

# certiq

2015 Annual Report

## THE CONSUMER IN THE DRIVER'S SEAT



# CertiQ B.V. 2015 Annual Report

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*In this translation an attempt has been made to be as literal as possible without jeopardising the overall continuity. In the event of discrepancies or ambiguity between the original Dutch version of the 2015 Annual Report of CertiQ BV and this English translation, the Dutch text shall prevail.*

*(clickable table of content)*



# 1 The consumer in the driver's seat

The market for energy certificates - the so-called Guarantees of Origin - has continued to develop significantly in 2015. One thing is becoming increasingly clear: the consumer is in the "driver's seat". Consumers are taking an increasingly active approach and set conditions for the Guarantees of Origin for the energy they consume. For example, the demand for certificates for wind energy has increased sharply. Over a period of two years, the demand has grown by 66% to more than 12 TWh per year.

In total, the volume of green energy for which certificates were cancelled has increased to 42.6 TWh in 2015, an increase of more than 12%. Never before has so much green electricity been consumed in one year. As has been the case for a longer period of time, the supply of Dutch Guarantees of Origin is not sufficient to meet the total demand even though the issuance of Guarantees of Origin in the Netherlands has increased as a result of growth in wind power, the majority of the Guarantees of Origin used come from other countries.

Looking at the import mix, we see that the origin of imported Guarantees of Origin is shifting: the large supplier Norway is losing ground compared to, in particular, Sweden and Italy. The export of Guarantees of Origin has halved, a logical consequence of the large demand for Guarantees of Origin in the Netherlands.

Another sign that the consumer is having an increasingly profound impact is the increase in the number of end user accounts at CertiQ. This indicates that increasingly more corporate users attach value to full transparency in respect of the Guarantees of Origin which suppliers cancel on their behalf. This provides consumers with the assurance that the claims they are making with respect to their energy consumption are valid and reliable.

In this light, the discussion about full disclosure of all types of electricity which took place in 2015 is relevant. Even more so, because consumers have increasingly been recognising Guarantees of Origin in their CO<sub>2</sub>-footprint.

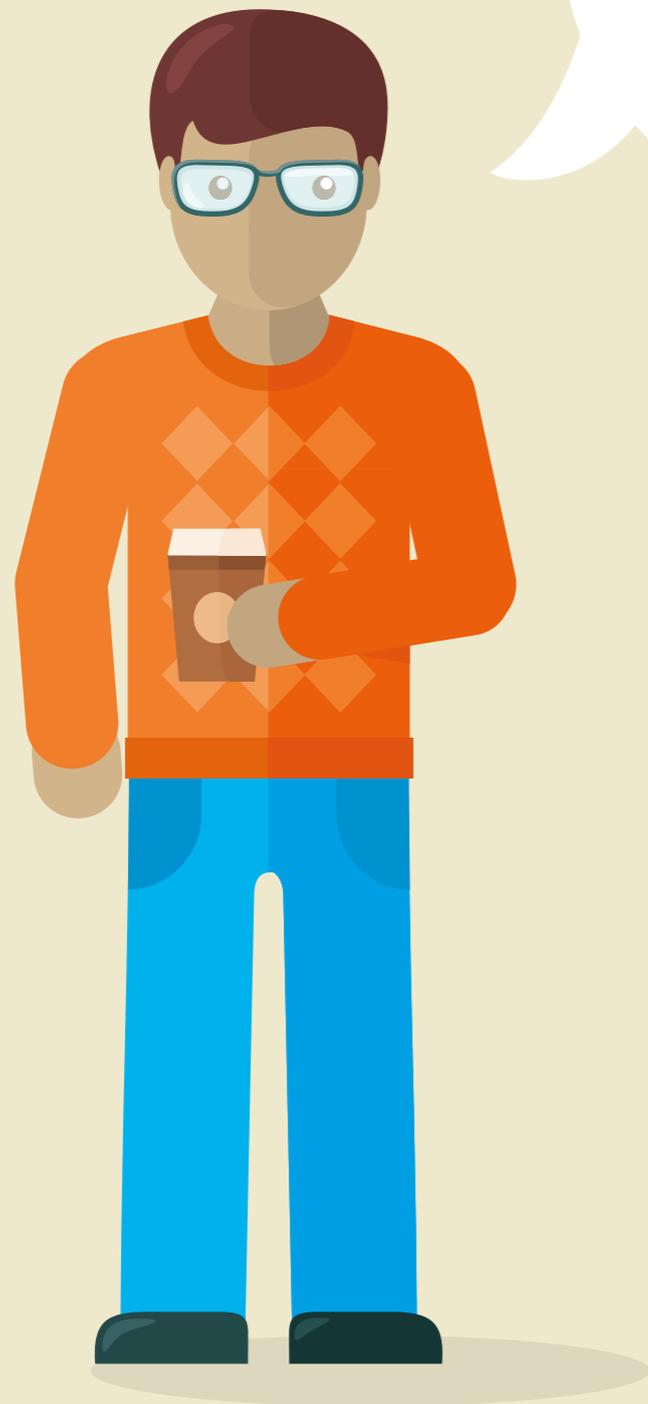
Guarantees of Origin are therefore not only about how, where and when the energy is generated; the certification scheme is also about the impact of this energy on the environment in which we live. This sheds an entirely new light on the social relevance of a Guarantee of Origin; although the use of Guarantees of Origin in carbon footprints is already widespread - in particular among large energy consumers. This makes it even more important that we continue to work on enabling those new ways of using Guarantees of Origin with standardised, reliable and independent information. Consumers want to know the origin of their energy and the impact of their energy consumption on the environment in which we live. This is already commonplace for food, clothing and other consumables, so why not also for energy?

In 2015, the European Commission started the consultation on the renewal of the European Directive for renewable energy, whereby it strongly emphasises "Consumer choice of action". Transparency about the origin and impact on the environment of our individual energy consumption is crucial to be able to make a difference: the consumer in the driver's seat.

Ir. J. van der Lee  
Manager CertiQ B.V.

Ir. B.G.M. Voorhorst  
Chief Operating Officer TenneT TSO B.V.





WHICH TYPE OF ENERGY  
DO YOU CHOOSE?  
WIND? SOLAR?

Consumers are taking an increasingly active approach and set conditions for the Guarantees of Origin for the energy they consume. For example, the demand for certificates for wind energy has increased sharply. Over a period of two years, the demand has grown by 66% to more than 12 TWh per year.

