

Detailed Consideration of the Guarantee of Origin scheme in the ‘Clean Energy for All Europeans’ Package

Comments	RED II – proposed text
<p>The revised Renewable Energy Directive (RED II) introduces provisions for the auctioning of supported renewable energy, in order to offset the cost of support by the income derived from the sale of GOs. However, given that the need for support is diminishing, it is unclear why this should be necessary: perhaps it might be optional?</p> <p>RED II makes mandatory the observance of the CEN/CENELEC standard by all Member States. This raises issues in terms of the adequacy of the CEN/CENELEC processes for forming and agreeing dynamic and fast changing standards. The CEN standard merely sets out what should be achieved, but not the way in which it should be administered or enforced: the AIB has developed the institutional framework (the EECS Rules), and the two will need adaptation to work together as, despite the CEN standard having originally been extracted from the EECS Rules, the latter has evolved considerably since then.</p> <p>Furthermore, derogation from the CEN standard is only permitted where there is an obstruction in the form of national legislation. However, other derogations will almost certainly be necessary or desirable to ensure the effective and cost-efficient functioning of the GO scheme. For example, changes in market behaviour or new fuel type etc... Can CEN support this, and if so, how will this be achieved?</p>	<p style="text-align: center;">Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the promotion of the use of energy from renewable sources (recast)</p> <p style="text-align: center;"><u>EXPLANATORY MEMORANDUM</u></p> <p>3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS</p> <p>3.4. Impact assessment</p> <p>(iv) Options to empower and inform consumers of renewable energy:</p> <p style="padding-left: 20px;">b) Disclose information for renewable electricity:</p> <p style="padding-left: 40px;">(1) consolidating the Guarantees of Origin (GO) system; (2) Building on option 1 making GOs mandatory for disclosure; (3) Building on option 2 extending GOs to all sources of electricity generation.</p> <p>A combination of Option 1 and Option 2 is preferred for this Proposal, to consolidate the system and make the use of GOs mandatory for disclosure of renewable electricity. This strikes a good balance and allows to increase transparency and trust in the system while avoiding the additional administrative costs that would result from extending the system to all sources of generation.</p> <p>This option is also proportionate as it does not entail an excessive administrative burden for the management of the system (especially for small scale producers). It also and respects subsidiarity as it allows Member States to choose their preferred method of managing the system.</p>

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	<p>5. DETAILED EXPLANATION OF THE SPECIFIC PROVISIONS OF THE PROPOSAL</p> <p>Article 19 includes some modifications to the guarantees of origin system (i) to extend the guarantees of origin (GOs) system to renewable gas; (ii) to make the issuance of GOs for heating and cooling mandatory upon a producer's request; (iii) to make the use of GOs mandatory for RES-E and renewable gas disclosure; (iv) to enable the issuance of GOs to supported RES-E allocated through auctioning, with revenues raised to be used to offset the costs of renewable support; and (v) to improve the administrative procedures through the application of the CEN standard.</p>
<ul style="list-style-type: none"> No comment 	<p style="text-align: center;">Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the promotion of the use of energy from renewable sources (recast) (Text with EEA relevance)</p> <p>THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,</p> <p>Having regard to the Treaty establishing the European Community on the Functioning of the European Union, and in particular Article 175(1) 194(2) thereof, and Article 95 thereof in relation to Articles 17, 18 and 19 of this Directive,</p> <p>Having regard to the proposal from the European Commission,</p> <p>After transmission of the draft legislative act to the national parliaments,</p> <p>Having regard to the opinion of the European Economic and Social Committee,</p> <p>Having regard to the opinion of the Committee of the Regions,</p> <p>Acting in accordance with the ordinary legislative procedure laid down in Article 251 of the Treaty,</p>

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	Whereas:
<ul style="list-style-type: none"> • The requirement to <u>prove</u> has been replaced by a requirement to <u>show</u>, or <u>demonstrate</u>. It is unclear why this weakening of the text is felt to be necessary. • DG ENER has widened the scope of GOs to other energy transfer media. We would like to understand how it is proposed that GOs issued for one energy medium would interact with GOs issued for another energy medium (e.g. biodigestion to produce biogas used in renewable electricity production). • It is unclear whether there is an international market for heating and cooling, except for plants close to the borders between different Member States. We would be interested to discover whether the market for heating and cooling GOs exists, and if so, its characteristics and size. • It is unclear what the legal use of heating and cooling GOs is. Are these intended for use in disclosure and is there demand for them? • If there is no disclosure scheme associated with GOs then the relevance of the GOs is unclear. • It is unclear what the legal use of renewable gas GOs is. Does an obligation for renewable gas disclosure exist? • The concept of renewable gas GOs should align with electricity GOs. Where renewable gas GOs are issued, there should be an obligation to cancel and use renewable gas GOs for renewable gas supply. Renewable gas GOs should be harmonized on an EU level. • DG ENER recognises the need to prevent double disclosure as well as double counting, and prohibit double selling. Unfortunately, provisions for use of alternative forms of proof by consumers and particularly the 	<div style="border: 1px solid black; padding: 2px; margin-bottom: 10px;">+ 2009/28/EC Recital 52 (adapted)</div> <p>(43) Guarantees of origin issued for the purpose of this Directive have the sole function of proving showing to a final customer that a given share or quantity of energy was produced from renewable sources. A guarantee of origin can be transferred, independently of the energy to which it relates, from one holder to another. However, with a view to ensuring that a unit of electricity from renewable energy sources is disclosed to a customer only once, double counting and double disclosure of guarantees of origin should be avoided. Energy from renewable sources in relation to which the accompanying guarantee of origin has been sold separately by the producer should not be disclosed or sold to the final customer as energy from renewable sources. It is important to distinguish between green certificates used for support schemes and guarantees of origin.</p>

