

Green. Honestly.

CertiQ BV 2008 Annual Report

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Printing details

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CertiQ BV 2008 Annual Report

Foreword

Your eyes are not deceiving you. The front of this annual report shows the back of a wall socket. Behind that simple wall socket begins the ingenious world of our highly-developed power supply system. Sustainably generated electricity is going to play an ever more important role in that power supply. A customer who buys this green electricity does so without being able to physically confirm that it is green. However, the certification system that CertiQ manages can fully guarantee the authenticity of our sustainable electricity. That's why authenticity is the theme in this annual report.

The developments in the field of sustainable electricity in the Netherlands are also authentic. For example, the Princess Amalia wind park, off the coast at IJmuiden, was completed in 2008. It provides green electricity for 125,000 households. Another big wind park has been established in the Province of Groningen, in Eemshaven. Just as tangible is the BMC biomass power plant in Moerdijk, completed last year, which produces green electricity for about 90,000 households from chicken manure.

CertiQ was able to confirm that, on balance, there has been further growth in the number of domestic generating systems for sustainable electricity. That growth was evident in a large increase in the number of production certificates CertiQ issued in 2008 for sustainable electricity generation in the Netherlands. There was also a substantial increase in imports of green electricity. Chapter 2 presents the figures on these developments and describes other recent events in both the national and the international sustainable energy sector. At CertiQ we hope that this report will give you a realistic picture of developments in our field and the activities of our organisation. Here too, we focus on authenticity, in the sense of reliable information about what has happened and how we have recorded it.

Mr. G.C. van Dijk
Manager of CertiQ BV

Ir. B.G.M. Voorhorst
Operational Director of TenneT TSO BV

A paradox that's seldom noted:

When the light is on, the sun shines too.

How much the one is like the other!

Flick the switch and there it is:

Green electricity. Honestly.





Developments

2.1 Certificate production in 2008

There was clear progress in the field of sustainably generated electricity in 2008. As in 2007, the number of plants generating sustainable electricity continued to increase (this time by 12.6%). This growth was mainly attributable to a considerable increase in the number of solar panels being registered, mainly as a result of the Sustainable Energy Production Incentives, known as the SDE subsidy scheme, which came into effect in April 2008. CertiQ expects that, in the longer term, the SDE will also give an important stimulus to new investments in wind and biomass generating plants.

In addition to the increased number of generating plants, CertiQ also observed a 34.1 percent increase in the number of certified megawatt hours of sustainable electricity generated in the Netherlands, in comparison to 2007. Total production was some 9,000,496 megawatt hours. Most of this came from biomass (50.9 percent) and wind (48 percent). Hydroelectric power and solar power, at ± 1.0 percent and ± 0.1 percent, respectively, represent a very small share of sustainable energy production. In 2008, 15 small hydro-electric plants and 718 – mainly private – producers of solar energy were registered with CertiQ.

In terms of installed capacity, CertiQ observed the biggest increase in the wind energy sector, where capacity grew by 19.6 percent in 2008 in comparison to the previous year. At the end of 2008 the Netherlands' total wind generating capacity – on land and at sea – was 2,197 megawatts. This growth can be attributed to the stimulus resulting from the MEP scheme.

The consumption of sustainably generated electricity in 2008 increased by 29.5 percent in comparison to the previous year. The number of 'redemptions' (the certificate cancellations, which are proof of delivery to customers) increased from 16,620,449 megawatt hours in 2007 to 21,529,538 megawatt hours in 2008. To meet this domestic demand, 54.9 percent more sustainable electricity was imported last year. Total imports in 2008 were 18,923,973 megawatt hours.

There was a change in the issuing of certificates for electricity generated from Combined Heat & Power (CHP) last year. The subsidy scheme for CHP plants ended on 1 January 2008. The Ministry of Economic Affairs assumes that these plants are now profitable and thus need no subsidy. So in 2008 CertiQ issued no CHP certificates for production in 2008. Certificates were only issued for CHP production in 2007 and the previous years. In the course of 2008,

CertiQ removed about a thousand CHP plants from its register. Any prepaid participation fees for 2008 were refunded to these producers.

2.2 Green electricity is genuine

In the autumn of 2008 there was widespread debate in the media about the authenticity of green electricity, involving a number of misunderstandings. CertiQ understands that misconceptions about sustainably generated electricity can easily arise. After all, green electricity is not a tangible product. Moreover, it is difficult to present the complex certification system in a way that consumers can understand.

A consumer in the Netherlands who wants to switch to green electricity wants to know for sure that it is genuine. But you cannot see the colour of the electricity that comes out of the wall socket. You cannot see where and how it was generated; electricity has no colour. That's why the certification system was established. This electronic system is quite distinct from the physical electricity that you get from the wall socket, but it is closely related to it.

For each megawatt hour of green electricity that is produced, one Guarantee of Origin certificate is issued. A supplier of green electricity must cancel Guarantees of Origin in the CertiQ system for the green electricity used by the customers. So the number of certificates cancelled equals the amount of green electricity used. That creates a closed system, which guarantees a balance between production and consumption. There cannot be more certificates cancelled than were issued. This system is supervised by the Office of Energy Regulation.

One of the things debated in the media was that switching to green electricity does not lead directly to the installation of more wind turbines in the Netherlands. This is true, but that does not mean that more green electricity is sold than is actually produced. The green electricity can also come – along with the associated certificates – from other countries. These foreign certificates are then used as proof that sustainably generated electricity is being supplied to users in the Netherlands.

The debate also led to questions in the Lower House of Parliament. One question was whether green electricity from another country can be sold twice, in the Netherlands and in the country of origin. The answer is 'No'. The trustworthy procedures that apply in the Dutch certification system also apply between countries that have a comparable system. For example, imported certificates for electricity from Swedish hydro-electric plants can only be used once for the sale and delivery of electricity. International agreements about these certificates (Guarantees of Origin) mean that the authenticity of green electricity is also guaranteed when it is imported or exported.

Another question was whether electricity from a foreign hydro-electric plant is just as sustainable as electricity from Dutch wind turbines. Sustainably generated electricity is clearly defined under European agreements. Wind, hydro-electric power, biomass and sun are all defined as sustainable sources of energy.

2.3 European Directives on climate and energy

There was good news from Brussels in 2008. In December, the European Parliament gave its support to Directives intended to ensure that Europe achieves its climate and energy targets by 2020. These include a 20 percent reduction in greenhouse gas emissions, a 20 percent improvement in energy efficiency, and renewable energy accounting for 20 percent of total energy consumption by 2020. The last of these is an average figure, with different targets for each Member State. The Netherlands is expected to generate 14 percent of its total energy consumption in sustainable ways in 2020. However, our own government has set a higher target (20 percent by 2020).

