

## **The Clean Energy Package must put consumers fully in the driver's seat if the push for sustainable energy transition is to be successful!**

The European Commission's proposals in the Clean Energy for All Europeans Package are ambitious, and will contribute to a better integrated and more decarbonised European energy market. More specifically, the instrument of the Guarantee of Origin (GO) is consolidated and reinforced, by extending issuing of GOs to all renewable energy and making them mandatory for disclosure purposes. The Association of Issuing Bodies welcomes these elements!

Indeed, we appreciate the European Commission's recognition that the GO is a valuable instrument for Europe's electricity consumers. Thanks to the GO, companies and households can make a positive choice for a green contract that guarantees that the electricity supplied to their home or business is from renewable sources. This means that their environmental impact is much lower, compared to an ordinary electricity contract that is sourced from the residual mix.

But there are also several elements in the proposals that raise concerns. Examples are: the need for an agreement signed by the European Commission to recognise GOs from third countries; the application of the CEN standard; the variable lifespan of a GO according to its date of issuance; and the obligation to auction GOs issued to producers that receive support.

Since the revision of the Renewables Directive was announced, the AIB advocates the extension of the GO as the tracking instrument for *all* sources of electricity, including fossil and nuclear. This is a cornerstone of [our vision for the European energy market](#). We feel that this is the most efficient way of ensuring that electricity consumers can be held accountable for the environmental impact of their choice of electricity contract. Extending the use of GOs in this way would put consumers truly in the driver's seat, allowing them to help steer Europe's internal energy market towards sustainability and zero carbon emissions. This vision is shared by many stakeholders, as can be seen in this [joint statement](#).

We are, however, concerned that some of the proposals in the Clean Energy for All Europeans Package might work against these goals. Will auctioning GOs for supported production prolong renewable producers' dependence on support? What will be the effect on the GO market of auctioning a large proportion of issued GOs? Can we prevent rapid developments in the energy and GO markets from being hampered by the imposition of international standards? Will GOs issued in December have a lower market value than those issued in January, due to their far shorter life? And will variable lifetimes negatively impact the reliability of disclosure information (through the residual mix)? And what effect will the provisions for approving dealings with third countries have on trading in existing physical electricity markets?

AIB is currently reviewing the complex effects of these proposals in detail, in order to present its views on how the Clean Energy Package might be made even more effective.

Alas, some people and some organisations seem to have not yet fully understood the benefits of the Guarantee of Origin and of disclosure information on consumers, on the European energy market and on Europe's energy system and criticise the system for not having clear 'additionality' effects (where "additionality" refers to a direct push for new investments in renewable production capacity).

The AIB fully appreciates the need to continue to improve the system, but is firmly of the opinion that GOs offer the only reliable, cost effective and accurate means of reliably informing consumers and significantly driving the energy system towards sustainability, through market functioning. It is simple economics: if more companies and families care about the environment and opt for a green contract, then demand for GOs will raise, thus providing a clear signal for the energy sector and for investors in particular that more energy from renewable sources is needed. Because that is where the premium paid by the consumer for a green contract should end up: in the pockets of the renewable producers. That way, investment decisions will be oriented towards renewable production capacity, rather than towards fossil-fuel based production. There is no reason for the rules of normal market economics to be suspended, just because we are talking about the environment! So consumers with green electricity contracts should be reassured that they *are* making a difference, and be proud of their decision to 'go green'!

Requiring suppliers to contract for physical electricity and the related GOs (rather than being able to contract for each separately) simply segments the market, reducing liquidity and adding needless complexity. Make no mistake about it, the AIB is fully committed to the energy transition, and therefore it is working with other organisations that build an 'additionality' layer on top of the GO system. Examples are the different green energy labels that exist all over Europe, and that are recognised by AIB as Independent Criteria Schemes.

Let's not underestimate the power of the consumer! And let's stop thinking about the future with the current situation as our only frame of reference. In a couple of years, a lot of technology for producing electricity from renewable sources will be near - or at - grid parity, meaning it will no longer require support. That's when GOs really will make a difference...

We at the AIB believe in the power of consumers and their impact on markets, provided they are given the right information and the right instruments; and provided the market is structured to enable it to work effectively, reliably and efficiently, while protecting the operation of existing markets. Disclosure information and GOs are crucial instruments that can not only support, but also drive European targets for a low-carbon, integrated and sustainable energy market.

The AIB can - and wants to - support these goals, and so we hope the Clean Energy Package will provide the best possible legislative framework for us to do so.

AIB President Dirk Van Evercooren represented AIB at the 'Powering a cleaner future: Unlocking business demand for renewables in Europe' event that was organised on 2 February by RE100 @ Google Belgium. The event clearly demonstrated that the GO is an integral part of the strategy being pursued by the multinationals that are committing to 100% renewable energy and joined the RE100 initiative. In response to a question raised by AIB, European Commission Vice President Šefčovič stated that the GO is an instrument in the consumer empowerment toolbox of the Clean Energy for All Europeans Package. We agree!

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**The Association of Issuing Bodies** is the leading enabler of international energy certificate schemes. The AIB promotes the use of a standardised system, based on harmonised environment, structures and procedures in order to ensure the reliable operation of international energy certificate systems.

The AIB provides a well-tested standard for certificate trade - the **European Energy Certificate System (EECS)** - which is the basis for certificate schemes in 16 European countries and enables international trade. The knowledge of AIB is shared by available documents on Internet and by contacting the organisation.

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