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<p>corporate sector (e.g. voluntary certificates from outside of the EU) have not been prohibited.</p> <ul style="list-style-type: none"> • RED II does not provide for the use of GOs outside of the EU. Where GOs are used outside of the EU, then there will be an implicit ‘back-flow’ from outside of the EU, and vice versa, but the mix of energies within such a back-flow will not necessarily be identifiable. These issues need to be resolved if the energy mix is to be calculated correctly, by a simple statement that ‘GOs are intended for use within Europe’. • The distinction between green certificates and GOs has rightly been dropped: now the nature of the GO has been clarified, this distinction is no longer necessary. 	
<ul style="list-style-type: none"> • We are pleased to see that Member States are now required to enforce that suppliers use GOs to disclose energy mix to their customers, and in support of marketing claims. • It is unclear what “Article X of Directive [Market Design] actually says. We believe this should be a reference to the Internal Energy Market (IEM) Directive. 	+ 2009/28/EC Recital 53 (adapted)
	<p>(44) It is appropriate to allow the emerging consumer market for electricity from renewable energy sources to contribute to the construction development of new installations for energy from renewable sources. Member States should therefore be able to require electricity suppliers who disclose their energy mix to final customers in accordance with Article X 3(6) of Directive [Market Design] 2003/54/EC, or who market energy to include consumers with a minimum percentage reference to the consumption of energy from renewable sources, to use of guarantees of origin from recently constructed installations producing energy from renewable sources, provided that such a requirement is in conformity with European law.</p>
<ul style="list-style-type: none"> • To resolve ‘double compensation’, we wonder why the auctioning process is preferred, and moreover why auctioning is mandatory? While for some Member States this is a valid solution, for other Member States it can have severe disadvantages (see comments on 	+ 2009/28/EC Recital 54 (adapted)
	<p>(45) It is important to provide information on how the supported electricity is allocated to final customers in accordance with Article 3(6) of Directive 2003/54/EC. In order to improve the quality of that</p>

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<p>article 19.2). There are alternative ways of resolving ‘double compensation’ aside from mandatory auctioning of GOs for support electricity. Rather than preventing supported renewable energy producers receiving GOs, the amount of financial support could be adjusted to reflect income derived from GOs.</p>	<p>information to consumers, in particular as regards the amount of energy from renewable sources produced by new installations, the Commission should assess the effectiveness of the measures taken by Member States. Member States should ensure that guarantees of origin are issued for all units of renewable energy produced. In addition, with a view to avoiding double compensation, renewable energy producers already receiving financial support should not receive guarantees of origin. However, those guarantees of origin should be used for disclosure so that final consumers can receive clear, reliable and adequate evidence on the renewable origin of the relevant units of energy. Moreover, for electricity that received support, the guarantees of origin should be auctioned to the market and the revenues should be used to reduce public subsidies for renewable energy.</p>
<ul style="list-style-type: none"> • The clarification of the role of high-efficiency cogeneration GOs (HEC GOs) is welcome. • The final sentence implied that GOs might confer the right to support if they were accompanied by something else (although it is unclear what the accompanying instrument might be), so its deletion is welcome. 	<p style="text-align: center;">+ 2009/28/EC Recital 55 (adapted)</p> <p>(46) Directive 2004/8/EC 2012/27/EU of the European Parliament and of the Council of 11 February 2004 on the promotion of cogeneration based on a useful heat demand in the internal energy market provides for guarantees of origin for proving the origin of electricity produced from high-efficiency cogeneration plants. However no use is specified for such guarantees of origin cannot, so they should also be used when disclosing the use of energy from renewable sources in accordance with Article 3(6) of Directive 2003/54/EC as this might result in double counting and double disclosure. 2012/27/EC on energy efficiency provides for guarantees of origin for proving the origin of electricity produced from high efficiency cogeneration plants. However no use is specified for such guarantees of origin cannot, so they should also be used when disclosing the use of energy from renewable sources in accordance with Article 3(6) of Directive 2003/54/EC as this might result in double counting and double disclosure high efficiency CHP.</p>

