

## Comments to GTS on the proposed adaptation of the Spanish GO System to Order TED 728/2024

Energy Traders Europe welcome the possibility to submit input to GTS through the *Comité de Sujetos* regarding the update of the Spanish GO System. We emphasise that, **in such a period of uncertainty, it is inconvenient to implement changes to the GO System, while it would be more prudent to wait for a clearer and more detailed understanding of the UDB's functioning** before proceeding with the introduction of any new measures. Indeed, in case of incompatibility with upcoming EU implementing legislation, systems will have to be rebuilt, and market practices redesigned, adding to the level of regulatory risk which is already seriously impacting the development of the renewable gasses sector. As a preliminary remark, **we therefore invite GTS to reconsider any precipitous approach in favour of a more cautious one**, taking into account the uncertainty surrounding the development of EU legislation, and minimising the need for subsequent procedural changes.

Please see below our detailed comments.

### Key messages

- Given the current regulatory uncertainty, it is inconvenient to implement changes to the GO System. We suggest waiting for a clearer and more detailed understanding of UDB's functioning.
- The approach being taken in Spain, which seeks to include sustainability information into GOs, could introduce unnecessary technical and compliance challenges for shippers and create obstacles to cross-border trade, ultimately hindering the development of a EU-wide integrated market for biomethane.
- Certification under a voluntary scheme approved by the Commission should be accepted as valid evidence for meeting the RFNBO Delegated Act requirements.
- It is unclear how can hydrogen produced using electricity GOs that are not RFNBO-compliant qualify as renewable.

## Detailed comments

### A8. Tratamiento de la sostenibilidad y emisiones de gases de efecto invernadero en las garantías de origen

- 1) We are primarily concerned by the intention of the Spanish authorities to integrate PoS information into the GOs. According to the interpretation provided by GTS<sup>1</sup>, GOs incorporating PoS information are assimilable to PoS for compliance purposes, a concept which seems at odds with what PoS are, that is, not a certificate, but rather a statement of an economic operator on the sustainability of the material it handles.

Admittedly, the system designed by Enagás is based on a fundamental misconception, that is, treating PoS as tradable certificates rather than sustainability declarations anchored to the physical flow<sup>2</sup>. This approach poses a significant obstacle to cross-border biomethane trade and threatens the development of an integrated EU-wide biomethane market, by introducing serious **compliance challenges** for shippers. Indeed, it creates a system where PoS become tradable products once combined with GOs, in total contradiction with the system envisaged by EU legislators – currently being followed by more and more economic operators – according to which a) only GOs are tradable; and b) must be traded within the UDB.

It appears obvious that **if PoS is a declaration anchored to the molecule, and the GO is the only tradable certificate, data aggregation can only work as a flow of information from the GO into the UDB**, where the PoS has been uploaded and has received a PoS ID (which is generated at every injection, transaction, or transformation). This is, in fact, also in line with the non-public document titled *Questions on Union Database* (15 December 2023) issued by the European Commission in response to ERGaR and AIB, as

---

<sup>1</sup> “Con la incorporación de estos parámetros las Garantías de Origen pasarán a tener una doble función: [...] Serán utilizadas a efectos de cumplimiento de objetivos hasta que se haya completado la integración de la UDB con SICBIOS, lo que no exime a los operadores de disponer de la PoS en pdf correspondiente, de acuerdo con los requisitos del esquema voluntario bajo el que hayan sido certificados”.

<sup>2</sup> ISCC EU 203 Traceability And Chain Of Custody: [https://www.iscc-system.org/wp-content/uploads/2022/05/ISCC\\_EU\\_203\\_Traceability\\_and\\_Chain-of-Custody-v4.0.pdf](https://www.iscc-system.org/wp-content/uploads/2022/05/ISCC_EU_203_Traceability_and_Chain-of-Custody-v4.0.pdf)

# CONSULTATION RESPONSE

referenced in our position paper on establishing conditions for developing the Italian biomethane market<sup>3</sup>.

In light of this, we are concerned about Enagás proposal – included in the consulted document (A8) – of integrating PoS information into GOs leading if it is decoupled and detached from the UDB logic, as it would spark compliance issues and entail high costs to establish a system that contradicts the one originally envisioned by the European Commission. Accordingly, we believe that the **GO platform should not and cannot have the function of centralising the submission of information to the UDB**, as suggested in the consulted document.

