

# Guarantees of origin under RED II: principles, objectives and scope

What about decarbonised/low carbon gas (eg. blue hydrogen)?

Workshop GOs EU wide scheme – Prime Movers Group

Areti Kostaraki



# **GOs principles and objectives**



# Principles and spirit of RED II

## Legal nature: Directive

- ✓ binding for MS
- ✓ its transposition in national law is required (Art. 288 TFEU)

## For MS: How to transpose?

- ✓ achieve certain results
- ✓ flexibility in terms of the measures from national policy mix
- ✓ Robustness (to remain within the spirit)



<https://www.bbc.com/sport/live/gymnastics/45767788>

## RED II objectives that MS shall achieve through national law :

- ✓ “promoting renewable forms of energy, development of renewable heating and cooling and the development of renewable transport fuels” (rec.2 ) with the aim –amongst others- of “reducing greenhouse gas emissions in the Union and the Union’s energy dependence” (rec. 4)
- ✓ Etc.



<https://www.intradoeurope.com/index.php/en/blog/37-green-energy>

*MS have **flexibility** in terms of means for transposition of the RED II in national law but any means/measure selected should be **compatible** with the RED II and contribute to its objectives<sup>8</sup>*



## Guarantees of origin under RED II: the principles

“GOs issued for the purposes of the RED II have the sole function of showing to a final customer that a given share or quantity of energy was produced from renewable sources” (rec. 55)

“With a view to ensuring that a unit of renewable energy is disclosed to a customer only once, double counting and double disclosure of guarantees of origin should be avoided” (rec. 55)

“GOs reflect and give to renewable energy “a market value, that should be taken into consideration for the relevant support schemes” (rec. 57)

“Guarantees of origin which are currently in place for renewable electricity should be extended to cover renewable gas. Extending the guarantees of origin system to energy from non-renewable sources should be an option for Member States. This would provide a consistent means of proving to final customers the origin of renewable gas such as biomethane and would facilitate greater cross-border trade in such gas. It would also enable the creation of guarantees of origin for other renewable gas such as hydrogen.” (rec. 59)

“GOs is not a support scheme under art. 2 of RED II and should be distinguished from green certificates used for support schemes” (rec. 55)(rec. 57)

# Definition of GOs and disclosure obligations

## *What is a Guarantee of Origin?*



Photo source:  
<https://lasercycleusa.com/services/document-content-management/>

**“guarantee of origin”** means an electronic document which has the sole function of providing evidence to a final customer that a given share or quantity of energy was produced from renewable sources;” (art.2 RED II)

## *What is it used for?*

- “demonstrating to final customers the share or quantity of energy from renewable sources in an energy supplier’s energy mix and in the energy supplied to consumers under contracts marketed with reference to the consumption of energy from renewable sources”
- They make sure that “the origin of energy from renewable sources is guaranteed in accordance with objective, transparent and non-discriminatory criteria”

**=> Disclosure obligation of RES origin for electricity suppliers under RED II and the electricity Directive**

# No double counting, accounting and disclosure

- ❑ “Member States shall ensure that the same unit of energy from renewable sources is taken into account only once.”
- ❑ “No more than one guarantee of origin shall be issued in respect of each unit of energy produced” (1GO = 1MWh)
- ❑ Member States shall ensure that when a producer receives financial support from a support scheme, the market value of the guarantee of origin for the same production is taken into account appropriately in the relevant support scheme. The RED II provides for several ways to achieve it, for eg:
  - In order to take into account the market value of the guarantee of origin, Member States may, inter alia, decide to issue a guarantee of origin to the producer and immediately cancel it.



# GOs Transparency requirements (art. 19 par. 7)

A guarantee of origin shall specify **at least:**

- the energy source from which the energy was produced and the start and end dates of production;
- whether it relates to:
  - electricity;
  - gas, including hydrogen; or
  - heating or cooling;
- the identity, location, type and capacity of the installation where the energy was produced;
- whether the installation has benefited from investment support and whether the unit of energy has benefited in any other way from a national support scheme, and the type of support scheme;
- the date on which the installation became operational; and
- the date and country of issue and a unique identification number.

*Additional information  
can be added*

Simplified information may be specified on guarantees of origin from installations of less than 50 kW.

## Issuing bodies and CEN standard

- **Obligation of MS to recognise each others GOs**
- exclusively as evidence of the RES origin and the information specified
- Refusal only upon well-founded doubts about its accuracy, reliability or veracity.
- Obligation for notification to the Commission of such a refusal and its justification.
- **Supervision by designated bodies**
- geographically exclusive competence and independence of production, trade and supply
- issuance, transfer and cancellation of guarantees of origin
- mechanisms to ensure that guarantees of origin are issued, transferred and cancelled electronically and are accurate, reliable and fraud-resistant.
- the requirements the MS or DB impose should comply with the **standard CEN - EN 16325.**

*The cross-border trade of GOs depends on the transposition of those provisions. MS should ensure that such transposition does not create barriers related to the interoperability and compatibility of the different issuing and designated bodies*



## **Focus on the scope of the GO**

## Obligations/options for MS

*For the transposition MS should take into consideration the following:*

- GOs as one single mechanism for disclosure of the origin of RES (art. 19 par. 1) => **Obligation**
  - MS shall ensure that the origin of the energy from renewable sources shall be disclosed by one and only mechanism: the GOs
  - No other mechanism allowed for disclosing the energy from renewable sources
  
