Open Markets Committee (OMC)

1 December 2022 | 14:00 – 18:00

Brussels Information Place (BIP) | Koningsstraat 2/4

With a warm welcome, Liesbeth Switten, secretary general of the AIB and Adam White, secretary general of the RECS Energy Certificate Association, kicked off the 1st post-Covid in-person meeting. With nearly 100 registrations, the positive vibe was to be felt. The 20th anniversary of both AIB and RECS falls in a time where the relevance of both organisations in the energy transition continues to grow.

14:00 – 15:00 AIB presentations: Future proofing the certificate system - *moderator: Liesbeth Switten*

- AIB geography
  Lukas Groebke, Pronovo, Board chair

Lukas Groebke from the Swiss issuing body Pronovo and the chair of AIB, started with his presentation about AIB geography pointing out the expansion of AIB to 35 members, all European issuing bodies, and highlighted the history of 20 years AIB and current developments, like e.g. gas certification.

- Future proofing GO transfers: Modernisation of registries, Hub, and data handling for certificate system management
  Martin Standera, OTE, ISU chair

Next speaker was Martin Standera from the Czech issuing body OTE, chair of Information System Unit (ISU) within AIB and he spoke about how to make the AIB hub futureproof. The AIB Hub is an IT system that connects registries of issuing bodies in individual countries. The Hub does all sorts of checks and validations, to secure the cross-border transfers of energy certificatesThe current Hub connects 31 registries and more are coming! The new message scheme will go live 1st February 2023 and must be implemented by the members during 2023. This will imply a 1-day outage of the Hub on that day. Main opportunity of this new message scheme is that AIB can start transferring over the Hub EECS GOs for energy gasses and hydrogen, including information of e.g. gas attributes. Furthermore, AIB is running a tender for the renewal of the AIB Hub messaging system in order to deploy new functionalities like handling granular certificates. This will include new features to be deployed in early 2024, such as the facilitation of the expected load increase. More certificate transfers are expected due to the increase of the number of AIB members, the introduction of certificates for new energy carriers, and the use of more granular GOs. A data management tool will facilitate a more user-friendly way to work with certificate data.

- Future proofing GO standards: CEN status update, Future proofing the content of EECS Certificates
  Maria Koulouvari, DAPEEP, EECSU chair

Maria Koulouvari from the Greek issuing body DAPEEP and EECS Unit Chair within AIB, elaborated about the Future proofing of GO standards. She provided the framework how the EECS, EN16325 and RED II are related to each other. The standardisation framework is led by the definition of guarantees of origin in the Renewable Energy Directive 2018/2001(EU). It mandates member states to base GOs on the EN16325 standard. That standard ensures the reliability of GOs, and in its development, was based on the EECS Rules. The latter remains a voluntary standard, that enhances the efficiency of the cross-border transfers by harmonising more operational detail and cooperation procedures between issuing bodies. Furthermore, EECS facilitates also the management of other certificates than GOs. The EECS Standard is dynamic and it is maintained by the AIB members, who have a robust decision-making structure that facilitates regular upgrades to the rules.
AIB also facilitates a Disclosure Platform, where it invites competent bodies for supervision of disclosure of the different European member states to gather with issuing bodies on relevant discussion topics.

The recent developments of the EECS rules (the GO standard of AIB) focus mainly on the gas certification, conversion, storage, C02 and GHG emissions (optional data field on GOs) and granularity, as well facilitating time and locational matching.

- GOs for other energy carriers: EECS Gas GO kick-off: update
  Bram van der Heijde, VREG, GSG chair

The start of EECS for Gas is presented by Bram van der Heijde, issuing body for Belgium-Flanders, VREG and chair of the Gas Scheme Group within AIB. He showed that from a system integration perspective, we do need a GO system for Energy Gasses and a mechanism to convert gas and electricity to hydrogen. 16 members of AIB are appointed as Gas Issuing Bodies. The AIB Hub facilitates cross-registry transfer of gas certificates. Energy Carrier Conversion Rules are already since 2019 in place, so that an issuing body for one carrier can import GOs of another carrier.

- Other certificates than GO: Future proofing: interacting with new types of Independent Criteria Schemes (including NGC), difference between Labels and ICS, CertifHy NGC plans
  Ance Ansone – Conexus Baltic Grid

Ance Ansone from Conexus Baltic Grid presented the interacting of GOs with new types from independent criteria schemes. She focussed on the link between a GO and the Proof of Sustainability (Pos) and/or the development of a new EECS Product so you can optimise the fragmented certification products. AIB is also in dialogue with the Euopean Commmission on the link between GOs and the Union Database for sustainable biofuels. Regarding to hydrogen, CertifHy is preparing AIB recognition as independent criteria scheme and this is for member states where no H2 GO scheme is available.