Additionally, with respect to the *incorporation of PoS information into GOs* mandated by the Spanish authorities, we note that the differences between the **temporal validity** of GOs and PoS are not addressed. Market participants should be enabled to deliver sustainable fuels even after the expiry of the GO, which, as defined by RED II, occurs after 12/18 months from issuance.

2. According to the interpretation provided by GTS, as confirmed during the Q&A of 5 September organised by *Comité de Sujetos*, biomethane which is certified only with PoS:
  - cannot be claimed as zero-rated if consumed by installations covered under the EU ETS<sup>4</sup>, which is not in line with the MRR;
  - cannot be counted towards the national fuel quota scheme set out in Order 728/2024;
  - is not “usable” in Spain until the UDB becomes operational.

**These three options for the procurement of EU-wide certified sustainable gas are actually enabled by the EU regulatory framework for economic operators**, as also stated in our comments on the draft Order TED728/2024<sup>5</sup>. **The Spanish regulatory framework should be swiftly adapted to ensure that this option of supply is also**

---

<sup>3</sup> Energy Traders Europe, [Establishing conditions for developing the Italian biomethane market](#).

<sup>4</sup> [Recomendaciones Del Grupo Técnico De Comercio De Emisiones De La Comisión De Coordinación De Política De Cambio Climático](#)

<sup>5</sup> Energy Traders Europe, [Comments to CNMC on the draft MITECO order for the promotion of biomethane in the transport sector](#).

# CONSULTATION RESPONSE

**available**, avoiding market fragmentation, increasing competition and facilitating access of Spanish customers to the European renewable gas market.

3. With respect to imports and exports, the consulted document (A8), under point 7 titled *Importación y Exportación*, does not cover imports of biomethane certified with PoS and not additionally accompanied by GO. GOs not including information about sustainability and GHG emissions can only be imported if certifying biomethane produced in a facility and certified as sustainable, with the importer having the obligation to receive, beyond the GO, also the PoS. This construction seems unnecessary in light of the functioning of the UDB. Once this will be active, GOs, when issued, will travel with sustainable material under a PoS ID each time they are transferred to a new economic operator all the way to the point of consumption. This will suffice to avoid a risk of double counting.

In this respect, we believe that, in line with RED III, **the import and export of GOs should only take place within the UDB. This would also avoid the unnecessary costs related to the adaptation of AIB interface needed for including PoS information in the GO.**

Therefore, we suggest rephrasing the first subparagraph of point 7 *Importación y Exportación* as follows:

***“La importación y exportación de garantías de origen tendrá lugar a través de la UDB, asegurando una conversión mutua de las GdOs del país saliente al sistema de GdOs del país entrante”***

## A9. Verificación de los requisitos del Reglamento Delegado (EU) 2023/1184 en la producción de gases renovables de origen no biológico

1. **We believe that certification under a voluntary scheme approved by the Commission should be accepted as valid evidence for meeting the requirements outlined in the RFNBO Delegated Act.** This certification should be recognized during the onboarding process of installations in the GO registry. Alternatively, the GTS should look at the direct connections, or the provision of information related to PPAs (as already mentioned in the A9). Nevertheless, the onboarding of installations opting for the use of average power mix in the n-2 year should be also enabled in the registry.
2. In Table 1, **the case of consuming electricity from the grid when the daily market price is  $\leq 20$  €/MWh or  $< 0.36 \times \text{CO}_2$  price is not addressed.** In this case, a PPA would be required, while additionality does not apply until January 2038 for electrolysers coming online before January 2028.

	Condiciones adicionales	PPAs	Adicionalidad	Correlación temporal	Correlación geográfica
<b>Producción Directa</b> 	N/A	N/A		N/A	N/A
<b>Producción por conversión (consumos de red)</b> 	RES > 90% Limitación a %horas de funcionamiento = %RES	N/A	N/A	N/A	N/A
	Cuando se eviten vertidos renovables	N/A	N/A	N/A	N/A
	<18gCO <sub>2</sub> eq/MJ 		N/A		
	Situación por defecto			Exención hasta 2038 para electrolizadores anteriores a 2028	

**NOTA:**

**PPA:** Contrato de compra de electricidad renovable con productores de electricidad renovable en una o más instalaciones.

**Adicionalidad:** La puesta en marcha del electrolizador ha tenido lugar 36 meses después de la puesta en marcha de la instalación de producción eléctrica renovable como muy tarde

**Correlación temporal:** La producción del hidrógeno tiene lugar en el mismo periodo temporal que la electricidad renovable. Hasta 2030 – mensual; >2030 – correlación horaria

**Correlación geográfica:** Producción de hidrógeno en la misma zona de mercado (eléctrico) que la producción de electricidad renovable.

