

**Decision of the Chairman of the Department of Energy No. (10) of 2021
Concerning the Registration and Trading of Clean Energy Certificates
in the Emirate of Abu Dhabi**

The Chairman of the Department of Energy

Having reviewed Law No. (1) of 1974 concerning the Reorganization of the Government Apparatus in the Emirate of Abu Dhabi and its amendments.

And Law No. (2) of 1998 concerning the Regulation of the Water and Electricity Sector in the Emirate of Abu Dhabi and its amendments.

And Law No. (11) of 2018 concerning the Establishment of the Department of Energy.

And the Decision of the Chairman of the Executive Council No. (26) of 2018 concerning Additional Competencies for the Department of Energy.

And the Decision of the Executive Committee No. (04/007/2/2019) concerning the Abu Dhabi Demand Side Management and Energy Rationalization Strategy 2030.

And the Decision of the Chairman of the Department of Energy No. (22) of 2020 concerning the Schedule of Violations and Administrative Fines.

It is decided as follows:-

Article (1)

The provisions of the Regulatory Policy for Clean Energy Certificates attached to this Decision shall be enforced.

Article (2)

The regulatory provisions contained in the attached Policy shall apply to all transactions of issuance, registration, trading, and use of Clean Energy Certificates in the Emirate of Abu Dhabi.

Article (3)

All persons, entities, and governmental and private companies wishing to register, trade, or use Clean Energy Certificates in the Emirate of Abu Dhabi

must adhere to the provisions of the attached Policy and the procedures, decisions, and regulatory approvals issued thereunder.

Article (4)

Entities licensed by the Department wishing to register or trade Clean Energy Certificates shall obtain prior regulatory approval from the Department in accordance with the terms of their license.

Article (5)

The trading or use of Clean Energy Certificates outside the Emirate of Abu Dhabi is prohibited without prior approval from the Department.

Article (6)

The Undersecretary of the Department shall issue the necessary procedures, decisions, and regulatory approvals to implement the provisions of this Decision and the attached Policy.

Article (7)

This Decision shall come into force from the date of its issuance and shall be published in the Official Gazette.

Eng. Awaidha Murshed Al Marar

Chairman

Issued in Abu Dhabi on 09/08/2021

Attachments:

- Regulatory Policy for Clean Energy Certificates

Copy to:

- Emirates Water and Electricity Company

- Office of the Undersecretary, Strategic Affairs Sector, Regulatory Affairs Sector, Energy Policy Sector, Financial and Administrative Affairs Sector, Internal Audit Department, Government and Legal Affairs Department.

Regulatory Policy for Clean Energy Certificates

P.O. Box 32800, Abu Dhabi, U.A.E | T+ 971 2 2070777

Contents

1. Introduction

1.1 General Context and Purpose of the Regulatory Policy ("the Policy")

1.2 Principles of the Clean Energy Certificate Scheme ("the Certificate Scheme")

2. Definitions

3. Regulatory Policy Statement

3.1 Key Parties Involved

3.2 Certificate Issuance Procedure Fees and International Renewable Energy Certificate (I-REC) Service Fees

3.3 Clean Energy Certificate Prices

3.4 Clean Energy Certificates – Liability and Exported Energy

3.5 Terms and Conditions for Registration and Issuance of Clean Energy Certificates in Abu Dhabi

3.6 Information Systems

3.7 Intellectual Property and Confidentiality

4. References

1. Introduction

1.1 General Context and Purpose of the Regulatory Policy ("the Policy")

1.1.1 The Department of Energy (the Department) was established under Law No. (11) of 2018 to undertake the role of regulator and decision-maker in the energy sector of the Emirate of Abu Dhabi (the Emirate). Its main objectives are to shape the future direction of the Emirate's energy sector in its various fields, in addition to building highly efficient systems that contribute to enhancing economic growth, achieving energy security, and sustainable development. The Department's competencies include developing policies and regulations and proposing strategic plans that serve the energy transition and ensure the achievement of sustainable development for the Emirate, in addition to its commitment to protecting the interests of consumers in the sector and preserving the environment.

