

18 September 2023

EFET response to MITECO consultation on Draft Order for the promotion of renewable gases in Spain

The European Federation of Energy Traders (EFET¹) thanks the Spanish Ministry of Environment for the opportunity to submit our comments to the draft Order for the promotion of biomethane and renewable hydrogen in the Spanish transport sector².

EFET has previously welcomed³ the consulted initiative of Enagas - in their capacity as the GoO registry of Spain – to:

- Extend to biomethane and hydrogen produced by electrolysis the system of GoOs for consumer disclosure purposes under article 19 Directive (EU) 2018/2011
- Align with the draft CEN – EN 16325 standard, which will enable the inclusion in the GoO of optional data-fields for sustainability and GHG emissions saving criteria under article 29(2) to (7) and (10) RED II

This optionality of inclusion into the GoO of carbon footprint information related to the production of the respective MWh will come to the benefit of customers in non-compliance sectors. On a general note, to ensure the ramp-up of traded markets in biomethane and hydrogen and their renewable characteristics, national transpositions of EU Law should aim at preventing market fragmentation and undue burden on market participants trading gases and certificates across borders.

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.

EFET believes that certification related to any form of aggregable and commoditised product ought to ensure tradability in systems of maximum transparency and integrity. Certification processes can ensure that double counting of the same fuel volume is prevented.

¹ 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 140 energy trading companies, active in over 27 European countries. For more information, visit our website at www.efet.org

² [Propuesta de Orden por la que se desarrolla el mecanismo de fomento de biocarburantes y otros combustibles renovables con fines de transporte](#)

³ [EFET response to Enagas consultation on the Guarantees of Origin \(GoOs\) management procedure](#) (June 2022)

1. We call on MITECO to adhere to the single mass balancing framework under RED II and the Royal Decree 376/2022

We welcome the general approach under the Royal Decree 376/2022 of 17 May on the accounting of biomethane and renewable hydrogen in the targets for sale and consumption of biofuels/ biogases in Spain's transport sector. This is because it enables market participants to:

- Be certified under a voluntary scheme recognised by the EU Commission
- Demonstrate with the use of mass balances compliance with the sustainability and GHG emissions reduction criteria under RED II

This approach is in line with the definition and treatment of the EU interconnected infrastructure - understood as the aggregation of all interconnected gas infrastructures (gas grids, gas storage facilities, LNG terminals) and hydrogen systems - as a single mass balancing system, under the Implementing Act for voluntary schemes emerging from article 29 RED II and entering into force as of December 2023⁴.

We nonetheless understand that the consulted Ministerial Order proposes that the obligated parties required to prove compliance with the targets mentioned above must demonstrate fulfilment of their obligation with the use of GoOs that embed information from PoS certificates.

To that end, we understand that producers of biomethane and renewable hydrogen certified under a voluntary scheme are required to send information of the PoS certificates that they have been granted to Enagas GTS, for subsequent integration of that information by the latter into the book and claim GoO system.

We point to a potential complication that the proposal may entail for cross-border trade, should it become an obligation, and not an option, for Economic Operators to report, as of 2024, solely biogas/ RFNBO quantities associated with GoOs for final use in the transport sector. To avoid this complication, we suggest that the Spanish authorities consider the following:

- Unconstrained cross-border transfers of PoS certificates among different points of injection and withdrawal of gases across the interconnected EU grid is stipulated under the Implementing Act and is the means for compliance with article 3 RED II.

⁴ [Recital 5 and article 2 \(18\) and \(19\) of the Commission Implementing Regulation \(EU\) 2022/996 of 14 June 2022](#) on rules to verify sustainability and greenhouse gas emissions saving criteria and low indirect land-use change-risk criteria

- The on-boarding of all EU GoO registries to the EECS Gas Scheme Group - which will ensure the EU-wide use of the AIB hub for biomethane GoO transfers across registries - is still work in progress.

For this reason, we request that the Order explicitly indicates that:

- **Both the import and export of renewable gases do not require a GoO**
- **The only requirement for them to account for the RED II targets in the transport sector is the PoS certificate**

2. The possibility to merge PoS information into GoOs should remain a voluntary decision for Spanish renewable gas producers

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 optional request of producers may serve the voluntary market by providing an additional important revenue stream to supplement other means of financial support to the production of renewable energy.

Therefore, as GoOs represent contractual flows of biomethane, they are not considered sufficient to be counted as a sole certification instrument towards the national renewable energy targets under article 3 RED II.

For biomethane to be credited against national renewable fuel quotas, the Economic Operator needs to demonstrate 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, as correctly foreseen under the Royal Decree.

We expect a full-fledged Union database for tracing gaseous and liquid transport fuels under RED II to facilitate trading for compliance purposes of EU-produced biomethane across borders, as the latter requires the proof of mass balance at every border.

Until RED III - which foresees that the mass balance system may be complemented by GoOs, where appropriate⁵ - enters into force, EU GoO platforms will primarily serve the voluntary market, even once fully interconnected via the AIB hub.

⁵ According to the current operational design of the UDB, as roughly outlined under the draft article 31a RED III, GoO registries will have to 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 certificates within the UDB. This synchronisation 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

We appreciate what seems to be the intention of MITECO, through the proposed inclusion of PoS fields into the GoO, to address the risk of double counting which may arise from the separate use of GoOs and PoS for the same gas molecule in different schemes.

We nonetheless believe that system integrity can be preserved with the help of the voluntary schemes and certification processes around them, provided batches of produced biomethane are assigned a unique identification through the Union database. In this respect, we believe that PoS-audited Economic Operators should not be submitted to further auditing processes.

Therefore, in order to alleviate and simplify the administrative burden of renewable gas production plants that have a sustainability certificate issued under any voluntary scheme recognised by the EU Commission, we kindly request for the Spanish GoO registry (Enagas GTS) to accept as valid the PoS audits associated with the plant in order to pass the initial audit for the registration of production facilities, as well as for periodic audits.

We remain at the disposal of the Spanish authorities to:

- Further discuss optional combined use of GoOs and PoS
- Share experience related to the use cases that we have identified for our recently launched contractual standard for trades of biogas certificates on the CEGH GreenGas Platform⁶

⁶ [EFET Biogas Certificates Standard Single Trade Agreement – Version 1.1./ June 2023 and Guidance Note](#)