Technical support for RES policy development and implementation.

Establishing technical requirements & facilitating the standardisation process for guarantees of origin on the basis of Dir (EU) 2018/2001

Task 2
Developing Technical requirements for the extended coverage of GO

Part 3: Takeaways from a consultation on text proposals for a revised CEN - EN 16325 standard on guarantees of origin

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FaStGO
Facilitating Standards for Guarantees of Origin

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1 Introduction

1.1 Framework

The FaStGO project has the objective of providing expert advice to the European Commission DG ENER, based on the terms of Reference N° ENER/C1/2019-517: "Technical support for RES policy development & implementation. Establishing technical requirements and facilitating the standardisation process for guarantees of origin on basis of Dir (EU) 2018/2001."

Task 2 of FaStGO has the aim of 'Developing Technical requirements for the extended coverage of GO'. It builds on the results of Task 1, which mapped the currently existing standardisation frameworks and identified major challenges in the current management of the GO system.

Task 2 is aimed at providing documentation structures for a revised CEN - EN 16325. and text proposals for CEN EN - 16325, taking into account the requirements of Directive 2018/2001, and the current main challenges for the GO system, respectively. The task 2 report addresses this in 4 parts. Part 1 contains an explanatory note to part 2, of which version 1 provided for FaStGO's initial text proposal sent to the consultation on 25th May 2020. This part 3 summarises the main takeways from the consultation. Part 4 lists all responses to the consultation and a brief reaction of the FaStGO project team. Part 2 version 2, published on 8th July 2020, provides for an updated text proposal for a revised EN16325 after the consultation.

1.2 What and why

This document contains the results of the consultation on the FaStGO text proposals for a revised CEN - EN 16325 and highlights potential takeaways for policymakers and the further development of the CEN - EN 16325 standard.

It accompanies the FaStGO draft text for revision of CEN EN 16325 (FaStGO task 2 part 2)and its explanatory note (FaStGO task 2 part 1) in support of the proposed updates.

2 Updated Text proposal for a revised CEN - EN 16325: Part 2 version 2

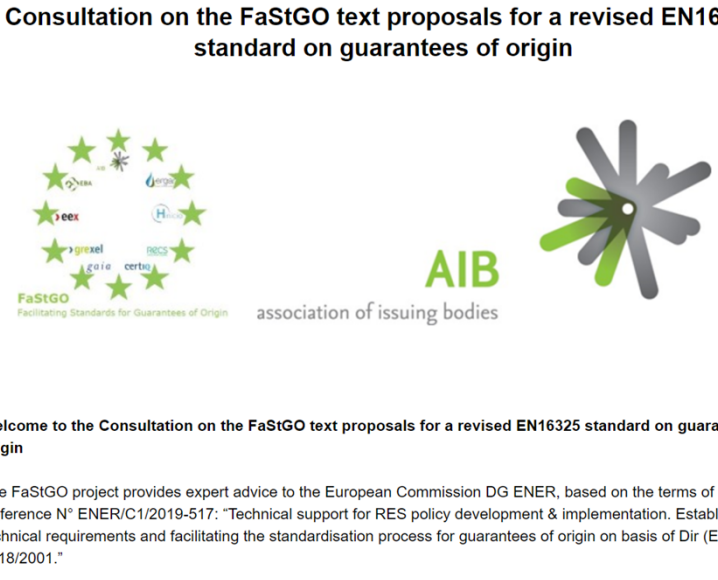
The FaStGO Project Team's written proposal for a revised CEN - EN 16325 is available as a separate document that forms part 2 of Task 2 of the FaStGO project: "Draft formulations for a revised CEN - EN 16325 to align CEN - EN 16325 to the revised Renewable Energy Directive 2018/2001 and to overcome the challenges that currently exist in the management of Guarantee of Origin systems".

On 25th May 2020, the first draft of this document was circulated to stakeholders. On 8th July, this text was replaced with a second draft, which integrated the feedback from the stakeholder consultation.

3 Consultation

3.1 Methodology for consultation

Stakeholder consultation was realized through an online consultation running from 25th May to 19th June. In the survey, respondents were asked for generic endorsements and comments to the FaStGO proposal on updating the CEN – EN 16325 standard. The respondents could thereafter fill in as many article-specific comments as they chose and, when doing so, were urged to propose an alternative wording that would address any issue they had raised in the original comment.


Consultation on the FaStGO text proposals for a revised EN16325 standard on guarantees of origin

FaStGO
Facilitating Standards for Guarantees of Origin

AIB
association of issuing bodies

Welcome to the Consultation on the FaStGO text proposals for a revised EN16325 standard on guarantees of origin

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Figure 1 Cover page of the online consultation

3.2 Consulted parties

In total, 77 stakeholders responded to the survey. Each of these 77 made generic comments and endorsements. In addition, more than 300 article-specific comments

were made on the FaStGO proposal. The areas of operation of responding stakeholders were reasonably evenly spread between different energy carriers and activity types related to GOs and energy (see Figure 2 and Figure 3). Around half of respondents gave their area of operation as electricity, gas and/or hydrogen, while the heating/cooling sector was represented by a quarter of the respondents. While most respondents chose 'other' as their type of activity (or added 'other' to their list of activities), many of which research institutes or consultants, most of those choosing a clear identity selected 'producer' followed by 'trader', 'grid operator', and 'energy supplier'.

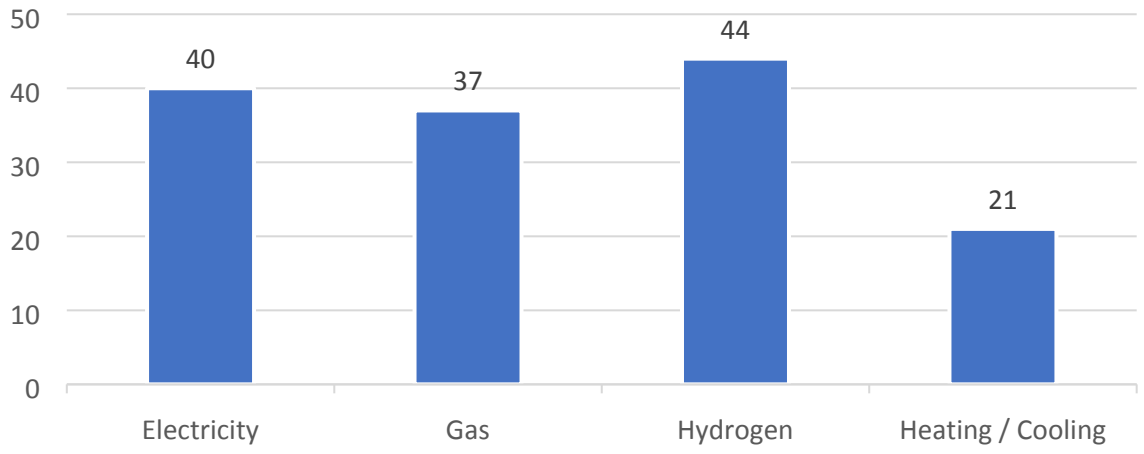

Figure 2 Area of operation of stakeholder survey respondents (total 77 respondents and multiple choice allowed)

