

Key takeaways from the rules on guarantees of origin for renewable gases

The Spanish Ministry for the Ecological Transition and Demographic Challenge (“MITECO”) recently approved the main rules applicable to guarantees of origin for renewable gases (“Renewable Gas GoO System”) through Order TED/1026/2022 (“RG GoO Order”), dated 28 October 2022.

This is a key development for fostering and supporting renewable gas initiatives, as the Spanish Government’s Hydrogen and Biogas Roadmaps (approved on 9 October 2020 and 22 March 2022) outlined.

All renewable gases – such as green hydrogen and biogas – are eligible for guarantees of origin (“RG GoOs”) under the Renewable Gas GoO System, including not only renewable gases injected into the gas grid but also renewable gases that are (i) injected into isolated pipelines, (ii) self-consumed, or (iii) transported off-grid (e.g. by road transport).

The RG GoO Order regulates in detail the fundamental operating principles and protocols applicable to RG GoOs and the roles, rights and obligations of the main players, such as RG GoO holders, the issuing authority, measuring and audit entities (“Management Procedure”).

1. ISSUING AUTHORITY

Enagás GTS has been appointed as the issuing authority (*entidad responsable*) for the time being and been entrusted with implementing and managing the Renewable Gas GoO System. However, MITECO may at any time assume the functions and faculties Enagás GTS has been assigned or transfer them to any other third party. Enagás GTS must liaise with the corresponding authorities from other EU Member States to adopt measures to promote and facilitate EU-wide imports and exports of RG GoOs.

2. RG GoO HOLDERS

RG GoO holders are companies with a registration account (*cuenta de anotaciones*) in the book-entry registry of the Renewable Gas GoO System. RG GoO holders must (i) sign an agreement to participate in the Renewable Gas GoO System; and (ii) be registered with the Spanish Commercial Registry, the Special Registry of Temporary Joint Ventures (*Registro Especial de Uniones Temporales de Empresas*), the Local Entities Registry (*Registro de Entidades Locales*) or included in the Ministry of Finance’s database or in any other register that evidences the company’s characteristics and status.

RG GoO holders may be (i) renewable gas producers (*productores de gases renovables*), including owners of renewable gas production facilities or third parties to whom operating a production facility has

been outsourced; (ii) renewable gas suppliers; (iii) RG GoO consumers; and (iv) RG GoO traders (*intermediarios de garantías de origen*) – whose main functions will be limited to transferring, importing and exporting RG GoOs.

3. RENEWABLE GAS GoO SYSTEM REGISTRATION

Users interested in participating in the Renewable Gas GoO System need to register as RG GoO holders with Enagás GTS. In turn, each RG GoO holder may enrol (although not on an exclusive basis) as a producer, supplier, consumer or trader, although specific requirements apply to each of these roles within the Renewable Gas GoO System. Among other requirements, (i) renewable gas producers need a favourable assessment from an auditing entity (including an onsite evaluation of the production facility) in order to register in the Renewable Gas GoO System; and (ii) renewable gas suppliers must become natural gas suppliers (*comercializadores*) in the Spanish gas system.

4. RENEWABLE GAS PRODUCTION FACILITIES SUPERVISION AND AUDITING

Metering entities (*entidad medidora*) are responsible for collecting and determining the values of renewable gas production and consumption with respect to each GoO holder. For an infrastructure that is not connected to the gas grid, the metering entity will be the renewable gas producer, and for an infrastructure that is connected to the gas grid it will be the gas network operator.

In addition to the initial assessment mentioned above, renewable gas production facilities are subject to annual monitoring and control by auditing entities (*entidades auditoras*) to check that the data renewable gas producers submit are accurate. Renewable gas producers must appoint such auditing entities from a list that Enagás GTS is to approve and publish.

5. RG GoO FORMAT AND CONTENT

The actual RG GoOs themselves will be electronic certificates with an exclusive ID number. For tracking and informative purposes, RG GoOs will set out certain information, including the renewable gas production facility in question, its issuing authority, the type of renewable gas, the energy carrier used, its energy source/s, its dissemination level, its current and original holder, whether the renewable gas producer has received state aid or support, its market status and its issuing date.

6. RECORDING OF RENEWABLE GAS PRODUCED AND ALLOCATION OF GoOs

An RG GoO represents 1 MWh of net renewable gas produced. This net renewable gas amount is defined by reference to (i) the renewable gas facility's gross output, minus (ii) its ancillary consumption from non-renewable energy sources. The RG GoO Order describes the parameters and criteria to determine both values in more detail.

Output metering rules (*reglas de medición*) differ depending on whether or not the renewable gas is to be injected into the natural gas network. For renewable gases that are injected, RG GoOs will rely on data inputs from the SL-ATR system. For all other renewable gases used for self-consumption, off-grid

transport gas and gas in isolated pipelines, the RG GoO Order lays out specific technical criteria, including an obligation to undergo an annual test.

7. MARKET DYNAMICS OF RG GoOs

Enagás GTS will automatically issue RG GoOs on a monthly basis at the request of a renewable gas producer. RG GoOs may be freely transferred to other RG GoO holders within the 12 months following the production date of the renewable gas associated with the RG GoO in question. Similarly, RG GoOs may also be exported to and, if compatible, imported from foreign systems. However, an inter-state framework agreement will have to be signed prior to trading RG GoOs with any non-EU systems.

RG GoO redemption is regulated and must be carried out within 18 months of the date on which the renewable gas associated with the RG GoO in question is produced. However, RG GoOs for renewable gas consumed during a specific calendar year must be redeemed no later than 31 March in the following calendar year. The RG GoO Order permits and regulates in detail RG GoO redemption by renewable gas consumers for each (i) specific consumption point, (ii) balance portfolio, or (iii) bunkering or vehicle-fuelling operation.

8. REPORTING CHANNELS AND COOPERATION

Enagás GTS must submit an annual report to MITECO compiling and summarising how the Renewable Gas GoO System has functioned during the applicable calendar year. This report, along with the information contained in the registries created in the context of the Renewable Gas GoO System (registry of renewable gas facilities, RG GoO holders, etc.), must be publicly available at the Renewable Gas GoO System's platform. Consumers and suppliers may request that the number of their redeemed RG GoOs is reported on an aggregate basis through "disclosure" or "residual mix" annual statements.

Enagás GTS will handle any RG GoO holders' claims in respect of any issues regarding RG GoOs. The Renewable Gas GoO System's has a specific section for these claims that is available to all RG GoO holders.

A joint committee comprising all public and private stakeholders (i.e. *Comité de Sujetos del Sistema de Garantías de Origen del gas procedente de fuentes renovables*) will be created to, among other responsibilities, follow up and report on how the Renewable Gas GoO System is performing.

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