

**Special Session of the Governing Council/Global Ministerial Environment  
Forum**

**7-9 February 2006**

**Best Practices – Sustainable ENERGY**

**BELGIUM**

## Promotion of Renewable Sources of Energy

### Establishment of a Combined System of Green Certificates with a Guaranteed Minimum Price

<b>Responsible Department of Government</b>	Federal Ministry of Economy, regional ministries for energy, Federal Regulator for Electricity and Gas
<b>Partners involved</b>	Electricity Producers
<b>Characteristics that make the initiative a best practice</b>	<p>Main objective is to develop production of green electricity in Belgium. Each region and the federal government has organised a system of green certificates based on a common principle. In order to gain green certificates, a producer of green electricity must have its production facilities certified. Green certificates are then awarded by the electricity market's regulatory bodies.</p> <p>If the supplier cannot justify a sufficient number of certificates, he has to pay a fine. The amount of this fine can be considered as the maximum value of the certificate. Hence suppliers would prefer to buy a certificate if it is a little cheaper than the fine. The cost of the certificate for the supplier equals the revenues of the producer. This revenue is additional to the selling of physical electricity.</p> <p>This further refinement of the green certificate scheme is based on an innovative combination of two mechanisms. Firstly the regions organise green certificate markets and oblige electricity suppliers to deliver a certain quota of green electricity to be adjusted every year.</p> <p>At the same time, the federal government has established a minimum tariff for green certificate markets in case the market should not work properly and also so as to assure investors of a certain minimum return. This minimum tariff is based on a commitment imposed on the electricity grid operator to buy back green certificates from producers who so wish at a guaranteed price, fixed according to the type of technology used. So the producer can choose the most beneficial way to sell his certificate : to the supplier if value is high enough, to the grid operator at minimum guaranteed price in the other case.</p> <p><u>Specific regional modalities</u></p>

<p><b>Positive results</b></p>	<p>In the region of Wallonia, producers of green electricity who so wish can also receive assistance for the depreciation period of equipment (maximum 10 years) by passing on their green certificates to the Wallonian energy ministry. The Walloon system is on the basis of avoided CO<sub>2</sub>.</p> <p>Moreover, To provide greater investment security, Wallonia has also implemented <i>de facto</i> minimum prices for green certificates. For installations that begin operation after 1 July 2003, owners may choose not to sell the awarded green certificates to suppliers. Instead, it can be exchanged for production aid funded by the Energy Fund in the amount of EUR 65 per certificate.</p> <p>In the Flanders region a green certificates mechanism (slightly different of the Walloon system) has been established as well. Moreover all producers of green electricity are guaranteed a minimum tariff, if they wish so. These minimum tariffs, which depend on the technology used, are higher than the minimum tariffs offered by the federal government but are also limited to a period of ten years.</p> <p>The Brussels-Capital green certificate scheme is similar to that of Wallonia, awarding green certificates on the basis of avoided CO<sub>2</sub>.</p> <p>An agreement between Wallonia and Brussels allows for the exchange of credits between the two regions. However, in order to encourage the development of green electricity sources within Brussels, Brussels discounts the value of Walloon certificates by 30%.</p> <ul style="list-style-type: none"> <li>❑ Is expected to rise the share of total gross energy consumption accounted for by green electricity from 1 % in 2000 to 6 % in 2010.</li> <li>❑ Stimulus for investment in green electricity</li> </ul>
<p><b>Linkages with national development policies</b></p>	<p>None</p>
<p><b>Financial viability</b></p>	<p>See above characteristics best practice</p>
<p><b>Lessons learnt</b></p>	<p>More progressive approach towards renewables</p>
<p><b>Replication</b></p>	<p>System of green certificates is already operational in several EU-countries, like UK, Sweden, Netherlands, Italy, Austria</p>