1.1.2 This Policy sets out the implementing regulations for the development of a Clean Energy Certificate Scheme ("the Certificate Scheme") in the Emirate, considering it as a measure to support the reduction of the carbon footprint in power generation and to meet the growing needs of the commercial and residential sectors, thereby contributing to mitigating the effects of climate change.

1.1.3 The Certificate Scheme has been developed in line with international best practices, taking into account the principles of objectivity and non-discrimination in obtaining Clean Energy Certificates for all consumers in the Emirate, allowing them to meet low-carbon electricity requirements in the most demanding markets and related initiatives.

1.1.4 Clean Energy Certificates will be available to those wishing to obtain them, detailing specific quantities of electricity generated from clean energy sources with the possibility of being transferred ("Clean Energy Certificates"). The Certificate Scheme will also showcase the Emirate's significant efforts towards decarbonization. The latest forecasts indicate that carbon dioxide emissions from Abu Dhabi's electricity systems will decrease by 50% by 2050 compared to 2019. In addition, these certificates will facilitate the measurement, management, and recording of progress in reducing carbon emissions from electricity consumption, thereby stimulating the transition to the use of clean energy sources.

1.1.5 The Certificate Scheme is a power generation tracking system that aims to obtain reliable information about the characteristics of consumed electricity.

1.1.6 The main benefits of the tracking system are the ability to easily determine the value and calculate the characteristics of electricity (e.g., power generation source and relevant environmental indicators), while avoiding the risk of double-counting the benefits of electricity characteristics. Clean Energy Certificates grant direct ownership of the electricity's characteristics, while this certification confirms that a certain amount of electricity was obtained at a specific time from a specific clean energy source (e.g., solar or nuclear), enabling the tracking of CO₂-free energy from the producer to the end consumer, despite electricity grids not differentiating between different types of electricity.

1.1.7 The electricity characteristics tracking system allows for the following:

(a) Certification through the production device (meaning the capacity of one or more generation units to use the same technology to generate electricity which is connected to pre-defined metering points) ("Production Devices") to produce a certain amount of energy from clean energy sources, such as CO₂-free sources.

(b) Verification of the amount of energy consumed from renewable sources by an electricity consumer,

(c) Financial valuation of clean electricity characteristics and their marketability.

1.1.8 The characteristics of the tracking system are supported by an energy exchange scheme, whereby electricity produced from clean energy sources receives unique Clean Energy Certificates that can be marketed separately from the electricity and obtained by consumers who wish to detail their consumption of clean energy.

1.1.9 Entities largely purchase clean energy to use low or zero-carbon electricity, which has an impact on reducing their carbon footprint. It is noteworthy that entities can make several claims related to the electricity purchased from clean energy regarding its development, generation, use, benefits, and environmental and social impacts. However, the ability to prove the use or delivery of clean energy through a shared electricity distribution network requires support from tools that comply with specific standards to be certified and reliable. Since electricity generated from clean energy sources cannot be distinguished from electricity generated from any other source, some form of tracking for these processes is necessary. Once a power provider introduces generated energy from known clean energy sources into the grid, Clean Energy Certificates will act as a mechanism to account for and track the clean energy source. Consequently, entities can demonstrate the environmental benefits resulting from low-carbon energy by obtaining Clean Energy Certificates issued by the Department of Energy.

1.1.10 The Certificate Scheme follows international best practices regarding the standards that clean energy sources and procurement mechanisms must meet to prove the reliable use and delivery of clean energy. Among these practices are the technical criteria specified in RE100¹, a global corporate renewable energy initiative designed to

support the energy transition towards obtaining 100% renewable electricity.

(a) Certificate holders must demonstrate and show that they have exclusive access to use the electricity generated from clean energy to meet all areas of low-carbon electricity use², which means that ownership of the generation attributes (e.g., energy attribute certificates) is linked to the generation of electricity.

(b) Some initiatives accept renewable energy sources produced according to specific technologies, but each certificate must specify the source of electricity generation and its ability to meet certain requirements.

(c) Ideally, certificates should be issued for electricity generated within the market boundaries of the certificate applicant, where "market boundaries"³ refer to the region where the laws and regulatory framework governing the energy sector are sufficiently consistent with production and consumption areas, in addition to the presence of an interconnection grid.

(d) Certificates should not be issued for the consumption of self-generated electricity by any company that generates electricity using fossil fuels.