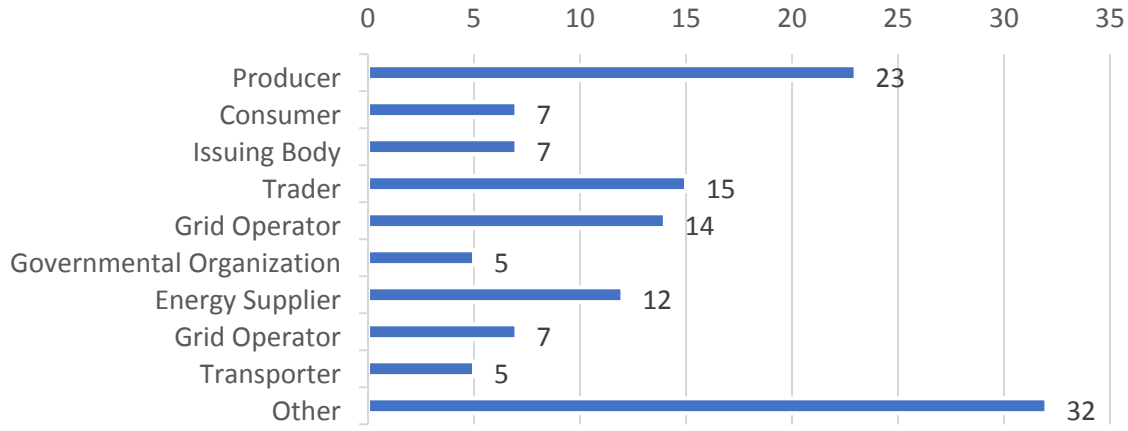

Figure 3 Type of activity of stakeholder survey respondents (total 77 respondents and multiple choice allowed)

Besides direct responses from the stakeholder consultation, the updates to the text proposal for a revised EN16325 also include the developments in the different CEN discussion groups.
With regards to measures for VAT fraud prevention, it further includes and feedback from tax authorities of 9 European countries and Europol.

3.3 Acknowledgment

The FaStGO project team is grateful for the many strong endorsements that were brought forward by stakeholders for the work of FaStGO in its text proposal for a revised EN16325. In general, stakeholders endorse the approach of a generic GO system for all energy carriers with additional details per energy carrier in carrier-specific sections.

Many endorsements were received for the majority of the text. The level of detail in a substantial amount of comments, shows the relevance of the text to those stakeholders involved.

A significant amount of comments resulted in a direct improvement of the text quality. Other comments gave insights in the concern of a stakeholder or stakeholder group, which had to be balanced out with concerns of other stakeholders. FaStGO at all points pursued progress from a neutral position with a view to maximise value for the guarantee of origin system which is in place to inform the European consumer of the origin and attributes of his energy.

The FaStGO project team thanks all respondents to the stakeholder consultation for their qualitative feedback.

3.4 Updates to the draft EN16325 for consideration in CEN

Following our stakeholder consultation, we propose that CEN should consider the following adaptations to the text that FaStGO provided on 25th May 2020:

3.4.1 Remove references to legislation (not yet done)

Many stakeholder organisations asked that we remove the references to European legislation. This facilitates the European standard being further adopted in an ISO standard which, particularly for the hydrogen sector, is considered to be an important strategic step for Europe.
This can be done by replacing the reference to the actual part of the legislative text which is referred to.

FaStGO proposes that CEN and DG ENER consider this.

3.4.2 GOs for energy which is not made available for trade

The concept of Tradeable GOs was developed with the intention of mitigating the concerns elaborated in reports of task 1.3, section 13 and task 2 part 1, section 2.8. Many stakeholders applaud this solution *as a measure to prevent double disclosure of the same attributes and enhance consumer trust in the overall GO system*, but this proposal has proved problematic for other stakeholders, particularly those in some Nordic countries, where it is deemed that attributes for all metered energy should be available for transfer to other parties, even if the underlying physical energy is not able to be transferred, in line with the principles of free movement of goods.

This has led to an ongoing discussion between different stakeholders inside and outside the CEN forum. If the current proposal of tradeable GOs is not acceptable within CEN, then FaStGO proposes the following alternatives, which should be further discussed through the CEN process.

3.4.2.1 *Issue only GOs for energy that is supplied to consumers or define a special type of GO for them*

The European Commission provided its interpretation on this matter:

***Question**: In certain Member States, GOs are also issued for energy consumed onsite, however not to the own consumption of the power plant itself. The core of the GO system for electricity is not to require the physical linkage of electricity and its origin. The physical linkage is not required in international transfers and from our point of view onsite consumption should not be an exception of this basic principle. This issue concerns especially industries such as paper and pulp industry that can produces significant share of a Member State's renewable energy production. Typically paper and pulp mills are located with power plant onsite. Power plant can be owned by the mill owner or other company. The production of electricity is measured reliably by DSO for all power plants that are included in the production balance. The production balance covers all power plant generators with a nominal power of 1 MVA or higher. In some Member States GOs are not issued to households and other micro and small scale producers even though issuing is allowed by the legislation, as e.g. registration fee for power plants is applied, it is not economically feasible for the households and other micro and small scale producers. Does the Commission have official stance on this issue?*

Answer:** RED II states in Article 19(1) that the GO have the purpose of "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". **It is therefore a requirement that the energy produced should be made available for a supplier.** For an onsite power plant, this should be measured by the DSO at the relevant exit point so that only the power plants net production will receive GOs. The same principle applies to household production with an element of self-consumption. It is only the surplus energy that leaves the household that could receive a GO. This is reflected also in the obligations for the electricity suppliers in Article 19(8). The rationale for this interpretation is that **it would undermine the credibility of the whole GO system, if suppliers could use GOs for energy that has never entered the electricity grid.

This interpretation can be accommodated through the concept of tradeable GOs as in the FaStGO text proposal of 25th May. Several stakeholders, however, felt the term "tradeable GOs" was acceptable, for which this terminology could be replaced. Options for how this can be done, are:

3.4.2.1.1 Replace the term 'Tradeable GO' by 'Available GO'

Maintaining a definition of the concept provides for a language to speak about it. The word 'available' could better reflect the reality of the availability of the attributes than the word 'tradeable'. This allows for GOs that are issued for onsite consumption to not be immediately cancelled upon their issuance.

Note: If this option is chosen in CEN, it is advised that such replacement be based on the text on Tradeable GO in the FaStGO text proposal of 25th May 2020, as the update of 8th July 2020 has abolished the concept in accordance with b) below.

3.4.2.1.2 Ensure that the GOs issued for energy that is not made available for trade are cancelled immediately upon issuing

Ensuring that GOs are issued for physical energy which has been made available for trade has the following advantages:

- It omits the concept and definition of tradeable / transferrable GO is omitted which was seen as problematic by some stakeholders.
- It addresses the concern in the abovementioned Q&A with the European Commission on **maintaining credibility of the GO system**
- It facilitates accurate measurement. Tradability of physical energy triggers both parties involved in a transaction to ensure the quality of the meter at the point where this transaction takes place. This omits the need for a detailed measurement code for GO issuance purposes. Developing such measurement code would entail an extensive exercise taking into account all situations for all energy carriers and categorise required measurement accuracy classes in accordance with the MID directive. In its generalisation, it risks requiring too expensive meters in situations where such might not be necessary, or too inaccurate meters in specific cases where a general rule might be too loose. Defining the point at which GOs can be issued that are transferrable to other parties, as the point where the physical energy becomes available for trade, gives an **intrinsic incentive for measurement quality**.
- GOs issued for energy which is not made available for trade, are proposed to be cancelled immediately upon their issuance. This **facilitates to claim the attributes of the energy that is consumed at the site of the production device accordingly**. E.g. this way electricity from a domestic photovoltaic device which is not injected into the distribution grid, can still be claimed to be renewable through the GOs that are immediately cancelled on the account of the production device's owner.
- It addresses the requests of industrial market participants to facilitate claims on private grids. Where the physical energy is traded to another legal entity, the text proposal facilitates the transferability of the origin claims through issuing GOs which can be traded.

