Disclaimer

The present document is drafted by ENTSOG and GIE for the purpose of presenting to Madrid Forum a joint list of high-level policy recommendations based on the RED II and addressed to the European Commission, the Member States and relevant stakeholders, such as Guarantees of origin ('GO') issuing bodies, on the development of GO schemes for renewable and non-renewable low-carbon gas that can be traded cross-border in a secure and reliable way.

Such recommendations are developed in close collaboration with several stakeholders (EFET, Eurogas, Cedec, AIB, CertifHy, ERGaR, NGVA) which kindly accepted ENTSOG's and GIE's invitation for participation in the Prime Mover group meetings. Such meetings had as an object discussing and developing the content of the policy recommendations.

Introduction

GIE and ENTSOG is to report back to Madrid Forum with:

- Clear policy recommendations on GOs for renewable and non-renewable low-carbon gases
- Clear recommendations on what is need for GOs to be tradable in a European market

GIE and ENTSOG – having discussed it within the established Prime Mover group – offers three main policy recommendations which are underpinned by detailed recommendations for action by Member States, EU and GO issuing bodies. Some recommendations require legislative changes, but most can be implemented within current legislative framework.

Recommendations to Madrid Forum

I. Need for standardised GOs for renewable and non-renewable low-carbon[1] gases

Recommendation for Topic 1: GO for renewable and non-renewable low-carbon gases

Recommendations not requiring change of legislation

1. MSs are encouraged to also issue GOs for non-renewable low-carbon gases abiding to the requirements of RED II for renewable gases GOs and CEN 16325 standard.

Note: All recommendations below apply for renewable and non-renewable low-carbon gases

Recommendations requiring change of legislation

2. Appropriate amendments at the European level would guarantee legal certainty:
   - To provide for an obligation of MSs to issue GO 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 renewable and non-renewable low-carbon gas.

Recommendation Topic 2: need for one standardised GO for renewable and non-renewable low-carbon gas

Recommendations not requiring change of legislation

3. One standardised GO framework (requirements and their implementation) for both renewable and non-renewable low-carbon gas must form the basis for developing the traded market for GOs. Such GO should be based on: (1) the minimum requirements of Article 19 of RED II; and (2) upcoming CEN 16325 standard. Although the framework should be the same, it is important that the GOs distinguish between renewable and non-renewable low-carbon gases.
4. This upcoming CEN 16325 standard should be developed in cooperation with AIB, Certifhy, ERGaR and, if any, other issuing bodies. We encourage all parties to

[1] The exact terminology is under discussion in another workstream 'Unified New Gases Terminology', and would need to be incorporated once the set of terms is mature.

present a first draft as soon as possible, preferably by the next Madrid Forum in October 2019. The CEN standard should include non-renewable low-carbon gases.

5. It should be possible to add additional information on top of the standardised GO and offer more sophisticated products to target specific customers.

II. Need for interoperable GO schemes to support trade and sector coupling

Recommendation for Topic 3: interoperability of EU GO schemes: cooperation of issuing bodies and conversion

Recommendations not requiring change of legislation

6. For all energy carriers, establishment of cooperation of national issuing bodies and possibility of an EU-wide framework for such cooperation by the end of 2019:
   - Within a MS, national issuing bodies for different energy carriers are encouraged to work towards setting up interoperable schemes for all GOs. These schemes include the criteria and process for recognition by every issuing body of GOs issued by every other issuing body.
   - Additionally, to facilitate MS obligation to recognise each other's GO, an EU-wide framework for the above-mentioned cooperation, i.e. how to issue, register, transfer and cancel GOs for gas, should be established.
7. All GOs need to be convertible from one energy carrier into another exclusively when such is physically taking place. ERGaR, CertifHy, AIB and, if any, other issuing bodies are encouraged to elaborate agreed rules, conditions and procedures for converting GOs issued in one sector to GOs applied in another sector.
8. To accommodate points above, extend CEN 16325 standard to include GOs for gaseous energy carriers. MSs shall dedicate specific resources to work on this standardisation. Issuing bodies for renewable gases GOs to be included in the Technical committee.

III. Compatibility and use of GOs in other legislation should be ensured

Recommendation for Topic 4: relation of GOs and sustainability certificates

Recommendations not requiring change of legislation

9. MSs must establish systems to avoid double disclosure of GO and sustainability/target certificate for the same amount of energy from a specified source. GOs according to Article 19 are used for traceability/disclosure of energy origins. Certain information from GOs may be used to provide information to certificates according to Article 27 for sustainability/meeting targets on transport fuels.

Recommendation Topic 5: compatibility of ETS and GOs

Recommendations requiring change of legislation

10. To meet the requirements of ETS Directive for GHG emissions reduction, GO system shall be consistent with the CO2 quota system and shall be the only proof of the renewable origin of gas withdrawn from the gas system.
    - To amend the EU ETS Monitoring and Reporting Regulation and the related Guidance documents, especially document No. 3 (Biomass Issues) as follows: when a GO scheme is in place, no other potentially conflicting ways can prove the renewable origin of gas withdrawn from the gas system, such as 'laboratory analysis' and 'mass balance methods'.
    - To ensure consistency of terminology across legislation: RED II and the EU ETS Monitoring and Reporting Regulation.

Recommendation Topic 6: is synthetic methane converted from renewable H2 renewable?

Recommendations that may not require change of legislation

11. Based on RED II, particularly the definitions set in Article 2, any energy deriving from renewable sources is a renewable energy: a source of renewable electricity allows to produce renewable synthetic methane through methanation. We welcome more clarifications for the allocation of emission reduction benefits of synthetic methane (used in any sector) in order to avoid any double counting. similar to the clarification that will be provided by the delegated act of Article 28(5) for transport sector.

Recommendation Topic 7: GOs and CO2 emission standards for vehicles

Beyond the scope of RED II, unclear if it is compatible with RED II now

12. GOs should be able to be used as a part of documentation to take account of emissions reduction associated with the use of renewable gas in the transport sector.