## 2 Developments

### 2.1 Europe

In order to be able to improve the quality and exchangeability of Guarantees of Origin at a European level, CertiQ is a member of the Association of Issuing Bodies (AIB). In 2015, SEMO (electricity market operator in Ireland) and CREG (regulator of the electricity and gas market for federal Belgium) became members of the AIB, as a result of which the number of AIB members increased to 21.

Just like CertiQ, AIB advocates to create a unique connection between the Guarantee of Origin and disclosure by laying down in a uniform way that the Guarantee of Origin has to be applied for disclosure. The AIB advocates to do this for all sources of energy, not only for sustainable energy. By also stating on the Guarantees of Origin how much CO<sub>2</sub> is emitted and how much radioactive waste is released upon the generation of electricity, it will be possible to compare the consequences of electricity generation from different sources and to assign them to specific consumers. This will provide the (European) consumer with a better insight into the impact of its energy consumption on the environment. The AIB has explicitly included these themes in its recommendations to the European Commission for changes to the system of Guarantees of Origin in light of the renewal of the European Directive for sustainable energy.

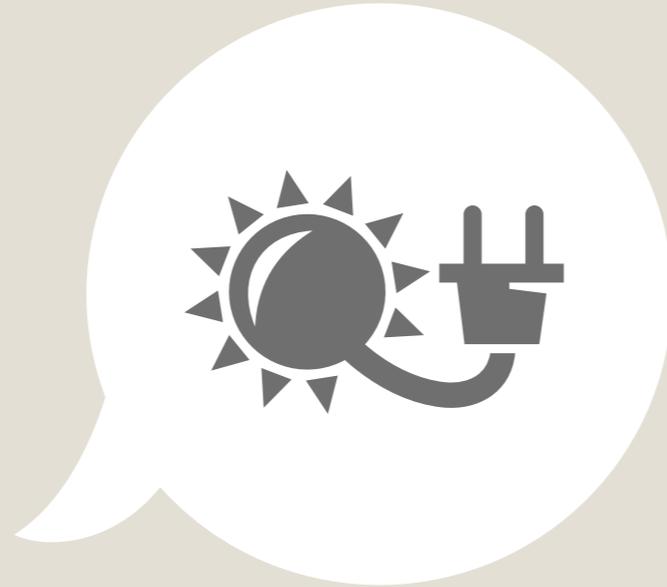
### 2.2 Market developments

In addition to the increasing popularity of Dutch Guarantees of Origin, we see that the consumer's involvement in renewable energy is greater when the origin of the energy consumed is disclosed. A growing number of suppliers provide the consumer with the possibility to choose from which producer it wants to receive the Guarantees of Origin. In addition to large energy suppliers and traders, more and more smaller energy suppliers are entering the market, focusing on local markets. As a result of this development, the number of registered trade accounts and the number of end user accounts are growing. In order to maintain a good insight into these market developments, CertiQ invests in close contact with market parties, such as traders and NGOs (Non-governmental organisations) in energy as well as end users.

### 2.3 Heat

For a few years, CertiQ has issued Guarantees of Origin for producers of sustainable heat. These Guarantees of Origin are a condition for obtaining an SDE subsidy. Moreover, we have noticed an increasing interest in the use of Guarantees of Origin for heat to evidence the origin of heat supplied to (predominantly corporate) consumers.





# NEVER BEFORE HAS SO MUCH GREEN ELECTRICITY BEEN CONSUMED

In total, the volume of green energy for which certificates were cancelled has increased to 42.6 TWh in 2015, an increase of more than 12%. Never before has so much green electricity been consumed in one year.

## 3 Results for 2015

### 3.1 Production

At the end of 2015, a total of 12,642 production plants for sustainable electricity were registered with CertiQ, an increase of 4.5% compared to 2014. Their combined capacity amounted to more than 9.6 GW, compared to 8.4 GW in 2014. Part of this increase can be attributed to the registration of two offshore wind parks, which are expected to become operational in 2016 or later.

At the end of 2015, 198 production plants for sustainable heat were registered; in 2014 this number was 148. Their combined capacity amounted to 1.5 GW, compared to 1.0 GW in 2014.

Table 1 provides an overview of the number of participants in our E-certification system.

In 2015, CertiQ issued Guarantees of Origin for a total of 13.1 TWh of sustainable electricity generated in the Netherlands. These certificates relate predominantly to generation in 2015, with a smaller contribution from generation in previous years. In 2015, the issuance of Guarantees of Origin for sustainable electricity increased by approximately 14% compared to 2014. The production of wind energy grew, partly due to an increase in the installed capacity. However, we also registered a higher production for the existing plants than in the previous year.

Table 1: Participants in the system for Guarantees of Origin

	31-12-2015		31-12-2014	
	Number	Capacity (GW)	Number	Capacity (GW)
Electricity production plants	12,642	9.6	12,096	8.4
Biomass	245	5.5	252	5.5
Hydro-electric	14	0.0 <sup>1</sup>	16	0.0
Solar	11,278	0.2	10,804	0.1
Wind	1,105	3.9	1,024	2.8
Heat production plants	198	1.5	148	1.0
Biomass	183	1.3	137	0.8
Geothermal	11	0.2	10	0.1
Solar thermal	4	0.0 <sup>2</sup>	1	0.0
Traders	93	n.a.	81	n.a.

<sup>1</sup>) The registered capacity for hydro-electric energy amounts to 36 MW

<sup>2</sup>) The registered capacity for solar thermal energy amounts to approximately 2 MW



CertiQ issued Guarantees of Origin for a total of 3.4 TWh of heat in the year under review. The issuance of Guarantees of Origin for heat has increased annually in line with the increase in the number of plants. The tripling we experienced in 2015 can to a large extent be attributed to a one-off catching-up effect because of new regulations in 2015, which resulted in the large producers reporting on both 2014 and 2015.

Table 2 sets out the apportionment of the various energy sources.

