



Industry recommendations on Guarantees of Origin - Background document

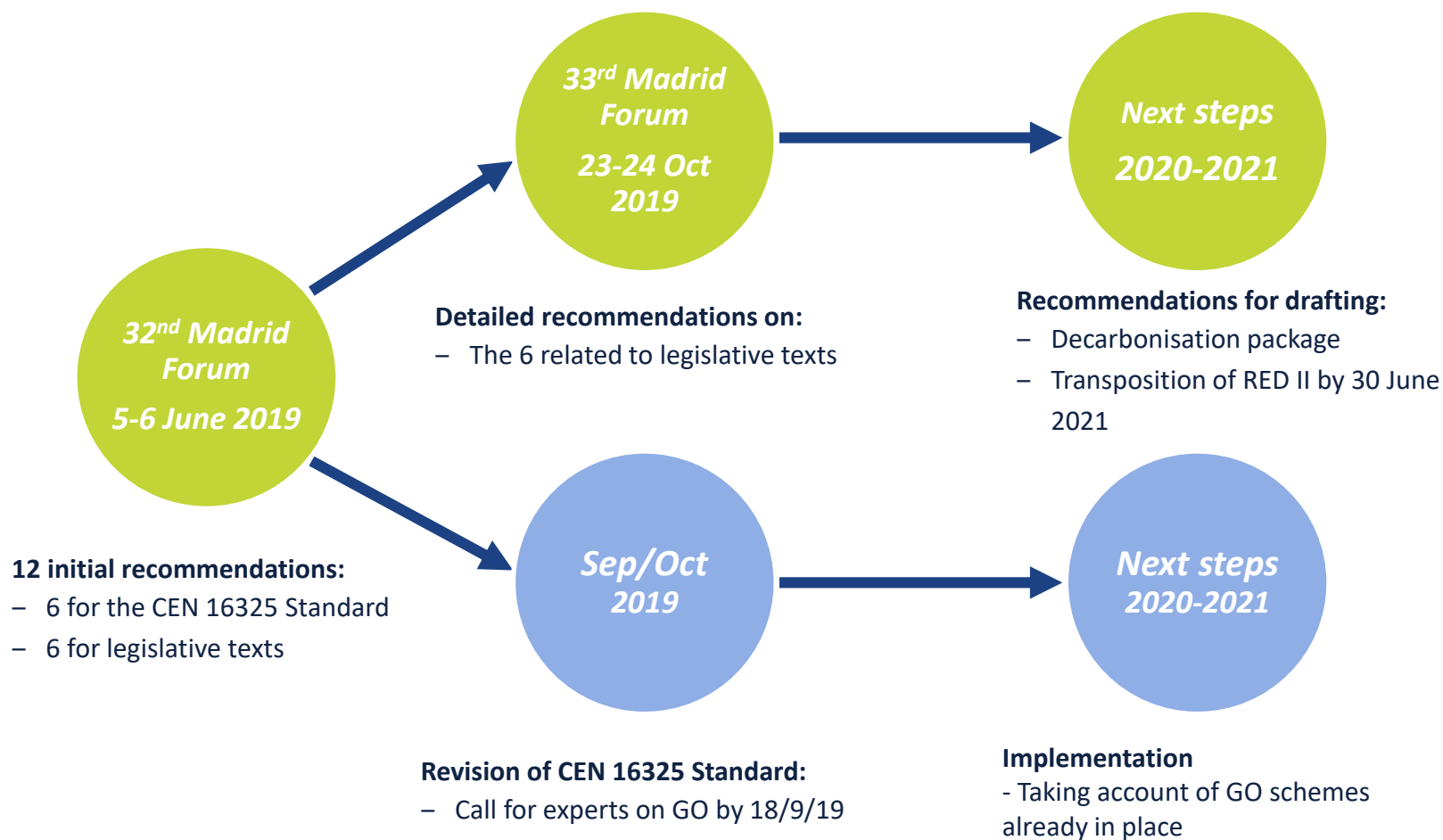
**33rd Madrid Forum
23rd – 24th October 2019**



Prime Movers group



Timeline



Encouraging Member States to also issue GOs for non-renewable low-carbon gases

□ *Why? What is the rationale?*

- **To foster the pace of the energy transition**
- Without European wide consistent implementation of GOs for low carbon energy sources, it may not be tradable cross-border, because:
 - They don't get implemented in all Member States, or
 - Member State GO schemes may not be compatible with each other.