2.4 Sustainability criteria for biomass

Biomass is seen as an energy source that can make an important contribution to the transition to a more sustainable energy regime. However, the large-scale use of biomass may entail ecological, social and economic risks. For example, the cultivation of biomass crops should not be at the expense of areas with high biodiversity. There may also be undesirable substitution effects: if crops grown as sources of biomass energy replace food production, for example. Another aspect is the CO₂ emissions involved in biomass: the goal must be a high degree

of environmental efficiency over the whole chain, from farming, processing, and transport to final use.

In the Netherlands, the Cramer Committee formulated sustainability criteria for biomass at an earlier stage. These were then implemented in a more concrete form in the SDE subsidy scheme. The European Directive for Renewable Energy 2008 also contains concrete sustainability criteria for biomass. These indicate that biomass can only be subsidised and counted as renewable energy production with respect to national targets if it complies with specific conditions.

In CertiQ's opinion, the Guarantees of Origin are the perfect instrument to ensure transparency about the sustainability of biomass production.

2.5 The SDE subsidy scheme starts

On 1 April 2008 the new SDE subsidy scheme, which was designed to stimulate the production of sustainable energy, began to operate. For the first time since the MEP scheme was terminated in August 2006, new applications for support for sustainable electricity generation could again be submitted. The SDE in fact applies not only to sustainable electricity; the scheme also covers the more comprehensive category of 'sustainable energy,' which also includes, for example, renewably generated gas.

CertiQ has built its computer system specifically to exchange data with SenterNovem, which implements the SDE scheme. CertiQ's staff have also shared their many years' experience in the finer details of certification and subsidies with SenterNovem, which has also taken over responsibility for long-term contracts under the old MEP scheme. It took over this task from EnerQ on January 1, 2009. It was important for SenterNovem to ensure that the periodic payments to those receiving MEP subsidies would continue uninterrupted when the body responsible for making the payments changed.

2.6 Simpler registration for solar panels

In 2008 CertiQ simplified the application form for those generating sustainable electricity from solar energy. These are generally individuals who make an application for solar panels installed on their own homes. Many questions that are relevant to more complex installations could be omitted for such applicants. CertiQ has also developed a digital brochure for these producers of solar energy, which explains the terms and methods of the subsidy scheme. CertiQ considers it important to make things as easy as possible for these applicants. CertiQ therefore advocates the establishment of a single contact point where applications for both CertiQ certification and the subsidy from SenterNovem can be arranged at the same time.

2.7 More interest in getting greener

Last year CertiQ observed that more and more companies and government bodies are interested in retrospectively turning grey electricity into green. This is done by buying Guarantees of Origin. Although CertiQ cannot give precise figures for this, we have noted a clear increase in the number of telephone requests for information over the last year.

The Dutch government has clearly chosen to go green. It has been decided that by 2010 the entire power consumption of the central government must be purchased as sustainable electricity. Provincial and local government authorities are also moving in this direction, as is the business community, where going green is seen as a way of compensating for negative environmental impacts.

2.8 Production of residual heat shown on certificates

During the last year, CertiQ, together with the Ministry of Economic Affairs and SenterNovem, has developed a system for reporting residual heat on certificates for biomass electricity. From mid-2009, the amount of usefully applied residual heat can also be indicated on these specific Guarantee of Origin certificates.

2.9 A certification system for green gas

Green, or renewable, gas is increasingly being produced from biomass in the Netherlands. This form of sustainable energy production would be able to develop further if supply and demand can be aligned by means of a certification system. Such a system is being established by the Gasunie. In 2008, CertiQ's staff made their knowledge of certification systems available to assist Gasunie's staff. In addition, CertiQ will participate in the feedback group for this project in 2009.

2.10 High-efficiency CHP plants

In March of the reporting year, CertiQ was selected by the Ministry of Economic Affairs to manage the Guarantees of Origin for high-efficiency Combined Heat & Power plants. In 2008, the market had not yet shown any interest in these Guarantees of Origin for high-efficiency CHP.

2.11 New CertiQ brochure

At the end of 2008, CertiQ published an updated information brochure, called *CertiQ certificeert duurzame energie* or '*CertiQ certifies sustainable energy.*' This publication provides a concise schematic overview of the certification process and the related subsidies for sustainable electricity production. The brochure is designed especially for newcomers to the sustainable energy sector. The brochure can be ordered free from CertiQ or downloaded from www.certiq.nl.



The whole world's crowing about sustainability.
But not the hen:
she just gets on with the job in hand.

Chicken manure. Biomass. Electricity.

Who would have thought that about the chicken?



CertiQ

3.1 The certification system

History

In 2001 the Dutch government decided to structure the trade in, and supply of, electricity generated in an environmentally friendly way, using a certification system. This system ensures that the whole chain of supply for green electricity is verifiable, from the producer to the final user. The certificates ensure that the green electricity used in the Netherlands has in fact been generated under the agreed conditions.

CertiQ BV, a subsidiary of TenneT TSO BV, manages the certification system. CertiQ is also charged with implementing the Renewable Energy Certificate System (RECS) in the Netherlands. This European certification system was initiated by various market actors and is not specifically anchored in national legislation.

In 2003 the MEP subsidy scheme, which was intended to improve the environmental quality of electricity production, came into effect. Because of this there was, for the first time, a linkage between certification and subsidies for electricity generated in environmentally friendly ways – from renewable sources and in Combined Heat & Power plants.

Until 2005 it was possible to have certificates issued in the Netherlands for sustainable electricity produced in other countries. This system was replaced by one in which the certificates for production in other countries are imported. To ensure that this works smoothly, CertiQ joined the Association of Issuing Bodies (AIB), an international partnership of organisations that manage Guarantees of Origin.

Purposes

Certificates are issued for a variety of purposes. First and foremost, they provide proof that the sustainable electricity that is used was in fact sustainably generated. This is administered by issuing and cancelling certificates. In the second place, the issuing of certificates facilitates trade in sustainable electricity (see below, under 'Working methods'). In the third place, the certificates are the basis for the payment of subsidies.

Certificates

CertiQ issues electronic certificates on the basis of the number of megawatt hours of electricity that a plant has produced. A certificate reports the volume and origin of the electricity produced and the date on which the certificates were issued. CertiQ can issue various types of certificate: Guarantees of Origin (for sustainable electricity and for high-efficiency CHP plants), CHP certificates, energy labelling certificates and Renewable Energy Certificate System (RECS) certificates.

Guarantees of Origin are issued for electricity generated from the renewable sources wind, biomass, and hydro-electric and solar power. On the basis of these certificates, producers can obtain subsidies from SenterNovem under the SDE scheme, which encourages sustainable energy production (see also section 2.5). Certificates are also used to obtain subsidies under long-term contracts remaining from the former MEP scheme.