Table 2: Guarantees of Origin issued in 2014 and 2015 per Terawatt-hour (TWh)

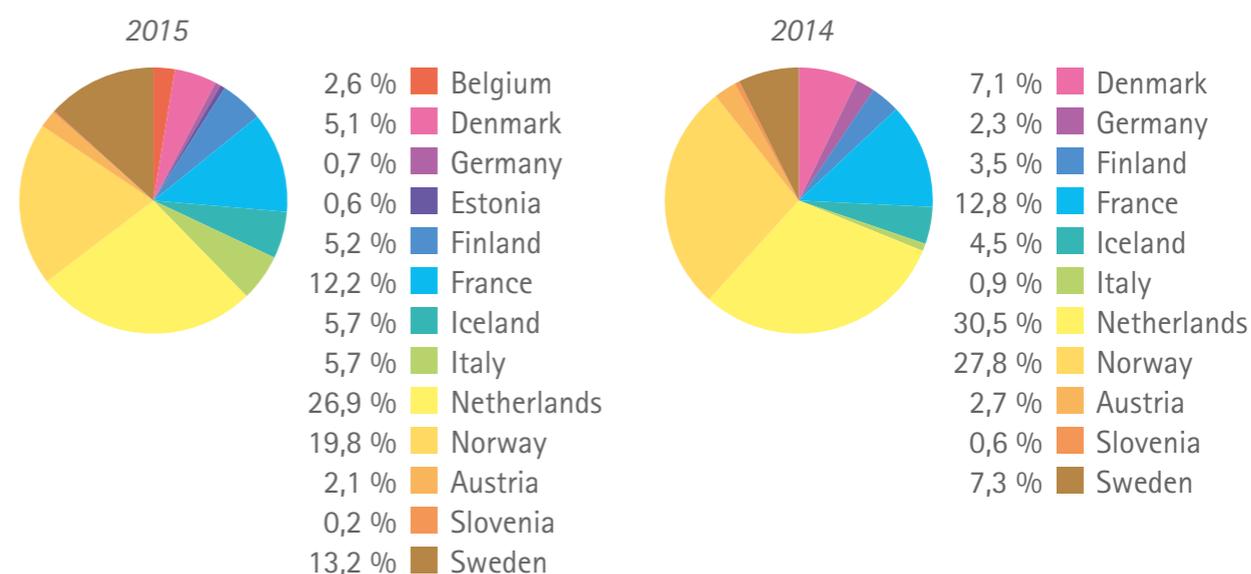
Guarantees of Origin (TWh) issued in	2015	2014
<i>Electricity</i>		
Biomass	5.5	5.7
Wind	7.4	5.6
Hydro-electric	0.1	0.1
Solar	0.1	0.1
<b>Total</b>	<b>13.1</b>	<b>11.5</b>
<i>Heat</i>		
Biomass	2.6	0.9
Geothermal	0.8	0.3
Solar thermal	0.0	0.0
<b>Total</b>	<b>3.4</b>	<b>1.2</b>

### 3.2 Consumption

The total number of cancellations increased from 37.9 TWh in 2014 to 42.6 TWh in 2015. This is an increase of 12.4%.

The import of Guarantees of Origin is necessary because the quantity of green electricity consumed is much larger than the quantity of electricity for which CertiQ issues Guarantees of Origin. Figure 1 shows the percentage of the cancelled Guarantees of Origin by country of origin and figure 2 shows the cancelled Guarantees of Origin by energy source. From these figures it appears that the consumer has an increasing preference for electricity generated from wind. It also shows that in 2015 the Guarantees of Origin from Norway lost ground to Guarantees of Origin from Sweden and Italy.

Figure 1: Cancelled Guarantees of Origin by country of origin



As is shown in figure 2, the contribution from hydro-electric energy decreased from 58.8% in 2014 to 53.4% in 2015. The share of wind energy increased from 25.1% to 29.2%.

In table 3 below the cancelled Guarantees of Origin by energy source are shown in round GWh.

Table 3: Cancelled Guarantees of Origin in GWh, by energy source

	2015	2014	2013
Biomass	6,416	5,827	6,101
Geothermal	325	212	902
Hydro-electric	22,761	22,267	25,453
Solar	666	58	18
Wind	12,436	9,523	7,482
<b>Total</b>	<b>42,604</b>	<b>37,887</b>	<b>39,956</b>

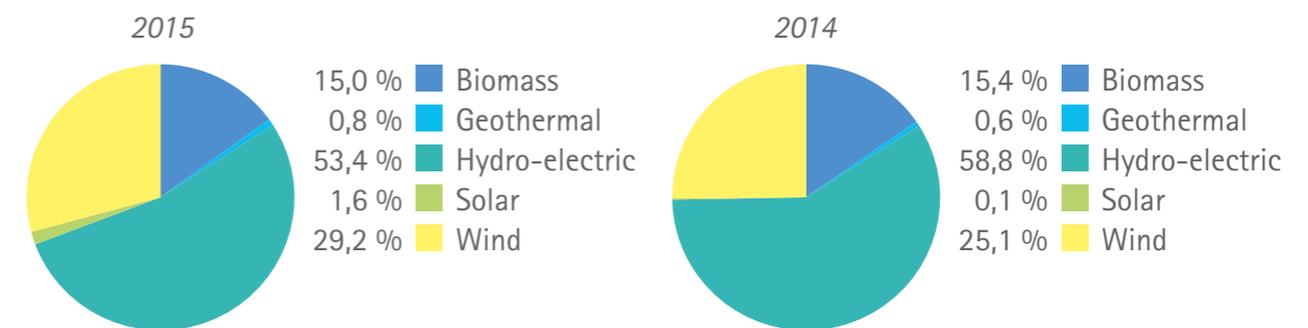
Table 4: Cancelled Guarantees of Origin and end users

	2015	2014
Number of end users	327	199
<i>Number of cancelled Guarantees of Origin (in GWh) for:</i>		
End users	9,984	7,501
Products	32,620	30,386
<b>Total</b>	<b>42,604</b>	<b>37,887</b>

## End user account

When cancelling a Guarantee of Origin a trader states whether this is done in the capacity of energy supplier for a product the trader offers to customers with a contract for sustainable energy, or because the trader is greening the energy for a corporate consumer, or 'end user'. Table 4 shows how many Guarantees of Origin were cancelled in the past two years for products and end users, in relation to the number of end users. This comparison shows that the corporate market has been growing relatively strongly, both in respect of the numbers of end users and in the number of Guarantees of Origin cancelled for end users. Therefore, we conclude that an increasing number of organisations are making a conscious choice for green electricity and want to be transparent about its origin.

Figure 2: Cancelled Guarantees of Origin by energy source



### 3.3 Import, export and stock of certificates

In the year under review, the import of sustainable electricity increased by 1.8 TWh to a total of 34.3 TWh. The export declined to 3.5 TWh in 2015.

