25 July 2024

Joint statement on the Spanish Guarantees of Origin Registry System

ACIE, AELEC, APPA, ARMIE, ETE and UNEF wish to bring to the attention of CNMC operational barriers affecting the Spanish Guarantees of Origin (GOs) System while providing proposals for improvement.

In this document we describe the difficulties observed by the market participants and linked them to possible solutions. We make ourselves available to support CNMC in its task of managing the GOs system, in order to:

1. Have a more efficient, digitally automated registry that responds to current needs of the Spanish market
2. Reducing the administrative burden borne by both market participants and the competent Authority in charge of the GOs registry
3. Preserving the role of GOs in driving decarbonisation efforts which enable consumers to demonstrate renewable consumption

Background

The Guarantees of Origin (GOs) system is the main tool available to electricity consumers in Spain to demonstrate the portion of their consumption that comes from renewable sources.

It is also a mandatory tool for Member States in accordance with the Renewable Energy Directive since it has been conceived as one of the main elements for the promotion of renewable energy in the internal energy market and will be promoted in the form of a uniform system to facilitate the use and trade of GOs across the continent[1].

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[1] GOs will continue to have an important role in the promotion of renewables, as reflected in the new Renewable Energy Directive. It is the objective of the Directive with regard to GOs to promote its use and to establish common guidelines for all Member States so that a uniform system is adopted to facilitate the use and trade of GOs across the continent. In particular, the Directive states in point (13) of the Explanatory Memorandum that: *'[...] It should therefore be ensured that the issuing, trade, transfer and use of guarantees of origin can be done in a uniform system with appropriately standardised certificates that are mutually recognised throughout the Union [...]'.*

The number of GOs issued in the Spanish system has more than doubled since its inception. According to CNMC data, the issuance of GOs has grown from 47 million GOs in 2007 to 116 million GOs in 2022[2] and the number of power plant codes (CIL) applying for the issuance skyrocketed from 989 in 2007 to 146.701 in 2022.

This evolution has been driven mainly by a growing appetite from the side of Spanish and European consumers and generators in the renewable certification of their consumption, and on the other hand, by a greater availability of renewable electricity generation in the system.

The traction effect of the demand for certificates has led to a greater number of suppliers willing to offer GOs to their customers, participating in the GOs system and increasing the number of agents managing under the GO registry.

However, market participants active in the Spanish GO system have been facing operational difficulties with the registry in force for some time. If such impediments are not overcome, it is foreseeable that they will exacerbate as renewable generation in the system increases in the short and medium term by:

- Hindering country's decarbonisation efforts as GOs facilitate trades of electricity produced from renewable energy sources
- Complicating the management of GOs for market participants and the timely fulfilment of obligations with counterparties regarding transfer or cancellation
- Discouraging consumers to make use of a very valuable tool to demonstrate renewable consumption enshrined in the Renewable Energy Directive

Proposals

We believe that the Spanish GOs system should:

1. Automatise operational environment in accordance with European best practices

GOs systems should consist of automated electronic registries that allow a fast and efficient management of GOs (issuance, transfer - including import/export – and cancellation) at lower administrative costs while optimising human resources.

Moreover, tracking of GOs available in the system in an easy way is crucial (e.g. GOs available in the system, their status and the GOs held by the requesting market participant). We point out other best practices from other EU countries (e.g. registries in the Netherlands, Norway and Portugal).

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[2] Files number GDO/DE/001/20 and GDO/DE/001/23 of the CNMC, respectively.

2. Reduce time lag between GOs applications and their issuance

We understand that currently there is a wide time lag between the GOs applications and the issuance.

Although it is possible to anticipate the request of transfer, the legal deadline of 10 months[3] – which is well above the 1-month period stated under the European standard enforced in RED II[4] - generates significant uncertainty among market participants, impacting volume certainty and contractual commitments with third parties.

Furthermore, we are concerned about the growing requests for certificates challenges stemming from the expansion of renewable generation in the system: as an example, in 2023, the GOs for renewable electricity generated in January and requested in February were not issued until 5 July.

For some market participants, the delay in the issuance and transfer of GOs is even generating contractual disputes e.g. raising force majeure clauses with their counterparties, since the agent does not receive on time the GOs that it has committed to transfer, and therefore is not able to meet its contractual obligations.

Furthermore, delays in transfers might drive also to automatic cancellation of valid GOs from other registries. For the system, this means the loss of GOs and the impossibility to demonstrate renewable consumption, even if renewable generation has actually taken place.

Moreover, the current regulatory framework in Spain should aim to fulfil the 12-month period in which GOs should be made available for transfers as established under the Renewable Energy Directive.

We believe that a robust and manageable GOs system that responds to operational need would benefit the whole Spanish energy value chain. To achieve this aim, we are at the disposal of CNMC to support in what it deems necessary to implement the proposed changes.

In the Annex below, we attach a benchmark of GO registries containing best practices from other relevant EU markets.

