

Guarantees of Origin in the Energy Community

Workshop on Guarantees of Origin

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Renewables certification

● Guarantees of Origin

● RECs

● I-RECs

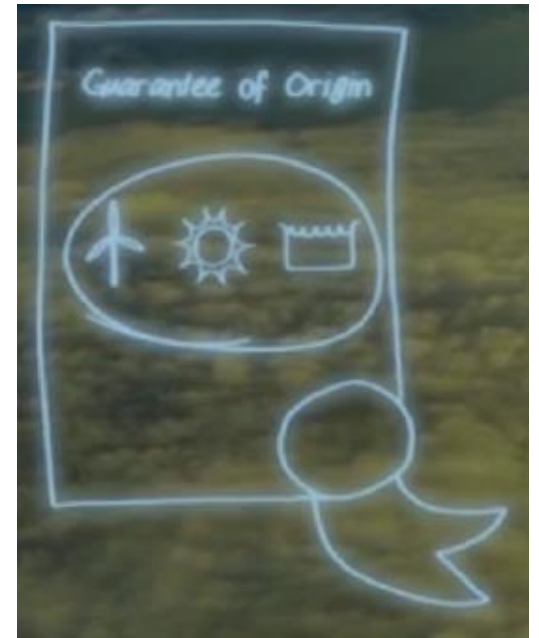
● National system



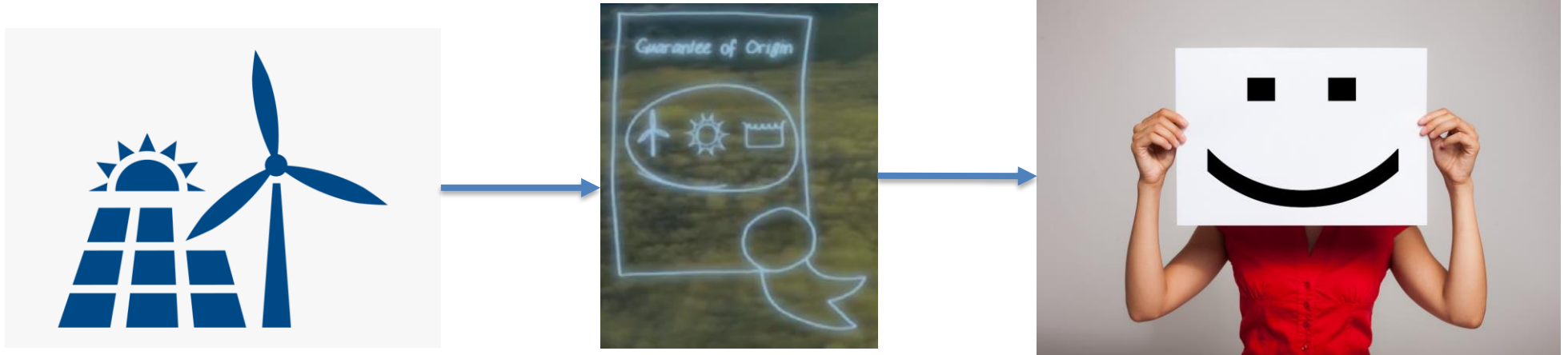
What is a Guarantee of Origin (GoO)?

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?



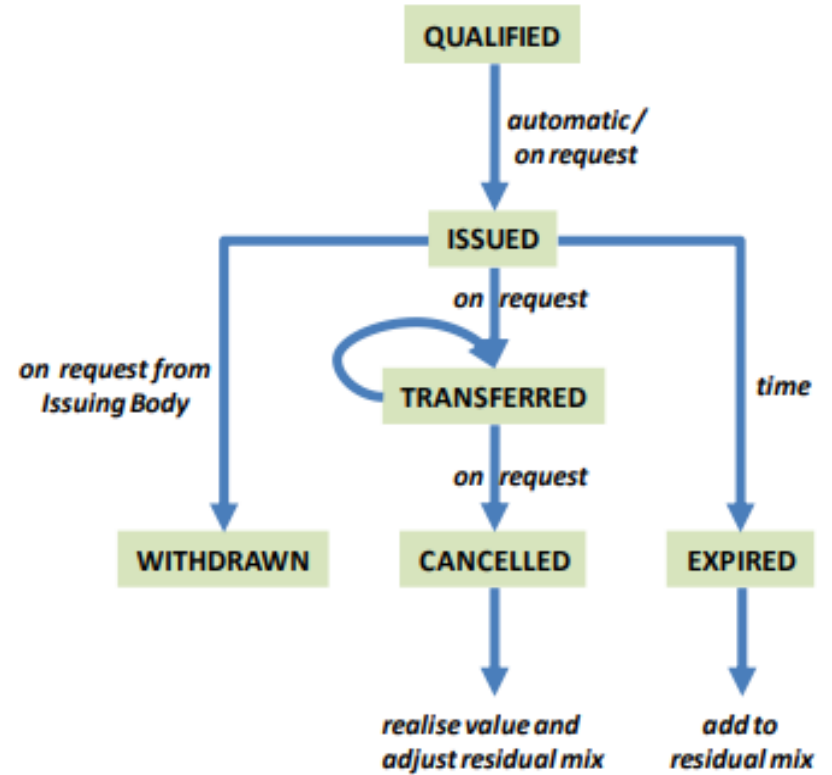
What is the main challenge?