### 3.4 Certification of fossil electricity

For a number of years, CertiQ has issued certificates on request for electricity generated from fossil sources (natural gas and coal). Table 6 provides an overview of all movements in the stock of certificates for non-sustainable electricity. In 2015, CertiQ issued more Guarantees of Origin for fossil electricity than in the previous year, i.e. some 1.5 TWh in 2015 compared to 1.0 TWh in 2014.

Table 5: Movements in the stock of Guarantees of Origin for sustainable electricity in TWh

	2015	2014
Issuance	13.1	11.4
Import	34.3	325
<i>Increase in stock of certificates</i>	47.4	43.9
Domestic transfers	7.9	8.5
Cancelled	42.6	37.9
Certificates issued for own use	0.8	0.8
Export	3.5	7.0
Expired	1.4	1.0
<i>Decrease in stock of certificates</i>	48.3	46.7
<i>Movement in stock of certificates</i>	- 0.9	- 2.8

Table 6: Movements in the stock of Guarantees of Origin for non-sustainable electricity in GWh

	2015	2014
Issuance	1,545.6	1,040.4
Import	40.0	-
<i>Increase in stock of certificates</i>	1,585.6	1,040.4
Domestic transfers	-	440.0
Cancelled	-	54.6
Certificates issued for own use	69.7	42.4
Export	763.0	945.0
Expired	53.0	-
<i>Decrease in stock of certificates</i>	885.7	1,042.0
<i>Movement in stock of certificates</i>	699.9	- 1.6



### 3.5 Operational affairs

In the year under review, the focus was in particular on records related to the generation of sustainable heat and the generation of electricity with the use of biomass. The number of reports has increased as a result of the larger number of plants, but also as a result of the obligation to report more frequently for purposes of SDE subsidies.

For a large number of the aforementioned reports, the annual deadline for submission is 30 April, which causes a recurring peak in our workload. In 2015, CertiQ implemented a number of improvements to reduce this (growing) workload. For example, the processing time of reports for heat plants has been reduced by streamlining the process and through further automation, requiring fewer operations. Furthermore, CertiQ has identified various improvement opportunities for the processing of reports for biomass electricity, to be implemented in 2016.

In 2015, other processes were also addressed and a foundation was laid to start digital invoicing in 2016.

### 3.6 Financial result

The financial income and expenditure for 2015 (× EUR 1,000) can be summarised as follows:

Table 7: Financial result

	2015	2014
Invoiced revenue	2,050	1,958
To be adjusted in tariffs	92	486
Release of myCertiQ I investment contribution	150	150
Other income	90	88
	2,382	2,682
Operating costs	2,381	2,677
Operating result	1	5
Financial income and expenses	- 1	- 5
<b>Result</b>	<b>-</b>	<b>-</b>

In 2015, invoiced revenue was 4.7% higher than in 2014. We introduced a new fee structure in order to be able to better allocate the costs for the different products.

With effect from 2015, CertiQ has started operating under mandate of the Minister of Economic Affairs. This means that, amongst others, the Minister sets the tariffs based on a tariff proposal by TenneT/CertiQ. CertiQ makes the tariff proposal on the basis of multiple-year budgeting and requests the advice of the Participants' Council.



The adjustment of the tariffs for 2015 comprised, broadly, two types of changes:

- a surcharge for biomass and heat in order to prevent cross-financing;
- creating uniformity in the tariffs for the issuance of Dutch Guarantees of Origin and for import.

The following tariffs per MWh were applied in 2015:

- |   |         |
|---|---------|
| - Issuance of wind/hydro-electric/solar | € 0.018 |
| - Issuance of biomass/heat              | € 0.041 |
| - Cancellation                          | € 0.018 |
| - Import                                | € 0.018 |
| - Transfer                              | € 0.008 |
| - Export                                | € 0.008 |

The annual contribution of € 25 per plant was suspended for all producers. The annual membership fee for traders amounts to € 500.

Compared to 2014, operating costs decreased by 11.1%. In connection with the lower than expected revenues at the end of 2014/beginning of 2015, market prognoses and possibilities to adjust cost levels were investigated. As a result, a number of activities and investments were postponed.

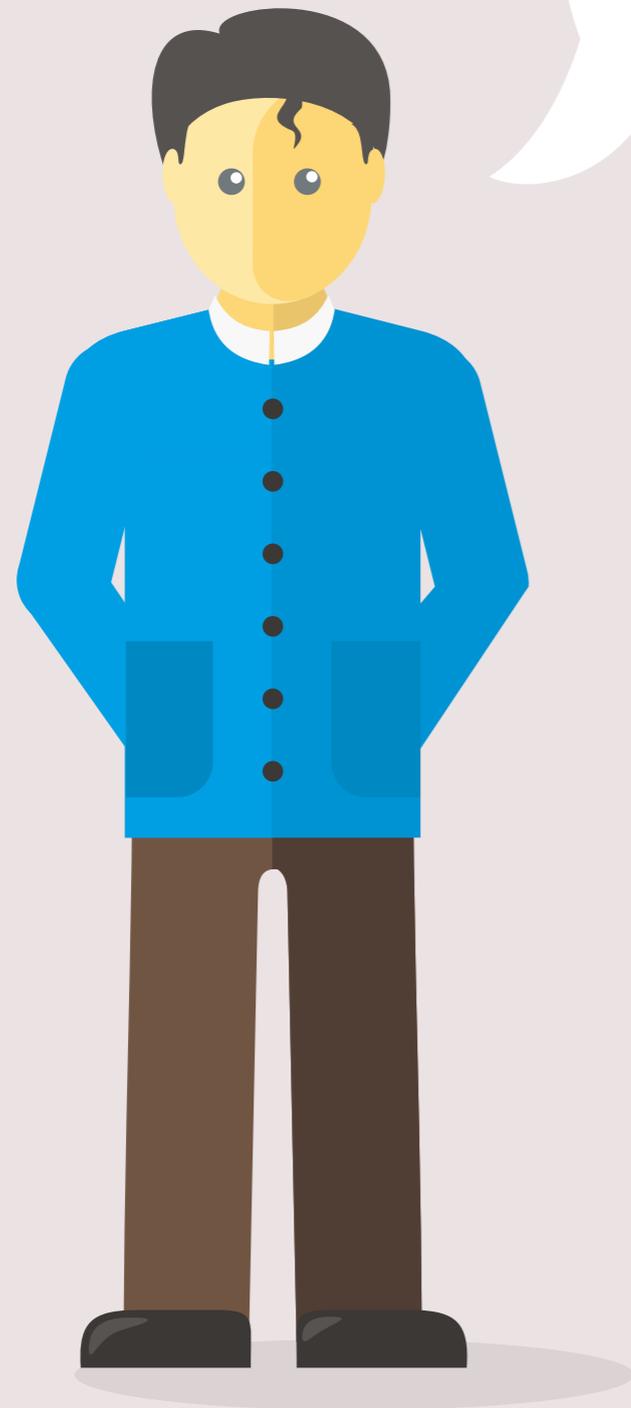
The most important developments in relation to the operating costs can be summarised as:

- higher wage costs;
- lower amortisation costs, because there were no more amortisation costs for the website in 2015 (the website was already amortised in full in 2014);
- lower other operating costs, in particular as a result of lower maintenance costs of the automation.

CertiQ works on a cost-recovery basis. Any difference between CertiQ's invoiced revenues and operating costs is cleared by adjusting tariffs in later years. As at 31 December 2015 this difference 'to be adjusted in tariffs' amounted to EUR 402 thousand. Following consultation with the Participants' Council in 2011, an amount of EUR 750 thousand was deducted from this balance and allocated to investment contributions in 2012. Investment contributions were used for updating the E-certification system (myCertiQ).

For more detailed notes to the financial results, please refer to the financial statements included in Chapter 5.





## FULL TRANSPARENCY OF THE GUARANTEES OF ORIGIN

Another sign that the consumer is having an increasingly profound impact is the increase in the number of end user accounts at CertiQ. This indicates that increasingly more corporate users attach value to full transparency in respect of the Guarantees of Origin which suppliers cancel on their behalf. This provides consumer with the assurance that the claims they are making with respect to their energy consumption are valid and reliable.

## 4 Corporate Governance

CertiQ has chosen, just like TenneT TSO B.V. (hereinafter: TenneT) - the sole shareholder as well as director of CertiQ - to comply with the Corporate Governance Code where possible, despite the fact that it is not obliged to do so. In CertiQ's opinion, the Code's principles and best practice provisions serve as a guideline for running its business.

### Management

CertiQ's management is responsible for the strategic and organisational policies and for issuing and registering energy certificates, for which it renders accountability to TenneT. TenneT sets the framework for policy-making for the internal risk management and control systems. Within this framework, CertiQ's management is responsible for the management of these systems. CertiQ prepares an annual plan, including its operational budget, its investment budget and its funding needs. This annual plan is approved by the shareholder and serves as a mandate for management. CertiQ reports to the shareholder on the execution of its annual plan at least every quarter. The financial results and operational developments are reported periodically.

### Financial reporting

CertiQ's management is of the opinion that the financial statements for 2015 do not contain any errors of material significance. Management believes, to the best of its knowledge and conviction, that there are no further indications that CertiQ's internal risk management and control systems have not operated adequately with regard to the financial reporting risks in the year under review and that they would not provide a reasonable degree of assurance that the financial reporting does not contain any errors of material significance.

### External auditor

The external auditor of CertiQ, Ernst & Young Accountants LLP, has been charged with the audit of the financial statements and reports to CertiQ's management and shareholder. The external auditor issues the auditor's opinion for the financial statements.

For more information on TenneT's Corporate Governance Code, please refer to the [chapter Corporate Governance](#) in the Annual Report for 2015 of TenneT Holding B.V.





# WHAT IS THE IMPACT OF ENERGY ON THE ENVIRONMENT IN WHICH WE LIVE?

Guarantees of Origin are therefore not only about how, where and when the energy is generated; the certification scheme is also about the impact of this energy on the environment in which we live. This sheds an entirely new light on the social relevance of a Guarantee of Origin.

## 5 2015 Financial statements

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# Balance sheet as at 31 December 2015 after appropriation of profits

(x EUR 1,000)

Assets	Ref.	31 December 2015	31 December 2014
<i>Fixed assets</i>	1		
Intangible fixed assets		1,115	1,734
		1,115	1,734
<i>Current assets</i>			
<i>Receivables</i>	2		
Accounts receivable and other receivables		547	365
		547	365
		1,662	2,099
<i>Equity and liabilities</i>	Ref.		
<i>Equity</i>	3		
Paid up capital		18	18
		18	18
<i>Long term liabilities</i>	4		
Investment contributions		113	263
Government subsidies		15	29
		128	292
<i>Current liabilities</i>	5		
Accounts payable		24	7
Associated companies		859	1,072
Prepayments received		566	659
Accrued liabilities		67	51
		1,516	1,789
		1,662	2,099



# Profit and loss account for 2015

(x EUR 1,000)

	Ref.	2015	2014
<i>Revenue</i>	6		
Revenue		2,142	2,444
Other operating income		240	238
		2,382	2,682
<i>Operating costs</i>	7		
Wages, salaries and social security costs		1,055	1,000
Amortisation of intangible fixed assets		618	643
Other operating costs		708	1,034
		2,381	2,677
Operating result		1	5
<i>Financial income and expenses</i>	8		
Interest received/paid		- 1	- 5
<i>Result after tax</i>		-	-



# General notes

## Nature of the business activities

The Executive Board of TenneT TSO B.V., the Dutch Transmission System Operator and administrator of the national high-voltage grid, has been mandated by the Minister of Economic Affairs to establish an E-certification system. TenneT established CertiQ B.V. and appointed CertiQ's Senior Manager on the basis of a sub-mandate to set up this system and implement the activities associated with it.

CertiQ does this by facilitating trade in sustainably generated energy through issuing and managing production certificates. Production certificates, such as Guarantees of Origin, are issued for the production of energy generated with the sustainable sources solar, hydro-electric, wind, biomass and geothermal. Guarantees of Origin which are provided electronically are the only valid proof in the Netherlands that energy has been generated in a sustainable manner. The certificates for sustainable energy are eligible for subsidies under the statutory schemes of the Sustainable Energy Production Incentives (SDE+) scheme and the Environmental Quality of Electricity Generation Act (MEP). They are also nationally and internationally tradable. On request, CertiQ also issues production certificates for non-sustainable sources.

All shares in CertiQ are held by TenneT.