(This option is currently implemented in the FaStGO text proposal for the revised EN16325)

3.4.2.2 *Add an identifier on the GO to indicate the dissemination level of physical energy for which the GO is issued*

An alternative to the concept of Tradeable GOs, which might mitigate the concerns relating to consumer trust in the GO system, could consist of a combination of the following two measures:

1) **Facilitate consumer choice**
   add a differentiator on the GO that indicates the dissemination level of the physical energy for which the GO is issued.

   As there is concern that there are many subcategories between onsite consumption and injection in a Distribution or Transmission System, this could be done with an extra mandatory data field (attribute) on the GO:

   '4.5.1.1.q "dissemination level of the physical energy for which the GO is issued, as set out in annex F.'

   'Annex F:

The parameter value for the attribute on the GO that indicates the dissemination level of the physical energy production for which the GO is issued, as in 4.5.1.1.q, is one of the following:

1) *Consumed on the site of the Production Device*
   a. *Consumed by the owner of the production device*
   b. *Transferred to another party than the owner of the production device*
   c. *Unspecified*

2) *Transferred over a network that serves more than one consumer*
   a. *Distribution or Transmission System where Distribution and Transmission are defined as in (EU) 2019/944 for electricity and (EU) 2009/73 for gas* *[this applies for electricity and hydrocarbon gas]*
   b. *Closed Distribution System* *[this applies for electricity]*
   c. *Heating or Cooling Grid* *[this applies for heating or cooling)*
   d. *Private network* *[this applies for all Energy Carriers]*

3) *Transported by vehicle* *[this applies for hydrocarbon gas and hydrogen]'*

The Measurement Body appointed under the Domain GO Scheme ensures measurement accuracy is adequate for the issuance of a GO.

Unless GOs which are issued for energy production that is consumed on the site of the Production Device, and are mandatorily prevented from being transferred, it is essential for consumer trust that such an identifier on the GO is a mandatory information field.

2) Prevent double disclosure of the same origin attributes

In addition to such a differentiator on the GO, a double-disclosure prevention measure is to be retained. This can be done through following addition in 4.5.3 or in 4.5.4.1:

As a condition for issuing GOs, National GO Schemes shall provide that either:

a) the quantity of both production and consumption in the distribution system in which the physical energy for which the GO is issued, is disseminated, shall be taken into account in the residual mix calculations, and that consumption on this distribution system is subject to a legal Disclosure requirement, backed with either
   a. cancelling GOs for consumption of electricity with specific Attributes or
   b. Residual Mix."

or

b) GOs are immediately cancelled after issuing without being transferred to another Account.

The combination of the above two measures may make the following sections redundant (we refer to them using their numbering in our text proposal of 25th May 2020 to facilitate referencing, as in our latest version the titles have been removed), meaning that they could be removed:

- 3.1.66 Definition of Tradeable GO
- 4.5.4.3 Determination of energy eligible for issuing Tradeable GOs
- 5.1.8 Relevant perimeter: Electricity eligible for issuing Tradeable GOs
- 5.2.10 Relevant perimeter: Gas eligible for issuing Tradeable GOs
- 5.4.9 Relevant perimeter: Heating and Cooling eligible for issuing Tradeable GOs

The following amendments could accompany full integration:

- **Definition of Export meter**: 'One or more device(s) and supporting arrangements for determining (in whole or in part) the quantity of Output flowing from a Production Device; and ~~to the point where the Output is to be made available for trade~~'
- **Definition of Nett Production**: Gross Energy Production of a Production Device as evidenced by measured values collected and determined by an Authorised Measurement Body with reference to its Import and Export Meters and minus the demand of any production Auxiliaries, if available, and minus losses ~~and energy consumption~~ that occur before the resulting energy becomes available for trade.

As there have been significant endorsements for the adoption of the tradeable GO concept, FaStGO invites the CEN working group 5 of JTC14 to discuss the desirability of the above mitigation package to the concerns raised.

3.4.3 Import and Export restrictions: technical rather than political criteria ensure avoidance of double counting

Export criteria are proposed to reciprocate import restrictions which avoid double disclosure to avoid leakage of attributes from the residual mix, which could jeopardise the credibility of the GO system, as explained in the explanatory notes in part 1 of this task 2 report.

ECS Switzerland and other market parties asked to consider replacing this by technical criteria rather than political ones. This makes sense because it is the technical criteria that assure the avoidance of double counting, rather than political criteria alone. This enables a credible and sustainable GO system to endure potential politically-induced changes.

Rather than reciprocate the 'political' import restriction of art. 19.11 of REDII, it is therefore proposed to replace the text in 4.7.3.3 b) by the technical requirements that ensure avoidance of double counting. In the text proposal, attention was given to facilitate applicability for different energy carriers. This implies that there is a difference in the handling depending on whether or not a residual mix.

Similar text is proposed for 4.7.3.4 b) on import criteria and 4.9.2.1.4.b)1) on cancellations for use in another Domain .

3.5 Updates to the proposal following the consultation

3.5.1 Replace National GO scheme by 'Domain GO scheme'

The Hydrogen sector calls for amendments that allow for Domain GO schemes that cover more than one country. Furthermore, some Domains are smaller than one country (e.g. Belgium and Greece). Hence, 'National GO scheme (or GO Scheme)' is replaced by 'Domain GO Scheme (or GO scheme)'. The content of the definition is

unchanged since this has already covered the points above and refers to the concept of a Domain, which is separately defined.

3.5.2 Auxiliaries

Taking auxiliary energy consumption into account is generally accepted as a principle. However, some stakeholders debate whether we should include auxiliary energy consumed from a different energy carrier than that of the produced energy carrier.

The general concern relates to the proposal that, to determine the nett energy production for which GOs can be issued, auxiliaries should be deducted from the gross energy production. This is because auxiliary consumption can be substantial. Where e.g. 80% of auxiliary electricity consumption is needed to produce gas from RES, it is not a sound representation to the consumer that 100% of gas GOs from RES be issued. In such a case, it is proposed that:

- either the auxiliaries in the other energy carrier are deducted from the gross gas production, such deduction being achieved by determining a list of default conversion efficiencies to the applied on the amount of auxiliary consumption; or
- the issued gas GOs record the same energy source as that which provided the auxiliary energy.

While some respondents to the consultation feel this approach is complicated, a sentence is added in 4.5.4.2 to allow Domain GO Schemes not to deduct auxiliaries from other energy carriers than the one produced, if they are under a certain percentage. It is proposed such percentage not to exceed 2% in order to maintain credibility for consumers.