Since 2008, Guarantees of Origin can also be issued for high-efficiency Combined Heat & Power plants (HE-CHP). These certificates do not attract any subsidy, but ordinary CHP certificates were subsidised until 1 January 2008 (see section 2.1).

RECS certificates facilitate the international trade in sustainable electricity. They make it possible for a country to draw this type of electricity from another country. RECS certificates are based on a voluntary system, in accordance with the norms of the Association of Issuing Bodies. These certificates may not be used in the Netherlands as proof of the supply of green electricity. Only Guarantees of Origin may be used for that purpose.

Energy labelling certificates are a separate category of certificates that CertiQ can issue. These are intended for energy suppliers. On the basis of these certificates they can inform their customers about the ways in which the non-sustainable electricity they supply has been produced. Energy suppliers are not obliged to base their consumer information on these certificates. They can show the composition of their non-sustainable electricity on the basis of other data. But when supplying sustainable electricity, they are obliged to use certificates: i.e. the Guarantees of Origin described above.

Working methods

A sustainable electricity generating plant is eligible for Guarantees of Origin once the grid operator has ascertained that it complies with all the legal requirements. The producer receives a participation agreement, which must be signed and returned to CertiQ. Then CertiQ registers the producer and can begin to issue certificates. The number of certificates issued is based on data on the plant's production which the grid operator transmits to CertiQ every month.

In the case of biomass, additional information about the composition and level of sustainability of the biomass is required before certificates can be issued.

Within the certification system, the certificates are produced digitally in a controlled way. In other words: they are credited to the account of a trader nominated by the producer. Only traders can own the guarantees of origin. Any natural or legal person can register with CertiQ as a trader. The trader can trade the certificates, split them into smaller denominations, withdraw them or use them as proof of the delivery of sustainable electricity to final consumers. For every megawatt hour of green electricity supplied to end consumers, a certificate of equal value must be debited, or 'redeemed.' Traders do this themselves by logging in to CertiQ's certification system and entering the number of certificates stored in their accounts that have been used. The Office of Energy Regulation (previously called the 'Directie Toezicht Energie') monitors this process. In other words, it checks whether the quantity of certificates cancelled corresponds to the amount of electricity sold as sustainable electricity.

Guarantees of Origin are not tradable if the sustainable electricity produced is not sold to the public grid but is supplied directly to a facility such as a factory.

Certificates are valid for one year after they are issued. After that period has passed, a certificate cannot be used as proof of delivery of sustainable electricity.

For more detailed information on certification, see www.certiq.nl. There is also a concise schematic overview of the procedures in CertiQ's new brochure, which can be requested free of charge.

3.2 Overview of tariffs

CertiQ sets its tariffs periodically, after consultation with the Participant Council, in which the participants in the certification system are represented, on the basis of a forecast of its operations. These tariffs are based on the income and costs of our organisation, which works on a cost-recovery basis. Profit or loss in one year is adjusted in following years by raising or lowering the tariffs (see Table 1).

Table 1 Tariffs since July 2001

Component	July 2001	March 2002	January 2003	July 2003	January 2004	January 2005	January 2006	January 2007	January 2008
Registration (producer)	25	25	25	25	25	25	25	25	25
Registration (trader)	2,500	2,500	2,500	2,500	2,500	750	750	750	750
Registration (aggregator)	-	2,500	2,500	2,500	2,500	750	750	750	750
Registration (trading platform)	-	-	-	-	5,000	5,000	-	-	-
Annual fee (producer)	25	25	25	25	25	25	25	25	25
Annual fee (trader)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Annual fee (trader <50.000 MWh)	-	-	-	-	-	750	750	750	750
Annual fee (aggregator)	-	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Annual fee (aggregator <50.000 MWh)	-	-	-	-	-	750	750	750	750
Annual fee (trading platform)	-	-	-	-	5,000	5,000	-	-	-
per certificate of 1 MWh									
- issuing	0.300	0.150	0.100	0.037	0.037	0.037	0.060	0.062	0.069
- re-issue	-	-	-	-	0.027	0.027	-	-	-
- transfer	0.250	0.020	0.020	0.010	0.010	0.010	0.010	0.012	0.013
- use (redeem)	0.300	0.150	0.100	0.074	0.074	0.074	0.060	0.062	0.069
- import	-	0.020	0.020	0.010	0.010	0.010	0.010	0.012	0.013
- export	-	0.020	0.020	0.010	0.010	0.010	0.010	0.012	0.013

3.3 Organisation

The team at CertiQ consisted of fifteen staff in 2008, working in the following positions: one general manager, one coordinator for in-house operations, one policy advisor, account manager, four in-house account managers, two site specialists, two computer application managers, one financial controller, one assistant controller and a secretary. The average staff level was 11.5 full-time equivalents (FTEs). By way of comparison: in 2007 the figure was 11.7 FTEs. All CertiQ's staff are formally employed by the parent company, TenneT TSO BV.

3.4 Code of Corporate Governance

CertiQ, like TenneT (CertiQ's sole shareholder and manager) has chosen to comply with the Code of Corporate Governance issued by the Dutch Tabaksblat Committee, wherever its application is relevant and possible.

Management

The management of CertiQ is responsible for strategic and organisational policy and for issuing and recording guarantees of origin and CHP certificates. CertiQ accounts for these activities to TenneT.

TenneT establishes the framework for policy making for the internal risk management and risk control systems. Within this framework, the directorate and management of CertiQ are responsible for managing these systems.

CertiQ draws up an annual financial plan, including its operating budget, investment budget and funding requirements. This annual plan is approved by the shareholder and constitutes the mandate for the management. CertiQ reports at least once each quarter to the shareholder about the implementation of the annual plan. It reports periodically regarding its financial results and operational developments.