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	+ 2009/28/EC Recital 56 (adapted) Guarantees of origin do not by themselves confer a right to benefit from national support schemes.
<ul style="list-style-type: none"> The addition of renewable gas is most welcome. The concept of renewable gas GOs should align with electricity GOs. Where renewable gas GOs are issued, there should be an obligation to cancel and use renewable gas GOs for renewable gas supply. Renewable gas GOs should be harmonized on an EU level. No requirement is made for whether book-and-claim or mass-balance Chain of Custody is required for GOs for renewable gas. It is therefore assumed that both are possible, and Member States may select whichever they prefer. We recognise that mass balance is a key requirement of the RED II for bioliquids. Mass balance chain of custody is sometimes used up to the point of injection into a grid. From that point onwards, book-and-claim allows physical energy markets to continue in their current, established and efficient form, unhindered by the need to differentiate what is in reality a homogenous product. This offers a more cost efficient solution and leads to more liquid markets. 	↓ new (47) Guarantees of origin, which are currently in place for renewable electricity and renewable heating and cooling, should be extended to cover renewable gas. This would provide a consistent means of proving to final customers the origin of renewable gases such as biomethane and would facilitate greater cross-border trade in such gases. It would also enable the creation of guarantees of origin for other renewable gases such as hydrogen.
<ul style="list-style-type: none"> We understand that “the implementation of agreements on mutual recognition” means that the Commission has the power to enter into agreements with third countries. Is that correct? And are these specifically “mutual” agreements? It is unclear what the ‘rules to monitor the functioning of the system of guarantees of origin’ will be – clarity on this point would be welcome. What will the ‘rules’ be, how will they be developed and monitored, and what is their scope? How will the experts be selected? 	↓ new (99) In order to amend or supplement non-essential elements of the provisions of this Directive, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of the list of feedstocks for the production of advanced biofuels, the contribution of which towards the fuel suppliers' obligation in transport is limited; the adaptation of the energy content of transport fuels to scientific and technical progress; the methodology to determine the share of biofuel resulting from biomass being processed with fossil fuels in a common process; the implementation of agreements on mutual recognition of

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	<p>guarantees of origin; the establishment of rules to monitor the functioning of the system of guarantees of origin; and the rules for calculating the greenhouse gas impact of biofuels, bioliquids and their fossil fuel comparators. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.</p>
<ul style="list-style-type: none"> No comment. 	<p style="text-align: center;">↓ 2009/28/EC (adapted) ⇒ new</p> <p>HAVE ADOPTED THIS DIRECTIVE:</p> <p><i>Article 1</i></p> <p>Subject-matter and scope</p> <p>This Directive establishes a common framework for the promotion of energy from renewable sources. It sets a binding mandatory national-Union targets for the overall share the share of energy from renewable sources in gross final consumption of energy in 2030 and for the share of energy from renewable sources in transport. It also lays down rules on relating to statistical transfers between Member States, joint projects financial support to electricity produced from renewable sources, self-consumption of renewable electricity, and renewable energy use in the heating and cooling and transport sectors, regional cooperation between Member States and with third countries, guarantees of origin, administrative procedures and information and training and access to the grid for energy from renewable sources. It establishes sustainability and greenhouse gas emissions saving criteria for biofuels, and bioliquids and biomass fuels.</p>

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<ul style="list-style-type: none"> This raises an issue with the treatment of HEC GOs for biomass. Ideally, both GOs should appear on the same electronic document, such that each produced MWh is associated with a single electronic document which carries GOs for RES and HEC as appropriate. Requiring separate electronic documents for RES GOs and HEC GOs introduces additional and unnecessary bureaucracy and costs and increases the risk of double-counting. We would prefer: 'guarantee of origin' means an electronic document issued by a Member State or its designated competent body, and which has the sole function of providing proof to a final customer that a given share or quantity of energy was produced from a specific energy source and/or technology type (as required, for electricity, by [Annex II] IEM Directive); 	<p>↓ 2009/28/EC Article 2 (adapted)</p> <p>⇒ new</p>
	<p style="text-align: center;"><i>Article 2</i></p> <p style="text-align: center;">Definitions</p> <p>For the purposes of this Directive, the definitions in Directive 2003/54/EC 2009/72/EC apply.</p> <p>The following definitions also apply:</p> <p>(jh) 'guarantee of origin' means an electronic document which has the sole function of providing proof to a final customer that a given share or quantity of energy was produced from renewable sources as required by Article 3(6) of Directive 2003/54/EC;</p>
<ul style="list-style-type: none"> No comment on definition (x) The concept of the Residual Energy Mix should be continued into the IEM Directive where appropriate. (oo) Residual energy mix: specify 'per energy medium' (i.e. electricity, gas etc...) 	<p>↓ new</p>
	<p>(x) 'distribution system operator' shall be defined as in Article 2(6) of Directive 2009/72/EC;</p> <p>(oo) 'residual energy mix' means the total annual energy mix for a Member State, excluding the share covered by the cancelled guarantees of origin;</p>
<ul style="list-style-type: none"> GO accounting must be kept separate for electricity and gas. For example, gas GOs should only be used for disclosure for gas consumption, and should not be transferred into an electricity GO system. The reason for this is that inputs and outputs must reconcile for each energy medium, in order to treat correctly system inefficiencies and losses. How does this work with joint fuel contracts? Could a (non-renewable) natural gas contract be seen to 'taint' a renewable electricity supply? Under RED II, we understand that energy may be supplied either via a supplier, or direct to a consumer, meaning that bilateral contracts can 	<p style="text-align: center;"><i>Article 15 19</i></p> <p style="text-align: center;">Guarantees of origin of electricity, heating and cooling produced from renewable energy sources</p> <p>1. For the purposes of proving 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 in accordance with Article 3(6) of Directive 2003/54/EC, Member States shall ensure that the origin of electricity energy produced from renewable energy sources can be guaranteed as such</p>