3.5.3 Clarifications on the role of GOs in introduction

Although the introductory text of the proposal is not binding, several clarifying amendments were proposed by the respondents. The following notions reflect the current state of the standard and were added to the introductory text:

- The underlying purpose of GOs is to facilitate consumer choice, which might indirectly increase the amount of renewable production;
- No legislative disclosure obligation exists for gas at the time of drafting this standard;
- Further clarification of the separation of GOs from the transfer of energy to a physical grid; and
- The misleading word “face” was deleted from “face” value of GOs being 1 MWh.

3.5.4 Definitions

The following amendments were proposed to the definitions

- The definition of Public Support was aligned with the Renewable Energy Directive
- The definition of disclosure authority was amended, as it is not intended to define tasks for this authority in the definition, but rather to use a name that identifies the organisation that supervises disclosure of the origin of energy.
- A definition of Residual Mix was added.

3.5.5 Disclosure by other parties than energy suppliers

The FaStGO proposal aimed to allow the cancellation of GOs (and thereby electricity disclosure) both by energy suppliers and by parties other than energy suppliers. This is an existing practice in several countries, whereby a consumer or a service provider on its behalf, claims the attributes of energy consumption for itself. However, the proposal leaves it to national discretion whether this is enabled and acknowledges that in some countries the possibility of performing cancellations might be limited to energy suppliers.

The FaStGO proposal was widely supported, although some respondents argued that it should not be left to national discretion whether to restrict the type of market actor who can cancel GOs, but rather that disclosure by parties other than energy suppliers should be allowed by default everywhere in Europe. However, the FaStGO project team acknowledges the different implementations of current GO and disclosure systems and therefore felt it incorrect to enforce this through a standard. Facilitating this goes beyond the simple act of allowing cancellation by other parties than suppliers, as it requires the national disclosure regulation to account for it in a broader framework.

However, based on the consultation, misleading text in 0.2 (introduction) was amended: GOs can be cancelled by/**for** a final consumer

3.5.6 Role of AIB, ERGaR and CertifHy

Four respondents commented that the text of a standard should be independent of any individual organization, and hence the paragraph in section 0.2, which presented the status quo of current European energy certificate systems as facilitated by AIB, ERGaR and CertifHY, was deleted.

It can be noted outside of the standard that the standard text proposal is based on (and is in many aspects a copy of) the EECS Rules, as developed by AIB, and the CertifHy GO scheme.

3.5.7 Storage

Three respondents noted that the definition of Energy Storage in the proposal was, in fact, the definition of Stored Energy. Therefore, the definition was corrected and a new definition for Stored Energy was added.

Some respondents argued that it is illogical that GOs may be cancelled to ‘green’ the energy origin of storage losses by the storage operator or its supplier. However, from the FaStGO project team’s point of view, storage losses (similar to grid losses) should be regarded as consumption. The storage operator should have the choice of whether or not to consume green energy in providing its service (storing energy).

The principle is, however, that a storage facility can never produce output, and therefore GOs may never be issued for energy flowing out of a storage facility as it is not a production device (unless the storage device is located before an export meter of a production device as elaborated in the standard proposal).

In chapter 4.5.7, the term “available for trade” was replaced by more descriptive “injected into a network or any other transport mode connecting the Production Device with a Consumer”, based on a respondent’s comment.

3.5.8 Nominal capacity

Nominal capacity was not used consistently throughout the document. It is proposed to use the same unit for the nominal capacity for all energy carriers, to be able to compare GOs of different energy carriers. Given the wide adoption of the unit kW for electricity, the need for to use kW instead of MW to facilitate small devices, and the fact that in gas regulation the units shift from Nm^3 to kWh, kW are suggested for the unit of nominal capacity.

3.5.9 Carbon footprint on the GO: add a reference to the methodology used

Many stakeholders strongly endorse the proposed inclusion of a data field on the GO stating the carbon footprint of the certified unit of energy. However, some are hesitant. Some comments note that the proposed methodology in Annex E does not yet incorporate life cycle emissions for the construction and decommissioning of production devices (because these are not available through a means that is widely accepted by interested stakeholders).

Therefore, the recommendation of FaStGO is to stick with a voluntary field on the GO, for which a calculation methodology is in an informative annex. This approach could, at a later date, be overwritten by a legislative methodology.

In 5.1.1.2, FaStGO proposes to add to the voluntary data field on carbon footprints, a reference to the methodology used to calculate this data. That allows the identification and use of alternative methodologies as they are developed, whether by lawmakers or by others.

It also means that the data field can be added to a GO as from the entry into force of the standard, which will result in a lower system cost than providing add-on data fields for the GO at a later date, when markets will be trading and registries for non-electrical carriers have been more firmly established.

3.5.10 Optional Data field on sustainability criteria on hydrocarbon gas GO

Quite a lot of stakeholders asked to add information to the GO on whether or not the sustainability criteria as per article 29 of REDII are met. While some would prefer this not to happen, it was considered to be appropriate to add an optional data field on the GO that holds this information.

3.5.11 Greenhouse gas saving criteria - Optional data field on the envisaged category of use on hydrocarbon gas GO (not yet implemented)

Several stakeholders ask to add a data field to the GO which relates to the Greenhouse gas saving criteria as in art. 29 of REDII. As compliance with this criterion depends on the combination of the carbon footprint (optional data field) and the category of usage, it is proposed to consider allowing a data field on the GO that sets out the category of usage for which the GO may be used. This would be in combination with a rule stating that the cancellation of the hydrocarbon gas GO with such data field shall only be allowed concerning energy usage of the same category of usage as the one mentioned on the GO.

This can be done as follows:

Additional optional data field in 5.2.6:

c) *The envisaged category of usage, as informed by the Registrant, being one of the following*

   a. *Production of electricity;*

   b. *Production of useful heat;*

   c. *Production of heating and/or cooling;*

   d. *Production of useful heat in which a direct physical substitution of coal can be demonstrated;*

   e. *Transport fuel;*

   f. *Other;*

   g. *Unknown at the time of GO Issuance.*

Add a paragraph: 5.2.x Additional criteria for cancellation
If the value of the Attribute 5.2.6 c) is a, b, c, d or e, the cancellation of the GO shall only be allowed when the connection with this category of physical usage is demonstrated.

3.5.12 Residual Mix

Some basic sentences were added to describe the fundamentals of the residual mix calculation methodology for electricity. This is based on the consultation of the residual mix methodology which FaStGO conducted in the first quarter of 2020. Details of the methodology were presented in a webinar by the FaStGO project team on 10th March 2020, to Competent Bodies for supervision on Disclosure and other stakeholders. The methodology was broadly accepted an no objections were received during the consultation.

3.5.13 Updating energy source and technology codes in Annex A and B

The FaStGO project team is grateful to have received many detailed suggestions of ways to improve the lists of codes in Annex A and B. The project team adopted some of these suggestions. For those suggestions that were not adopted, the project team stated why through comments in its responses to the consultation.

3.6 FaStGO reaction to general topics in stakeholder debate:

3.6.1 Categorisation of gases:

There is a disagreement between stakeholders as to whether GOs for hydrogen and other gases should be treated as separate types of GOs.

