Country profiles: Portugal

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1 Implementation of Tracking Systems

1.1 Electricity Disclosure

Legislation for disclosure is complete. A Decree-Law (n°29/2006 of 15th February) first transposed the obligation of disclosing the electricity mix on electricity suppliers (art 45). It was republished by Decree-Law n.º 215-A/2012, October 8, of the Ministério da Economia e do Emprego (article 45). The requirement deals with origin of electricity for the year past and the environmental impacts in the form of CO2 emissions. If suppliers buy their electricity from an organised market or a company outside the EU, they can use the statistics of this market or company for the past year.

A further text from ERSE, the “Regulation of commercial relationships” (Commercial Regulations Code from 12 November 2012 (ERSE article 206(4e)) which specifies the legislative obligations in the commercial relations sets additional requirements concerning environmental impacts. Environmental impacts include production of CO2 and radioactive waste. CO2 has to be expressed in g/kWh and radioactive waste in µg/kWh. Sources used for the data have to be disclosed to ERSE. It has to be noted that in a previous version of this text, the production of SO2 and nitrogen oxides were included in the environmental impacts to be disclosed, but were then dropped in the 2012 version.

Then the secondary legislation, Law n°. 51/2008, makes this information mandatory on the bills sent to the consumers from end of 2008 onwards.

The calculation method to obtain the disclosed mix is described in a document, “Electricity Disclosure, Principles and Best Practices”, which was published by ERSE in March 2008 and then modified in January 2009 and in December 2011. Sources to be disclosed are the following:

- Hydro,
- Wind power,
- Cogeneration from renewable energy sources,
- Geothermal energy,
- Other Renewables,
- Municipal Solid Waste,
- Cogeneration from fossil fuel,
- Natural Gas,
- Oil,
- Coal,
- Nuclear,
- Diesel (diesel generator sets that operate on diesel or fuel oil.)

The suppliers have to calculate their own supply mix based on the following information: PRE share (FIT electricity), electricity bought on the market (OMIE), electricity bought in bilateral contracts with Spain or in Portugal. For the two first elements, they need information provided by ERSE which is available on its website. On the invoices, suppliers disclose the last calendar year. But on the internet, the calculations have to deal with a 12-month rolling period (supply mix related to the 12 months prior to the invoice with 2 months delay to enable calculation to be done) and so need to be done on a monthly basis.

Suppliers have to calculate product mix, default product mix and total supply mix.

Suppliers should follow the recommendations from ERSE, (Commercial Regulations Code 12 November 2012, ERSE (article 206(4e)). If suppliers do not follow them, they have to justify to ERSE what alternative measures they have taken in order to comply with the disclosure objectives. ERSE produces
every year a compliance report, which reviews suppliers' practices. The latest issue for disclosure of year 2013 establishes that the majority of consumers have their electricity disclosed according to ERSE's recommendations.

1.1.1 Disclosure Figures

ERSE presents on its website a page the disclosure figures (http://www.erse.pt/pt/desempenhoambiental/rotulagemenergetica/comparacaoentrecomercializadores/Paginas/default.aspx) where the mix of all electricity suppliers can be compared. There is a monthly mix presented for each supplier. Below an example with the values for September 2012.

Table 1: Comparison of suppliers’ mixes for September 2012

There is presentation of calendar year values or monthly values.

1.1.2 Environmental Information

Environmental information consists in production of CO2 and radioactive waste linked to the mix of electricity a supplier sells. CO2 has to be expressed in g/kWh and radioactive waste in µg/kWh. Sources used for the data have to be disclosed to ERSE. It has to be noted that in a previous version of the Code for commercial relations (June 2007) the production of SO2 and nitrogen oxides were included in the environmental impacts to be disclosed, but were then dropped in the 2012 version.

Each supplier will indicate their specific emissions, which depend on the energy sources used. In addition, each supplier must also provide each customer the total CO2 emissions corresponding to the consumption of each invoice.