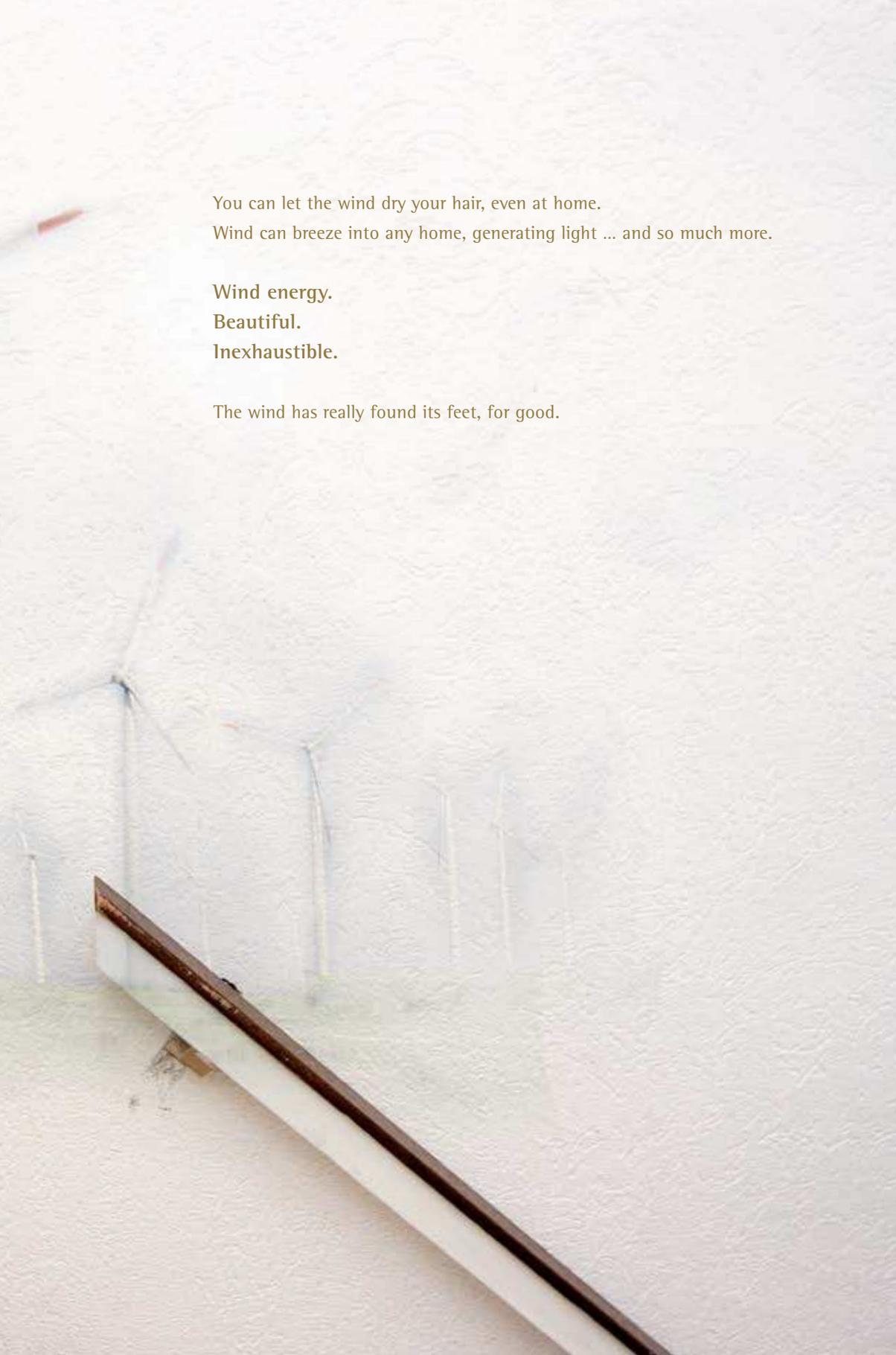
Financial reporting

The management considers that the annual accounts for 2008 contain no inaccuracies of material importance. The Management is of the opinion, to the best of its knowledge and belief, that there are no further indications that CertiQ's internal risk management and control systems with regard to financial reporting risks have not worked properly in the reporting year, and would therefore be unable to provide a reasonable degree of certainty that the financial reporting does not contain inaccuracies of material importance.

External accountant

CertiQ's external accountant, PricewaterhouseCoopers Accountants NV, is charged with verifying our annual accounts. It reports to both the Supervisory Board and the Management. The external accountant draws up the Audit Report and the Management Letter and provides an auditor's opinion to accompany the annual accounts.



A white wall with a window frame in the bottom left corner. A pencil has drawn a wind turbine on the wall, with its tower extending upwards and its blades extending outwards. The drawing is light and sketchy. The text is centered on the wall.

You can let the wind dry your hair, even at home.

Wind can breeze into any home, generating light ... and so much more.

Wind energy.

Beautiful.

Inexhaustible.

The wind has really found its feet, for good.

Results for 2008

4.1 Key figures

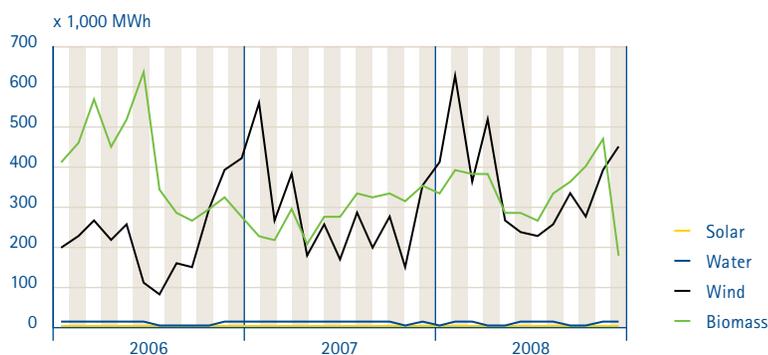
At the end of 2008, CertiQ had a total of 1,977 generating plants for sustainable electricity in its register, 12.6 percent more than in 2007. Table 2 below shows how this increase is split across the four sustainable sources of energy: biomass, wind, sun and hydro-electric power.

Table 2 Number of generating plants as of 31 December 2008

Generating plants as of	31 December 2008	31 December 2007
Biomass	190	159
Wind	1,054	964
Solar	718	617
Hydro-electric	15	15
Total	1,977	1,755

In 2008, CertiQ certified a total of 9,000,496 megawatt hours of sustainable electricity produced in the Netherlands. This is an increase of 34.1 percent in comparison to 2007. Figure 1 shows the trends, distinguishing between biomass, wind, sun and hydro-electric power.

Figure 1 The certified production of sustainable electricity in the Netherlands



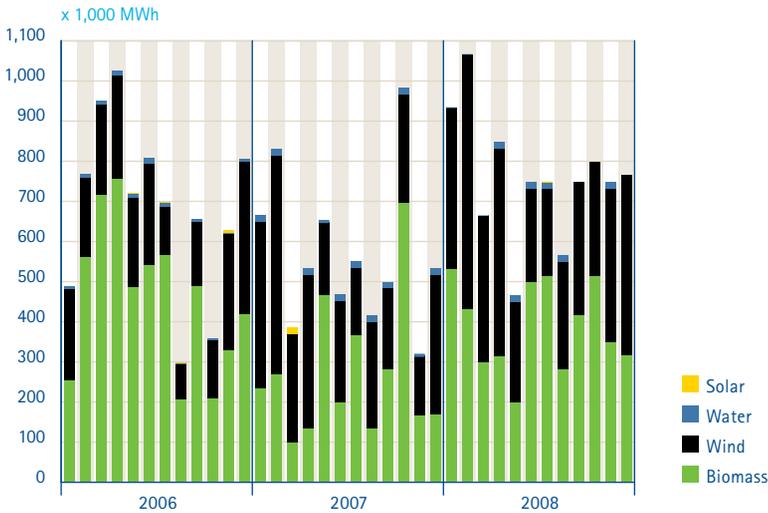
Wind energy accounted for 4,317,924 megawatt hours of certified production, up 25.2 percent on 2007. At the end of 2008, the installed capacity of Dutch wind power that was registered with CertiQ – on land and at sea – was 2,197 megawatts.