In particular, the hydrogen sector unanimously and strongly reacted to the stakeholder consultation, asking for separate hydrogen GOs that would acknowledge that hydrogen is a separate energy vector to other gases.

There are other voices, mostly from the gas sector, which argue that the liquidity of the GO market for gaseous energy carriers would be threatened if gas GOs are split between hydrogen GOs and other hydrocarbon gas GOs.

FaStGO started from the position of the consumer as a leading principle for GO system design: what architecture facilitates consumer trust and hence supports the credibility of the GO system? The most effective measure to meet consumer concerns is by adding differentiators on the GO that facilitate consumer choice. This reasoning follows the logic that a consumer of a pure hydrogen product may lose trust in a biomethane GO as proof of the origin of their hydrogen. They might argue that a percentage of the conversion losses of methane to hydrogen should be deducted from their GOs.

The standard should facilitate consumer choice in such a way that general trust in the GO system is enhanced. Therefore, information about the underlying physical product to which a GO relates should be facilitated in such a way that consumers can differentiate between products. It would enhance consumer trust (and thus strengthen GO market prices for each of the products) if it were obligatory to cancel GOs for the same product as that which is consumed.

The FaStGO proposal:

- ensures that hydrogen which goes into the gas grid receives a (hydrocarbon) gas GO, while at the same time acknowledging that there is a market for a pure hydrogen product delivered to consumers with a degree of purity agreed by industry (currently 99,9%, as required for many hydrogen applications like fuel cells).
- States that gas consumers taking their product from the gas grid should use the same type of GO as the product they are consuming (= hydrocarbon gas GO. Or can be renamed if desirable)
- Gives consumers the ability to choose hydrogen from the gas grid (the fact that the hydrocarbon gas GO was issued for hydrogen is visible on the GO through the technology code)

There is no real difference between the solution of using separate GOs for hydrogen and the solution of defining GOs for all gases which then identify the particular type of gas in question, as long as either solution provides for a requirement to cancel GOs for the same type of gas as that which is physically consumed. How the GO will look to Account Holders will simply depend on the display in the user interface of the GO registry of the relevant Issuing Body. Arguments for having a separate hydrogen GO section in the standard are, however, in the governance of the overarching regulatory framework:

- A separate hydrogen GO section in the standard, and a hydrogen identifier on GO, enables the Commission to apply art. 19.11 of REDII for import agreements specifically related to hydrogen. This contributes to a hydrogen strategy of Europe.
- A separate hydrogen GO section enables an ISO standard for hydrogen GOs to build further on CEN - EN 16325.
- Acknowledgement of the procedural steps taken in advance, and the call from the hydrogen sector defending its earlier work on a hydrogen standard for the hydrogen industry.

The concern on limited liquidity for biomethane GOs is not considered problematic, as a short market will inevitably lead to higher GO prices - which in itself provides an incentive for the market to grow.

Improving sector integration requires the right balance between harmonisation and the acknowledgement of differences. The FaStGO team hopes the sectors manage to integrate by acknowledging each other's concerns in the design of the system.

3.6.2 Expiry

Article 19.3 of REDII differentiates the validity period of a GO (12 months from production) from the maximum time before the expiry of a GO (18 months from production). This separation of "end of validity" and "expiry" provoked several comments in this consultation as well as in the earlier FaStGO consultation relating to main challenges in GO system management.

Some respondents supported the way forward proposed by FaStGO, whereby the maximum time periods for end of validity and expiry are different, whilst allowing countries to adopt the 12 months lifetime for both. According to the FaStGO proposal, if the maximum 18 months lifetime is adopted by a country, a GO may no longer be transferred 12 months after the end of the production period, but it can still be cancelled by the Account Holder which holds it during the remaining 6 months of its lifetime.

On the other hand, some respondents felt that separating "end of validity" from "expiry" should be avoided, by setting the period for both as 12 or 18 months (the current practice of 12 months was preferred by most). The argument was that it would create a clear and standardised playing field across Europe and relieve the ambiguity over what can and cannot be done with a GO after its validity has ceased but it has not expired.

While the FaStGO project team would unanimously support leaving the lifetime of GOs as is currently (to 12 months from the end of production for both end of validity and expiry), such an interpretation is not supported by the REDII Directive, which clearly sets a maximum lifetime of 18 months for expiry and 12 months for the end of validity. Therefore, the proposal simply leaves it up to the discretion of Member State whether to implement a 12-month lifetime for both the end of validity and expiry or to separate the two as described.

3.6.3 Disclosure timelines

The stakeholder consultation yielded strong support for the harmonized cancellation deadline for electricity disclosure of year X being set at 'before 1st April in year X+1'. Some concerns were raised on required national deviations, but The FaStGO team kept the widely-supported proposal on 1st April as on a European level harmonization of the deadline would be beneficial.

The most debated part of the proposal related to the disclosure timeline was the limitation on the cancellation of GOs for future use. The FaStGO team proposed addressing so-called "cancellation for future use" as follows:

a) that GOs may be cancelled only for a disclosure period that **starts** within 12 months after the last day of the period of output production; and
b) that the maximum disclosure period is a calendar year.

This would avoid artificial prolongment of GO lifetime so that e.g. cancellation in 2020 for a consumption period of 2022 would be prevented (thereby circumventing the issues relating to the lifetime of GOs).

A limitation in GO lifetime was seen as being problematic for gas by some stakeholders, as gas might be stored for a significant amount of time. However, enabling a longer lifetime for disclosure would contradict the GO lifetime as set by the REDII Directive and was therefore not seen to be feasible. Furthermore, while gas storage can theoretically be endless, the green attributes can be traded through book-and-claim principles.

3.6.4 Labels

Some stakeholders felt it to be problematic that GOs may include certain extra labels, where energy production adheres to the criteria (e.g. plant age or fuel sustainability) of an independent label provider.

The FaStGO project team sees that labels assist energy consumers in more efficiently assessing the environmental attributes of energy generation without interfering with the basic principle of GOs as regards energy tracking and disclosure. This can be viewed as an add-on certification for quality by an independent labelling organization, but the Competent Bodies should take no responsibility in this regard. Therefore the attribute on the GO facilitating the displaying of independent labels was retained. It should be confirmed that it is not the responsibility of the issuing body to guarantee the label quality, once a label scheme operator has informed the issuing body of a specific production device or specific amount of output as having met the label scheme's criteria.

3.6.5 Production Device information

Based on the feedback from the consultation:

- The requirement for a production device to record all possible fuels, whether or not there is an intention to use those fuels, was deleted to avoid administrative burden;
- The erroneous combination of 'may' and 'shall' was corrected in 4.4.2, highlighting that the list of information is an example of what could be required; and
- The undefined term "its servants" was deleted in 4.4.4.

Some respondents felt that periodic re-verification of a production device every 5 years adds too much administrative burden to the system. However, for the sake of the reliability of the system, the requirement was retained. However, it should be understood that the extent and depth of the re-verification process are to be set by national Issuing Bodies.
Further, the FaStGO text proposal contains a provision that such re-verification can be abolished in case of existence of an inspection report or less than 5 years old.

