

INPUT IN THE REVISION OF THE ELECTRICITY MARKET DESIGN DIRECTIVE

Note that this is an expert opinion of AIB – Association of Issuing Bodies based on its experience in managing systems of Guarantees of Origin, but not necessarily reflecting the opinion of all AIB members, who are government-appointed issuing bodies under Article 19 of the Renewable Energy Directive (EU) 2018/2021 and may for instance not have the mandate to decide on certain elements of this topic.

A key success element in the energy transition is consumer confidence in renewables. In this respect the instrument of Guarantees of Origin as a tool to demonstrate that origin is of vital importance, as well as the way how energy disclosure by consumers and suppliers is supervised by Member States.

AIB proposes to strengthen the framework for consumer choice on the origin of energy. The elements that ensure trust in the Guarantee of Origin system should be reinforced. Measures within the GO system alone don't suffice, it needs measures in the legislation around the GO system, regarding the usage of the instrument that can be used for consumer disclosure on the origin of their energy.

Concrete proposals for additions to the directive are the following.

1. Consistency in the instrument for declaring renewable energy consumption

1.1. Also regulate consumers' claims of renewable energy consumption

It needs an exclusive framework for instruments that can be used for claiming consumption of energy from RES. The current legislative framework only regulates claims by suppliers of electricity, in Annex 1.5 of the EMD, but consumers' own claims and claims related to consumption of vehicle-transported gases, are not regulated. This risks a variety of instruments to be used for such claims, which may cause the same environmental attributes to be claimed more than once in relation with energy consumption.

AIB proposes to add text like the following in the European legislative framework:

- "Claiming the consumption of energy from renewable sources or the associated environmental benefits is only allowed on condition that:
 - A) guarantees or origin are cancelled to cover this claim, or
 - B) the represented energy is part of the residual mix in the country of consumption, or
 - C) the energy is produced on the site of the consumption, no Guarantees of Origin are issued for it and it is not included in any claims at other consumption sites.Guarantees of origin are only issued for energy of which the attributes are not otherwise disclosed."

We acknowledge that the EMD regulates only electricity, for which in the above text the word "energy" may need to be replaced by "electricity" and a mirroring requirement is proposed for the Gas directive.

1.2. Ensure consistency between corporate emissions reporting and the claims in the system of Guarantees of Origin (GO): only cancelled GOs or the residual mix can back an environmental claim by energy suppliers and consumers

Recognise the importance of the [Corporate Sustainability Reporting Directive](#) (EU) 2022/2464 and related reporting standards, in corporate sustainability claims, and ensure it prevents double counting of environmental benefits of energy consumption that is represented by cancelled Guarantees of Origin (GO) according to the Renewables Energy Directive (EU) 2018/2001.

Currently only supplier claims are regulated by Annex 1.5 of the Electricity Market Design Directive, consumer claims are not. Consumer claims on renewable energy consumption that are not backed by cancelled GOs, risk undermining the GO system. GOs are the proof of uniqueness, by legal design, given them being issued by a single issuing body per geographic domain, and there is no alternative mechanism that has a better potential for avoiding double claims. Therefore it would make sense to include a prohibition on consumer claims which are not properly backed by cancelled Guarantees of Origin, and synchronise this over the different legislative initiatives related to claims by consumers on the environmental impact of their energy consumption.

Concretely, we propose to ensure that corporate sustainability claims on renewable electricity consumption in the framework of the Corporate Sustainability Reporting Directive are only allowed if Guarantees of Origin are cancelled accordingly.

2. Empower and future-proof supervisory authorities for disclosure of the origin of energy

2.1. The AIB disclosure platform should be institutionalized.

There is need for a European Network of Supervisory Authorities, composed of representatives of the supervisory authorities for the disclosure obligation set out in annex 1.5 of the EMD. This Network shall facilitate the cooperation of the supervisory authorities and the coordination and alignment of regulatory, investigative, sanctioning and supervisory practices of the supervisory authorities and, as appropriate, sharing of information among them. It shall provide a platform to talk about EU wide harmonization of electricity/gas/energy disclosure.

It shall ensure a harmonised calculation of the residual mix in all related countries and consistency in the information regarding carbon footprint and radioactive waste related to the supplied energy.

This organization should analyze the European implementation of disclosure in a review and publish it to the disclosure supervisory authorities.

Ideally, this is a task for cooperation between regulatory authorities, yet there where a member state may designate another authority as disclosure supervision authority, cooperation should be coordinated within this initiative.

Currently, AIB organizes the Disclosure Platform, a platform for voluntary attendance by disclosure supervisory authorities that provides information sessions and facilitates dialogue on common challenges. Attendance is broad but the platform is not empowered to make decisions or give formal guidance towards a harmonized common approach in Europe. This is a handicap of the platform and the lack of enforcement of harmonized practices comes with a risk of double counting renewable attributes at consumption.

2.2. Data access for supervisory authorities in an integrated energy sector and granular Guarantees of Origin

Ensure the supervisory authorities have access to data (energy disclosure) on all entities who cancel GOs, both suppliers and consumers.

This includes indicating to them which GO cancellation is related to energy conversion.

It also includes registration of which GO cancellation is related to the temporal matching of production and consumption, and on which time period granularity.

Where GOs are intended to be only passed on with the suppliers contracts (e.g. GOs coupled to PPA contracts) this should also be registered.

Where the beneficiary of the cancellation is not indicated in the GO registry, the relevant alternative holder of such information should inform supervisory authorities.

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