- 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)**.

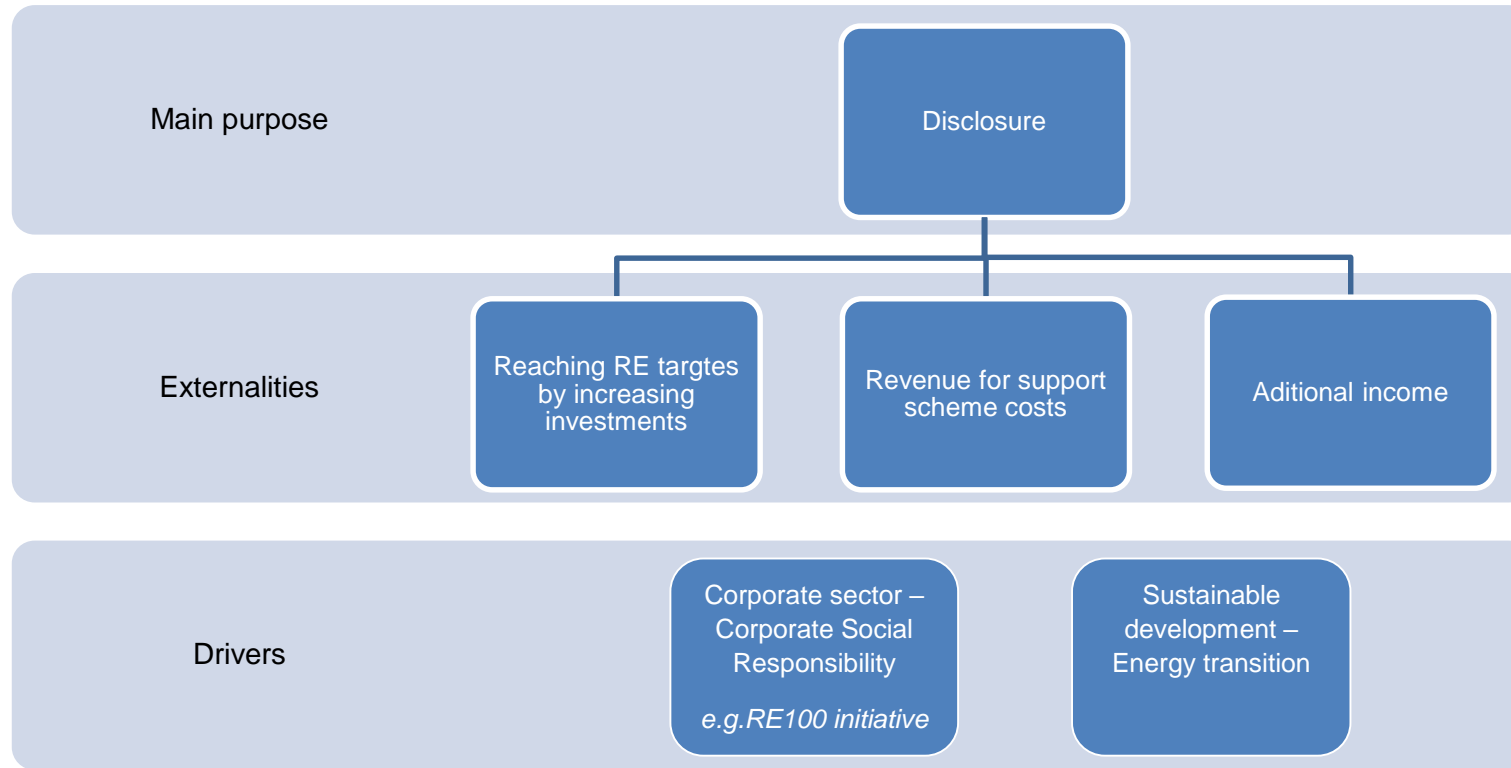
Concept of GoOs

- 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

EECS Certificates: state transition



Benefits of using GOs





Legal basis



Designated competent body



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



"import-only" status in the AIB



Full member of the AIB



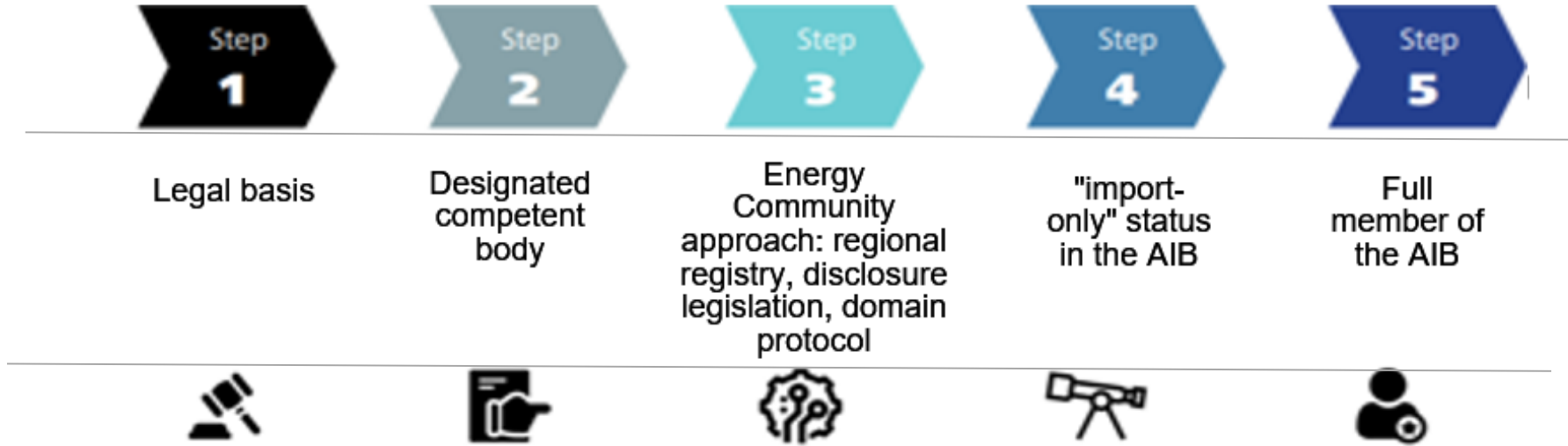
EU Legislation



- Internal Energy Market Directive 2019/944
ANNEX I – Disclosure of energy sources
- Renewable Energy Directive 2009/28
Article 15
- Renewable Energy Directive 2018/2001 (RED II)
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

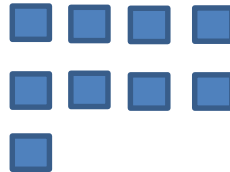
GO tracking levels

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

National registries



vs.

Regional registry



What: **transfer tracking hub**

Why: inter-registry hub to enable trade between AIB-members, supervised by AIB

Where: AIB hub

AIB
association of issuing bodies



What: **Trading platform**

Why: commercial trade between market participants, to earn revenue

Where: market place (several possibilities)



