Guarantees of Origin in the Energy Community

Workshop on Guarantees of Origin

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Renewables certification

- Guarantees of Origin
- RECs
- I-RECs
- National system
What is a Guarantee of Origin (GoO)?

A guarantee of origin is an electronic document that has the exclusive function to demonstrate to the end customer that a certain amount of electricity is produced from renewable energy sources.

- The Directive 2009/28/EC imposes obligation to CPs to “ensure that a guarantee of origin is issued in response to a request from a producer of electricity from renewable energy sources.”

- It is important to distinguish between green certificates used for support schemes and guarantees of origin.
How does it work?

What is the main challenge?

• Mechanisms which will ensure that GOs are issued, transferred and cancelled electronically (accurate, reliable and fraud-resistant) and that assures that the same unit of energy from renewable sources is taken into account only once (no double counting).
Concept of GoOs

- Guarantees of origin are issued to electricity producers
- 1 guarantee = 1 MWh
- Validity: 12 months
- GO can be issued only to the registered owners of plants
- Market participants are able to transfer GOs in the registry separately from physical flows of electricity
Benefits of using GOs

Main purpose

Disclosure

Externalities

Reaching RE targets by increasing investments
Revenue for support scheme costs
Additional income

Drivers

Corporate sector – Corporate Social Responsibility
  e.g. RE100 initiative

Sustainable development – Energy transition
Step 1: Legal basis

Step 2: Designated competent body

Step 3: Energy Community approach: regional registry, disclosure legislation, domain protocol

Step 4: "Import-only" status in the AIB

Step 5: Full member of the AIB
EU Legislation

  ANNEX I – Disclosure of energy sources

  Article 15

  Article 19

- European Energy Certificate System (EECS Standard, soon EN16325)
  Domain protocol
Legislation: RES Directive 2009/28 vs RED II

- **Extending GOs coverage** to all energy produced from renewable sources instead of only electricity.
- Where renewable energy producers benefit from a support scheme, the market value of the respective **GO must be taken into account in the relevant support scheme**.
- MS and designated bodies must **comply with standard CEN-EN 16325** when issuing, transferring and cancelling GOs.
- Introducing a **size of installation** (50kWh) below which GOs can give less detailed information.
- **Restrictions** on trading GOs with third countries. *(Third country challenge)*
Necessary tools

**Disclosure legislation and residual mix calculation methodology**

A functional disclosure legislation is a crucial step to avoid misconduct of the system. For electricity, this has even a more specific meaning, given the rules from the Third Energy Package. The lack of a solid disclosure legislation has been a hurdle for joining the AIB as a full Electricity Scheme Member and thus to be able to trade GOs through the AIB hub. Furthermore, a methodology for calculating the residual mix for annual disclosure of GOs needs to be drafted for each CP (based on RE-DISS best practices).

**Domain protocol**

The domain protocol sets out how the EECS Rules are implemented in the CP. It further sets out the manner of registering GOs users and the participant’s agreement. The domain protocol must be approved by the General Meeting of the AIB before certificates can be issued.

**Electronic registry**

As per RED "Contracting Parties or the designated competent bodies shall put in place appropriate mechanisms to ensure that guarantees of origin shall be issued, transferred and cancelled electronically and are accurate, reliable and fraud-resistant".

+ Auctions
  Purchase of GOs to producers benefitting from support schemes
+ Insurance
  The way forward to a regional insurance
GO tracking levels

**What:** electronic **registry system**
*Why:* issue, trade and cancellation of GO’s among account holders, maintained by market operator and supervised by Issuing Body
*Where:* national/regional service provider domain

**What:** **transfer tracking hub**
*Why:* inter-registry hub to enable trade between AIB-members, supervised by AIB
*Where:* AIB hub

**What:** **Trading platform**
*Why:* commercial trade between market participants, to earn revenue
*Where:* market place (several possibilities)

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<th>National registries</th>
<th>vs.</th>
<th>Regional registry</th>
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1 GO currently costs: 0.2 – 0.3 €/MWh
To facilitate the process, the Energy Community Secretariat proposes to support the implementation of a regional electronic registry, which would:

- **save costs** for the individual CPs;
- encourage a **harmonised process** and simultaneous progress;
- enable bilateral **trade of GOs among CPs**, even before joining AIB and enabling trade with all AIB members;
- ensure a **strong CP voice** in AIB and facilitate the connection to the AIB hub;
- **empower a regional agreement** with AIB and gain political support;
Connecting to AIB interim solution

“import-only status”
THANK YOU FOR YOUR ATTENTION

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