ENTSOG's consultation response on the legislative proposal COM (2021) 557 for amending RED II[1]

ENTSOG (European Network of Transmission System Operators for Gas) welcomes the European Commission's legislative proposal COM (2021) 557 on the revision of the Renewable Energy Directive and would like to support the future legislative process with the following comments and proposed changes (please see the annex).

RED should aim to set up a market for the climate value of all renewable and low-carbon energy carriers. ENTSOG's work with other associations from the gas industry and GO issuing bodies (*GO Prime Movers' Group*) has clearly shown that such a market would be the most efficient and quickest way to achieve EU decarbonisation targets. To facilitate the creation and development of such market, a European-wide certification system is needed. This system should disclose climate characteristics and decarbonisation potential of different energy carriers to consumers and help them make a well-informed choice of the energy they consume. It should also provide market players with a proof that the supply and consumption of energy will be compatible with their renewable energy obligations under any kind of target compliance (e.g. for renewable fuels) and for decarbonization obligations under the EU ETS.

We believe that such a certification system should be built on the basis of **the common Guarantees of Origin (GO) system for all energy carriers** (i.e. being also compatible with mass balance as required for EU ETS or target compliance for renewable transport fuels). The GO system will ensure a proper and transparent pricing of the climate value and will strengthen the integration of different energy systems in an efficient and timely manner because GOs will: 1) be issued in a common standardised system applicable for all energy carriers (electricity, gas, heating and cooling), 2) be easily transferrable across borders and energy carriers, 3) ensure traceability of energy being at the same time decoupled from individual physical flows which is more market efficient and will attract more market participants than a system with bilateral trade deals tracked between all buyers and sellers. For the avoidance of doubt, this should also apply to the liquefied forms of gas.

The GO schemes have been already established in majority of Member States and are currently being updated to cover all energy carriers, in particular renewable gases. To help Member States finalise effective set-up of these schemes and their interoperability to achieve a truly pan-European system a few **changes in the legal framework are needed, i.e**:

- **the scope of the GO system should be extended to low-carbon gases (Art. 19)** to achieve a level-playing field with other decarbonisation solutions and ensure quick supply of large volumes of decarbonised energy to the market. To this effect the issuance of GOs to low-carbon gases should become an obligation for Member States and a definition of 'low-carbon' should be introduced;

[1] https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12553-EU-renewable-energy-rules-review_en

- **the GO and sustainability certification systems should be integrated** to prevent double counting of the climate value and simplify the usage of different certificates. This could be done through adding the carbon footprint and sustainability information to the minimum list of information recorded on a GO (Art. 19 and 30). In this case it should be possible to use GOs in the Union Database (if it is deemed necessary for gases in Art. 31a) with due regard of the main principles of the gas market functioning;
- **European interconnected gas system should be recognised as a 'single logistical facility' for the purpose of mass balance including the sustainability certification** (Art. 30) to ensure smooth and efficient trading of the climate value. These changes will also facilitate interaction between the GO, renewable fuels for transport and EU ETS markets and enable a workable and harmonised solution for implementation of the revised EU ETS MRR (Monitoring and Reporting Regulation) by 1st January 2022;
- **the GO should be recognised as a tool to prove renewable origin of hydrogen for the target compliance**. Any measure or criteria foreseen in the RED II revision to reach such a target should prevent discrimination among renewable energy technologies, market inefficiencies and distortions as well as related extra costs for the end-user and additional emissions. The current approach to additional administrative arrangements for renewable hydrogen such as geographical and temporal correlation criteria should be reconsidered (Art. 27);
- **European standardisation process should be enhanced to ensure that production registration and certification at Member States level is done in the EU-compatible way to guarantee interchangeability of GOs.**

We hope our contribution will help policymakers better assess available policy options. Our proposed changes in annex are a base for discussion. We are at your disposal for any clarification questions and would be interested in exchanging views with you on them.

Best regards,
ENTSOG

Annex. ENTSOG's proposals and comments on the legislative proposal for amending RED II, COM (2021) 557

AMENDMENTS PROPOSED BY ENTSOG	COMMENTS
1. Extension of GO schemes to low-carbon gases	
Article 19 **Guarantees of origin for energy from renewable sources and/or from low carbon sources** 1. For the purposes of demonstrating to final customers the share or quantity of energy from renewable sources **and/or the share or quantity of energy from low-carbon sources** in an energy supplier's energy mix and in the energy supplied to consumers under contracts marketed with reference to the consumption of energy from renewable sources **and/or from low-carbon sources,** Member States shall ensure that the origin of energy from renewable sources **and low-carbon sources** can be guaranteed as such within the meaning of this Directive, in accordance with objective, transparent and non-discriminatory criteria. 2. To that end, Member States shall ensure that a guarantee of origin is issued in response to a request from a producer of energy from renewable sources **and from a producer of energy from low-carbon sources.** Member States may arrange for	We believe that the GO issuance should be mandatory for both renewable and low-carbon energy, including low-carbon gases, which all have a great decarbonisation potential. Low-carbon gases in particular can bring quickly large volumes to the market having a direct impact on GHG emission reduction whereas the off-take of renewable gases will be slower. Putting GOs in place for low-carbon energy, in particular gases, will allow consumers to distinguish them from renewables in order to make a well-informed choice regarding the source and the origin of energy purchased in the market. Although the explanatory memorandum to the Commission's legislative proposal for RED II revision provides for '*the certification of*