3.6.6 Ownership is vested in Account Holders

Some consultation respondents felt that the current proposal was too restrictive for multinational market players, in terms of service providers acting as Account Holders on behalf of their client. This aspect of GO markets is being discussed in a forum with tax authorities and EUROPOL in a project (under the EMPACT policy cycle[1]) which has,

[1] *In 2010, the EU set up a four-year policy cycle to create a greater measure of continuity for the fight against serious international and organised crime. The policy calls for effective cooperation among law enforcement agencies, other EU agencies, EU institutions and relevant third parties to take robust action to target the most pressing criminal threats facing*

amongst its aims, the goal of preventing VAT fraud in GO Markets. Given the short timeline, only an initial discussion could take place which highlighted the need for the GO owner to be easily identifiable by, and accessible to, the tax authority.

The group of abovementioned parties sent a document after this meeting with more detailed comments on the draft text. Among the main takeaways from this feedback, the group is in favour of the proposed text (i.e. ownership of the GO cannot be transferred to parties which are not Account Holders) and considers that due identification of third parties is essential to prevent fraudsters from accessing the market. Inappropriate identification of third parties and owners of GOs can open the door for fraudsters to access the market, even where they are rejected during the Account Holder admission phase.

Should the possibility of third-party trading be kept due to market needs, it seems necessary to clearly and fully identify the ultimate owners of GOs. One possibility would be to extend the sub-account model proposed in some National Schemes. Account-holders acting on behalf of third-parties would then need to create a sub-account for each party for which they are trading. The minimum required information about third parties would be the name, VAT number and commercial registry number. Furthermore, the possibility of third-party trading should be only authorised for well-known companies.

Additionally, Account Holders acting as agents of third parties should be considered accountable for the behaviour of their clients. If their Account is used as a vehicle to commit fraud, they could be considered responsible and be excluded from the market.

In the terminology of the standard, such a sub-account is identical to an account. The text was therefore kept but restructured to avoid the misunderstanding created amongst some of the stakeholders.

3.6.7 Right to open accounts

The text proposal for the standard does not restrict who may open an Account, which is broadly supported by the stakeholder consultation. However, it does not force issuing bodies to allow all types of Account Holders, as such decisions are left to the discretion of national authorities.

Several market parties call for a mandatory rule that parties other than suppliers would be allowed to cancel GOs. Such a rule would require the surrounding disclosure supervision system to take this into account. For the time being, enabling GO cancellations for non-suppliers is left to the discretion of each Member State, mainly because the legislative setting for disclosure in many countries is limited to energy suppliers.

3.6.8 Additional data on the GO on the origin of CO2

The stakeholder consultation introduced an aspect of certification which had not yet been taken into account.

A scientific organisation mentioned that in the case of methanation, a criterion verifying the origin of CO2 is lacking. One should always be obliged to report the

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the EU. In 2017, the Council continued the EU Policy Cycle for organised and serious international crime for the period 2018 - 2021. See https://www.europol.europa.eu/empact

origin of CO2, so as to be able to obtain fully renewable origin of the gas for which renewable gas GOs can be issued (according to technology code G0301XX or M0302XX (see Annex B). The stakeholder advocates that if this is not complied with, the GO should clearly indicate that the CO2 is not of renewable origin (e.g. direct air capture or biomass).

Moreover, if a chemical conversion process is used with less than 100% renewable CO2 conversion and without recycling, additional CO2 (not related to energy use) is emitted into the air at the site.

This can be addressed in several ways:

1) Adding an optional attribute on the GO for Hydrocarbon gases:
"The origin of the CO2 input and the amount of CO2 input required for 1 MWh of gas";
2) Using a label, if the label scheme addresses criteria such as the origin of the CO2 used; or
3) Leaving it off the GO and letting it be addressed by measures from other policy areas, like GHG savings and sustainability criteria as in art. 29 of REDII.

FaStGO proposes that the CEN group on Hydrocarbon gas should discuss this matter.

4 Notes to policy makers on the limitations of CEN - EN 16325 with regards to reliable and effective operation of origin disclosure

4.1 GOs are to be surrounded by a framework for reliable disclosure of the origin of consumed energy

The cancellation of GOs and disclosure are two sides of the same coin and, just like with actual currency, this coin needs both sides to hold a value. The cancellation of a GO in and of itself holds no meaning unless it is to support a claim (i.e. disclosure) concerning the origin of the energy to which it relates. Conversely, disclosure of energy without corroboration does not adequately protect consumers from misleading claims by suppliers.

For a GO scheme to function it is essential that, where a GO is issued, the energy to which it relates can only be disclosed through the cancellation of that GO. This requires that:

1. each Member State sets out rules for disclosing the origin of any energy carrier for which a GO system exists;
2. each Member State ensures the supervision of disclosure to ensure that the rules mentioned at 1 (above) are being adhered to; and
3. Measures are installed to make effective disclosures regarding the origin of a given unit of energy.

4.1.1 Rules for disclosing energy

4.1.1.1 *Means for claiming the origin of consumed energy*

For the protection of final customers, unfounded claims about the origin of energy should be prohibited, and any such claims which are made should be identified, corrected, and punished. In practice, we see several means being used for corroborating such claims:

1. Cancellation of GOs;
2. Contract-based tracking (CBT);
3. Support-scheme based tracking (SBT); and
4. Residual mix.

Before we head into a brief explanation of each, it is important to stress that a Member State's rules for disclosure should prevent the possibility of a unit of energy being disclosed through more than one means. For example, the same MWh of energy should not be disclosed through both the cancellation of a GO *and* CBT, because that MWh would be double-counted as a result.

4.1.1.1.1 Cancellation of GOs

The draft revision of Standard CEN - EN 16325 prepared by the FaStGO project team contains the following definition for Cancellation:
To mark, at the request of the holder of the account on which it is held, a GO as having been used for the purpose of Disclosure of consumed energy, and to prevent it from subsequently being:

- *transferred to another account; or*
- *marked again in this way.*

4.1.1.1.2 Contract-based tracking (CBT)

This means of disclosure seeks to achieve the same goal as (cancellation of) a GO, by linking commercial contracts in the energy markets with the environmental qualities it may allocate among consumers. Tracking in CBT is based on contracts between producers of energy and energy suppliers, as opposed to using a standardised electronic document in a ledger dedicated to this purpose. CBT is exceedingly difficult to supervise as such contracts are rarely reported to authorities and are also rarely accounted for in a residual mix. Under CBT the same (renewable) attributes to be disclosed more than once, whether by accident or fraudulently. Therefore, CBT for RES has in practice become extinct over the last decade thanks to EU electricity market regulation. While it was still widespread ten years ago, simply because double counting could not be avoided, it now no longer happens.

While tracking energy through GOs should be preferred over CBT, if and when the two co-exist it is important that:

- GOs are not issued for energy that is subject to CBT;
- Where a GO is issued for a unit of energy, CBT may not be used to claim the origin of that unit of energy.

The FaStGO proposal for a revision for CEN EN-16325 Standard includes a limitation that CBT may not be used for disclosure of any energy source for which a GO system exists in the domain. This excludes, by default, CBT for renewable energy but could limit it for all energy sources in cases where the GO system is extended for non-renewable energy sources.