1.1.11 The objective of this Policy is to establish and define the implementation instructions for the Certificate Scheme. In addition, the International Renewable Energy Certificate (I-REC) standard, its related rules, and supporting documents will define the characteristics and principles of the system in the Emirate.

1.2 Principles of the Clean Energy Certificate Scheme ("the Certificate Scheme")

1.2.1 To ensure that Clean Energy Certificates are recognized internationally, the Department of Energy has sought to join and adopt the renewable energy certificate attribute tracking system developed by the "International Renewable Energy Certificate Standard" (I-RECs), and to act as the issuer and local body for Clean Energy Certificates ("the Certificate Issuer") for the Emirate of Abu Dhabi. Therefore, the following should be noted:

(a) All concerned parties must adhere to the laws and regulations stipulated in the Clean Energy Certificate standards, the relevant rules, and the supporting documents for those rules, specifically in Section (4) of this Policy.

1<https://www.there100.org/sites/re100/files/2020-11/RE100%20Joining%20Criteria.pdf>

2https://www.there100.org/sites/re100/files/2021-04/RE100%20Technical%20Criteria%20_March%202021.pdf

3<https://www.there100.org/sites/re100/files/2020-10/Note%20on%20Market%20Boundaries.pdf>

(b) The establishment of the Certificate Scheme requires two enabling roles. First, the "Certificate Issuer," which is the party responsible for officially authorizing the issuance of Clean Energy Certificates, and second, the Clean Energy Certificate Registry, which is the sole central registry responsible for the following:

- (i) registering Clean Energy Certificate exchange accounts by any legal person or corporate entity ("Participant"),
- (ii) registering Production Devices,
- (iii) registering a group of generation facilities that use largely the same technology and are capable of generating electricity that is delivered through a number of pre-defined metering points ("Production Group(s)),
- (iv) tracking the ownership of Clean Energy Certificates,
- (v) registering and monitoring energy exchange operations,
- (vi) verifying claims,
- (vii) ensuring there is no duplication of a Clean Energy Certificate.

(c) Once these two roles are operational, Participants (the term is defined in clause 3.1.5) must open an account in the Renewable Energy Certificate Registry to obtain Clean Energy Certificates and start the procedures. Clean Energy Certificates are issued to the accounts of those wishing to obtain certificates against the meter readings of the Production Devices. Once the certificates are issued, the Participant can start energy exchange operations, which will be recorded in the Renewable Energy Certificate Registry.

(d) As the Certificate Issuer, the Department of Energy is authorized to set the fees for issuing Clean Energy Certificates and to regulate the

requirements for obtaining and exchanging them, including any prohibitions or restrictions on the sale and acquisition of Clean Energy Certificates inside or outside the Emirate.

(e) The Department of Energy has decided to restrict the validity of Clean Energy Certificates to within the Emirate of Abu Dhabi, and therefore, it should be ensured that the highest requirements for certificate validity are met.

(f) As detailed in Section (3) of this Policy, the entity that plays the role of the single buyer in the Emirate of Abu Dhabi will also be considered the sole registrant for the electricity generated from clean energy that will be supplied to the grid by generation companies licensed by the Department ("Sole Registrant"). In cases of self-supply and unlicensed generation for the grid from outside the Emirate, the Department of Energy may allow other registrants in accordance with the terms and conditions as decided by the Department ("Other Registrant").

(g) The Sole Registrant must ensure that all Participants have access to Clean Energy Certificates under the same conditions. Therefore, in order to establish a non-discriminatory scheme, the Sole Registrant may not also be a Participant without prior approval from the Department of Energy.

(h) The revenues obtained by the Sole Registrant from the sales of Clean Energy Certificates are calculated within the Bulk Supply Tariff account in accordance with the regulatory instructions or directives issued by the Department of Energy.

1.2.2 In order to optimize and exploit the potential offered by the mix of power generation methods in the Emirate, the Department of Energy and the International Renewable Energy Certificate Standard have agreed to include power generation from nuclear energy sources as a clean energy source and to specify it within the Clean Energy Certificates.

2. Definitions

The terms contained in this Regulatory Policy shall have the meanings assigned to them in the International Renewable Energy Certificate (I-REC)

Standard and its subsidiary documents. This excludes terms that are explicitly defined herein.

