

RECS MEMO

Type	European Commission consultation response
Paper #	Delegated Act on renewable fuels of non-biological origin
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1. Background

The RED-2 (EU 2018/2001) promotes the use of renewables in the EU. For the transport sector, it sets a separate target of 14% renewables. Fuel suppliers can use renewable transport fuels (both liquids and gases) of non-biological origin to meet this target. On the 20th of May 2022, the European Commission published a delegated act (DA) setting out the requirements for renewable electricity used to produce these renewable transport fuels so they can be counted as fully renewable. The consultation on this document is open until midnight on Friday the 17th of June. Feedback is limited to 4000 characters, although small files can be attached.

2. RECS' position

Overall, the link between the cancellation of GOs and the claiming of the use of renewable electricity to produce hydrogen through electrolysis is not explicit enough in this delegated act. Unless this link is made clearer, there is a risk that this DA could be interpreted and implemented in such a way as to allow for double counting of the renewable attributes of a given unit of energy. Specifically, RECS' response (attached) proposes changes to recital 14, articles 3, 4.1, 4.2, and 4.4 in order to explicitly reference the need to always cancel guarantees of origin whenever claiming the use of a given MWh of renewable electricity. RECS also calls for the generic and undefined term 'power purchase agreement' to be replaced with our suggestion of a more precise description of what is required.

Strengthen recital 14

Recital 14 cites article 19 of the RED-2 (EU 2018/2001) and thereby alludes to the requirement on Member States to ensure that the same unit of energy from renewable sources is taken into account only once. However, this recital can and must be strengthened to make this requirement explicit. RECS requests the following sentence be added to the end of recital 14:

"Any producer claiming to have used renewable electricity in their production process must prove this claim by cancelling a GO. This is required in order to respect Art. 19.2 para 2 of the RED-2: "Member States shall ensure that the same unit of energy from renewable sources is taken into account only once".

Adding this sentence would help to remove any ambiguity from the delegated act and reassure consumers of RFNBOs and renewable electricity that the renewable energy attributes they are claiming the use of, and paying for, are not also being claimed by another consumer.

Replacing the term PPA in the delegated act

The term Power Purchase Agreement (PPA) has become a catch-all for describing contracts for buying power and/or energy attributes. Whilst the term 'renewable PPA' is typically understood to mean a long-term contract that includes both electricity and its renewable attributes there are many different forms that such contracts can take. Even within PPA sub-categories such as 'financial', 'sleeved' etc. there are differences between contracts. PPAs are bilateral agreements between market participants and as such, even when there are common elements, everyone is essentially unique. The use of such an undefined, catch-all term in the delegated act is concerning, as it can mean different things to different stakeholders. Therefore, RECS requests the term 'renewables power purchase agreement' in the delegated act is replaced with a more precise description of what is required. Examples range from the general:

"contracts for energy and for energy attribute certificates"

to the more specific:

"contracts with a 5-year term or longer between a named producer and production device and a named consumer and consumption device for energy and its associated energy attribute certificates (in the EU this means guarantees of origin as set out in Art.19 (EU) 2018/2001."

Including guarantees of origin in article 3

Article 3 on rules for counting electricity sourced from directly connected installations as fully renewable requires the RFNBO producer to provide evidence on the connection and age of the installation generating renewable electricity and the installation producing RFNBO. Sub-paragraph (c) allows for the installation producing electricity to be connected to the grid. Such an installation may be able to receive GOs. So that Member States can ensure that the same unit of energy from renewable sources is taken into account only once GOs should be explicitly mentioned in article 3. This could be done by adding a new subparagraph:

"(d) If any installation producing electricity is connected to the grid, as allowed under subparagraph (c), and is registered to be issued guarantees of origin for its generation, as set out in Art.19 (EU) 2018/2001, then GOs from this production device must be cancelled for the units of energy that are used in the production of RFNBOs."

Including guarantees of origin in article 4.1

Article 4.1 allows RFNBO producers to count electricity taken from the grid as fully renewable under specific conditions. However, Article 4.1 does not account for the possibility that such electricity generation may also be issued with GOs. If RFNBO producers can claim their electricity consumption under conditions which would also allow GOs to be issued for the same energy units to be sold separately then Member States would no longer be able to ensure that the same unit of energy from renewable sources is taken into account only once. Therefore, GOs should be explicitly referenced in this article as proof of

renewable electricity consumed. While providing an exemption for RNFB0 producers who consume in a bidding zone with a high proportion of renewable electricity from temporal, spatial or age criteria, Article 4.1 should also ensure there is no double counting of such renewable electricity through the mandatory use of GOs. This could be done by adding a sentence to article 4.1:

“If a fuel producer claims electricity taken from the grid as fully renewable in line with the requirements of this article, then, so that Member States shall ensure that the same unit of energy from renewable sources is taken into account only once, they must also show that the producer and production device from which they purchase their renewable electricity either:

- a. cancelled Guarantees of Origins from within the bidding zone from where they claim their energy consumption*
- b. The renewable energy production device they consume from is not part of the calculated renewable electricity share of the bidding zone from where they claim their energy consumption*
- c. The renewable energy production device they consume from is not eligible or registered to be issued with Guarantees of Origin; or*

Including guarantees of origin in article 4.2

In addition to replacing the term PPA in the delegated act, article 4.2 should be strengthened to make an explicit need to cancel guarantees of origin in order to ensure there is no double-counting of the renewable energy attributes of a given unit of energy. This could be done by adding a phrase to the paragraph:

4.2 Fuel producers may also count electricity taken from the grid as fully renewable if they have concluded one or more [renewables power purchase agreements] or e.g. [contracts for energy and for energy attribute certificates] with economic operators producing renewable electricity in one or more installations generating renewable electricity for an amount that is at least equivalent to the amount of electricity that is claimed as fully renewable and for the cancellation of guarantees of origin that are at least equivalent to the amount of electricity that is claimed as fully renewable and the electricity claimed is effectively produced in this or these installations, provided that the following criteria are met:

Including guarantees of origin in article 4.4

Article 4.4 should be strengthened to make an explicit need to cancel guarantees of origin in order to ensure there is no double-counting of the renewable energy attributes of a given unit of energy. This could be done by adding a phrase to the end of the paragraph:

“If a fuel producer claims electricity taken from the grid as fully renewable in line with the requirements of this article, then, so that Member States shall ensure that the same unit of energy from renewable sources is taken into account only once, they must also show that the producer and production device from which they purchase their renewable electricity either:

- a. cancelled Guarantees of Origins from within the bidding zone from where they claim their energy consumption*

- b. The renewable energy production device they consume from is not part of the calculated renewable electricity share of the bidding zone from where they claim their energy consumption*
- c. The renewable energy production device they consume from is not eligible or registered to be issued with Guarantees of Origin; or*