□ *How?*

- Within the existing EU legislative framework : during the transposition of RED II into national law, Member States should put in place the option of having GO for energy from non-renewable low carbon sources.
- Those GOs should have the same features as GOs for energy from renewable sources.
- The future EU legislative framework should extend RED II to require GOs as the primary tool to demonstrate that energy is produced from non- renewable low carbon sources (as well as for renewable gases)



Initial recommendation 2

GO disclosure obligation

□ **Why? What is the rationale?**

- Legally binding obligation for electricity suppliers to provide energy mix disclosure has been positive for the development of electrical GO
 - Due to enhanced transparency and empowerment of end-customers

□ **How?**

- The up-coming decarbonisation package should mirror the disclosure obligation of the Electricity Directive (art. 18.6 and annex 1.5) and include disclosure of non-renewable low carbon sources



Initial recommendation 9

Avoiding double disclosure of GO and sustainability/target certificate

□ **Why? What is the rationale?**

- Avoid double disclosure of the same energy represented by GOs and certificates.
 - Could be detrimental to market trust in GOs.

□ **How?**

- In article 28.7. of RED II, an assessment is foreseen by 31 December 2025: *“The Commission shall analyse in that assessment whether the application of this article effectively avoids double accounting of renewable energy.”*
- This could be used to give guidance on GO and sustainability/target certificate interaction.
- A solution could be to use GO as a base to upgrade it to a more detailed certification scheme
 - This would ensure that for any renewable or low-carbon MWh, only one document would exist (a GO or a more detailed certificate).

Keeping the compatibility of ETS and GO

□ **Why? What is the rationale?**

- Compatibility with ETS will:
 - promote production of renewable and low carbon gases; and
 - increase the liquidity of GOs
- Care should be taken when determining the CO₂ emissions for the purposes of the ETS scheme since different methodologies exist, including one which relies on GO certificates.

□ **How?**

- When transposing RED II, Member States should check the compatibility with ETS and especially regulation 601/2012 (amended via 2018/2066) “Monitoring and Reporting GHG Emissions”.
 - Any gas consumer subject to the ETS scheme should be entitled to use its GOs as an alternative to securing equivalent ETS allowances.
- The European Commission could provide guidelines on determining CO₂ emissions through a “recommendation”.
 - In particular, it could clarify that GO should be the only methodology to be used (i.e. not measurement or mass-balancing) in order to avoid any risk of double counting of renewable gases.

CO₂ origin in synthetic methane

□ **Why? What is the rationale?**

- Avoid double counting of CO₂ reductions.
- As per RED II synthetic methane can be classified as a renewable energy.
 - RED II considers the electricity component of such fuels but remains silent on the CO₂ origin
- Greater clarification is required regarding the allocation of the emission reduction benefits of synthetic methane (used in any sector).

□ **How?**

- Article 28(5) of the delegated act for the transport sector states: *“...which shall ensure that credit for avoided emissions is not given for CO₂ the capture of which has already received an emission credit under other provisions of law”*.
- This could also be applied to give guidance on the avoidance of double counting in other sectors.

GOs used in emissions reduction for Heavy Duty Vehicles

□ **Why? What is the rationale?**

- Contribute to the reduction of CO₂ emissions in road transport by using renewable or low carbon gases with GOs.
- Avoid double counting of CO₂ emission reduction between RED II and CO₂ emissions standard regulations.

□ **How?**

- Recommendation could be addressed in the report mentioned in Art. 15 of regulation 2019/1242 setting CO₂ emissions performance standards for new HDVs
 - The report will assess the possibility of developing a specific methodology related to GO.
 - The report is due by 31 December 2022.