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<p>be struck between producers and (large) consumers, or that such a sale could be conducted via an Exchange.</p>	<p>within the meaning of this Directive, in accordance with objective, transparent and non-discriminatory criteria.</p>
<ul style="list-style-type: none"> • It is disappointing that fossil and nuclear GOs are excluded, but pleasing that it is clarified that this is now legally supported, and that it can be made mandatory in a Member State if that Member State so wishes. • Note that RED II treats RES and HEC GOs differently. Whereas Member States are required to <u>use</u> GOs to support all claims of RES or CHP, they are <u>only required</u> to issue RES GOs, so they do not <u>have</u> to issue HEC GOs. • It will be a challenge to ensure that the changes to the Directives within the Clean Energy Package remain consistent between Directives; the legislation process must secure this. The rules regarding renewable GOs must be applied where GOs for non-renewable energy sources are issued. There is a risk for open interpretation regarding the application of rules. • RED II only requires the cancellation of renewable and HEC GOs. In case Member States issue non-renewables GOs these must be cancelled and taken into account in disclosure calculations. This prevents double-counting of non-renewable attributes. The amount of carbon varies widely with the type of fuel (a supplier might claim low-carbon electricity more than once, to lower the apparent footprint of the energy it supplies). • Member States can implement a minimum capacity limit, however this brings with it the risk that each Member State will use a different limit, and that some Member States might overcome the requirement to issue GOs by setting the limit high. Member States should be allowed to solve this in their own way while still conforming to the requirement to issue GOs. There are some alternatives to a minimum capacity limit, 	<p>2. To that end, Member States shall ensure that a guarantee of origin is issued in response to a request from a producer of electricity energy from renewable energy sources. Member States may arrange for guarantees of origin to be issued for non-renewable energy sources. in response to a request from producers of heating and cooling from renewable energy sources. Such an arrangement Issuance of guarantees of origin may be made subject to a minimum capacity limit. A guarantee of origin shall be of the standard size of 1 MWh. No more than one guarantee of origin shall be issued in respect of each unit of energy produced.</p> <p>Member States shall ensure that the same unit of energy from renewable sources is taken into account only once.</p> <p>Member States may provide shall ensure that no support be granted guarantees of origin are issued to a producer when that producer receives financial support from a support scheme a guarantee of origin for the same production of energy from renewable sources. Member States shall issue such guarantees of origin and transfer them to the market by auctioning them. The revenues raised as a result of the auctioning shall be used to offset the costs of renewables support.</p> <p>The guarantee of origin shall have no function in terms of a Member State's compliance with Article 3. Transfers of guarantees of origin, separately or together with the physical transfer of energy, shall have no effect on the decision of Member States to use statistical transfers, joint projects or joint support schemes for target compliance or on the calculation of the gross final consumption of energy from renewable sources in accordance with Article 5 7.</p>

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<p>for example, Member States can simplify access to the GO system for smaller power plants.</p> <ul style="list-style-type: none"> • Since our members have conflicting views about auctioning, it should not be mandatory; but it could be a possibility offered to Member States (“Member States may ensure that no guarantees of origin are issuedMember States may issue such guarantees of origin and transfer them to the market by auctioning ...”). • One Member State has implemented auctioning for GOs as follows: <ul style="list-style-type: none"> ○ By law, GOs for three types of production installations are awarded to GSE, which periodically auctions these GOs. The three types of production devices include all solar plants >10 kW, and are: <ul style="list-style-type: none"> ▪ Plants using GSE’s service of purchase & resale contracts (GSE buys the electricity); ▪ Plants using GSE’s service of net metering; ▪ Plants using GSE’s service of purchase & resale associated with all-inclusive feed-in tariffs. ○ The revenues of these auctions are used to decrease the share of the RES-support cost paid by the final consumer (so-called component A3 on the electricity invoice). • When implementing an auction the following points need to be carefully considered by each Member State: <ul style="list-style-type: none"> ○ GOs are not a homogeneous commodity. Contrary to the EUETS carbon credits that are a homogenous commodity, GOs and their attached value are very diverse depending on the technology, source, time period, capacity, location etc... It is then important to take this into account when auctioning GOs: 	

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<ul style="list-style-type: none"> ▪ Auctioning GOs in large bundles with different characteristics altogether may be cost efficient but will yield lower income. Auctioning the above mentioned large bundles may place a flat price on GOs, regardless of type, so encouraging windfall profiteering by energy or non-energy companies (buying at a fixed price, and selling on high-quality GOs at a premium). ▪ Auctioning GOs in small homogenous bundles would more appropriately reflect the value of the GO but could increase administrative cost e.g. capacity bands or technology bands, etc... ○ Auctioning may prevent suppliers (e.g. local renewable communities) from marketing locally-produced energy. There is growing customer demand for specific energy products (e.g. local power), which should be protected: customers should be able to exercise choice. If GOs are auctioned, it would be almost impossible for suppliers to acquire the GOs they need to be able to supply those specific energy products. Hence this development will introduce complexities and is potentially detrimental to the market as it exists in some Member States. ○ The cost of auctioning and the associated bureaucracy should be considered alongside the revenues derived from it. ○ Moreover, the frequency of auctions should be thought through. GOs are being issued and traded all the time, which would require frequent auctioning and which could increase bureaucracy and costs. ○ When auctioning, it is important to structure the auction in such a way as to minimise the opportunity for any market party to abuse its position. 	