15:00 – 15:30: Q&A, panel debate with the speakers

The Q&A, moderated by Liesbeth, started with a big compliment from RECS to AIB for all those good developments of recent years. First question was how AIB deals with the complexity now everything is connected with each other and how market parties can help with providing services as provided nowadays by AIB. If you look at the national registries, there is a development ongoing at several members to make API connections possible in their registry, based on the request of the market.

Another question was about the go-live date of the AIB Hub transition to the new message format V80 and the non-availability of the hub at the 1st of February [in the meantime postponed to the 2nd of February]. There is stipulated from market perspective that APIs are more than just a ‘nice to have’, but are becoming a ‘need to have’ if you look at the growth of data that will be transferred over the hub, particularly when transitioning to granular certificates. There will soon be an AIB member meeting that discusses the option of API integration. Further, AIB aims to set up a Hub Requirements User Group. AIB wants to think together with the market. [Note: following comments the go-live has been postponed to 2 February].

Further, there is a call for taking into account the lifetime of GOs in development of the new hub, as occasional late issuing of GOs causes them having a shortened tradability period. The AIB Hub cannot rule this as this is based on legalisation and a mainly national matter. However, in the draft revision of the CEN standard for GOs, it is foreseen that the issuance deadline of GOs will be within the month after the production period, for which the problem of late issuing should phase out.

There was a question if market parties get access for more data, with new statistic tool is available. AIB will analyse what is doable and desirable. Currently there is not foreseen to increase the amount of data that will be made available, yet its visualisation will be improved. AIB is open to discuss further evolutions.

Next question was how to deal with gas imports of e.g. the Middle-East. Issuing Bodies only issue GOs for production in their own domain, and the current geographic scope is leading for membership access within AIB. However AIB sees the developments of those worldwide imports, but do not have determined an approach for interaction beyond its geographical scope yet, as EU legislation needs to clarify further.

Disclosure rules are not harmonized within AIB member states. AIB is reacting to the CEER consultation on advise on green offers with a view on increased harmonization.

With regard to the CEN16325 process, the implementation date is still unknown and this is binding norm in the EU, so AIB has to deal with it and updates the EECS rules based on the latest information. The unpredictability of the launch date on which potential new CEN rules will become mandatory is the actual problem, yet EECS has proven it can work without CEN. Both EECS and CEN EN16325 ensure the reliability of GOs in Europe, as theEN16325 standard is based on the EECS Rules. EECS, in general going further than CEN in terms of efficiency facilitation, has already adopted many aspects of the draft text from the revision process in CEN, and once the revision of EN16325 finalises, any further finetuning from CEN will be integrated in EECS.

Granular Certificates will be facilitated in the future; and the AIB hub will make it possible to transfer these certificates. AIB Members can decide to swift to 1 Wh; MWh stays the default. It is also up to AIB members to set the length of production periods as an exact (sub)hourly time period instead of a date type.

15:30 – 16:00: Coffee break

16:00 – 17:00: RECS presentations: Trading and using certificates in an evolving landscape - *Adam White*

- Analysis of EU legislative developments (RED-3) & upcoming regulatory / reporting standards (GHG protocol scope 2, ISO standard)
  Adam White – RECS

After the coffee break, Adam introduced the second part of OMC and continued with a presentation of the legislation developments and upcoming regulatory/reporting standards. It is expected that RED III will not have such a big change compared to the introduction of RED II. The main adjustment could be the adjustment of the GOs to something smaller than 1 MWh on a voluntary basis. RECS lobbied for Full consumption disclosure and more attention to fraud prevention, which hopefully later gets integrated in RED IV.

- GO market evolution: Volumes, prices, & public perception
  Dania Piccioli – Nvalue

Dania Piccioli from Nvalue elaborated about the volumes, prices and public perception of GOs. Based on the example of trade in Norway in Hydro GOs Dania showed us that the GO market (volumes) is massively growing, as well the market prices of GOs. The GO price represents on average 2,5% of the electricity price.

- Full Disclosure
  Louis von Moos – ECS Schweiz

Next Louis von Moos from ECS Schweiz presented the topic full disclosure and explained the reason why RECS advocates full consumption disclosure; it is all about electricity transparency!