- Extension of GOs to non-renewable sources (art. 19 par. 1)  
=> **Option**
  - MS may allow the use of GOs to disclose energy from non renewable sources

*MS while transposing RED II in terms of Guarantees of Origin, opt: i) for GOs for RES, or ii) for GOs for **both** RES and non RES*

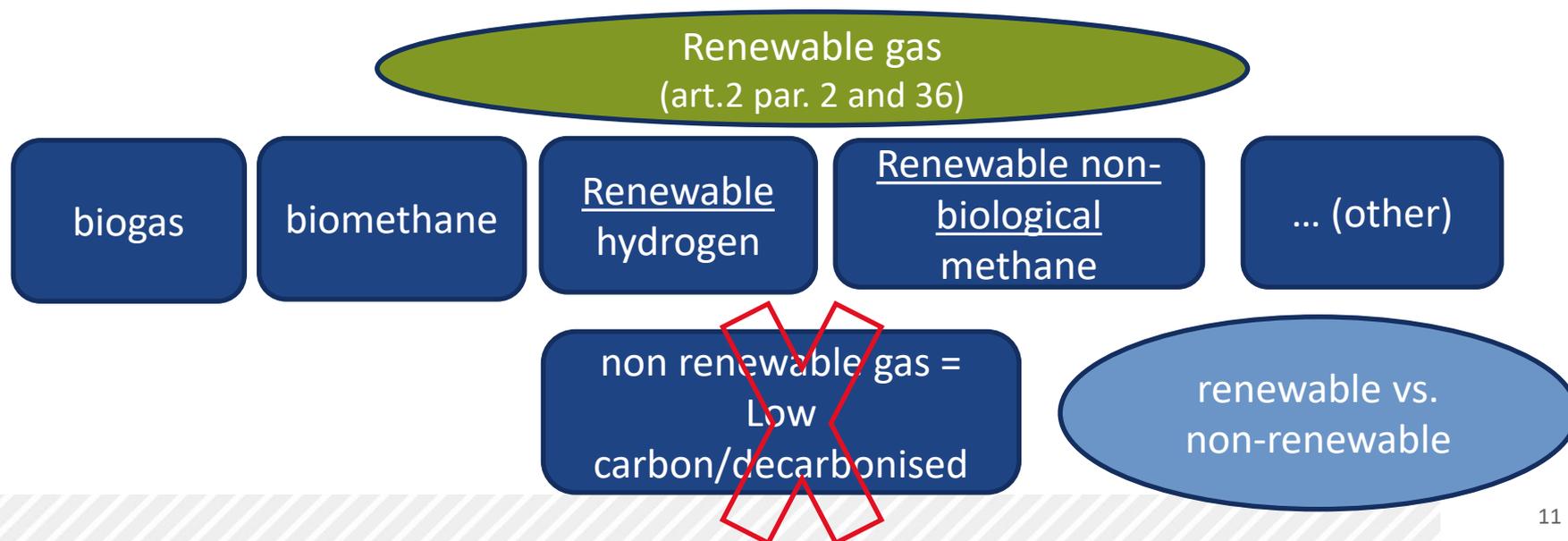
## i) Renewable-only GOs scheme

*If the MS decides to transpose the Directive in a way to provide for GOs ONLY for energy from renewable energy sources*

- RES=“energy from renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas;”

**=> Any energy produced from the above = renewable energy**

- ‘renewable liquid and gaseous transport fuels of non-biological origin’ means liquid or gaseous fuels which are used in the transport sector other than biofuels or biogas the energy content of which is derived from renewable sources other than biomass;



## ii) GOs for both renewable and non-renewable

***If the MS decides to transpose the Directive in a way to provide for GOs for energy from non-renewable energy sources (art. 19 par.2)***

- ❑ Such extension is up to the MS to be designed,
- ❑ MS should take into consideration the minimum requirements and objectives set by the RED II for the GOs (eg. promotion of RES with the aim to reduce GHG emissions)
- ❑ GOs for RES and GOs from non RES should both respect the transparency requirements of RED II (art. 19 par. 7) => eg. disclosure of the energy source

*Blue hydrogen and any other “low carbon/decarbonised” gas might be considered by MS to be disclosed by GOs*



# Recommendations on the scope and rationale



# Recommendations and rationale

## ❖ *Solution not requiring change of legislation*

MSs are encouraged to issue GOs for non-renewable gases, such as blue hydrogen, abiding to the requirements of RED II for renewable gases Gos, including compliance with the CEN 16325 standard.

## ❖ *Solution requiring change of legislation*

❑ *appropriate amendments at the European level would guarantee legal certainty:*

- ✓ *To provide for an obligation of MSs to issue GOs for non-renewable gases.*
- ✓ *Based on electricity example in the Electricity Directive, to provide for an obligation of MSs to disclose the origins of energy source using GO for gas.*

**Rationale:** *non-renewable gases can contribute to the reduction of GHG emissions and facilitate MS to achieve targets set by the Paris Agreement*



# Thank You for Your Attention

Areti Kostaraki  
ENTSOG Lead Legal Adviser

ENTSOG -- European Network of Transmission System Operators for Gas  
Avenue de Cortenbergh 100, B-1000 Brussels

EML: [Areti.Kostaraki@entsog.eu](mailto:Areti.Kostaraki@entsog.eu)  
WWW: [www.entsog.eu](http://www.entsog.eu)