Another 4,580,200 megawatt hours of electricity generated from biomass was certified, a rise of 45.7 percent in comparison to 2007.

CertiQ certified 7,315 megawatt hours of solar energy (6.7 percent more than in the previous year) and 95,057 megawatt hours of hydro-electric power (in 2007 this figure was 113,541 megawatt hours). Solar and hydro-electric power thus play a rather modest role in the total production of sustainable electricity in the Netherlands.

The total consumption of sustainable electricity in the Netherlands (i.e., the number of 'redeems' recorded with CertiQ) increased substantially: from 16,620,449 megawatt hours in 2007 to 21,529,538 megawatt hours in 2008. Imports of sustainable electricity also rose in 2008, by 54.9 percent, to reach a total of 18,923,973 megawatt hours.

Figure 2 Certificates issued for Dutch sustainable electricity



Figures 1 and 2 reveal different patterns. This is because Figure 1 shows the sustainable production of electricity, while Figure 2 shows how many certificates CertiQ issued. It is important to note that the number of certificates issued in a particular month may reflect both recent electricity production and electricity that was generated some time earlier.

4.2 Imports and exports of Guarantees of Origin

Table 3 Overview of imports and exports

Import / Export in MWh	2008	2007
Import	18,923,973	12,217,088
Export	1,475,914	232,879

Figure 3 Imports of sustainable electricity

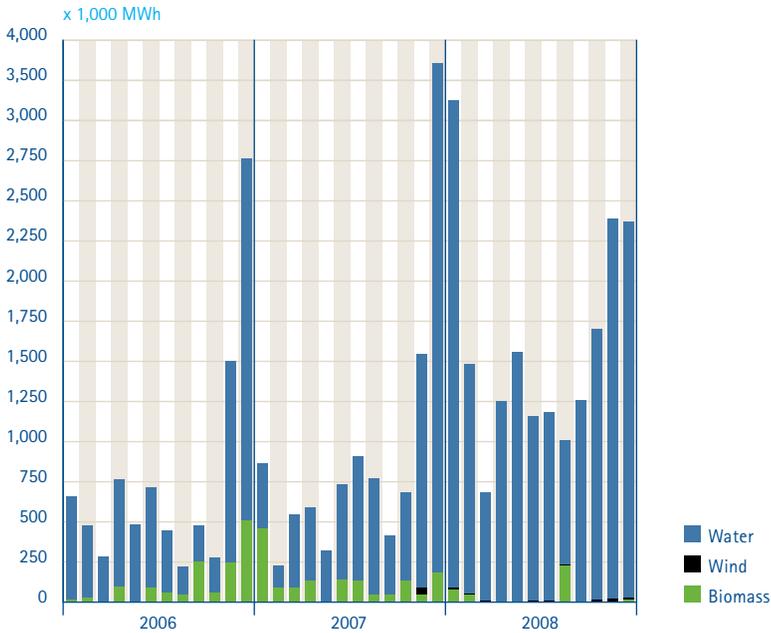


Figure 3 shows that the certificates imported in 2008 again related mainly to hydro-electric power. This is because much of the sustainable production capacity in Europe consists of hydro-electric plants. While there is also a lot of wind energy produced in Germany, it is not exported.

Figure 4 Activity relating to sustainable electricity in the system

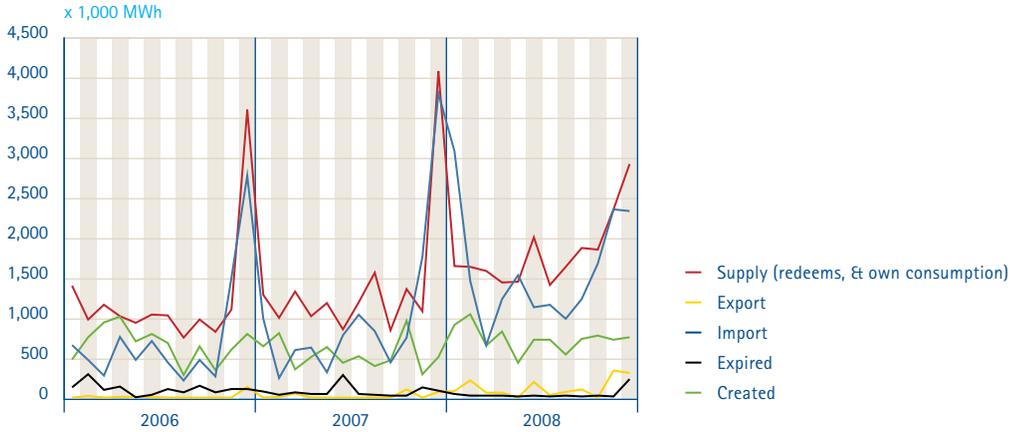


Figure 5 Certificate transfers

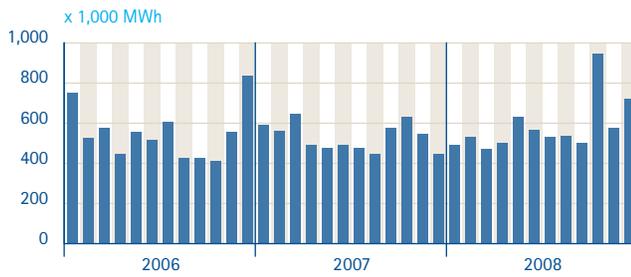


Table 4 RECS participants

RECS	31 December 2008	31 December 2007
Number of generating plants	246	203
Number of traders	22	22
Number of aggregators	0	0
Number of trading platforms	0	0

Table 5 **Guarantee of Origin participants**

GoO's	31 December 2008	31 December 2007
Number of generating plants	1,977	1,755
Number of traders	58	60
Number of aggregators	3	4
Number of trading platform	0	0

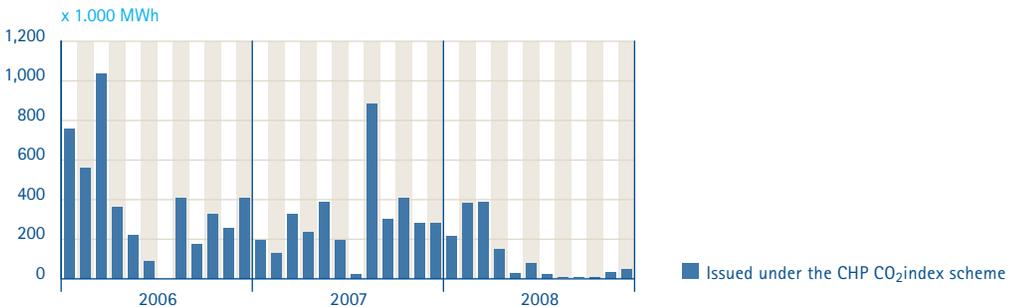
4.3 CHP certificates

Table 6 **Certificates issued for CHP electricity (in MWh)**

CHP certificates issued	2008	2007
	1,536,657	3,759,744

Because of the termination of the subsidy scheme for CHP plants, the certificates issued in 2008 all relate to CHP production in 2007 or earlier. All 996 CHP plants that were registered with CertiQ were removed from the register in 2008.

