



EER position on GUARANTEES OF (RENEWABLE) ORIGIN



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Founded in 2017 by:

ACIE: Asociación de Comercializadores Independientes de Energía / Association of Independent Retailers – SPAIN

AFIEG: Association Française Indépendante de l'Electricité et du Gaz / French independent association for electricity and gas – FRANCE

AIGET: Associazione Italiana di Grossisti di Energia e Trader / Italian Association of Energy Traders & Suppliers – ITALY

BNE: Bundesverband Neue Energiewirtschaft e.V. / Association of Energy Market Innovators – GERMANY

Oberoende Elhandlare / Independent Electricity Retailers – SWEDEN

EER position on guarantees of (renewable) origin

Demand for specific electricity products of desired origin is increasing in the EU. For now, this demand relates almost exclusively to electricity generated from renewable energy sources (RES) by corporate businesses to enhance their environmental credentials and households wishing to contribute to a better environment. Thus, the tracking system of guarantees of origin is instrumental to the reliable authentication of claims about the origin of a certain quantity of consumed energy. As a consequence, many retailers have developed offers of green energy backed by GOOs.

Denying GOOs to renewable electricity which benefits from State support schemes would be a mistake for 3 reasons:

- 1) Since a GOO is a certification of origin, it should only reflect the origin; otherwise it becomes a non-dependable certification for the customers.
- 2) Trying to avoid a double gain – one from the commercial margin (due to certificated RES origin) and another one from States' support schemes – is not necessary if RES support schemes are competitive, because the subsidy of a competitive (i.e.: auctioned) support scheme depends on the competitiveness of the supported electricity, which includes the GOOs' market value. Indeed, electricity eligible to GOO in a competitive support system gets a lower support.
- 3) Fewer GOOs available in the market would add risk of oligopolistic market power by incumbent operators with large amount of old renewable plants.

The newly agreed RES Directive (June 2018) paves the way for using GOOs with renewable electricity which benefits from State support schemes, while addressing some of the concerns often brought forward with respect to a double gain. It states that the market value of the GOO shall appropriately be taken into account in the relevant support scheme.

According to the reached agreement, this is the case when:

- 1) The financial support is granted by way of a tendering or a tradable green certificate system;
- 2) The market value of the GOO is administratively taken into account in the level of financial support; or, more generally
- 3) The GOO price is competitively set in the market.

EER strongly supports the exploration of the paths outlined by this agreement through national governments when transposing the new RES Directive into national law.

As in France and in Italy, RES production benefiting from national support policies and collected by national agencies or incumbent operator should anyway be covered by GOOs to be auctioned in the market in order to contribute to the GOOs supply.

Based on growing importance of GOOs in the electricity retail market, competitiveness of supply of GOOs should be promoted by National antitrust Authorities as in the whole electricity supply chain.