1.1.3 Suppliers Fuel-Mix Calculations

The calculation method to obtain the disclosed mix is described at length in the guidelines (pp. 5-10) “Recommendation n°2/2011 Electricity Disclosure”, which was published by ERSE in January 2012. The calculation should be done on a monthly basis. It is considered that a supplier can obtain electricity from the following sources: feed-in contracts, purchases from MIBEL (joint market with Spain), bilateral contracts from Portugal and bilateral contracts from Spain, energy covered by GO or another certification system.

To calculate its mix, the supplier calculates the contribution in volume of each source in each category of the 4 possible mentioned sourcing’s.

Total Portuguese feed-in production is attributed in volume according to the supplier's low voltage consumers' weigh in the Portuguese overall low voltage consumption (this is done for each of hydro,
wind, CHP, other categories of feed in production). The volume per technology is then weighted according to the importance of feed-in production attributed to the supplier in volume in the total of its sourcings (markets, bilaterals and feed-in).

For GO and other certification systems (including RECS), the supplier needs to first cancel GO and other certificates. In order to avoid double counting, when GO are coming from abroad, the supplier should be able to prove that they have effectively been exported from the mix of the exporting country.

After the accounting of feed-in production and certification systems, the market mix is applied to the volume of electricity bought on the market. These data are supplied by ERSE on its website. The same is done for bilateral contracts, but in this case, the data is not supplied by ERSE. Bilateral contracts mention a technology or a mix of technologies, which is what should be used by the supplier.

There should be monthly statistics for the purchase on MIBEL that have to be applied to the share that MIBEL holds in the supplier's sourcing. A distinction is made for the purchases when MIBEL operates on a bi-national basis and the moments when it operates as a national market.

Once a year, in April, the supplier has to send, with the invoice to the final consumer, information on the past calendar year. These data have to be sent to ERSE before 31st April. There is no required format, apart from the fact that all sources have to be listed and that their contribution should be presented as a share. On the internet however, they have to provide the mix of the 12 latest months.

1.1.4 Acceptance of GO

ERSE will accept GO from abroad on the condition that they are imported into the Portuguese registry and cancelled in the national registry. They do not have further acceptance criteria.

1.2 Guarantees of Origin for Electricity from Renewable Energy Sources and High-Efficient Cogeneration

Legislation for guarantees of origin from RES electricity and CHP has been passed.

1.2.1 RES-GO System

Guarantees of origin for RES electricity, according to Directive 2009/28 EC, were introduced by Decree-Law 141/2010 from 31st December 2010. All subsidised production is excluded (e.g. all electricity supported by Special Regime, PRE, is excluded). This Decree Law appointed as issuing body LNEG, the National Laboratory of Energy and Geology. This decision was replaced by Decree-Law n.º 23/2010, of 25 March, which appointed REN (Portuguese TSO) as the issuing body. REN has prepared an Operations Manual which has been submitted to the Ministry, along with a budget. They are waiting the decision of the Ministry to enter in operation. No registry was created while LNEG was issuing body and hence no RES-GO were issued.

The purpose of the GO is disclosure: to prove the origin of electricity to the final consumer. GO can be traded.

1.2.2 CHP-GO System

Guarantees of origin for CHP were introduced by Decree-Law 23/2010 from 25th March 2010. REN has been designated as the issuing body. It can issue CHP-GO for electricity from high efficiency cogeneration. It can also issue certificates of origin for electricity produced under efficient cogeneration.

The purpose of CHP-GO is to certify the origin of electricity, to certify primary energy savings. Feed in Tariff is only paid after delivery of the GO or the certificate of origin to the CUR, the last resort supplier, responsible for purchasing feed-in electricity.

The system has come into operation after the approval of a Procedures Manual by DGE – General Department of Energy and Geology, which was due in July 2010.
Summary of findings for Portugal

REN is planning to use the same registry for RES-GO as for CHP-GO and to issue only one certificate for biomass fuelled cogeneration. The procedures manual of the CHP-GO\(^1\) issuing body states that a given quantity of energy from a given production plant can only be issued a single GO or a certificate of origin or any other certificate.

