

**Accompanying paper to AIB reaction on  
the Gas Disclosure framework  
in the proposed Directive on common rules for the internal markets in  
renewable and natural gases and in hydrogen**

## Inhoud

1	Introduction .....	1
2	Proposals of AIB .....	1
3	Risks observed in the proposed revision .....	2
3.1	Double claims of renewable/low carbon gas are not forbidden nor prevented .....	2
3.2	Relationship between GOs on one hand and National and/or Voluntary Schemes (N/VS) on the other hand .....	4
3.3	Reliability and efficiency: .....	4

### 1 INTRODUCTION

AIB (the Association of Issuing Bodies) appreciates the focus on empowering consumers through facilitating transparency regarding the origin of gases they consume.

AIB continues to be of the opinion that Guarantees of Origin (GOs) offer the only reliable, cost effective and accurate means of reliably informing consumers of the origin of their energy and significantly driving the energy system towards sustainability, through market functioning. GOs for gases need to be strengthened with clear rules for origin disclosure towards consumers. Recognising the GO as the single instrument of proof for origin claims, is paramount to avoid double disclosure of the same attributes .

AIB welcomes the supplier obligation to disclose the origin of gases and the rule to base this on GOs for renewable gases through art. 16 and annex 1.5 of the draft revision of the Gas Directive. We see however some risks and gaps for a reliable disclosure framework.

### 2 PROPOSALS OF AIB

In general, AIB proposes to :

1. Acknowledge the guarantee of origin as the unique proof of the origin of gas towards consumers, at least for grid-transported gases.
2. Expand disclosure legislation beyond energy suppliers, to all consumers who claim to consume energy with specific attributes,
3. Rely only on GO cancellation for disclosure towards consumers for all energy carriers,
4. Consistent residual mix determination and usage. Harmonise calculation methods, clearly define system perimeter boundaries. Timely availability of data for this calculation is essential,
5. Ensure residual mix as only basis for the mix of energy consumption for which no GOs are cancelled.

### 3 RISKS OBSERVED IN THE PROPOSED REVISION

Specifically, with regards to the proposal for the revision of the Gas Directive, the following risks should be mitigated.

We also point at interferences with the Renewable Energy Directive (REDII) and the proposal for its revision (REDIII).

#### 3.1 Double claims of renewable/low carbon gas are not forbidden nor prevented

##### 1) No mandatory disclosure of non-renewable share of supplied gas.

Annex 1.5 of the draft revision for the Gas Directive doesn't make it mandatory to disclose the non-renewable share of supplied gas. Consumers for whom no origin is mentioned on their bill, risk to still use other ways to claim consumption of renewable / low-carbon gas consumption and this way make double claims of the same origin.

⇒ Add mandatory disclosure of the origin of all gases. This could be subjected to a starting date in the future, if the current share of renewable/low-carbon gases is too low.

##### 2) Import statistics: It is allowed to use aggregate figures for imported gas from outside the Union. Where these figures include gas from renewable sources, as these may have been claimed already in the originating country, this entails a double-counting risk.

⇒ Delete from Annex 1.5: *As regards point (a) of the second subparagraph, with respect to gases obtained via a gas 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.*

##### 3) Imported gases from outside EU – risking double claims

GO import criteria from outside EU from REDII art.19.11 requires the Union to conclude a political agreement on mutual recognition. Ensuring that the imported renewable/low carbon gases don't leave behind a right to claim the renewable/low carbon origin in the originating country, is challenging outside the EU-regulated geographies.

⇒ As a non-EU-import criterion for GOs and environmental attributes in general, national legislation of the exporting country should ensure that the environmental qualities and renewable or low-carbon origin of the energy sources are only allocated once to a consumer, implying that the instrument used for exporting these attributes, shall be the only instrument entitling such claims.

##### 4) Cross-purpose double counting: GOs are for disclosure to gas customers. Tracking of energy towards (transport) gas consumers is also required for accounting towards REDII art. 25 target.