# CONSULTATION RESPONSE

## 3. The paragraph

*“Aunque en el Reglamento Delegado no se establece la redención de garantías de origen eléctricas como obligación para el cumplimiento de los requisitos de sostenibilidad, en España la trazabilidad de la electricidad renovable se lleva a cabo desde 2007 mediante el sistema CNMC de garantías de origen”*

is problematic as, under the RFNBO Delegated Act, the GOs issued to the producer of renewable electricity must be cancelled once the producer of hydrogen from that electricity receives them. The conclusion of one or more PPAs coupled with issuance and cancellation of GOs<sup>6</sup> between hydrogen and renewable electricity producers (either directly or via intermediaries) is stipulated under the Delegated Act as the means to satisfy the additionality criterion.

**The paragraph above should thus be eliminated.**

## 4. The Document (A9) also states that

*En los procesos de conversión se requiere la redención de garantías de origen para demostrar el origen renovable de la energía consumida, lo que en el caso de la producción de hidrógeno electrolítico implica la redención de garantías de origen de electricidad renovable para los consumos del electrolizador”*

However, it is worth specifying that as stated by the European Commission in the Q&A *Implementation of hydrogen delegated acts*<sup>7</sup>, while GOs may still be used as a tool for demonstrating compliance with the criteria of the RFNBO Delegated Act<sup>8</sup>, only electricity from the contracted installations producing renewable electricity under the renewable PPA is eligible. Accordingly, only GOs that have been issued for the

---

<sup>6</sup> We note that the associated GOs must be cancelled before the expiry of the validity period and the volume cancelled shall correspond to that claimed under the PPA.

<sup>7</sup> European Commission, [Q&A Implementation of hydrogen delegated acts](#)

<sup>8</sup> For instance, it would be possible for the fuel producer to demonstrate via cancelling the required number of GOs that at least an equivalent amount of electricity that is claimed as fully renewable has been produced by the installations producing renewable electricity under the renewable PPA.

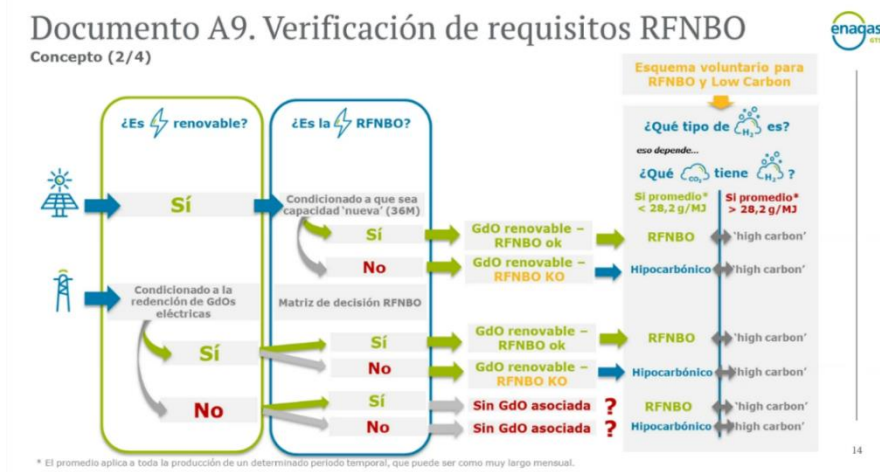
# CONSULTATION RESPONSE

installations covered by the renewables PPAs can be used to demonstrate compliance with the conditions on additionality and temporal and geographic correlation.

**Therefore, the cited paragraph above should be eliminated or amended accordingly, because compliance with the RFNBO Delegated Act is the basic condition to acknowledge the renewable origin of the electricity used.**

- For Enagás, when producing hydrogen with electricity from the grid, it is possible to use electricity GOs that state the non-compliance with RFNBO requirements (paragraph 3.4), therefore generating a GO for renewable hydrogen that would not meet the RFNBO criteria.

**It is unclear how can this hydrogen qualify as renewable,** and we would like to ask for clarifications in this regard.



We remain available for any further clarifications or additional information you may require. Please do not hesitate to contact us.

## Contact

Stefano Grandi  
Gas Policy Associate  
+32 484 994 777  
[s.grandi@efet.org](mailto:s.grandi@efet.org)