Figure 6 **CHP certificates issued per month**



4.4 Financial results

The costs and revenues for 2008 (in euros) can be summarised as follows:

	2008	2007
Invoiced revenue	3,019,706	2,487,371
To adjust in tariffs	- 591,365	- 463,204
Revenue as per the annual accounts	2,428,341	2,024,167
Operating costs	2,401,802	1,956,962
Trading results	26,539	67,205
Financial costs and income	- 26,539	- 67,205
Result	-	-

In 2008 CertiQ's invoiced revenue increased in comparison to 2007. This increase is due in part to voluntary 'greening' by redeeming certificates. The revenue from the production of certificates and from transfers also increased in comparison to 2007.

The rise in operating costs in comparison to 2007 is due mainly to costs for CertiQ in relation to accelerated depreciations (€ 156,999). These depreciation costs are charged to EnerQ.

Because CertiQ clears any differences between revenues and costs by adjusting its future tariffs, CertiQ's result is always zero. The cumulative amount up to 2008 that will be cleared by adjusting tariffs is € 680,927. This means that there is still an excess income of € 680,927 to be adjusted in the tariffs for 2009 and subsequent years.



Water wants to flow downhill.
Always.
Splashing tirelessly.

There's real energy in ever-active water.
Restrain it a little, and you have hydro-electric power.
Just the power you want, flowing to the wall socket.



Annual accounts for 2008

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Balance sheet as of 31 December 2008 after appropriation of profits (in euros)

Assets	Ref.	31 December 2008	31 December 2007
Fixed assets	1		
Material fixed assets		674,991	1,090,536
		674,991	1,090,536
Liquid assets			
Claims	2		
Receivables		482,351	544,074
Prepayments and accrued income		3,715	14,200
		486,066	558,274
Liquid resources		-	-
		1,161,057	1,648,810

Liabilities	Ref.	31 December 2008	31 December 2007
Equity	3		
Share capital		18,000	18,000
		18,000	18,000
Current liabilities	4		
Creditors		29,203	1,093
Group companies		71,697	1,400,082
Liabilities carried forward		361,230	140,072
Prepaid amounts		680,927	89,563
		1,143,057	1,630,810
		1,161,057	1,648,810

Profit and loss statement for the year 2008 (in euros)

	Ref.	2008	2007
Revenue	5	2,428,341	2,024,167
Operating costs	6		
Systems for process automation		429,023	374,060
Hiring of personnel		753,076	681,904
Depreciation of material fixed assets		700,480	393,230
Costs of general management		519,223	507,768
		<u>2,401,802</u>	<u>1,956,962</u>
Operating result		26,539	67,205
Financial costs and income			
Interest received		-	-
Interest paid		26,539	67,205
		<u>- 26,539</u>	<u>- 67,205</u>
Pre-tax profit		-	-
Tax		-	-
Result after tax		-	-

Cash flow summary for the year 2008 (in euros)

	2008	2007
Cash flow from operational activities		
Depreciation on material fixed assets	700,480	393,230
Working capital:		
- Changes in claims	72,208	381,766
- Changes in current liabilities	- 487,753	- 270,006
	<u>284,935</u>	<u>504,990</u>
Cash flow from investments		
Investments in material fixed assets	- 284,935	- 504,990
Changes in liquid resources	-	-

General notes

Nature of the business operations

TenneT TSO BV (henceforth: TenneT), the Transmission System Operator and administrator of the national high-voltage grid, has been designated by the Minister of Economic Affairs, in a ministerial decree, to establish an E-certificate system. TenneT established CertiQ BV to set up this system and perform the activities associated with it.

CertiQ's goal is to facilitate trading in sustainable electricity by issuing and managing production certificates. Production certificates – also known as Guarantees of Origin – are created when sustainably generated electricity and electricity from high-efficiency Combined Heat & Power plants (CHP) is produced. The certificates for sustainable electricity are eligible for subsidies under two legally established schemes: the Environmental Quality of Electricity Generation Act (MEP) and the Sustainable Energy Production Incentives (SDE) scheme.

In the past, CertiQ was also responsible for issuing certificates for CHP production, for subsidy purposes. This scheme was terminated as of 1 January 2008, and the related activities were phased out during 2008.

CertiQ is also responsible for issuing RECS certificates, under the Renewable Energy Certificate System, an international initiative to produce unambiguous agreements to facilitate trading in sustainable energy.

All of the shares in CertiQ are held by TenneT.

Principles for the valuation of the assets and liabilities

General

The annual accounts are drawn up in accordance with generally accepted reporting procedures in the Netherlands. Unless otherwise stipulated, all amounts are recorded at nominal value.

Fixed assets

The material fixed assets are valued at the original purchase price or production cost, after deducting linear depreciation. An allowance is made for any long-term loss of value

that is expected on the balance date. Depreciation of the purchase price or cost of production is spread over time, on the basis of the expected economic life.

Liquid assets

Debtors are valued at nominal value, after deducting an allowance for possible uncollectable amounts.

Principles for determining profit and loss

Revenue

In accordance with the Ministerial decision on Guarantees of Origin for sustainable electricity, the independent manager of the power transmission grid may charge the management costs of the production certificates to the producer, customer, supplier or trader. Tariffs are set annually by CertiQ, after consultation with the Participant Council. The costs are determined on a historical basis and are allocated to the accounting year to which they relate. Differences between actual costs and the invoiced revenue are adjusted in the tariffs for subsequent years.

Operating costs

Costs are determined on a historical basis and are attributed to the accounting year to which they relate.

Depreciation on material fixed assets

The depreciation on material fixed assets is based on the acquisition cost and expected economic life.

Taxes

The tax due on the result is calculated by applying the currently applicable taxation rate to pre-tax profits, taking permanent differences between the fiscal and commercial calculation of profits into account.

Notes to the summary of cash flows

The summary of cash flows has been drawn up using the indirect method.

Notes to the balance sheet as of 31 December 2008 after appropriation of profits (in euros)

1 Fixed assets

Material fixed assets

Software is included in material fixed assets, and is depreciated over three years. Since the beginning of 2006, the software developed by TenneT on behalf of CertiQ has been capitalised on the balance sheet and recorded as equity. In 2008, because of the abolition of the CHP subsidy, the material fixed assets relating to this scheme were all written off, requiring a total depreciation of €156,999.