## Estimates

In applying the principles and regulations for drawing up the financial statements, CertiQ's management makes various assessments and estimates that may be essential for the amounts shown in the financial statements. Where the nature of these assessments and estimates must be disclosed to offer the reader the level of understanding required under Article 2:362,

sub 1 of the Netherlands Civil Code ('Burgerlijk Wetboek'), the notes to the relevant entry in the financial statements explain the nature of the assessments and estimates, including the corresponding assumptions.

## Principles for the valuation of the assets and liabilities

### General

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2, of the Netherlands Civil Code ('Burgerlijk Wetboek'), and the Accounting Standards for small legal entities, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving'). The valuation principles are based on historical cost and cost price.

The amounts included in the financial statements are denominated in EUR x 1,000.

Assets and liabilities are, in general, valued at the acquisition cost or manufacturing cost, or the actual value.

### Comparison to previous year

The accounting principles are the same as those used in the previous year.

### Intangible fixed assets

The intangible fixed assets are valued at the original acquisition cost or production cost, after deducting linear amortisation based on the asset's economic life. Expected long-term loss of value at the balance sheet date is taken into account.



At the balance sheet date, CertiQ assesses whether there are any indications that a fixed asset may be subject to impairment. If such indications exist, the realisable value of the individual asset is determined. If it is not possible to determine the realisable value for the individual asset, the realisable value of the cash flow generating unit of which the asset is part will be determined. Impairment exists when the book value of an asset is higher than the realisable value; the realisable value is the higher of the net realisable value and value in use.

The net realisable value is determined with the aid of the active market. An impairment loss is directly recognised as a cost in the profit and loss account.

If it is determined that an impairment accounted for in the past no longer exists or has decreased, the increased book value of the asset concerned will not be recognised for a value higher than the book value which would have been determined if the impairment of the asset had not been accounted for.

### **Current assets**

Upon initial entry, receivables are valued at the fair value of the consideration. After the initial entry, trading receivables are valued at amortised cost price. If payment on the accounts receivable is postponed under an agreement extending the payment deadline, its fair value is determined on the basis of the cash value of the expected receivables, and adjustments are made to the 'interest received' entry in the profit and loss account. Provisions for bad debts are subtracted from the book value of the receivable.

### **Cash and cash equivalents**

Liquid assets consist of bank balances with a term of less than twelve months and are valued at their nominal value.

### **Long term liabilities**

Long term liabilities consist of investment contributions and government investment subsidies.

After approval by the Participants' Council, the investment contributions were deducted from the entry 'To be adjusted in tariffs' and used for investments in (intangible) fixed assets. An annual amount equal to the depreciation cost is released and recognised under Other operating income. The current part of the investment contributions is recognised under Current liabilities.

Government investment subsidies received are accounted for on the balance sheet. Concurrent with the economic life of the asset to which the subsidy relates, an amount is released annually and added to Other income.

### **Current liabilities**

Upon initial entry, current liabilities are carried at nominal value.

After the initial entry they are carried at amortised cost price.

Current liabilities comprise the entries 'To be adjusted in tariffs' and the current part of the 'Investment contributions' and 'Government investment subsidies'. 'To be adjusted in tariffs' relates to the difference between Invoiced revenue and Operating cost related thereto, which needs to be settled with the market parties through the tariffs of subsequent years.



## Principles for the determination of the result

### Revenue

In article 29 of the 'Regulation on Guarantees of Origin for energy generated with renewable energy sources and on high-efficient cogeneration electricity'<sup>1</sup> the tariffs are stated which apply to recover the costs related to Guarantees of Origin.

With effect from 2015 the tariffs are set by the minister after approval by the Board of TenneT and consultation with the Participants' Council. The difference between actual cost and invoiced revenue is adjusted in the tariffs of subsequent years.

Other income comprises the annual release of investment contributions, government investment subsidies and compensation of the work carried out by CertiQ staff on various projects, such as AIB and CA-RES.

### Operating costs

Operating costs are determined on a historical basis and allocated to the reporting year to which they relate.

### Amortisation of intangible fixed assets

The amortisation of intangible fixed assets is determined in line with the asset's expected economic life, using the linear method.

### Financial income and expenses

Interest income and Interest charges are allocated in proportion to time, taking into account the effective interest rate of the assets and liabilities concerned.

### Taxes

Because CertiQ adjusts the difference between Invoiced revenue and Operating costs in the tariffs of subsequent years, there can be no fiscal result. The tax to be paid is therefore nil at all times, as agreed with the Dutch Tax authorities.

## Financial instruments and risk management

### Price risks

CertiQ is not subject to any price risks due to the fact that any surplus or deficit is adjusted in the tariffs of subsequent years.

### Credit risks

CertiQ does not have any significant concentrations of credit risk. The credit risk is limited because the payment of invoices is a precondition for trading in certificates. The write-offs of Receivables are negligible.

### Liquidity risks

The liquidity risk for CertiQ is minimal. CertiQ has a current account with TenneT. TenneT does not have the intention to make a claim on this current account, as TenneT has mandated CertiQ for certification and is sufficiently solvent.

<sup>1</sup> Dutch: Regeling garanties van oorsprong voor energie uit hernieuwbare energiebronnen en HR-WKK-elektriciteit



# Notes to the balance sheet as at 31 December 2015 after appropriation of profits

(x EUR 1,000)

## 1 Fixed assets

### Intangible fixed assets

The website, the E-certification system (myCertiQ I), the sustainable heat system (MyCertiQ II) and BO reporting (data warehouse) are recognised under Intangible fixed assets. An amortisation period of three years applies to the website. The website was fully amortised in 2014.

An amortisation period of five years is applicable to myCertiQ I, myCertiQ II and BO reporting.

The book value of Intangible fixed assets can be specified as follows (x EUR 1,000):

Purchase price	Intangible fixed assets	Intangible fixed assets in formation	Total
<i>As at 31 December 2013</i>	3,131	-	3,131
Capitalisations	-	-	-
Taken into service	51	-	51
<i>As at 31 December 2014</i>	3,182	-	3,182
Capitalisations	-	-	-
Taken into service	-	-	-
<i>As at 31 December 2015</i>	3,182	-	3,182
<b>Amortisation</b>			
<i>As at 31 December 2013</i>	805	-	805
Amortisation for the year	643	-	643
<i>As at 31 December 2014</i>	1,448	-	1,448
Amortisation for the year	618	-	618
<i>As at 31 December 2015</i>	2,066	-	2,066
<b>Book values</b>			
<i>As at 31 December 2013</i>	2,326	-	2,326
<i>As at 31 December 2014</i>	1,734	-	1,734
<i>As at 31 December 2015</i>	1,115	-	1,115



## 2 Receivables

### Accounts receivable and other receivables

Accounts receivable consist of all receivables with a remaining term of less than one year. As the credit risk is estimated to be negligible, no provisions for bad debts have been deducted from this entry.

