

## EFET response to the E-Control ordinance on biomethane labeling

### General remarks

The European Federation of Energy Traders (EFET<sup>1</sup>) appreciates the opportunity to submit our response to the draft ordinance on biomethane labeling consulted by E-Control<sup>2</sup>.

EFET commends the work of the Austrian NRA regarding extension to biogases of the system of electricity guarantees of origin (GoOs) for consumer disclosure purposes, in line with article 19 Directive (EU) 2018/2011 on the promotion of the use of energy from renewable sources (RED II.) We are also supportive of the intention of E-Control, as the first AIB member on-boarded to the EECS Gas Scheme Group, to ensure that the use of the AIB hub for biomethane GoO transfers across registries is also foreseen under Austrian Law.

However, for traded markets in gases and their green attributes to ramp up, national transpositions of existing, and soon to be adopted, EU regulatory framework should aim at avoiding market fragmentation. To enable comparison of a wider range of investments for their environmental impact, EFET ultimately foresees the convergence of different certification instruments into a common tradable product operating across gases to be conveyed across interconnected networks. This will ensure that a strong price signal for characteristics operates across technologies and end-use sectors.

Our detailed comments reflect the necessity for national requirements of the jurisdictions involved not to pose undue burden to trades in biomethane and pertinent certificates across borders. We focus both on the draft ordinance and the preceding legal basis establishing a mandatory biogas quota system in Austria.

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<sup>1</sup> The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent, sustainable and liquid wholesale markets, unhindered by national borders or other undue obstacles. We currently represent more than 130 energy trading companies, active in over 27 European countries. For more information, visit our website at [www.efet.org](http://www.efet.org).

<sup>2</sup> <https://www.e-control.at/bereich-recht/aktuelle-begutachtungsentwuerfe>

## Detailed comments

### **1. Crediting of biomethane against national renewable fuel quotas should factor in sustainable certification requirements under RED II**

Articles 25 to 27 RED II require Member States to introduce an obligation on fuel suppliers to ensure that the share of renewable energy within the final consumption of energy in the transport sector equals at least 14% by 2030.

Biogas may be credited against national renewable fuel quotas, if:

- The same biomethane consignment is not claimed for both GoOs for end consumer disclosure and proof of sustainability (PoS) certificates.
- There is evidence of an uninterrupted supply chain from the producer to the buyer of the biomethane, including an appropriate audit of the mass balance by voluntary sustainability certification schemes.
- The sustainability and GHG savings criteria laid down in article 29 RED II are complied with.

In this respect, article 19 RED II restricts the use of GoOs to disclosure of information to final consumers of biogas and renewable hydrogen on the source of supply. Trading of GoOs issued at the request of producers can provide an additional revenue stream to supplement other means of financial support to the production of renewable energy.

Therefore, as GoOs represent contractual flows of biomethane, they cannot be counted towards the national renewable energy targets under article 3 RED II. For the latter, PoS certificates demonstrating compliance with sustainability and GHG saving criteria and the mass balancing traceability principle, under articles 25-30 RED II and the associated Implementing Act for voluntary schemes<sup>3</sup>, are necessary.

We understand that, under a recently adopted decree for biomethane, Austria intends to use a system of GoOs and book-and-claim green gas certificates for off-grid biomethane<sup>4</sup>, in combination with book-and-claim green gas seals to serve as PoS, for the purposes of serving article 3 RED II. We would need further clarity as to whether this use of GoOs relates to the obligation of producers to request GoOs for the pertinent issuance statistics to be

<sup>3</sup> [https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=PI\\_COM:Ares\(2021\)4234307](https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=PI_COM:Ares(2021)4234307)

<sup>4</sup> Under recital 05 of the Implementing Act for voluntary schemes “gaseous fuels produced and consumed off the grid or through local distribution networks are to be considered as separate mass balancing systems.”

used for reporting against article 3 RED II. Our understanding is that this use is possible if GoOs are exclusively traded in the same market of production of biomethane, for the use of production data in the national statistics.

We also seek to understand the nature of sustainability information which is to be covered by the green gas seal. In particular, we are interested to know how the green gas seal will relate to the ongoing inquiry on the draft EN16325 code<sup>5</sup> proposing the insertion of optional sustainability and GHG data-fields in cross-commodity GoOs.

Finally, the ordinance should make it absolutely clear that the envisaged quota for suppliers can be complied with by means of renewable gas volumes sustainably produced and certified in any country other than Austria.

## **2. Transfer of biomethane GoOs via the AIB hub should not preclude international trades of other types of certificates**

The consulted draft ordinance indicates that E-Control, acting as the Austrian GoO registry, should oversee all international (cross-border) transfers of certificates via the AIB hub. If registries of other types of certificates, beyond E-Control-issued GoOs, do not support this, no transactions are possible.

In addition to GoOs, the cross-border transfer of PoS certificates for physical trading is an aspect related to RED II, and its ongoing revision. Therefore, the draft ordinance should not preclude cross-border transfers of certificates related to national or international voluntary certification schemes. Flexibility should be offered in terms of trading combinations of GoOs with or without the underlying gas, as well as with or without the proof of the mass balance, or of the PoS as a standalone certificate. This is particularly important since the draft article 31a RED III<sup>6</sup> on the Union database (UDB) envisions embedding one certificate into the other for the purposes of target accounting, to avoid double claims.

According to the current operational design of the UDB, GoO registries must provide monthly information about the registered GoOs – i.e., GoO numbers generated per economic operator. The economic operator would then link the GoO and the PoS

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<sup>5</sup> According to Guidance 03 of the EU ETS Monitoring and Reporting Regulation, neither that draft standard is sufficient to certify the RED II sustainability requirements [https://climate.ec.europa.eu/system/files/2022-10/gd3\\_biomass\\_issues\\_en.pdf](https://climate.ec.europa.eu/system/files/2022-10/gd3_biomass_issues_en.pdf)

<sup>6</sup> Under the draft art. 31a (2) and (4) RED III: a) For gaseous fuels injected into the EU interconnected gas grid, economic operators should only enter info on the transactions made and the sustainability characteristics and GHG emissions up to the injection point, where the mass balancing traceability system is complemented by GoOs; b) Where GoOs have been issued to produce a consignment of renewable gases, Member States shall ensure that those GoOs are transferred to the UDB at the moment when a consignment is registered in the UDB and are respectively cancelled after the consignment is withdrawn from the EU interconnected gas grid, c) Such GoOs, once transferred, shall not be tradable outside the UDB.

certificates within the UDB. This synchronization of the UDB and GoO systems would ensure that any further trade of GoOs across the value chain would also include the PoS numbers associated with them, until cancellation of both at withdrawal point, without duplications. This development would render the green gas seal largely obsolete and would ensure that compliance with the suppliers' quota is performed with any sustainably produced volumes indifferent of the country in which they have entered the European single mass balancing facility.

### **3. We ask for clarity in relation to RED II around the extension of the validity period of GoOs linked to stored biomethane**

We understand that the proposed ordinance allows for extension for at least two calendar years of the yearly validity period of GoOs linked to stored biomethane. A reason behind this might be the intention to document, through the GoO, the transfer of gas to the storage provider, as well as when exactly it is being stored and afterwards withdrawn from the storage facility.

We are interested in more details on the rationale of the above provision, as well as to what extent it relates to an interpretation of article 19 RED II, under which an outright yearly validity period is stipulated. Moreover, we wish to understand why GoOs should be stored, from the moment that certification is based on the book-and-claim principle. Particularly, we seek a confirmation as to whether the provision is of relevance solely for GoOs merged with a green gas seal, and therefore valid for Austria's renewable energy target accounting.