19

Entry into force

This Act takes effect on 1 January 2004. The obligation under section 11 of the Act shall be applied to bills and sales promotion material that will be delivered to electricity users on or after 1 July 2004.

Measures necessary for the implementation of this Act may be undertaken before the Act's entry into force.

Government Proposal 95/2003, Parliamentary Commerce Committee opinion 3/2003, Parliament's Response 58/2003, Directive 2009/28/EC of the European Parliament and of the Council (32001L0077); Official Journal of the European Communities N:o L 283, 27.10.2001, p. 33, Directive 2003/54/EC of the European Parliament and of the Council (32003L0054); Official Journal of the European Communities No L 176, 15.7.2003, p. 37

Entry into force and application of the amending legislation:

14.6.2013/445

This Act takes effect on 1 July 2013. Subsection 2 of section 2, sections 11 and 11 a–11 d and subsection 2 of section 14 only take effect on 1 January 2014. Sections 3, 3 a, 3 b and 12 a only take effect on 1 March 2014.

The Government Decree on Disclosure of Origin of Electricity (233/2005) remains in effect until 31 October 2013.

A guarantee of origin issued before the Act entered into force is valid for 12 months from the date it was issued.

Government Proposal 37/2013, Parliamentary Commerce Committee opinion 12/2013, Parliament's Response 67/2013, Directive 2009/27/EC of the European Parliament and of the Council, Directive 2009/28/EC of the European Parliament and of the Council , Directive 2009/72/EC of the European Parliament and of the Council

7.8.2015/1011:

This Act takes effect on 1 January 2016.

The provisions effective at the time this Act entered into force shall be applied to administrative decisions issued in response to an appeal prior to the entry into force of this Act.

<u>Government Proposal 230/2014</u>, Legal Affairs Committee opinion 26/2014, Parliament's response 319/2014