1 GO currently costs:
0,2 – 0,3
€/MWh

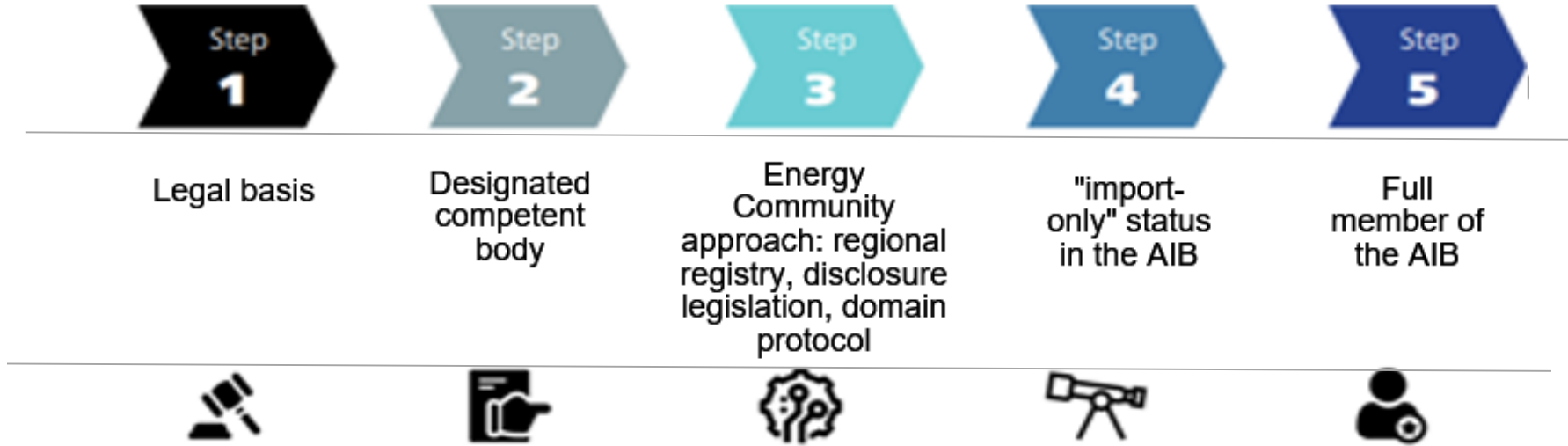
Regional electronic registry (software)

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;

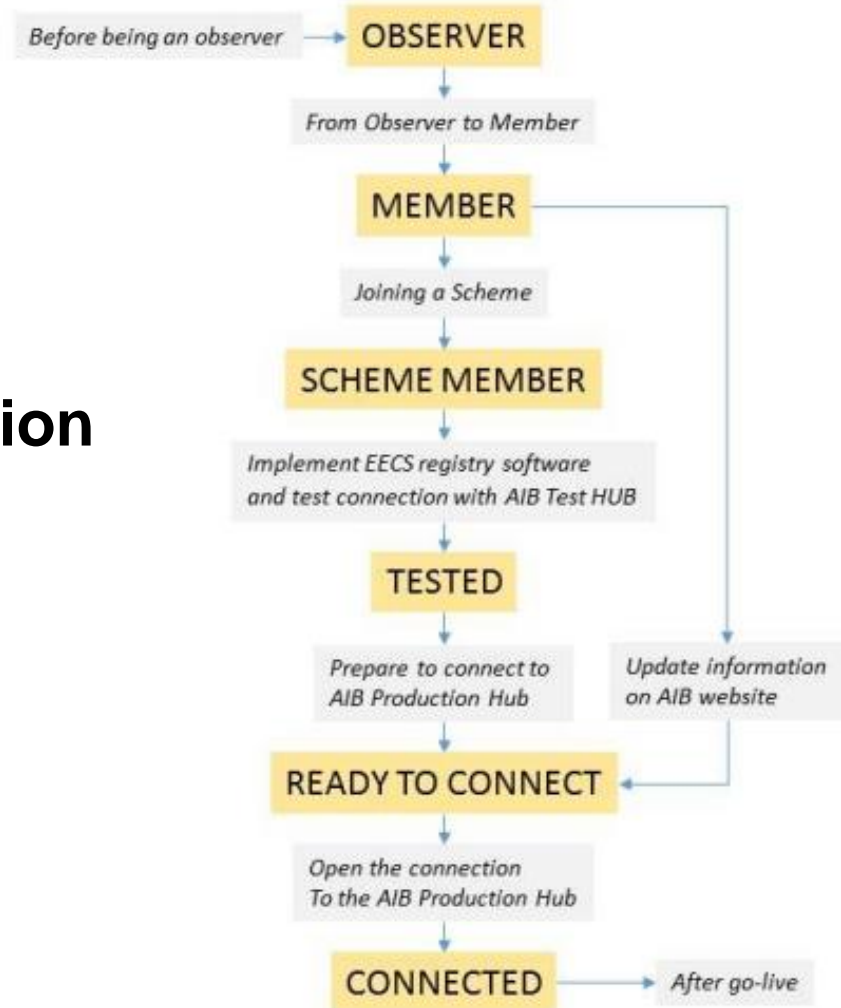
Regional registry





Connecting to AIB interim solution “import-only status”

JOINING ROUTEMAP





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FOR YOUR ATTENTION

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