4.1.1.1.3 Support-scheme based tracking (SBT)

Where a Member State chooses to not issue GOs for supported energy as per art. 19.2 of Dir (EU) 2018/2001, the origin of that energy should still be allocated to consumers. The decision to not issue GOs is typically aimed at preventing the (environmental) attributes of supported energy from being transferred abroad. For the same reason, it may be assumed that the relevant MS does not allow for CBT concerning that energy. The MS will, therefore, have to set rules for allocating the origin of the energy to consumers.

4.1.1.1.4 Residual Mix

Applying the residual mix, in its essence, means the calculation of all energy that is not specifically tracked and allocated to a consumer, so that it may be distributed evenly to corroborate any supply that occurs without such allocation. For this to work properly, MS should, to the largest extent possible, apply the same methodology for calculating their respective residual mixes. The Association of Issuing Bodies maintains the most commonly adopted methodology.

4.1.1.2 The legal framework for disclosing the origin of electricity and its shortcomings

The Internal Electricity Market Directive (Dir (EU) 2019/944) sets out rules for the disclosure of electricity and requires that the renewable origin of electricity be demonstrated through the use of GOs where the origin is not disclosed through SBT.

This provision does not, on its own, prevent double-counting with regard to GOs. Three major concerns bear mentioning:

1. It does not take into account GOs for non-renewable electricity;
2. It does not cover disclosure for other energy carriers than electricity; and
3. It does not take into account sector coupling.

4.1.1.2.1 GOs for non-renewable electricity

Under art. 19.2 of Directive (EU) 2018/2001, Member States may arrange for guarantees of origin to be issued for energy from non-renewable sources, but Directive (EU) 2019/944 does not require such GOs to be cancelled. Given the optional nature of issuing GOs for non-renewable energy, it seemingly makes sense not to require their cancellation. However, this allows for non-renewable energy to be disclosed in whichever way, *even where* a GO is issued. This enables double-counting.

4.1.1.2.2 Disclosure for other energy carriers than electricity

As elaborated in the beginning of this section, disclosure and GOs are two sides of the same coin. An accounting system for energy attributes (i.e. guarantees of origin) only makes sense where the disclosure of the energy origin is mandatory. Optional disclosure would most likely lead to only the origin of renewable energy being disclosed to consumers, while the same renewable origin is implicitly included in the generic generation mix of the relevant energy carrier.

A loose disclosure obligation for the energy performance and renewable share of heating is outlined in Article 24 paragraph 1 of the REDII. This can

be seen as the start of a disclosure system for heating and cooling, but it only addresses RES and is, by its nature, much more vague than that of electricity. Whilst for gas, such a disclosure obligation does not exist in EU law. Clearer regulation at European level is needed on disclosure systems for energy carriers other than electricity.

4.1.1.2.3 Sector coupling

Under art. 19 of Directive (EU) 2018/2001, Member States shall issue GOs not only for electricity, but also for renewable heating and cooling, and gas (incl. hydrogen). The FaStGO proposal for an amended text for CEN standard - EN 16325 refers to these collectively as energy carriers. Physically, one energy carrier may be converted into another. This means that for the purpose of issuing GOs for a converting production device, it is necessary to determine the source of an energy carrier consumed by that production device. The FaStGO proposal solves this by requiring the cancellation of GOs for such consumption (instead of physical tracking or CBT, which would have presumably been the mode of tracking before a GO system). However, since there is no obligation to use GOs for disclosing the origin for any energy carrier other than electricity, there is nothing to prevent GOs cancelled for the conversion of heating, cooling or gas *also* being counted to support a claim to a final customer. Therefore this, too, enables double-counting. And since heating, cooling and gas can be converted back into electricity, such double-counting may affect electricity as well.

4.1.1.3 Addressing the concerns

The concerns outlined above may, fortunately, be addressed relatively easily.

To secure the reliability of GOs issued for non-renewable energy, as a baseline, **the legal framework should determine that where a GO is issued for a unit of energy, only the cancellation of the GO shall constitute proof of the origin of that unit of energy for disclosure.** This does not hinder the optional nature of issuing such GOs in the first place.

To secure the reliability of GOs for all energy carriers, disclosure requirements similar to those for electricity should be introduced for heating and cooling, and gas (including hydrogen).

Ideally, these amendments would be done at the European level, so as to ensure that each Member State designs its disclosure rules accordingly.

Further, the three major concerns set-out in 4.1.1.2 each deserve to be addressed in their area of policy development. It is proposed to adopt, in law, a disclosure mechanism for all energy carriers for which GO systems are implemented in a country.

4.1.2 Supervision of disclosure

Every GO holds monetary value. Whether deliberately or not, it is possible, for example, for a supplier to save money by cancelling fewer GOs than it should under its obligation to do so to corroborate a claim made towards a final customer. To protect final customers from being misinformed, it is essential that disclosure statements made by suppliers be verified independently. For that purpose, the FaStGO proposal includes provisions for supervision by a disclosure authority.

4.1.3 Cross border cooperation amongst supervisory competent bodies for disclosure & Centralised calculation of the residual mix

Determining a qualitative residual mix includes accounting for cross border transfers of GOs. Its accuracy depends on all countries using the same methodology and their collective participation in the reporting of accurate figures on production, consumption, GO issuance and GO expiry (i.e. expiry for cancellation). The current legislative framework leaves countries the freedom to choose their own calculation methodology for the Residual Mix. That introduces a risk of double counting (attributes being claimed more than once) and attribute leakage.
Ideally solid cooperation between supervisory authorities for disclosure would be established to align the details of their methodologies and to jointly govern the residual mix calculation methodology. This way the methodologies in use can adapt to changing (market) circumstances as needed.

An example of such an expected change is that once the volume of renewable gases in the regulated gas market becomes substantial, a residual mix for gas will be required. Another example of a change is when external organisations no longer make data used for the residual mix calculation available (such as when Entso-E, in 2020, droped the publication of production figures per technology).

4.1.4 Accompanying measures for effective origin disclosure

It is advised that policy on the disclosure of the origin of consumed energy should take into account the following if it is to be effective.

1) As mentioned above in 4.1.1, the avoidance of double disclosure is key to the successful operation of a GO system. This relates to avoiding claiming the (renewable) origin with means other than GOs, claiming the same origin more than once with any system and so on. The legislative framework for gas, hydrogen and heating and cooling disclosure needs strengthening. A legislative disclosure mechanism should ideally be assisted by a supervision system as mentioned in 4.1.2 if it is to ensure its quality.

2) Further measures in a framework for effective disclosure are:
    a. Harmonisation of the methodology used to determine the residual mix method for each energy carrier (e.g. allocation of attributes of expired GOs between disclosure years): ideally this method is standardised in a way that allows flexibility to update the methodology as needed.
    b. The same principles applied in the residual mix for electricity should be extended to gas as well as heating and cooling when the relevant disclosure systems are implemented.
    c. If some tracking is done using methods other than the cancellation of GOs, then clear rules need to be in place to avoid double counting of attributes. This has particular importance concerning the CO2 impact of the disclosed energy sources to consumers, and also to the usage of certificates for other purposes than disclosure of the origin of supplied energy to consumers.
    d. If GOs exist for a specific energy source in a Member State, only GOs and other related tracking systems set out in law (e.g. support systems linked with disclosure) may be used for tracking the origin of such energy sources for disclosure.
    e. All energy products containing predefined claims of the origin of energy should be corroborated with GOs.

f. Standardise how suppliers determine disclosure figures and statements with particular importance on mandatory product-mix related information (see RE-DISS BPR 44) - see footnote[2]. Facilitate a template for disclosure statements.
g. Introduce mandatory disclosure systems for gas and heating and cooling.
h. GO cancellation for energy carrier conversion needs to be incorporated in overall disclosure supervision
i. Ensure cooperation between supervisory authorities for disclosure, to synchronise their methodologies in practice. Differences in details of national approaches may undermine the underlying system principles.
j. A common cancellation deadline of 1st April in year X+1 for disclosure of year X electricity consumption is widely supported. In some countries, the current cancellation deadline is set much later, which could hinder standardisation and thus harmonised calculation of the residual mix, which needs to incorporate figures from all countries. This has not yet been extended to other energy carriers than electricity but it may be in the future.