The book value of the material fixed assets can be specified as follows:

Software	Material fixed assets	MFA under construction	2008 Total	2007 Total
As of 1 January				
Purchase price	1,670,603	-	1,670,603	1,165,613
Cumulative depreciations and write-offs	580,067	-	580,067	186,837
Book value as of 1 January	1,090,536	-	1,090,536	978,776
Capitalisation	-	119,486	119,486	-
Entering operational service	165,449	-	165,449	504,990
Disinvestments at book value	-	-	-	-
Depreciation	700,480	-	700,480	393,230
Changes	- 535,031	119,486	- 415,545	111,760
As of 31 December				
Purchase cost	1,836,052	-	1,836,052	1,670,603
Capitalisation	-	119,486	119,486	-
Cumulative depreciations and write-offs	1,280,547	-	1,280,547	580,067
Book value as of 31 December	555,505	119,486	674,991	1,090,536

2 Claims

Prepayments and accrued income

This relates to revenue for 2008 which has not yet been invoiced.

3 Equity

Share capital

The authorised capital of the company is € 90,000, divided into 900 shares of € 100 each. Of these, 180 shares have been issued and paid up.

4 Current liabilities

Group companies

This item is a debt to TenneT of € 74,295 and an account receivable from EnerQ BV of € 2,598. Interest is calculated on the balance of our current account at TenneT.

Liabilities carried forward

This relates to unpaid invoices, holiday pay owing and a prepayment received from the Ministry of Economic Affairs for the establishment of a project team at CertiQ to ease the transition of the MEP and the SDE schemes to the new implementing organisation. This item also includes prepaid recharge costs for the MEP and waste incineration plants projects.

Prepayments

This relates to the difference between invoiced revenue and CertiQ's operating costs. This amount will be adjusted with the market actors in future tariffs.

The balance 'To adjust in tariffs' has changed as follows:

	2008	2007
Balance as of 1 January	- 89,562	373,642
Change	- 591,365	- 463,204
Balance as of 31 December	- 680,927	- 89,562

Rights and obligations not evident on the balance sheet

CertiQ, with TenneT and its subsidiaries, is part of one fiscal entity for company tax and sales tax purposes. On the basis of the standard conditions as laid out by the taxation authorities at the time the fiscal entity was established, CertiQ is primarily liable for the company tax and sales tax liabilities of the whole fiscal entity.

Notes to the profit and loss statement for the year 2008 (in euros)

5 Revenue

During the reporting period, participants were invoiced on the basis of previously set tariffs. The amount needed to cover costs was € 2,428,341. The difference in our favour between this and the invoices issued will be accumulated with differences brought forward from previous years and will be adjusted in tariffs for the coming years.

	2008	2007
Invoiced revenue	3,019,706	2,487,371
To adjust in tariffs	- 591,365	- 463,204
Total	2,428,341	2,024,167

The invoiced revenue can be specified as follows:

	2008	2007
Registration fees	6,475	15,850
Membership fees	160,400	191,525
Issuing certificates	752,487	646,536
Certificate transfers	356,448	227,764
Certificates redeems	1,485,538	1,036,781
Other income	258,358	368,915
Total	3,019,706	2,487,371

Certificates

The higher revenue from certificates issued is due to high electricity production from wind and biomass. The rise in revenues from transfers is caused by high imports of Guarantees of Origin, and the rise in revenues from 'redeems' is partly attributable to users voluntarily turning grey electricity to green, retrospectively. The lower revenue from membership fees is the result of the removal of CHP plants from the register.

Other income

The other income consisted largely of invoices for investments already made, for the implementation of the MEP.

6 Operating costs

Hiring of personnel

The company does not have its own employees, it hires them in. In 2008 the average number of hired staff was 11.5 FTE (2007: 11.7 FTE). The staff level at the end of the reporting year was 11.5 FTE (2007: 11.7 FTE).

Personnel costs have increased in comparison to 2007. This was due to external hiring from outside TenneT.

The personnel costs can be specified as follows:

	2008	2007
Hired from TenneT	710,343	676,358
Hired from third parties	42,733	5,546
Total	753,076	681,904

Costs of systems for process automation and the depreciation of material fixed assets

Since 2006, the material fixed assets have been capitalised on CertiQ's balance, whereas previously they were on TenneT's balance sheet. The increase in the depreciation of material fixed assets is due to an accelerated depreciation because of the ending of the CHP subsidy scheme.

Costs of general management

The costs of general management include all the costs of premises, consultancy fees, office costs and travel and accommodation costs. These costs have increased in comparison to 2007. This has been caused by the impact analysis for the certification system.

Interest charges

This item refers to the interest paid on the balance of our current account at TenneT. The decline in interest charges is caused by the lower average debt to companies within the group (through the current account), as compared to 2007.

7 Transactions with associated parties

This relates to transactions with TenneT and EnerQ BV.

CertiQ has transactions and positions with the following associated parties:

	TenneT TSO BV	EnerQ BV	Total 2008	TenneT TSO BV	EnerQ BV	Total 2007
Services	-	451,693	451,693	-	79,327	79,327
Reimbursements	1,401,364	-	1,401,364	1,416,269	-	1,416,269
Interest charges	26,539	-	26,539	67,205	-	67,205
Current account credit	-	2,598	2,598	-	11,900	11,900
Current account debt	74,295	-	74,295	1,411,982	-	1,411,982

Arnhem, 9 April 2009

Management of CertiQ BV

Other data

Appropriation of profits

The appropriation of profits is set out in article 29 of the statutes. This reads as follows:

- 1 Profits will be distributed in accordance with the provisions of this article after adoption of the annual accounts showing that this is justified.
- 2 The profits are at the disposal of the general meeting.
- 3 The company may only make distributions to the shareholders and other persons entitled to the profit intended for distribution insofar as the shareholders' equity exceeds the issued 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.

Auditor's opinion [on the Dutch version of these accounts]

To the shareholder and management of CertiQ BV

Opinion concerning the annual accounts

We have audited the annual accounts for 2008 of CertiQ BV in Arnhem, contained on pages 31 to 40 of this Annual Report and consisting of the balance sheet as at 31 December 2008 and the profit and loss account for 2008, with the accompanying notes.

Responsibility of the Management

The Management of the company is responsible for drawing up annual accounts which must faithfully represent the assets and results of the company, and for drawing up the annual report, in accordance with Part 9, Book 2, of the Netherlands Civil Code (BW) in both cases. This responsibility includes the design, implementation and maintenance of an internal control system relevant for preparing and faithfully representing the annual accounts of assets and results, in such a way that these contain no inaccuracies of material importance as a result of fraud or error; the selection and application of acceptable principles for financial reporting; and making estimates that are reasonable under the circumstances concerned.