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[3] Art. 15 of Circular 1/2018 sets the deadline for submission of GOs as follows: "La expedición de garantías de origen correspondientes al mes de producción m tendrá lugar antes del último día del mes m+10, y en todo caso, antes del 28 de febrero de cada año, para las garantías correspondientes al año anterior, y se entenderá realizada a favor del titular de la instalación que será el tenedor inicial de las mismas."
[4] Section 4.5.3 of said CEN - EN 16325 states that "The Issuing Body shall Issue the related GOs within one month of receipt of the relevant measurement data and consumption Declaration, or within one month of receipt of a request for Issuance, whichever is the later."

#	Question	Netherlands	Norway	France	Portugal	G-REX Denrmark	G-REX Sweden	Spain
	**Benchmark of GO registries in relevant EU markets - best practices**							
1	*Does the registry operate in a digitally automated way? Which operations can be executed automatically?*	Yes - GO stock information and transfers are conducted immediately; issuance is done at the request of the holder (after cross-check with TSO)	Yes - issuance of certificates is done automatically as it takes the data directly from TSO	Yes - GO stock and transfers are conducted immediately; issuance is done at the request of the holder (after cross-check with TSO)	Yes - GO stock and transfers are conducted immediately; issuance is done at the request of the holder (after cross-check with TSO)	Yes - issuance of certificates is done automatically as it takes the data directly from TSO	Yes - issuance of certificates is done automatically as it takes the data directly from TSO	Registry does not operate automatically
2	*Digital platforms used*	Managed by an internal team	NECS (Norwegian Energy Certificate System)	Powernext	Managed by an internal team	Grexel	Grexel	Managed by an internal team
3	*How often are GOs issued?*	On a monthly basis, for the production of month m-1	GOs are issued on a weekly basis, every Monday. GOs are issued for the production that took place three weeks. Previously https://necs.statnett.no/goabout	On a monthly basis, for the production of month m-1	On a monthly basis, for the production of month m-1	On a monthly basis, for the production of month m-1	On a monthly basis, for the production of month m-1	Non predefined- no foreseeability as per the lack of regulatory
4	*Time lag between request for GOs and issuance, in days*	Less than a month from the request of issuance	Weekly, every Monday	Less than a month from the request of issuance	Less than a month from the request of issuance	Less than a month from the request of issuance	Less than a month from the request of issuance	Undefined- e.g. GOs for January 2023 production were issued in July 2023
5	*Validity period to request issuance*		N/A	5 months after month of production	7 months after month of production			8 months after month of production or 31 Jan year n+1
6	*Does the platform enable GO holders to see an inventory of its GOs?*	Yes for the account holder	Yes for the account holder	Yes for the account holder	Yes for the account holder	Yes for the account holder		No inventory view provided. Only an excel sheet with all movements in the Registry
7	*Freedom of choice of GOs to be transferred from inventory?*		Yes for the account holder		Yes for the account holder			There is no possibility to decide on the GOs period I would like to transfer (GOs are transferred by the oldest) --> problem linked to the inventory

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8	*What is the inventory information provided?*	Type of technology, production month, installation ID, volume, certificate number, country of origin, issuing body, transferor, subsidised	Type of technology, production month, installation ID, volume, country of origin, transferor, subsidised, date operational	Type of technology, production month, installation ID, volume, country of origin, transferor, subsidised	Type of technology, production month, installation ID, volume, country of origin, transferor, subsidised	Type of technology, production month, installation ID, volume, certificate number, country of origin, issuing body, transferor, subsidised	Type of technology, production month, installation ID, volume, certificate number, country of origin, issuing body, transferor, subsidised	No inventory information provided
9	*Is the inventory information up to date? Is the info provided in real time or does the inventory provide a longer delay in the information provided?*	Inventory information update is instant - info on GOs issued subject to (small) issuance delay (see item #4)	Inventory information update is instant - info on GOs issued subject to (small) issuance delay (see item #4)	Inventory information update is instant - info on GOs issued subject to (small) issuance delay (see item #4)	Inventory information update is instant - info on GOs issued subject to (small) issuance delay (see item #4)	Inventory information update is instant - info on GOs issued subject to (small) issuance delay (see item #4)	Inventory information update is instant - info on GOs issued subject to (small) issuance delay (see item #4)	Information is not provided in real-time. Information on the website is updated on a aleatory basis
10	*Validity period to transfer GOs*	12 months after month of production	12 months after month of production	12 months after month of production	12 months after month of production	12 months after month of production	12 months after month of production	Shorter than 12 for certain production as 10 March of year n+1 in force, and issuance starts after labeling
11	*Security features enabling flexible operability*	2 step authentication. Username, password	2 step authentication. Username, 2 access codes, a back up code can be added.	2 step authentication. Username, password and code sent to telephone	2 step authentication. Username, password and code sent to telephone	2 step authentication. Username, password and code sent to telephone	2 step authentication. Freja ID needed	Digital certificate issued for each operator, hindering ability to operate