1.2.3 EECS

The EECS system exists in Portugal. REN is the issuing body for EECS certificates. REN is a founding member of the Association of Issuing bodies. In the past years the RECS activity has taken on more importance. Portugal is participating in the international market (it exported 25 000 certificates in 2010, and 519 390 in 2011, 412 865 in 2012, 95 000 in 2013, none in the first semester of 2014, while imports for the first semester of 2014 were 128 337 MWh). Cancellations for national market only amounted to around 8 000 MWh in 2010 and to 24 488 MWh in 2011, 23 888 in 2012 and 31 676 in 2013. In 2014, they were more important with 147 705 certificates cancelled only for the first semester.

1.2.4 RECs Statistics

Not relevant as the GO registry is not operational yet.

1.3 RES-E Relevant Support Schemes

Supported RES-E electricity cannot receive tradable GOs.

2 Proposals for Improvement of the Tracking System

2.1 Proposals regarding general regulation on tracking systems

The GO system that is legally implemented should become operational.

2.2 Proposals regarding Disclosure

- BPR [25-28]: A residual mix should be introduced in order to account for untracked consumption and it should be calculated according to the RE-DISS methodology, following the RE-DISS schedule for RM calculations.
- BPR [31-33]: Cancellations of GO relating to production periods in a given year X which take place until 31 March of year X+1 should count for disclosure in year X. Later cancellations should count for disclosure in year X+1 (the same allocation rule should apply to expired GOs (BPR [6]).
- BPR [16]: In the medium to longer term, GO should be the only “tracking certificate” used. Any other tracking systems of a similar purpose and function as GO should be closely coordinated with GO and eventually converted to GO.
- BPR [23,24]: (Other) Reliable Tracking Systems (RTS) should be defined where appropriate based on criteria of added value, reliability and transparency. RECS should not be allowed anymore.
- BPR [31]: In cases that suppliers of electricity intend to use contract based tracking in order to fulfill claims made towards consumers regarding the origin of a certain electricity product (e.g. a green energy product), GO should be used instead of contract based tracking (see also BPR [36]).
- BPR [34]: The deadline for cancelling GO for purposes of disclosure in a given year X should be 31 March of year X+1 (see BPR 5b). 
- BPR [38]: All electricity products offered by suppliers with claims regarding the origin of the energy (e.g. green or low-carbon power) should be based exclusively on cancelled GO. No other tracking systems should be allowed, with the exception of mechanisms defined by law,

Summary of findings for Portugal

2.3 Proposals regarding GO

- BPR [1,2]: The metered production periods for purposes of issuing GO should not be longer than a calendar month. Longer intervals up to one year are acceptable only for very small plants. If possible, issuing should be done without delay after the end of each production period.

- BPR [3a,3b]: Expiration date should be implemented 12 months after the end of the production period and GOs which have reached this lifetime should be collected in the residual mix.

- BPR [4]: An extension to this lifetime can be granted if a GO could not be issued for more than six months after the end of the production period for reasons which were not fully under the control of the plant operator. In this case, the lifetime of the GO might be extended to six months after issuing of the GO.

- BPR [5a,5b]: Cancellations of GO relating to production periods in a given year X which take place until a given deadline in year X+1 should count for disclosure in year X. Later cancellations should count for disclosure in year X+1. (In case that disclosure periods differ from the calendar year (see item [31]), the deadline should be defined accordingly.) Deadline is set on 31 March X+1 (BPR [5a, 5b]).

- BPR [7,8]: The implementation of GO in all countries in Europe should be based on the European Energy Certificate System (EECS) operated by the Association of Issuing Bodies (AIB). In case that national GO systems are established outside of EECS, then EECS should at least be used for transfers between registries. (BPR [7]). Reliable linkages should be established with countries which are not EECS members. (BPR [8]).

- BPR [9]: So-called ex-domain cancellations of GO, where a GO is cancelled in one registry and a proof of cancellation is then transferred to another country in order to be used there for disclosure purposes, should only be used if there is no possibility for a secure electronic transfer and if there is an agreement on such ex-domain cancellations between the competent bodies involved. Statistical information on all ex-domain cancellations should be made available in order to support Residual Mix calculations.

