
Press release – 1 June 2023

Regarding the compliance assessment of Landsnet's possible breach of the EECS Rules

The AIB board has decided that the suspension of exports of Icelandic guarantees of origin (GOs) out of the registry of Landsnet is lifted from 2 June onwards.

The decision to lift the suspension is however conditional as the situation is not yet resolved. By October 1st, and in line with its action plan, Landsnet is asked to provide AIB with a report on the issues identified and the actions taken to remediate any non-compliance regarding the issuance of guarantees of origin in Iceland.

The Assessment Panel will be asked to review this report and to assess the following:

- Whether market-based reporting, based on the cancellation of guarantees of origin and the use of the national residual mix, is correctly applied by market parties;
- Where location-based reporting is used, that guarantees of origin issued for the consumption at such locations are cancelled upon issuance;
- Where ex-post rectifications were deemed necessary, that such rectifications were effectuated;
- Whether identified enforcement possibilities have been put in place;
- And most importantly, whether double counting and double claiming is effectively avoided.

Following their assessment of this report and subsequent advice to the Board, the AIB may decide to reinstate the suspension of exports from Iceland if it concludes that double claiming of the energy for which Landsnet issues guarantees of origin, is insufficiently prevented, in that electricity for which Landsnet issues guarantees of origin is not disclosed in any form separately from guarantees of origin as electricity from renewable sources.

It is left up to Landsnet to decide on the best approach, but AIB strongly recommends that Landsnet asks for a respective confirmation from producers before issuing guarantees of origin and imposes targeted suspension of exports for those parties where double counting has not been proven to be unlikely.

AIB can only assess compliance of its members against the EECS Rules, which is the standard of guarantees of origin that was jointly established by all members over the past 20 years and that all members commit to comply with.

On the other hand, it is up to the individual member states to decide whether they accept guarantees of origin for disclosure under Article 19 of Directive 2018/2001, the REDII. The EECS Rules is a quality standard that supports and supplements REDII.

More information.

Upon joining AIB, all members explicitly approve the EECS Rules and agree to be bound by its terms. According to these EECS Rules a guarantee of origin shall only be issued in respect of a unit of electricity produced from certain sources, which has not been and is not being otherwise disclosed. Further, AIB members shall, to the extent reasonably practicable, put in place appropriate mechanisms to ensure that EECS GOs are used as the sole proof of the qualities of the associated output and that no form of disclosure is used in relation to output to which such an EECS GO relates, other than in connection with the cancellation of that EECS GO.

The compliance assessment was launched following signals that in Iceland, double claiming of energy attributes is taking place. More concretely some large consumers are explicitly claiming renewable energy purchase and consumption because this is physically produced in Iceland, whereas the energy they are supplied with is not partnered with cancelled guarantees of origin. Instead, the guarantees of origin for exact this renewable energy have been exported outside of Iceland.

As a result of the assessment and within the deadlines foreseen by its EECS standard, on 27 April 2023 a rectification order was issued and all exports of Icelandic guarantees of origin out of Iceland were preliminary suspended in the framework of the quality assurance system to activate Icelandic stakeholders on the issue.

Since then, Landsnet is well on its way to fulfil the rectification order and the Icelandic stakeholders are stepping up their game to guarantee the reliability and credibility of the system. It must be clear however that the situation is not yet resolved and more work needs to be done in the coming time. Landsnet, together with the competent Icelandic authorities need to further cooperate for solutions and enforcement against those consumers making location-based claims and therefore achieving double counting. AIB will continue to assist Landsnet in these efforts and include all its members in discussions surrounding double claims from large consumers.

AIB's mission has always been to guarantee the origin of renewable energy thereby preventing any double counting of the attributes of the same unit of energy. AIB's intention is to assist its 35 members in further maturing the GO system which has proven its reliability and value over the past 20 years. For more information on AIB, see www.aib-net.org.