- **Clean Energy Certificate Scheme:** An electricity generation tracking system in the Emirate of Abu Dhabi, which tracks the attributes of renewable energy certificates and was developed by the International Renewable Energy Certificate Standard (I-RECS). The Department acts as the local issuer for International Renewable Energy Certificates ("the Certificate Issuer") in the Emirate of Abu Dhabi.
- **Sole Registrant:** A single person or entity legally authorized to register a Production Device or Production Group in the International Renewable Energy Certificate Registry in order to obtain Clean Energy Certificates for electricity fed into the grid by generation companies licensed by the Department of Energy.
- **Other Registrant:** The person or entity legally authorized to register a Production Device or Production Group in the International Renewable Energy Certificate Registry in order to obtain Clean Energy Certificates in cases of self-supply or unlicensed generation for the sale of electricity to the Abu Dhabi grid from outside the Emirate.
- **Licensed Participant:** Any entity licensed by the Department of Energy that has one or more energy exchange accounts in the International Renewable Energy Certificate Registry.

3. Regulatory Policy Statement

3.1 Key Parties Involved

3.1.1 Registrant: The person or entity legally authorized to register a Production Device or Production Group in the International Renewable Energy Certificate (I-REC) Registry to obtain Certificates:

- (a) If the entity is classified as the single buyer of energy in the Emirate (Emirates Water and Electricity Company), it will be considered the sole registrant for the electricity injected into the grid by entities licensed by the Department of Energy ("Sole Registrant").
- (b) In the case of self-consumption or unlicensed generation supplying electricity to the grid in Abu Dhabi from outside the Emirate, the Department of Energy may allow other registrants according to the

terms and conditions determined by the Department ("Other Registrant").

3.1.2 Participant: Any entity (excluding Emirates Water and Electricity Company in its capacity as the "Sole Registrant") that has one or more trading accounts in the Renewable Energy Certificate Registry.

(a) If entities licensed by the Department of Energy act as a Participant ("Licensed Participant"), the Department of Energy, as the regulator of the energy sector in Abu Dhabi, will regulate the handling of revenues, profits, and costs arising or incurred, in accordance with any price control system, regulatory instructions, or directives issued by the Department.

3.1.3 Local Issuing Body: The Department of Energy is the officially authorized body to issue Clean Energy Certificates within the Emirate of Abu Dhabi upon receiving a request from the Registrant.

3.1.4 International Renewable Energy Certificate (I-REC) Registry: This registry maintains the complete lifecycle of ownership and use of issued Clean Energy Certificates.

3.1.5 All concerned parties must adhere to all rules and regulations stipulated in the International Renewable Energy Certificate (I-REC) Standard and its relevant supporting documents.

3.2 Attestation and International Renewable Energy Certificate (I-REC) Service Fees

3.2.1 The fees shown below include the attestation value, which should be paid directly by the Registrant to the Department of Energy.

(a) As the Sole Registrant, Emirates Water and Electricity Company is exempt from paying fees to the Department of Energy in its capacity as the Certificate Issuing Body, but Emirates Water and Electricity Company is still obligated to pay any fees resulting from the International Renewable Energy Certificates (I-REC).

(b) Other Registrant: According to the terms and conditions determined by the Department of Energy in its capacity as the Certificate Issuing Body.

3.2.2 The Department of Energy reserves the right to change its fees and charges subject to the approval of the Abu Dhabi Executive Council. In case of a change, the Registrant will be notified of this change in writing (including via email) no later than ninety (90) days before the change takes effect. The Department of Energy will provide a schedule of fees and costs upon request from the concerned entity.

3.2.3 The fees for International Renewable Energy Certificate services are approved by the International Renewable Energy Certificate Standard (I-REC) and are invoiced directly by the I-REC Services - as more clearly defined in the I-REC Standard.

3.3 Clean Energy Certificate Prices

3.3.1 After the issuance of Clean Energy Certificates, participating parties can redeem the certificate's attributes.

3.3.2 The price of the certificate is considered "unregulated" and is therefore determined in bilateral agreements between the two parties.