Accounts receivable can be specified as follows (x EUR 1,000):

	2015	2014
Accounts receivable	481	309
Receivables from TenneT	32	37
Other receivables	34	19
<i>Total</i>	547	365

## 3 Equity

### Paid up capital

The authorised capital of the company amounts to EUR 90 thousand, divided into 900 shares of EUR 100 each. Of these shares, 180 shares have been issued and paid up.

## 4 Long term liabilities

### Investment contributions

In 2011 it was agreed with the Participants' Council that an amount of EUR 750 thousand be deducted in 2012 from 'To be adjusted in tariffs', as stated below. The balance of this entry has been used for the new E-certification system myCertiQ I. An amount equal to the amortisation cost is released each year and allocated to Other operating income. At the end of 2015, this entry amounted to EUR 113 thousand. The current part is accounted for under Current liabilities. The remaining term of the investment contributions is between one year and five years.

### Government investment subsidies

In 2012, CertiQ received a government subsidy of EUR 70 thousand from the Ministry of Economic Affairs for the preparation of the certification system for renewable heat (myCertiQ II). An amount equal to the amortisation cost is released each year and allocated to Other operating income. At the end of 2015, this entry amounted to EUR 15 thousand. The current part is accounted for under Current liabilities. The remaining term of the government investment subsidies is between one year and five years.

## 5 Current liabilities

### Accounts payable

Accounts payable only comprise debts with a remaining term of less than one year.

### Associated companies

This entry refers to the current account with TenneT. On the balance of this current account with TenneT, interest is charged in accordance with the one-month Euribor +0.55 percent.

### Prepayments received

This relates to the difference between Invoiced revenue and Operating costs of CertiQ (EUR 566 thousand), which will be settled with the market parties through the tariffs of subsequent years.

The tariffs are set annually by the minister of Economic Affairs after approval by the Board of TenneT and consultation with the Participants' Council. 'Prepayments received' also include the current part of the investment contributions and government investment subsidies.

The balance of 'Prepayments received', including the amount which is to be adjusted in the tariffs for subsequent years, can be specified as follows (× EUR 1,000):

	2015	2014
To be adjusted in tariffs	- 402	- 494
Investment contributions	- 150	- 150
Government investment subsidies	- 14	- 14
<i>Balance as at 31 December</i>	- 566	- 658

### Accrued liabilities

Accrued liabilities relate to annual leave to be paid and costs to be paid. Costs to be paid consist of provisions for costs for the annual report and costs for hiring personnel and consultancy.

# Notes to the profit and loss account for 2015

(x EUR 1,000)

## 6 Revenue

In the year under review, participants were invoiced on the basis of pre-set tariffs. The amount needed to cover costs was EUR 2,382 thousand, of which EUR 92 thousand is covered by a release of the "to be adjusted in tariffs" entry on (the liability side of) the balance sheet.

### Revenue

The negative difference between invoiced revenue and costs will be settled with differences brought forward from previous years.

Revenue can be specified as follows (x EUR 1,000):

	2015	2014
Memberships	48	67
Transactions	2,002	1,891
To be adjusted in tariffs	92	486
<i>Total</i>	2,142	2,444

Revenue from transactions can be specified by type of transaction (x EUR 1,000):

	2015	2014
Issuance of certificates	522	377
Transfers/import/export of certificates	713	407
Cancellation of certificates	767	1,107
<i>Total</i>	2,002	1,891

Revenue from transactions can be further specified by type of work (x EUR 1,000):

	2015
Regular activities	1,798
Extra work for heat and biomass	204
<i>Total</i>	2,002

### Other operating income

Other operating income comprises the release of the investment contribution for myCertiQ I in proportion to the depreciation of the asset for which the investment contribution is intended and other income. Other income consists of, on the one hand, a contribution by the Ministry of Economic Affairs for operational activities in respect of the certification of renewable heat and, on the other hand, the release of the subsidy for myCertiQ II. In addition, CertiQ receives compensation for the work undertaken in connection with the 'Concerted Action on the Renewable Energy Sources Directive (CA-RES)' of the Netherlands Enterprise Agency and compensation for activities undertaken for AIB.



Other operating income can be specified as follows (× EUR 1,000):

	2015	2014
Release of myCertiQ I investment contribution	150	150
Other income	90	88
<i>Total</i>	240	238

## 7 Operating costs

### Wages, salaries and social security costs

The company does not employ any employees. In 2015, the average number of hired employees amounted to:

- Hired from TenneT: 11.9 fte (2014: 11.7 fte);
- Hired from third parties: 0.7 fte (2014: 0.9 fte).

Personnel costs can be specified as follows (× EUR 1,000):

	2015	2014
Hired from TenneT	1,041	966
Hired from third parties	14	34
<i>Total</i>	1,055	1,000

### Amortisation of intangible fixed assets

The decrease in the amortisation of intangible fixed assets is caused by the full amortisation of the website in 2014.

### Other operating costs

Other operating costs consist of costs for process automation systems, office premises, consultancy, an external auditor, travel and accommodation. Other operating costs decreased mainly because of reduced expenditure on process automation.

## 8 Financial income and expenses

### Interest paid

This entry relates to the interest paid on the balance of the current account with TenneT.



# Additional notes for 2015

## Off-balance sheet rights and obligations

CertiQ, with TenneT Holding B.V. and its subsidiaries, is part of a fiscal entity for company tax and value added tax purposes. On the basis of the standard conditions as issued by the Dutch Tax authorities at the time the fiscal entity was established, CertiQ is jointly and severally liable for the company tax and value added tax liabilities of the whole fiscal entity.

CertiQ has concluded three agreements to hire staff from other employers. These involve an agreement for the structural provision of legal advice (term: January - December 2016) for which the costs amount to approximately EUR 44 thousand, an agreement for external technical advice (term: January - December 2016) for which the costs amount to approximately EUR 76 thousand, and an agreement for hiring a policy officer (term: January - July 2016). These agreements stipulate the rate per hour and/or day to be charged for the use of these services.

