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Safeguard a free and informed customer choice with a reliable system of Guarantees of origin

The Nordic Energy Associations (Nordenergi)¹ would like to offer our views on Guarantees of Origin in the electricity market.

In summary, the GoO system:

- Involves customers in the green energy transition by supporting their right to choose
- Should be a key standard for documenting and sourcing renewable power so that renewable energy purchased by the customer is reliably assured
- Should cover all renewable energy and thus make renewable power production more profitable
- Should be implemented similarly in the Nordic countries
- Should not be mixed with support schemes

The requirement of Guarantees of origin in the Renewable Energy Directive

The requirements of Guarantees of Origin (GoO) in the Renewable Energy Directive (RED-II) must be fully implemented on 30 June 2021. The GoO is defined as *“...an electronic document which has the sole function of providing evidence to a final customer that a given share or quantity of energy was produced from renewable sources”*. In case a producer receives financial support from a support scheme to produce energy from renewable sources, member states shall ensure that the market value of the guarantee of origin for the same production is appropriately considered in the relevant support scheme. Further, member states are required to have appropriate systems to *“ensure that GoOs are issued transferred and cancelled electronically and are accurate, reliable and fraud-resistant...[and] that the requirements they impose are compliant with the standard CEN- EN 16325.”*

GoOs can be sold on the European market. This means that renewable energy producers can resell GoOs to electricity suppliers or consumers. GoOs can be sold not just in the respective countries where the power was produced, but throughout the EEA area. The system is used to match consumption with a similar production from renewable energy sources produced within EEAS area.

With GoOs, consumers have been given a greater role in the green transition and can be assured that the energy has been produced from renewable sources corresponding to a desired share of consumption, since producers must guarantee and document the energy production that electricity suppliers mediate. By issuing and cancelling the corresponding amount of GoOs, the renewable energy purchased by the customer can be reliably assured separately from the physical flow of electricity. Based on the information on GoOs, it is possible for consumers to ask for more detailed information on which renewable energy plant has produced the green power, what technology the power comes from and when and in which country the plant was established. Further it enables electricity consumers to demand different renewable energy products leading to consumer preference setting prices of GoOs.

¹ Nordenergi is the joint-collaboration between the Nordic associations for electricity producers, suppliers and distributors. Members are Danish Energy, Energy Norway, Finnish Energy and Swedenergy. Overall, Nordenergi represents more than 800 market actors (member companies), most of them active in the electricity sector, but also in other areas such as district heating, gas and services.

Nordenergi recommend a market model driven by consumer demand

We believe that the European model on GoOs supports the free consumer choice while creating the widest possible commercial framework for all actors. The guiding principle for issuing GoOs must ensure and safeguard a free and informed consumer choice. Against this background, the European model for issuing certificates should be implemented similarly in all Nordic countries.

We see that the GoO system is a good and reliable for disclosure of information about energy, allowing consumers to play a central role in the energy transition. It should be kept in mind that simplicity, clarity and reliability are keys when informing customer. It is also important that new innovative, voluntary add-on services and products for customers who want to track the origin of their consumption, are based on GoOs without disturbing or complicating the current GO system or creating a mechanism for double counting. Therefore, the supplier should have the certainty that they are able to get GoOs to guarantee the sources of their supplies.

In our view, this disclosure system should not be mixed up with support schemes. The issuing of GoOs should not be related to whether a producer receives financial support or not, nor any other demand of “additionality”. We believe that the European GoO model, in the most cost-efficient way gives producers an incentive to invest in new production when the demand for GoOs increases (might even exceed the supply) and the price of GoOs rises.

All produced renewable energy, which is not consumed in the energy production process as auxiliary energy, must be able to receive GoOs upon application. This ensures maximum coverage of the GoO system and treats all producers and customers equally.

Further, we advocate that both the actors and regulators are included in the advancement of the new standardisation for energy tracking (CEN-EN 163 25) to monitor that the standard does not influence on the market function in a negative way. Preferably, we would see a that CEN-EN 163 25 and the EECs standard correspond to each other.

Finally, we welcome the possibility for Member States to issue GoOs for all (also non-renewable) energy production. This addition enhances the quality of the information provided to the customer and minimizes the possibilities for double counting.