3.3.3 As the regulator of the energy sector in the Emirate of Abu Dhabi, the Department of Energy must regulate any activities undertaken by Emirates Water and Electricity Company as the Sole Registrant - concerning licensing, control, and reporting requirements - and the process of handling revenues, profits, and costs (including but not limited to, any fees payable to the I-REC Standard and the costs of the system detailed in clause 3.6), in line with any instructions, policies, guidelines, or any other document that the Department may issue from time to time. If any changes are proposed, they will come into effect without prejudice to ongoing commercial arrangements or applied price control system arrangements.

3.4 Clean Energy Certificates – Liability and Exported Energy

3.4.1 In line with the timeframe for collecting evidence from Production Devices - a period of no less than one month and no more than 12 months - any agreement by the Sole Registrant to issue any forward commitments (before one year) regarding Clean Energy Certificates to the same Participant will require the approval of the Department of Energy.

3.4.2 Clean Energy Certificates issued in the Emirate can only be used within the Emirate of Abu Dhabi.

3.4.3 The Department of Energy reserves the right to remove the restrictions - partially or wholly - mentioned in clause 3.4.2. The Registrant will be notified of any change in writing (including via email) no later than ninety (90) days before it takes effect.

3.5 Terms and Conditions for Registration and Issuance of Clean Energy Certificates in the Emirate of Abu Dhabi

3.5.1 Registrant's Obligations

- (a) The Registrant must comply with this Policy in addition to the requirements of the I-REC Standard and its subsidiary documents.
- (b) The Registrant has the sole authority to act on the energy attributes associated with the registered Production Device(s) or Production Group.
- (c) When applying for Clean Energy Certificates, the Registrant acknowledges and warrants that the specified characteristics of the eligible energy generated match the certificates to be issued.
- (d) The Registrant must declare all aspects related to the energy characteristics associated with the Production Device(s) or Production Group as required under the International Renewable Energy Certificate (I-REC) framework. This may include plans for carbon trading or the labeling of accredited Production Devices or Production Groups.
- (e) The Registrant must provide the Department of Energy - in its capacity as the Certificate Issuing Body - within a reasonable timeframe, all information required under this Policy, including any non-conformity of Production Devices or Production Groups.
- (f) All information provided by the Registrant must be complete and accurate to the best of their ability.
- (g) The Registrant grants the Department of Energy or its representative access to all Production Devices or Production Groups, as well as any relevant files, records, or other information related to the Production Devices and Production Groups as permitted under their specific contractual arrangements. If access to these files, devices, or groups is

not possible, the Department may suspend the issuance of Clean Energy Certificates.

(h) The Department has the right to conduct unannounced monitoring and audit visits to the Registrant's premises and/or the buildings containing the Production Devices or Production Groups. If the Registrant is not the legal owner of the building, they must obtain the legal owner's consent to operate the Production Devices or Production Groups to enable the Department to conduct monitoring and audit visits without delay or restriction.

(i) The Sole Registrant must ensure that all Participants have access to Clean Energy Certificates without discrimination.

(j) The Department of Energy has the right to request from Emirates Water and Electricity Company, as the Sole Registrant, any information related to Clean Energy Certificates. In compliance with this request, Emirates Water and Electricity Company will provide the Department of Energy with a quarterly report including all information, for example but not limited to, prices, transaction volumes, and relevant timeframes, within a maximum period of thirty (30) days after the end of each quarter.

3.5.2 The Department of Energy shall cooperate with the Registrant to the fullest extent within their respective authorities to ensure there is no unjust enrichment or any harm to the energy sector in the Emirate that may arise as a result of an error in the context of a Clean Energy Certificate transaction or as a result of any unauthorized access or malfunction of the International Renewable Energy Certificate (I-REC) Registry. To achieve this goal, the Department of Energy may withdraw or amend any issued Clean Energy Certificate in order to maintain the accuracy of these certificates.

3.5.3 The Department is not responsible for any losses incurred by the Registrant. However, in the case of successful contractual claims by independent water and power producers under their contract with Emirates Water and Electricity Company as the Sole Registrant, Emirates Water and Electricity Company may consider these contractual claims as pass-through costs within the Bulk Supply Tariff (BST) under the price control systems and with the approval of the Department of Energy, as needed.

