

IFIEC Europe's Position on Guarantees of Origin for Renewables

Introduction

Enhanced EU climate ambitions require that the carbon footprint of products needs to decrease. Usage of renewables by industry, households and transport is an important means to reach this. This can be in the form of e.g. gas, electricity or hydrogen.

There are two hurdles that need to be overcome:

1. Credible **accounting** is needed for claiming the renewability. Accounting of renewables needs to be credible and needs to avoid any double counting or green washing.
2. Renewables are not always available at the same **location** as it is used. On the contrary, most renewables are produced at sea or at locations that are far away from (industrial) consumers.

Guarantees of Origin (GO) is an instrument that tackles both hurdles. It provides an accounting system and decouples the footprint (GO) from the commodity (e.g. electricity or gas).

Guarantees of origin are traded independently of the commodity and independently of any physical connections between consumption and production.



Already now, the Guarantees of Origin (GO) instrument is in almost all European countries the means of certifying unequivocally that consumed electrical power is produced carbon neutral.

In the context of the Fit-for-55 package, including the revision of the Renewable Energy Sources directive, we advocate for a common stated objective that the future system of Guarantees of Origin must not block the path developing a European forward-looking and low-carbon based energy-intensive industry, hence:

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A good GO system should be a transparent/robust, and cost-effective accounting system that enables usage of renewables irrespective of location of production or consumption.

Therefore we stand for the following:

1. Robust European GO specification

Need for **robust accounting specification**, designed, and implemented to avoid 'greenwashing' or double counting, covering:

- a. Owned production assets (Scope 1)
- b. On-site or direct-connected production
- c. Delivered products that are consumed (Scope 2)

The accounting specifications should be market-based.

Consumers should have a clear choice of either purchasing GOs that unequivocally certify that consumed commodity is of a renewable production source, or, as an alternative, contract production in a specific facility, for example with electricity through a Power Purchase Agreement (PPA). With a PPA, not only the electrons but also the accompanying GOs are contracted.

2. Standardized GO handling by independent Issuing Bodies

Need for a **standardised GO accounting system at independent Issuing Bodies**. The route by which GOs are issued (renewable production) and cancelled (renewable consumption) varies by MS. GOs handling needs to be possible by any Issuing Bodies that ensures standardized GO accounting for renewables.

Additionally, consumers should have the choice to either give their supplier a mandate to arrange this for him (suppliers account), or to open an account on his own (consumers account).

3. Location independent

GO enable the usage of renewables **independently of any physical connections** between consumption and production. Physical connection between production and consumption is irrelevant as long as GO specification/handling are transparent and robust.