4.1.5 Energy origin disclosure relates not only to the energy source.

The FaStGO stakeholder consultation confirms observations from continuous market monitoring that consumers care not only about the energy source of their energy consumption, but are also interested in additional information. Factors including the geographical origin, amount of public support granted, carbon footprint, references to a label, have all been seen to inform some consumer's choices. While art. 19.1 states "For the purposes of demonstrating to final customers the share or quantity of energy **from renewable energy sources**…." In a later revision of the renewable energy directive, the terminology of art.19.1 could be revised. It would be more accurate if it were replaced by: "For the purposes of demonstrating to final customers the share or quantity of **the Attributes of** the energy …"

4.1.6 Reliable disclosure of Heating and cooling origin risks being jeopardised by the cross-border and cross-heating grid transfer of GOs

The FaStGO consultation confirmed the concerns expressed in FaStGO task 1.3 report on the credibility of the cross-border (or cross-heating grid) transfer of heating or cooling GOs. Stakeholders express sincere concern on damaging consumer trust in the credibility of the overall GO system when cross-border transfer of heating or cooling GOs is facilitated.

When GOs are exported from a heating or cooling grid, the question remains: attributes with what origin are consumers on that grid left; and what is their residual mix? Determining a reliable residual mix, which replaces the attributes of exported

[2] Where a supplier is only required to disclose its overall energy mix, the (renewable) attributes of electricity products are double counted:
For example, if a supplier sells 50 GWh of renewable electricity (backed with GOs) and 50 GWh of electricity without specific claims: Its overall mix contains more than 50% of renewables, although in practice the 50 GWh sold without specific claims is much darker. Hence, if the supplier is not required to disclose the product-related mix to all its customers, the customers who purchase electricity without specific claims unrightfully benefit from the attributes of cancelled GOs for other customers.

heating or cooling GOs, is not yet easily in scope in the only lightly-regulated heating and cooling market. Such credibility issues can be addressed by allowing limitations on the transferability of Heating & Cooling GOs between heating grids. This needs to be addressed at EU level to ensure broad acceptance and uniform implementation.

It is proposed that policy makers consider allowing the restriction of the cancellation of heating and cooling GOs, to consumption that happens on the same grid as that on which the heating or cooling is injected and for which the corresponding GOs have been issued.

4.2 GO Cancellation for usage across European borders

Several market parties responding to the consultation call for GO Account Holders to be allowed to cancel GOs for consumption in various European countries from a single account in a single registry. Allowing this would make it more difficult for the supervisory authority for disclosure from the domain where the energy was produced to ensure reliable disclosure is taking place in its Domain. It would require an overarching European regulatory approach and system management to facilitate reliable claims on the cancellation of GOs for disclosure in a Domain other than the one in which the GO was cancelled.

The reason why the current text proposal doesn't facilitate this request it because the national disclosure supervision mechanisms are not currently able to allow for it. This means it would increase the risk of double disclosure and mistakes in the calculation of the residual mix were it to happen.

For the future, options are:

- to keep the current process - whereby a GO needs to be cancelled in the same country/domain in which the attributes of such cancelled GO are used for disclosure; and
- to facilitate a standardized process, whereby it is possible to cancel a GO in one country/domain for disclosure of energy consumption in another. In such cases, (all) European Competent Bodies must approve such a process and the information flow of cancelled GO attributes would need be automated (e.g. through a HUB-side service that would convey information on cancelled GOs for the recipient country's Disclosure Competent Body and other relevant actors).
- develop a European internal market-wide registry for centralised cancellation.

4.3 Welcoming harmonised legislation for a carbon footprinting methodology for all energy sources

As mentioned above in 3.5.9, the FaStGO consultation shows that there is broad demand from stakeholders to relate a guarantee of origin with a specific carbon footprint, i.e. with a specific amount of Greenhouse Gas emissions or savings. Coming to a uniform methodology for doing so is, however, not very easy; while the legislative framework has yet to come forward with a harmonised approach over the different purposes it addresses.

It would be beneficial to have a **harmonised approach across European legislation on carbon footprinting methodologies for all energy sources.** This could support the claiming of the corresponding rights in disclosure and financial

mechanisms like the EU-ETS, sustainability criteria in transport fuel targets, fuel quality measures, and voluntary market mechanisms.

Faced with the lack of a regulated system, the market tends to implement its own practices, as is already happening today. Such practices are to be applauded for their pioneering value, but their lack of a harmonised methodology increases the risk of double-counting of emissions (savings).

The FaStGO text proposal contains a voluntary data field for which an optional methodology is set out in a non-binding annex of the standard, to facilitate joint orientation while the legislative framework is further developed. It also facilitates a data field on the GO that refers to the methodology used for determining the carbon footprint. The latter aims to avoid confusion and enable harmonisation of the methodology, once the legislative framework facilitates this.

In the meantime, it is seen as being beneficial to install a placeholder on the GO for this information, as it may be expensive for issuing bodies to install additional data fields on GOs later on.

4.4 Multipurpose origin tracking

Many stakeholders demand the integration of the systems behind origin disclosure (art. 19), target accounting (art. 2, art. 25), and support (art. 4 and national systems). A GO can technically be embedded in an electronic document which serves purposes beyond disclosure. Clarity from the legislative framework on requirements for such electronic documents to be eligible for multiple purposes would enable important developments. See also the challenge mentioned in FaStGO task 1.3.

4.5 VAT fraud prevention

The FaStGO text proposal for a revised EN16325 contains several measures that enable VAT fraud detection. Indeed, VAT fraud carousels are to be avoided as has been shown in the market of emission rights. The Issuing Bodies can facilitate monitoring and regulate access to their GO registry but cannot take on full fraud detection responsibility since this is beyond their area of expertise and mandate. In order to strengthen VAT fraud cooperation between tax authorities and issuing bodies is advised, in addition to pan-European cooperation for monitoring and information exchange between issuing bodies and tax authorities.

4.6 Standard drafting becomes system design

Normal work on a standard is to standardise a common practice. Given the fact that a functional GO system only exists for electricity, the very fact that the CEN standard EN 16325 will have to include GOs for other energy carriers implies that the process of revising CEN - EN 16325 became a work of system design for a system that is not yet in place.

This raises the question of whether some topics need political consensus.
Further, it may also need several iterations of adaptation of the standard over the years to come while practice develops, and lessons learned need to be integrated.

5 Overview of the responses to the consultation : Part 4

See separate document.