## Events after the balance sheet date

No events have taken place after the balance sheet date that need disclosing in these financial statements.

Independent auditor's report is based on original Dutch financial statement. This English version of the financial statement is a translation of the original 2015 financial statement of CertiQ in Dutch. EY has based their independent auditor's report on the original Dutch version.

*Arnhem, 21 March 2016*

Ir. J. van der Lee  
Manager CertiQ B.V.

Ir. B.G.M. Voorhorst  
Chief Operating Officer TenneT TSO B.V.

**CertiQ B.V.**  
Utrechtseweg 310  
6812 AR Arnhem  
The Netherlands



# Other information

## Appropriation of profits

The appropriation of profits as stipulated in article 29 of the Articles of Association reads as follows:

- 1 Profits will be distributed in accordance with the provisions of this article, after adoption of the financial statements, showing that this is justified.
- 2 The profits are at the disposal of the general meeting of shareholders of CertiQ.
- 3 The company may only make distributions to the shareholders and other persons entitled to the profits intended for distribution to the extent that the shareholders' equity exceeds the subscribed capital plus the reserves which must be maintained by law.
- 4 A deficit may only be offset against the reserves prescribed by law to the extent permitted by law.



# Independent auditor's report

To: The Management Board and the shareholder of CertiQ B.V.

## Report on the financial statements

We have audited the accompanying financial statements for 2015 of CertiQ B.V., Arnhem, which comprise the balance sheet as at 31 December 2015, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

### Management's responsibility

The company's management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the annual report, both in accordance with Title 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

It is our responsibility to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements applicable to us and that we plan and perform the audit in such a way as to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and notes in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers the internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of CertiQ B.V. as at 31 December 2015 and of its result for the year then ended in accordance with Title 9 of Book 2 of the Dutch Civil Code.

### Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the information as required under Section 2:392 sub 1 at b-h has been annexed.

*Zwolle, 21 March 2016*

Ernst & Young Accountants LLP  
original was signed by A.E. Wijnsma RA





# THE CONSUMER IN THE DRIVER'S SEAT

In 2015, the European Commission started the consultation on the renewal of the European Directive for renewable energy, whereby it has given the "Consumer choice of action" the priority. Transparency about the origin and impact on the environment of our individual energy consumption is crucial for us to be able to make a difference ourselves: the consumer in the driver's seat.

## Appendix: CertiQ works together with ...

CertiQ has active partnerships with a number of parties in the sustainable energy sector. To name a few:

### **TenneT TSO B.V.**

TenneT TSO BV is Europe's first cross-border electricity transmission system operator. With 21,000 kilometres of high voltage lines and 41 million end users in the Netherlands and Germany, TenneT ranks among the top five grid operators in Europe. TenneT's focus is to develop a Northwest European energy market and to integrate renewable energy. Under mandate of the Ministry of Economic Affairs, TenneT established the E-certification system for renewable energy. CertiQ manages this system, which is linked to TenneT's electronic infrastructure, on behalf of TenneT. TenneT is the only shareholder in its subsidiary CertiQ.

### **Netherlands Enterprise Agency (RVO)**

RVO implements government policies on innovation and sustainable development and is part of the Ministry of Economic Affairs. RVO manages, amongst others, the SDE(+) and MEP subsidy schemes, which subsidise the generation of renewable energy that is certified by CertiQ.

### **Ministry of Economic Affairs**

The Ministry of Economic Affairs is responsible for, amongst others, policy making in relation to sustainably generated electricity. CertiQ consults regularly with the Ministry to align its policies regarding developments that affect CertiQ.

### **Authority for Consumers & Markets (ACM)**

ACM is the regulator for the Dutch energy sector. Its duties include supervising the correct implementation of and compliance with the 1998 Electricity Act and statutory schemes implemented by CertiQ.

### **Regional grid operators**

Regional grid operators are responsible for the transmission of electricity over the public electric grid. In relation to CertiQ, the grid operators are responsible for assessing applications to register generating plants and for periodically submitting production volumes of electricity to CertiQ.

### **Metering companies**

Metering companies are responsible for installing and maintaining electricity meters, collecting the data from the meters and submitting this information to the regional grid operator.

### **Producers**

Producers generate electricity or heat and supply it to a grid, or consume it on-site. CertiQ certifies the energy generated in order to make the origin of the energy transparent and traceable.



## Traders

Traders enter into agreements with producers in connection with the purchase of Guarantees of Origin or other certificates. A producer informs CertiQ of the trader it does business with. CertiQ credits the corresponding Guarantees of Origin to the account of this trader. A trader can trade the certificates or use them as proof of delivery to end users.

## Energy suppliers

Energy suppliers are companies that purchase energy (including grey and green electricity) and sell it to commercial and private users. It is therefore the energy supplier who has the supply contract with the customer. Every energy supplier in the Netherlands that wishes to supply green electricity must have a certificate account with CertiQ.

## Participants' Council

CertiQ has established the Participants' Council for an optimal alignment with the needs of its participants. Its members represent the interests of all participants in the E-certification system. The Participants' Council comprises producers, traders (including foreign traders operating in the Netherlands) and representatives of several large energy suppliers. In drawing up its annual plan, CertiQ explicitly takes into account the Council's advice.

## Association of Issuing Bodies (AIB)

The AIB is an international partnership of certification management bodies, of which CertiQ is a member. The members of the AIB issue Guarantees of Origin. The AIB seeks to standardise certification systems to facilitate international trade. For this purpose it has developed a common standard: the EECS Standard. In its Renewable Energy Directive of 2009, the European Commission made many elements of the EECS Standard mandatory.

## Statistics Netherlands (CBS)

CertiQ sends statistics to CBS on the electricity generation it has certified on a monthly basis, in accordance with an agreement concluded between TenneT/CertiQ and CBS. CBS processes the data for its publications.



## Address

CertiQ B.V. is a subsidiary of TenneT TSO B.V., the Dutch Transmission System Operator and network manager of the national electric grid.

### CertiQ B.V.

Utrechtseweg 310

6812 AR Arnhem

PO Box 718

6800 AS Arnhem

The Netherlands

+31 26 373 16 58

[servicedesk@certiq.nl](mailto:servicedesk@certiq.nl)

[www.certiq.nl](http://www.certiq.nl)

## Colophon

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