- BPR [10]: GOs should generally be issued only for the net generation of a power plant, i.e. gross generation minus the consumption of all auxiliaries related to the process of power production. For hydro power plants involving pumped storage this means that GOs should be issued only for the net generation which can be attributed to natural inflow into the reservoir.

- BPR [11]: The GO system should be extended beyond RES & cogeneration to all types of electricity generation, which should all be handled in one registry.

- BPR [15a, 15b]: This also applies to CHP plants which are using RES as the energy source: Only one GO should be issued per unit of electricity. This GO should combine the functionalities of a RES-GO and a cogeneration GO.

- BPR [17]: Besides GO, only Reliable Tracking Systems (which may include contract based tracking) and the Residual Mix should be available for usage for disclosure. No other tracking mechanisms should be accepted.

- BPR [18]: Green power quality labels should use GO as the unique tracking mechanism.

- BPR [19]: European countries should clarify whether and under which conditions the use of GOs by end consumers is allowed. Such GO use should not be based on ex-domain cancellations performed in other countries. If consumers are allowed to use GOs themselves, a correction should be implemented in the disclosure scheme which compensates for any “double disclosure” of energy consumed...
2.4 Proposals regarding Acceptance of GO

- BPR [20]: Any rejection should only relate to the actual use of cancelled GO for disclosure purposes in the respective country and should not restrict the transfers of GO between the registries of different countries.

- BPR [21]: Within the rules set by the respective Directives, Member States should consider to reject the recognition of GO from other countries for disclosure in case that these countries have not implement adequate measures which avoid double counting, e.g. a proper determination of a Residual Mix for disclosure.

2.5 Further proposals regarding Disclosure

- BPR [38]: All electricity products offered by suppliers with claims regarding the origin of the energy (e.g. green or low-carbon power) should be based exclusively on cancelled GO. No other tracking systems should be allowed, with the exception of mechanisms defined by law, e.g. a pro-rata allocation of generation attributes to all consumers which is related to a support scheme (see BPR [22]).

- BPR [40]: There should be clear rules for the claims which suppliers of e.g. green power can make to their consumers. There should be rules how the “additionality” of such products can be measured (the effect which the product has on actually reducing the environmental impact of power generation), and suppliers should be required to provide to consumers the rating of each product based on these rules.

- BPR [41]: Claims made by suppliers and consumers of green or other low-carbon energy relating to carbon emissions or carbon reductions should also be regulated clearly. These regulations should avoid double counting of low-carbon energy in such claims. A decision needs to be taken whether such claims should adequately reflect whether the energy purchased was “additional” or not.

2.6 Matrix of disclosure related problems and country-specific proposals

<table>
<thead>
<tr>
<th>Problem</th>
<th>Country-specific proposal</th>
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<tbody>
<tr>
<td>Possible double counting in different explicit tracking instruments</td>
<td>BPRs: [7a], [7b], [8] [9], [10], [11], [14b], [15a], [15b] [16], [17], [18], [23], [24], [31], [32], [38]</td>
</tr>
<tr>
<td>Double counting of attributes in implicit tracking mechanisms</td>
<td>BPRs: [5a], [5b], [6], [9], [11], [21], [23], [24], [25], [26a], [26b], [27], [28], [32]</td>
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<tr>
<td>Double counting within individual supplier's portfolio</td>
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<tr>
<td>Loss of disclosure information</td>
<td>BPRs: [11], [15b] [19]</td>
</tr>
<tr>
<td>Intransparency for consumers</td>
<td>BPRs: [11], [23] [40], [41]</td>
</tr>
<tr>
<td>Leakage of attributes and/or arbitrage</td>
<td>BPRs: [1a], [1b], [2], [3a], [5a], [5b], [6], [9], [19], [28]</td>
</tr>
<tr>
<td>Unintended market barriers</td>
<td>BPRs: [4], [7a], [7b], [8], [9], [20]</td>
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