- Consumer information/choice (GHG info on GOs / granular certificates)
  Mohammed Mohammedi – Origo

Mohammed Mohammedi from Origo explained more about Consumer Information, so that the consumers could make conscientious choices regarding the use of renewable energy. To reduce carbon emissions, EACs are one of the

easiest solution to start with. He used in the presentation the example of French: there is a separate method to calculate emission factors. But even with a local methodology, the GHG Protocol remains a reference and helps the EAC system and promotes the energy transition, although there is a risk that if EAC system is removing from carbon accounting, then corporates will stop purchasing EACs.

- Secondary uses of electricity (Hydrogen / RFNBOs)
  Thomas Eccard – Chair of RECS Board

Secondary uses of electricity is the topic where Thomas Eccard, chair of RECS board, gave his view on. It is expected that in 2030 65% of the primary consumed electricity is renewable. Secondary electricity usage (e.g. used for hydrogen, mobility and heating & cooling) will be 100% green and requires additional 1.150 TWh production in 2030. A realistic scenario is that in Europe we need 2.136 TWh additional RES generation, that is a lot! There are multiple challenges to make this possible, from shorting permitting procedures and make skilled work force available. But also to make the GO system ready for this challenge, like the introduction of new GO pricing structures.

17:00 – 17:30 Q&A, panel debate with the speakers
After the interesting presentations, the Q&A started.

The question is if there are no other solutions that will be in place instead of using GOs for proofing 100% renewable hydrogen production. For renewable transport fuel target accounting, Hydrogen will be recognised based on DSO and TSO data and based on Direct connections and PPAs. In this perspective, electricity purchase for hydrogen production will not be unbundled from GOs. If the price for GOs is so high in Europe, then H2 will be imported as producing at a competitive price will be hard for EU. As a response, it was seen that there is anyway still need for electricity GOs for H2 production, as it difficult to always have a direct cable between production and consumption. This will follow the rules of REDIII. All consumption on grid needs to be covered with GOs, also with PPA.

In the future CBAM becomes important. Import and export of electricity can become subject to CBAM. RED doesn't allow import of GOs from these countries. It was considered that first CBAM should be clarified and subsequently the acceptance of GOs for CBAM. In general, given physical import of electricity from outside the EU-EEA, acceptance of (EU-grid interconnected) non-EU GOs is desirable; mutual recognition should be achieved by bilateral agreement. With the UK after the Brexit, such a bilateral agreement does not exists yet. RECS questioned the EC to either redefine their requirements for mutual recognition or at least transparently communicate them.

The historically high price of the GO is discussed; is it good or bad that the price of the GO is EUR 10? If we look at affordability of energy, it is questionable. But at the other way around, it stimulates the production of renewables.

What is RECS preparing looking at the GHG protocol? RECS has some concerns and firstly preparing a position paper, with comments with regard to market mechanisms.

17:30 – 18:00 RECS + AIB: energy conversion

- RECS: What will energy carrier conversion (e.g. electricity to hydrogen) do to the price of electricity GOs?
  Jared Braslawsky – IREC Standard Foundation

  Jared Braslawsky from iREC focused on how the energy carrier conversion will impact the price of the GO. He took us with him along the development of the GO market. We are in a new environment; we are seeing required disclosure, compliance and supply. The embedded electricity in physical products requires disclosure to know exactly how 'renewable' the product really is. The development is going from CSR to product accounting. In his conviction every unit of hydrogen will not be sold without any kind of certification; the I-REC standard has to deal with various areas with regard to hydrogen, because the process of hydrogen is tremendously complex.

- AIB: Architecture for energy carrier conversion ‘
  Katrien Verwimp, AIB

Katrien Verwimp, coordinator Sector Integration from AIB talked about the architecture for energy carrier conversion. Katrien agreed with Jared that a lot of components have to be managed in a reliable GO system, especially for conversion. Conversation Issuance Rules are advised as an outcome of the Regatrace project. Most of these are already in the EECS Rules, yet for efficient approach, these benefit from further finetuning in accordance with the recent REGATRACE reports D4.3 and D4.4 or this matter. The verification process will be smoothest when issuing bodies for all energy carriers facilitate the import of GOs for all energy carriers into their registries. Experience should be gained in the market to make the system robust and harmonized.

- Q&A, discussion with speakers

18:00: Closing and thank you from AIB and RECS leadership
Adam en Liesbeth wrapped up and closed the OMC, thanking everybody for joining!

Drinks reception at BIP and joint walk to the dinner place
20:00: Dinner for all OMC attendees at WOLF | Wolvengracht 50