Responsibility of the auditor

Our responsibility is to issue an opinion on the financial statements based on our audit. We have conducted our audit in accordance with Dutch law. Those standards require that we comply with the behavioural norms applicable to us and that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of inaccuracies and material misstatements.

An audit includes activities to obtain audit information about the amounts and the notes to the financial statements. The choice of activities to be performed is dependent on the professional judgement of the auditor, based in part on his evaluation of the risk of misstatements of material importance resulting from fraud or errors. For purposes of this judgement, the auditor considers the internal control system that is relevant for the preparation and fair presentation in the financial statements of the balance sheet and profit and loss account, in order to make a well-considered decision as to the audit

activities that, under the circumstances, are adequate, but his purpose is not to produce an opinion about the effectiveness of the internal control system of the company. An audit also includes an evaluation of the acceptability of the accounting principles used for financial reporting and of the reasonableness of estimates made by the company's management, as well as evaluating the overall presentation of the financial statements. We believe that the audit information that we have obtained is adequate and suitable as a basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the magnitude and composition of the assets of CertiQ BV as of 31 December 2008 and of the result for 2008, and comply with the financial reporting requirements included in Part 9, Book 2, of the Netherlands Civil Code.

Arnhem, 9 April 2009

PricewaterhouseCoopers Accountants NV
C.J.A.M. Romme RA

Appendix: CertiQ works together with ...

CertiQ works actively with various interested parties in the sustainable energy sector. We would like to mention the following here:

TenneT TSO BV

TenneT TSO BV is the Dutch Electrical Transmission Operator and manager of the national high-voltage grid. TenneT established the certification system for electricity generated in sustainable ways, and for Combined Heat & Power plants, on behalf of the Ministry of Economic Affairs. 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.

SenterNovem

SenterNovem is an agency of the Ministry of Economic Affairs that provides schemes and programmes in the field of sustainability and innovation. Since April 2008, SenterNovem has been administering the Sustainable Energy Production Incentives (SDE). Under this scheme, subsidies are paid for sustainable electricity production that is certified by CertiQ. Since 1 January 2009, SenterNovem has also been managing the MEP scheme, the forerunner of the SDE scheme.

EnerQ

EnerQ, like CertiQ, is a subsidiary of TenneT. Until 1 January 2009, EnerQ was responsible for implementing the MEP scheme, under the Environmental Quality of Electricity Generation Act. This scheme has provided an important stimulus to the development of sustainable electricity production in the Netherlands. EnerQ has transferred the implementation of the MEP to SenterNovem. This scheme is now closed to new applications, and SenterNovem will be responsible for continuing the phase-out process. EnerQ be wound up in the course of 2009.

The Ministry of Economic Affairs

The Ministry of Economic Affairs is responsible for policy making for sustainable energy and Combined Heat & Power. CertiQ systematically coordinates its policies with the Ministry regarding developments that affect CertiQ.

The Office of Energy Regulation

The Office of Energy Regulation (formerly called the Directie Toezicht Energie) is the supervisor for the energy sector. Among its duties are to supervise the correct implementation and compliance with the Electricity Act of 1998 and other legal schemes that are implemented by CertiQ.

Regional grid operators

Regional grid operators are responsible for the transmission of electricity over the public electric grid, from producers to consumers. In relation to CertiQ, the grid operators are responsible for evaluating applications for registration of generating plants and for periodically sending CertiQ their measurements of sustainable electricity and CHP electricity.

Metering companies

Metering companies are responsible for installing and maintaining electricity meters, for collecting the data from the meters and for passing this data on to the regional grid operators. Before it is allowed to conduct these activities, a metering company must first be registered by TenneT as a recognised meter operator.

Producers of sustainably generated electricity and CHP electricity

These 'green' producers generate electricity using a sustainable generating plant (from wind, biomass, hydro-electric or solar sources) or they operate a Combined Heat & Power plant. They provide this electricity to the electric grid or to other plants. CertiQ issues Guarantees of Origin for the sustainably generated electricity. In the case of CHP production, CertiQ can issue CHP certificates and Guarantees of Origin for high-efficiency CHP.

Traders

Traders make agreements with producers in relation to the purchase of sustainable electricity. A producer of sustainable electricity tells CertiQ which trader he is dealing with. CertiQ credits the corresponding Guarantees of Origin to the account of this trader. In practice many producers have a steady relationship with one trader. A trader can trade the certificates or use them as proof of delivery to final users. In the latter case the trader is also the energy supplier.

Energy suppliers

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

Participant Council

CertiQ established the Participant Council to ensure the desires of its participants are satisfied in an optimal way. Its members represent the interests of the participants in the certification system. They include producers, traders (including foreign traders that operate in the Netherlands) and representatives of a number of big energy suppliers. In drawing up its annual plan, CertiQ puts great weight on the advice given by the Council.

Association of Issuing Bodies (AIB)

The AIB is an international partnership of certification bodies, of which CertiQ is a member. The AIB aims to achieve standardisation of certification systems to facilitate international trading. The AIB's EECS norm has been adopted by the European Commission and is the officially recommended standard for the implementation of national certification systems. The members of the AIB issue Guarantees of Origin and/or RECS certificates.

RECS International

RECS stands for the Renewable Energy Certificate System. RECS International is the sectoral organisation for this European commercial certification system, which was initiated by a range of market actors. Within CertiQ, the RECS system operates as much as possible in parallel to the system of Guarantees of Origin.

Statistics Netherlands (CBS)

CertiQ sends monthly statistics in relation to the sustainable generation of electricity and CHP electricity production to the CBS. This is done on the basis of an agreement between TenneT and the CBS. The CBS processes the data for its publications.

CertiQ BV is a subsidiary of TenneT TSO BV,
the Dutch Transmission System Operator and
manager of the national electricity transmission grid.



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If you would like a concise overview of the procedures relating to certification, for yourself or, for example, to give to new members of staff, you can order the free brochure *CertiQ certificeert duurzame energie* (CertiQ certifies sustainable energy).

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CertiQ BV is responsible for certifying the sustainable generation of electricity on behalf of the Dutch government. It issues certificates that make it possible to verify the origin of electricity that is sold as 'green.' In addition, the certification is an important instrument for facilitating the trade in sustainably generated electricity, and producers can use the certificates for this electricity when applying for subsidies.

'Green. Honestly.' is the theme of CertiQ's annual report for 2008. We have chosen it to emphasise the fact that the growth in sustainable electricity generating capacity in the Netherlands is a reality. The increase in the quantity of sustainable electricity generated by these plants is equally unmistakable. Our title 'Green. Honestly.' also contains a reference to the guarantee that we give to the users of green electricity in the Netherlands. Thanks to the reliable certification system, no-one need have any doubt that green electricity is in fact genuine, sustainably generated, electricity. Honestly.

