

Q&A – AIB suspension of exports of Icelandic GOs out of the Landsnet registry

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1 WHAT MEASURES HAS AIB TAKEN AGAINST LANDSNET?

On 28 April 2023, AIB has suspended the export of guarantees of origin issued by Landsnet out of the Icelandic registry with immediate effect. Further AIB has issued a rectification order for Landsnet to bring its system in line with the EECS Rules.

2 WHY HAS AIB SUSPENDED LANDNET’S EXPORTS OF ICELANDIC GOS?

The AIB has previously expressed concern that the double claiming of energy attributes in Iceland, where some large customers based in Iceland have claimed renewable consumption e.g. on their website, whereas the underlying GOs have been exported into other AIB member countries.

In January 2023, the AIB Board launched a compliance assessment against the issuing body Landsnet, which provided supportive evidence for the concerns of the AIB Board that Landsnet was operating in breach of the EECS Rules.

In order to protect the integrity of and trust in the EECS GO system the AIB Board has issued a rectification order and decided to temporarily suspend Iceland's exports over the AIB Hub pending further investigation and until a remedy can be implemented.

3 WHAT TYPE OF GO'S ARE IMPACTED?

Until the suspension is lifted, GOs issued by Landsnet can no longer be exported out of the Icelandic registry via the AIB Hub.

4 WHEN DID THE SUSPENSION ENTER INTO FORCE?

The AIB board has taken its decision on 27 April 2023, with immediate effect.

5 ARE EX DOMAIN CANCELLATIONS OUT OF LANDSNET ALLOWED ?

Ex Domain Cancellations of EECS GOs towards another AIB member are not allowed under the EECS Rules (section C7).

6 IS THE SUSPENSION OF EXPORTS A PERMANENT MEASURE?

No, exports are temporarily suspended pending the resolution of the rectification order, which will be assessed by AIB's compliance assessment panel.

7 ARE ICELANDIC GOS STILL CONSIDERED EECS GOS?

Yes, for now only the exports of Icelandic GOs have been suspended, not the issuing of GOs in Iceland under the EECS Electricity Scheme.

8 ARE ICELANDIC GO VOLUMES PURCHASED BEFORE THE SUSPENSION STILL VALID?

These GOs are still considered EECS GOs until further notice. It must be noted that it is up to the individual Member States whether they accept GOs for disclosure under Article 19 of Directive 2018/2001, the REDII.

On the other hand, AIB can only assess compliance of its members against the EECS Standard, which is the standard of GOs that was jointly established by all members over the past 20 years and that all members commit to comply with.

9 WHEN WILL THIS SITUATION BE RESOLVED?

The suspension will be lifted when the Board - upon advice of the compliance assessment panel - deems that the rectification order is fulfilled, or that Landsnet is on the right way of fulfilling it, including a clear plan and deadlines. This is a very active issue at the moment. We understand the Icelandic authorities are working closely with Landsnet to resolve the issue. AIB is also highly involved. As a result, we hope the temporary suspension will not be in place for too long.

10 ARE THERE INVESTIGATIONS ONGOING AGAINST OTHER AIB MEMBERS?

No. There have not been complaints from market parties or from AIB members against other AIB members. There is no compliance assessment ongoing against any other member. However AIB is periodically auditing its members' compliance with the EECS standard.

11 WHAT IS THE AIB DOING AT THIS STAGE?

The Compliance Assessment Panel is continuously working with Landsnet to help it address the rectification order.

AIB can assure that both the assessment panel and the Board take into account all information we have received since the suspension. AIB appreciates the cooperation from market players that was suddenly sparked by our decision.

The Board has been meeting multiple times over the past weeks to monitor progress and continues to discuss every few weeks. The AIB has the responsibility to guarantee the reliability of the system of guarantees of origin and will continue to fulfill its mission.

12 HOW DOES THIS SIT WITH EU LEGISLATION?

The AIB is administrator of the EECS System, a voluntary scheme between participating European GO issuing bodies pursuant to the EECS Rules. The AIB is not an EU / EEA or national authority. It therefore has no competence in the evaluation of Landsnet's compliance with Directive (EU) 2018/2001 ("RED2") or any EU / EEA relevant legislation.

The EECS Rules are a quality standard which delivers certificate systems, including GO, and as such are supplementary to legislation. However, by joining AIB, all members undertake to comply with the EECS standard and agree to the underlying quality assurance system.

13 WHAT DOES THE SUSPENSION MEAN FOR GO TRANSFERS WITHIN ICELAND?

National GO registries are connected to other AIB registries via the AIB Hub, which enables the transfer of EECS GOs between registries. The Icelandic national GO registry is therefore not affected by the suspension, and GOs can still be freely transferred between national accounts.

14 WHAT DOES THE SUSPENSION MEAN FOR GO TRADES TO OTHER AIB MEMBER COUNTRIES?

Electronic transfers of Icelandic GOs from the Icelandic national GO registry into registries of other AIB member countries are no longer possible until the rectification has been complied with. Cancellation of Icelandic GOs is unaffected by the suspension, which means that GOs can be cancelled and recognised by competent national authorities under Article 19(9) of RED2. As the AIB is not an EU / EEA authority, it has no competence to decide on whether individual authorities should or will continue to recognise Icelandic GOs. This is a matter on which the relevant competent authorities may decide on separately.

15 CAN AIB PLEASE SHARE THE REPORT TO GIVE TRANSPARENCY AND FURTHER TRUST TO THE MARKET?

At the current stage of proceedings, the AIB cannot disclose further information to the public. We will publish updates to the proceedings on our website, as well as a final decision when Landsnet has complied with the rectification order and AIB is satisfied that the integrity of the EECS system has been restored.