Using 2 instruments for the same unit of energy, risks both being used for origin claims by consumers, hence double counting of the underlying unit of renewable gas production.

⇒ Clarify on each tracking instrument what its purpose is, and whether it is allowed to use it for Disclosure, Target accounting and/or Support.

⇒ Facilitate an instrument that allows tracking for multiple purposes.

EECS already facilitates to mention the purpose of certification, which can be one or multiple, being disclosure towards consumers, production support and/or target accounting. The fact that EU directives keep the certification drivers separated may result in different implementations in various member states, which risk to diffuse a market that would benefit from a coherent tracking system.

5) **Union Database:** Draft REDIII states in art. 31a 4) that *“If GOs have been issued (), MS shall ensure that those GOs are cancelled **before** the consignment of renewable gases can be registered in the database”*. There are risks of distortion of the disclosure system, both in double counting risks and in confusion on the means for disclosure.

a) Transferring information of cancelled GOs, withholds double counting risk in error and fraud of reporting. Therefore EECS requires GOs to be only transferred alive, no longer after cancellation.

⇒ Rather than reporting information from cancelled GOs to the UDB, if the gases for which GOs are issued must be reported into the UDB, it could be explored whether the UDB could facilitate the import of living GOs. This would mean the UDB includes features to act like a GO registry. Then it is not necessary to cancel the GOs BEFORE registration of the gas in the UDB, and the GOs can continue to live until the point of consumption of the gas. In this case the word “before” in REDIII art. 31a) should be replaced by e.g. “in relation with”.

b) The gases introduced in the UDB, will they still be disclosed to consumers as having renewable (/low-carbon) attributes? This would mean that besides GOs, also other instruments are used for disclosure. This is in contradiction with the draft Gas Directive’s rule that for disclosure of renewable gases GOs shall be used.

⇒ It should be clarified whether and how the origin of gases introduced in the UDB can be disclosed to consumers.

⇒ Coherent measures should prevent double disclosure and enable supervision on the disclosure obligation of gas suppliers without excessive overhead for the national supervisory authorities and suppliers.

6) **System boundaries:**

⇒ Clarify similarities and differences in tracking for network-transported and vehicle-transported gases, both in the system for guarantees of origin and for national/voluntary schemes. A calculation of a residual mix (origin of gases not covered with GO cancellation) requires a clear definition of system boundaries, coherent with borders of legislative mechanisms.

### **3.2 Relationship between GOs on one hand and National and/or Voluntary Schemes (N/VS) on the other hand**

Annex 1.5 states: The disclosure of the share of renewable gas purchased by the final customers shall be done by using guarantees of origin.

While art. 8 requires Renewable Gases to be certified by N/VS), Guarantees of Origin are issued under art. 19 of REDII.

N/VS ensure environmental qualities of the gas and document the physical track, while guarantees of origin are the essential instrument to prove uniqueness of the claim regarding these environmental qualities.

By the design of the certification systems, for network-transported gases, GOs are the only instrument that can guarantee uniqueness of the environmental attributes, of which N/VS can certify the quality.

GOs and certificates from N/VS may hold similar information regarding the underlying energy up to the point of production. VS go further up to the point of consumption of the energy.

### **3.3 Reliability and efficiency:**

The EECS Certificates structure facilitates already that EECS Gas GOs optionally contain information on carbon footprint and compliance with sustainability criteria, together with a reference to the certifying scheme.

- 1) Technical options need to be elaborated regarding how coherent tracking could work in an efficient and reliable way. Difference and synergies between target accounting and consumer information are to be mapped, together with economic and legal implications of various options.
- 2) Efficiency is to be sought in the interaction between the work of GO Issuing Bodies and Voluntary Scheme operators.

## **4 NOTE**

This is an expert opinion of AIB based on its experience in managing GO systems but not necessarily reflecting the opinion of all members, who may not have the mandate to decide on this topic.