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<ul style="list-style-type: none"> ○ Member States that do currently issue GOs for support and where the revenue is received by the producer will find that the revenue for producers will reduce. This will have the effect of prolonging the life of support schemes, and this will delay renewable energy from achieving grid parity without support. If the revenue of renewable energy communities and small producers are impacted their interests should be considered. ○ The impact on existing PPAs (power purchase agreements) and other commercial agreements (e.g. financing arrangements for renewable plant investment) should be taken into account. Not giving the GOs directly to the producers would prevent the sale by the producer of supported electricity with the related GOs, making many PPAs inoperable. Therefore, income from GOs sold under PPAs should be recovered in a different way than by auction. ○ There are alternative ways of resolving ‘double compensation’ aside from mandatory auctioning of GOs for supported electricity. Rather than preventing supported renewable energy producers receiving GOs, the amount of financial support could be adjusted to reflect income derived from GOs. This would require the selling price of GOs to be notified to an official body which would ascertain the average sale price. ○ Most production devices receive support, so Member States will have to auction the majority of the GOs issued. 	
<ul style="list-style-type: none"> ● See next paragraph 	<p>3. Any use of a guarantee of origin shall take place within 12 months of production of the corresponding energy unit. A guarantee of origin shall be cancelled once it has been used.</p>

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<ul style="list-style-type: none"> • We are disappointed that moving away from the RE-DISS recommendation in this way means that the advice of competent bodies in this respect has been ignored. • While the adoption of calendar year may make the administrative process appear more simple, there is concern among some of our members that it may damage the market and have a negative impact on the efficient administration of the GO scheme: <ul style="list-style-type: none"> ○ This validity period means that a GO issued in January for energy produced in January has a shelf life of 17 months; while a GO issued in March for energy produced in December has a shelf life of 3 months. The two will have different prices, leading to further fragmentation of the market. This puts producers of energy that experience seasonal patterns at a disadvantage compared to producers that can control their production, because the latter can use the market to their benefit; e.g. wind versus biomass. The fragmentation of the market will be further compounded by the combination of different ‘shelf lives’ and the large number of GOs being auctioned off. ○ While the majority (about 80%) of GOs are issued within 2-3 months of production of the associated energy, about 15% are issued during the following quarter, and the remainder are not issued until later than that. This means that producers of energy produced late in the year may not receive the GOs to which they are entitled, with the associated impact on their profitability and the potential impact on the accuracy of the residual mix. Therefore, at least an exception should be allowed for a GO which for technical reasons is issued late. ○ The methodology in some countries for verifying the accuracy of energy input factors (EIFs) for production devices consuming biomass and/or producing renewable heat entails annual checks after the event, which cost-effectively ensures the accuracy of 	↓ new
	<p>3. For the purposes of paragraph 1, guarantees of origin shall be valid with respect to the calendar year in which the energy unit is produced. Six months after the end of each calendar year, Member States shall ensure that all guarantees of origin from the previous calendar year that have not been cancelled shall expire. Expired guarantees of origin shall be included by Member States in the calculation of the residual energy mix.</p>

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<p>GOs. If production and consumption were linked, any GOs issued following the annual check may either be useless, or only useful for a very short time. GOs issued late should have a minimum validity period. Changing the verification process would increase the costs of the GO scheme.</p>	
<ul style="list-style-type: none"> • We welcome the harmonised deadline for cancellation. This enables accurate residual mix calculations in the absence of full disclosure. • Cancellation by 30 June instead of 31 March is inconsistent with RE-DISS best practice: <ul style="list-style-type: none"> ○ This diminishes the value of the information held on a GO – consumers need up-to-date information. ○ It also means that a number of Member States which have implemented RE-DISS best practice will have to revise their procedures, and to do so in a way that reduces the quality of information provided by GOs. • If the cancellation date is by 30 June instead of 31 March, the Residual Mix calculation and the update of the information on the supplier bill will be delayed by three months, as every Member State needs to await all cancellations before they can complete their disclosure calculation. 	<p align="center">⇩ new</p> <p>4. For the purposes of disclosure referred to in paragraphs 8 and 13, Member States shall ensure that guarantees of origin are cancelled by energy companies by 30 June of the year following the calendar year in relation to which the guarantees of origin are issued.</p>
<ul style="list-style-type: none"> • In certain circumstances it might be justifiable for competent bodies to separate their responsibilities for reasons other than those provided by geography – for instance, type of energy (electricity/gas/heating & cooling), type of technology (nuclear/other), or type of consumer (domestic (households)/non-domestic). 	<p align="center">⇩ 2009/28/EC ⇒ new</p> <p>5. Member States or designated competent bodies shall supervise the issuance, transfer and cancellation of guarantees of origin. The designated competent bodies shall have non-overlapping geographical responsibilities, and be independent of production, trade and supply activities.</p>
<ul style="list-style-type: none"> • Binding Member States to the CEN standard will decrease the flexibility of the GO system considerably and would make it more 	<p>6. Member States 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</p>