3.6 Information Systems

3.6.1 As the Certificate Issuing Body, the Department of Energy issues Clean Energy Certificates through the International Renewable Energy Certificate (I-REC) Registry, as detailed in clause 1.3.5. The I-REC Registry is provided through I-REC Services as described in the I-REC Standard.

3.6.2 The Registrant must have the necessary IT infrastructure and interfaces to be able to use the I-REC Registry.

3.6.3 The Registrant is responsible for ensuring data security in relation to the use of the I-REC Registry, including the account password.

3.6.4 The Department of Energy must notify the Registrant in writing - at least thirty (30) days in advance if any material change is made to the Clean Energy Certificate Registry by I-REC Services. In urgent cases (e.g., when system integrity is at risk), changes can be made without prior notice. The Department of Energy must notify the Registrant via email as soon as possible after the change is made.

3.6.5 The Department of Energy must notify the Registrant via email of the unavailability of the I-REC Registry ten (10) days in advance. The Registrant must be notified of any other cases regarding the prevention of using the I-REC Registry as soon as possible.

3.6.6 The Department of Energy has the right to suspend the Registrant's access to the I-REC Registry service in the following cases:

(a) If the Department of Energy believes there is misuse of the system by the Registrant (e.g., but not limited to, misuse by employees working for the Registrant, its agents, or other parties acting on behalf of the Registrant) for a period of up to forty-five (45) days until the system misuse is proven.

(b) If the Registrant fails to address the misuse mentioned in this Policy or if the misuse is material or deliberate.

Accordingly, the Department has the right to deny the Registrant access to the I-REC Registry services and notify them of this denial in writing. The denial decision will be lifted as soon as the specified problem is resolved.

3.6.7 The Registrant's right of access to the I-REC can be suspended indefinitely by sending a written notice until the system misuse is

addressed, the problem is resolved, and precautionary measures are put in place to ensure it does not happen again.

3.6.8 The Registrant must notify the Department of Energy immediately upon discovering any errors or defects in the I-REC Registry and/or its associated websites, where coordination between the Department and the Registrant will take place to resolve and address the malfunction.

3.7 Intellectual Property and Confidentiality

3.7.1 The intellectual property (in whole or in part) of the I-REC Registry and any documents related to the I-REC or the I-REC Standard website or the Department of Energy's website may not be transferred to the Registrant. The Registrant holds a non-exclusive, non-transferable license to use the I-REC Registry, websites, and related documents to allow the Registrant to benefit from the I-REC services.

3.7.2 The Department of Energy has the right - as required by law - to verify the personal data provided by the Registrant to comply with international anti-fraud standards, which may include disclosing personal information to relevant local and international authorities.

4. References

- **The I-REC Code:** <https://www.irecstandard.org/documents/>

The Code itself is intended to be a statement of principles and a description of how the system operates at high level. Detailed descriptions of procedures are contained in Code Subsidiary Documents

- **CSD01 – Registrant and Participant Application.** Code Subsidiary Document 01: <https://www.irecstandard.org/documents/>

This document sets out the process for opening an Account on the I-REC Registry

- **CSD02 – Single and Group Production Device Registration.** Code Subsidiary Document 02. <https://www.irecstandard.org/documents/>

This document sets out the process for registering a Production Device or Production Group in order to receive I-RECs.

- **CSD03 – The Issuer.** Code Subsidiary Document 03. <https://www.irecstandard.org/documents/>

This document sets out the process for the application and accreditation of I-REC Issuers

- **CSD04 – Requesting I-REC Issuance.** Code Subsidiary Document 04: <https://www.irecstandard.org/documents/>

This document sets out the process for Issuing I-RECs into an Account on the I-REC Registry

- **CSD05- Change Management:** Code Subsidiary Document 05. <https://www.irecstandard.org/documents/>

This document sets out the process for changing the I-REC Code and its Code Subsidiary Documents

- **RE100 TECHNICAL CRITERIA** Date of publication: March 22nd, 2021 <https://www.there100.org/sites/re100/files/2021-04/RE100%20Technical%20Criteria%20March%202021.pdf>

The RE100 Criteria define what counts as sourcing renewable electricity for the purpose of participation in the RE100 campaign.