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<p>difficult to respond to market developments and legal changes. This could add significant administrative burden to Member States and Issuing Bodies which do not seem appropriately outweighed by the possible benefits of making the CEN standard mandatory:</p> <ul style="list-style-type: none"> ○ The CEN standard was inspired by the EECS Rules which remain broadly in line with the CEN standard. However, the CEN standard merely sets out what should be achieved but like any standard it does not provide the way in which it should be administered or enforced. The EECS rules provide an institutional framework for this. ○ The CEN standard does not take into account the national situation with regard to production devices located in that country or region (number of domestic plants, fuel type, proportion of non-renewable matter in waste etc...). Our understanding is that derogation from CEN standards is only permitted where there is an obstruction in the form of national legislation. However, other derogations will almost certainly be necessary or desirable to ensure effective and cost-efficient functioning of the GO scheme. For example, changes in market behaviour or new fuel type etc... Can CEN support this, and if so, how will this be achieved? ○ Amending a CEN standard often takes 2-3 years. Such low-frequency maintenance constrains the ability of competent bodies and Member States to react to day-to-day occurrences. ○ Decision-makers in CEN national teams are not exclusively members of competent bodies, experienced in GOs, energy supply or relevant markets, thus acting against the interests of high-quality working practice. ○ The CEN standard is for energy, not just electricity. Further development of the CEN standard must ensure that the 	<p>accurate, reliable and fraud-resistant. Member States and designated competent bodies shall ensure that their requirements are compliant with the standard CEN - EN 16325.</p>

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Comments	RED II – proposed text
<p>requirements of other energy transportation media do not conflict with those of electricity.</p>	
<ul style="list-style-type: none"> The expansion of the scope of GOs to include gas is welcomed, as is the proposal to delete “the extent of support”, the meaning of the latter never having been clear, and its implementation never having been properly achievable. It is our understanding that the proposal to permit simplified information on GOs refers to GOs for such plants as domestic solar PV, the quantity of which might otherwise make the economic operation of the GO scheme unfeasible. While such simplification might well be achievable, the information that might sensibly be simplified and the definition of a small scale installation would need to be harmonised, if such GOs are to be traded. Based on a common methodology, CO₂ emissions and radioactive waste might also be added as explicit quantities in order to support disclosure as required by the IEM. CO₂ emissions and radioactive waste are only required at supplier level, but product level would better support the internal market and therefore be preferable. 	<p>Meaning and 7. A guarantee of origin shall specify at least:</p> <p>(a) the energy source from which the energy was produced and the start and end dates of production;</p> <p>(b) whether it relates to:</p> <p>(i) electricity; or</p> <p align="center">↓ new</p> <p>(ii) gas, or</p> <p align="center">↓ 2009/28/EC (adapted)</p> <p>(iii) heating or cooling;</p> <p>(c) the identity, location, type and capacity of the installation where the energy was produced;</p> <p>(d) whether and to what extent the installation has benefited from investment support, whether and to what extent the unit of energy has benefited in any other way from a national support scheme, and the type of support scheme;</p> <p>(e) the date on which the installation became operational; and</p> <p>(f) the date and country of issue and a unique identification number.</p> <p align="center">↓ new</p> <p>Simplified information may be specified on guarantees of origin from small scale installations.</p>
<ul style="list-style-type: none"> The requirement placed upon suppliers to cancel RES GOs and HEC GOs is welcome. However, as mentioned above, GOs issued for non-renewable sources should also be cancelled. 	<p align="center">↓ 2009/28/EC (adapted)</p> <p align="center">⇒ new</p>

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<ul style="list-style-type: none"> The source of the requirement to prove the origin of HEC electricity is unclear, and should be specified. (While the IEM Directive contains a requirement to prove the origin of renewable energy; it does not require any such proof for HEC electricity. The IEM Directive should not require the disclosure of HEC, but if the supplier chooses to market electricity having HEC properties, then it should be required to substantiate such a claim through the cancellation of GOs.) We would suggest to replace ‘... used to demonstrate ...’ with ‘... cancelled to demonstrate ...’. This makes it clear how GOs are required to be used in this context. The interaction between HEC GOs and other GOs needs to be defined such that no more than one GO shall be issued for each MWh (megawatt-hour): in addition to the information required by RED II, each GO should also contain information concerning HEC where GOs for high-efficiency cogeneration have been requested by producers. We propose that the final sentence be changed to ‘Member States shall ensure that transmission losses are fully taken into account when disclosing the origin of the energy.’ Member States should have the freedom to choose how best to account for grid losses when disclosing the origin of the energy. Taking losses “fully” into account is sufficiently complex that we consider that it would be difficult to cost-justify. <p>Beyond grid losses, other system inefficiencies may also need to be taken into account in order to get a complete overview of energy consumed in a certain Member State.</p>	<p>87. Where an electricity supplier is required to prove the share or quantity of energy from renewable sources in its energy mix for the purposes of Article 3(6) of Directive 2003/54/EC, it may shall do so by using its guarantees of origin. Likewise, guarantees of origin created pursuant to Article 14(10) of Directive 2012/27/EC shall be used to substantiate any requirement to prove the quantity of electricity produced from high-efficiency cogeneration. Member States shall ensure that transmission losses are fully taken into account when guarantees of origin are used to demonstrate consumption of renewable energy or electricity from high efficiency cogeneration.</p>
<ul style="list-style-type: none"> No comment 	<p>8. The amount of energy from renewable sources corresponding to guarantees of origin transferred by an electricity supplier to a third party shall be deducted from the share of energy from renewable sources in its energy mix for the purposes of Article 3(6) of Directive 2003/54/EC.</p>

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<ul style="list-style-type: none"> RED II should also contain provisions such that Member States may refuse GOs from another Member State if they have well-founded doubts about how GOs are being used in that Member State. If a Member State’s GO scheme allows for attributes to be double-counted, then the accuracy of the information on a GO is irrelevant. This could be strengthened by replacing “... exclusively as proof ...” by “... as the sole admissible proof ...”, and replacing “...to (f)” by “... to (f) for the purposes of proving to consumers the source of their energy”. Proposal to replace “...veracity” by “...veracity of its GO system”. 	<p>9. Member States shall recognise guarantees of origin issued by other Member States in accordance with this Directive exclusively as proof of the elements referred to in paragraph 1 and paragraph 67 (a) to (f). A Member State may refuse to recognise a guarantee of origin only when it has well-founded doubts about its accuracy, reliability or veracity. The Member State shall notify the Commission of such a refusal and its justification.</p>
<ul style="list-style-type: none"> No comment 	<p>10. If the Commission finds that a refusal to recognise a guarantee of origin is unfounded, the Commission may adopt a decision requiring the Member State in question to recognise it.</p>
	↓ new
<ul style="list-style-type: none"> The resolution of this issue is welcome. However, it needs to be extended such that the practice of “ex-domain cancellation” (cancelling in one country for use outside of Europe) is prohibited. Currently this is used to replace exports of GOs from European countries to those in Australia, Asia, America and Africa, and has the disadvantage that unless there is a calculated back-flow from that country, then there is an accounting shortfall such that the amount of electricity evidenced by GOs is less than that which has been produced in Europe. It is unclear whether GOs should be recognised from third countries, from and to which, there is no direct import or export of energy. To protect consumers, RED II should contain an explicit prohibition of other forms of proof being issued and/or used for disclosing the origin of the same energy for which GOs have been issued. (Note: this also needs to address the use of voluntary certificates and bitcoins for RES electricity produced in Europe but consumed outside of Europe. Here, there is no shortfall in GOs, as these do not figure in this sort of trade, but there is an accounting shortfall: the importing country and the 	<p>11. Member States shall not recognise guarantees of origins issued by a third country except where the Commission has signed an agreement with that third country on mutual recognition of guarantees of origin issued in the Union and compatible guarantees of origin systems established in that country, where there is direct import or export of energy. The Commission is empowered to adopt delegated acts in accordance with Article 32 to enforce these agreements.</p>

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<p>exporting European country cannot both benefit from the RES electricity.)</p> <ul style="list-style-type: none"> • RED II is silent concerning the export of GOs to third countries which do not benefit from an agreement with the Commission. These are similar to the voluntary certificates and bitcoins mentioned above. • RED II is also silent concerning the treatment of electricity imported from third countries which do not benefit from an agreement with the EU Commission: to what degree is it to be considered renewable? If it is not renewable, then what is it and what carbon footprint can be attributed to it? One suggestion might be to allow Member States to represent the import from third countries as “unknown source” in the disclosure calculation. 	
<ul style="list-style-type: none"> • RED II should <u>require</u> Member States to introduce objective, transparent and non-discriminatory criteria, rather than simply offer them the <u>opportunity</u> to require it. 	<p>↓ 2009/28/EC (adapted) ⇒ new</p> <p>1112. A Member State may introduce, in conformity with Community Union law, objective, transparent and non-discriminatory criteria for the use of guarantees of origin in complying with the obligations laid down in Article 3(69) of Directive 2003/54/EC 2009/72/EC.</p>
<ul style="list-style-type: none"> • The current RES Directive article 15 paragraph 12 relates to the situation where electricity is marketed from new (additional) installations. With the deletion of the text ‘<i>that comes from installations or increased capacity that became operational after 25 June 2009</i>’ from paragraph 13 of RED II, it is unclear what the difference is between paragraph 13 and paragraph 8 in RED II. • In paragraph 13, what is the intention of the wording ‘<i>with a reference to environmental or other benefits of energy from renewable sources or from high-efficiency cogeneration</i>’? The RED II should not suggest that the mere cancellation of GOs and disclosure of green electricity incurs any further environmental or other benefits other than that the electricity supplied has been produced from renewable sources. If 	<p>1213. Where energy suppliers market energy from renewable sources or high-efficiency cogeneration to consumers customers with a reference to environmental or other benefits of energy from renewable sources or from high-efficiency cogeneration, Member States may shall require those energy suppliers to make available, in summary form, information on use guarantees of origin to disclose the amount or share of energy from renewable sources or from high efficiency cogeneration that comes from installations or increased capacity that became operational after 25 June 2009.</p>

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<p>suppliers are marketing the energy with reference to such additional environmental or other benefits, this information should either be on the GO as, for example, an approved independent criteria scheme (ICS) or the date of commissioning, or it should be available from another source e.g. a label.</p> <ul style="list-style-type: none"> • The terms “use”, “cancel” and “disclose” are subject to different interpretations, and should be defined. We would suggest to replace ‘... suppliers to use guarantees ...’ by ‘suppliers to cancel guarantees ...’. This makes it clear how GOs are required to be used in this context. • Disclosure definition: process whereby a supplier provides to its customers information about Electrical Energy that has been supplied to them, as directed by Article 3.9 of the IEM Directive. • Cancel definition: to use a GO for purposes of Disclosure and prevent it from being transferred to another account or being used again for the purposes of disclosure. • The requirement to use GOs is welcome. However, RED II should also require that the use of a GO requires that it has been cancelled. 	
<ul style="list-style-type: none"> • It is unclear what the ‘rules to monitor the functioning of the system of guarantees of origin’ will be – clarity on this point would be welcome: what will the ‘rules’ be, how will they be developed and monitored, and what is their scope? • How will any experts that assist the Commission in adopting delegated acts be selected? • 19(2) It is not fully clear if the rules regarding renewable GOs must be applied where GOs for non-renewable energy sources are issued. There is a risk for open interpretation regarding the application of rules. 	↓ new
	14. The Commission is empowered to adopt delegated acts in accordance with Article 32 establishing the rules to monitor the functioning of the system set out in this Article.
<ul style="list-style-type: none"> • We need a clearer wording of Article 25. As it is proposed we cannot exclude the possibility of double counting of attributes of energy. 	↓ new

Comments	RED II – proposed text
<p>However, we would suggest basing the share of renewable electricity on the disclosure principles elaborated in Article 19 and IEM Directive.</p> <ul style="list-style-type: none"> • RES-E supplied to Road Vehicles: who shall supervise the amount of electricity for which GOs are to be cancelled? How to register this? Who shall supervise the sufficient cancellation of GOs for road vehicles? • It is not sufficient that the RES-E information comes from GOs, it should be ensured that this RES-E (from GOs) is included in the disclosure system. 	<p>Article 25</p> <p>Mainstreaming renewable energy in the transport sector</p> <p>1. With effect from 1 January 2021, Member States shall require fuel suppliers to include a minimum share of energy from advanced biofuels and other biofuels and biogas produced from feedstock listed in Annex IX, from renewable liquid and gaseous transport fuels of non-biological origin, from waste-based fossil fuels and from renewable electricity in the total amount of transport fuels they supply for consumption or use on the market in the course of a calendar year.</p> <p>...</p> <p>3. To determine the share of renewable electricity for the purposes of paragraph 1 either the average share of electricity from renewable energy sources in the Union or the share of electricity from renewable energy sources in the Member State where the electricity is supplied, as measured two years before the year in question may be used. In both cases, an equivalent amount of guarantees of origin issued in accordance with Article 19 shall be cancelled.</p> <p>The share of renewable energy in liquid and gaseous transport fuels shall be determined on the basis of the share of renewable energy in the total energy input used for the production of the fuel.</p> <p>For the purposes of this paragraph, the following provisions shall apply:</p> <p>(a) When electricity is used for the production of renewable liquid and gaseous transport fuels of non-biological origin, either directly or for the production of intermediate products, either the average share of electricity from renewable energy sources in the Union or the share of electricity from renewable energy sources in the country of production, as</p>

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	<p>measured two years before the year in question, may be used to determine the share of renewable energy. In both cases, an equivalent amount of guarantees of origin issued in accordance with Article 19 shall be cancelled.</p> <p>However, electricity obtained from direct connection to an installation generating renewable electricity (i) that comes into operation after or at the same time as the installation producing the renewable liquid and gaseous transport fuel of non-biological origin and (ii) is not connected to the grid, can be fully counted as renewable electricity for the production of that renewable liquid and gaseous transport fuel of non-biological origin.</p>

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Comments	IEM II – proposed text
<ul style="list-style-type: none"> The reference to ‘bills’ may not be applicable to some countries where suppliers utilize more advanced marketing methods to their customers, for example, emails with fuel mix included in the content rather than attached. 4 (a)“(…as well as at the level of the supply undertaking if the supplier is active in several Member States)”: presents extra administrative workload for Member States; how can a Member State check the fuel mix of a supplier in all other countries where this supplier is active? Only a supra-national Agency could check upon this. In relation to 4(c), which reference source should be used? What requirement should a reference source comply with in order to be considered sufficient? To avoid any double counting with physical supply, we would recommend deleting the words ‘obtained via an electricity exchange or’ and ‘the exchange or’. 	<p>CHAPTER iii: CONSUMER EMPOWERMENT AND PROTECTION</p> <p>Article 18: Billing and billing information</p> <p>5. Member States shall require that, to the extent that information on the energy billing and historical consumption is available, it is made available, at the request of the final customer, to a supplier or service provider designated by the consumer in accordance with point 3 of Annex II.</p> <p>ANNEX II</p> <p>4. Disclosure of energy sources</p> <p>Suppliers shall specify in bills:</p> <p>(a) the contribution of each energy source to the overall fuel mix of the supplier (at national level i. e. in the Member State where the supply contract has been concluded, as well as at the level of the supply undertaking if the supplier is active in several Member States) over the preceding year in a comprehensible and clearly comparable manner;</p> <p>(b) the contribution of each energy source to the electricity purchased by the customer in accordance with the supply contract (product level disclosure);</p> <p>(c) as a minimum the reference to existing reference sources, such as web pages, where information on the environmental impact, in terms of at least CO2 emissions and the radioactive waste resulting from the electricity produced by the overall fuel mix of the supplier over the preceding year is publicly available;</p> <p>As regards points (a) and (b) of the first subparagraph with respect to electricity obtained via an electricity exchange or imported from an undertaking situated outside the Union, aggregate figures provided by the exchange or the undertaking in question over the preceding year may be used.</p>

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	<p>For disclosure of electricity from renewable energy sources or from high efficiency cogeneration, guarantees of origin issued under Article 15 of Directive 2009/28/EC and Article 14(10) of Directive 2012/27/EC shall be used.</p> <p>The regulatory authority or another competent national authority shall take the necessary steps to ensure that the information provided by suppliers to final customers pursuant to this Article is reliable and is provided, at a national level, in a clearly comparable manner.</p>