guarantees of origin to be issued for energy from **other** non-renewable sources. Issuance of guarantees of origin may be made subject to a minimum capacity limit. A guarantee of origin shall be of the standard size of 1 MWh. No more than one guarantee of origin shall be issued in respect of each unit of energy produced. **Recital (59)** Guarantees of origin which are currently in place for renewable electricity should be extended to cover renewable gas **and low-carbon energy sources. Further** ~~**E**~~**e**xtending the guarantees of origin system to energy from non-renewable sources, **other than low-carbon energy sources,** should be an option for Member States. This would provide a consistent means of proving to final customers the origin of renewable gas such as biomethane and would facilitate greater cross-border trade in such gas. It would also enable the creation of guarantees of origin for other renewable **and low-carbon** gas such as hydrogen.	*low-carbon fuels to be addressed in a separate legislative proposal such as the Hydrogen and Decarbonised Gas Market Package',* we believe there are benefits from using RED II as a legislative tool for this. Having rules for certification of renewable and low-carbon energy in one piece of legislation would bring a level-playing field and consistency in functioning of the schemes and thereby prevent a risk of market distortions. This would also bring greater transparency for the market and consumers. Our proposal would also require changes to recital 59 of RED II to bring consistency across the legal text.
Article 2 **Definitions** **(1b) 'energy from low-carbon sources' means energy from non-renewable sources including low-carbon gases, which contribute to the climate change mitigation and adaption.**	To enable GO issuance to energy from low-carbon sources proposed above, specific definitions are needed. In general, this type of energy could be identified by its positive climate effect. For low-carbon gases such climate effect could be measured through the maximum threshold of greenhouse gas footprint, meaning the maximum amount of emissions that could be generated during the production cycle. The proposed threshold of 36.4 gCO_2eq for low-

(1c) 'energy from low-carbon gases' means energy from non-renewable gases with a greenhouse gas footprint of less than 36.4 gCO2eq/MJ calculated by the moment of placing the energy on the market / or value provided in the delegated act supplementing Regulation (EU) 2020/852 by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation. (19) 'guarantee of origin' means an electronic document which has the sole function of providing evidence to a final customer that a given share or quantity of energy was produced from renewable sources **and/or low-carbon sources;**	carbon gases, in particular hydrogen, was calculated by the *CertifHy* project team using a partial lifecycle analysis (same as in ISO 14044 and 14067 - emissions from extraction and processing of raw materials up to production of a marketable product). It has been already translated into the legislation of some Member States (e.g. Portugal) and therefore could represent a good starting point for the energy markets. However, this value could be further discussed and reviewed, e.g. following the progress on the adoption of the Commission's delegated act establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation according to the Taxonomy Regulation (EU) 2020/852. This change is needed to accommodate the proposal above.
2. Establishing a link between the GO and sustainability certification systems	
Article 19 **Guarantees of origin for energy from renewable sources and/or low carbon sources**	We suggest adding to the GO information on carbon intensity and sustainability of the energy production.

7. A guarantee of origin shall specify at least: (a) the energy source from which the energy was produced and the start and end dates of production; (b) whether it relates to: (i) electricity; (ii) gas, including hydrogen; or (iii) heating or cooling; … **(g) information on the greenhouse gas footprint of the produced energy covering life cycle greenhouse gas emissions,** **(h) information on compliance with criteria laid down in Articles 29 and 29a of this Directive.** […]	Our work and exchange with stakeholders within the GO Prime Movers Group (please see here) have clearly indicated the need to record this information or transfer it from sustainability certificates (SC) to the GO in order to create a single standardised tool for trading the climate value of energy (in other words 'an upgraded GO' or 'GO+' system). It would help consumers make a well-informed choice regarding their energy consumption and therefore decarbonise their energy mix in the most efficient and cost- effective way. At the same time consumers will be certain that any risk of double counting the same energy unit (certified both by a GO and a SC) is prevented. It would also ensure the most efficient allocation of renewable and low-carbon energies. This single standardised tool for trading the climate value of energy should be used for consumer disclosure, for all types of target compliance (e.g. the EU ETS and transport fuels quotas) and any other purposes (e.g. for the Union Database if it is deemed necessary for gases). Technical solutions enabling 'GO+' could be developed further in the standardisation process and enshrined in the GO Standard EN 16325. The work in this area has already started in the process of the GO Standard revision. For example, there are proposals to complement GOs with a reference to the relevant sustainability certification schemes, reports and certificates produced by such schemes as well as indication whether the sustainability requirements are complied with.

9. Member States shall recognise guarantees of origin issued by other Member States in accordance with this Directive exclusively as evidence of the elements referred to in paragraph 1 and points (a) to ~~(f)~~ **(h)** of the first subparagraph of paragraph 7. A Member State may refuse to recognise a guarantee of origin only where it has well-founded doubts about its accuracy, reliability or veracity. The Member State shall notify the Commission of such a refusal and its justification.	We believe these developments should be supported by the RED II amendments. In particular, it is important to ensure that Member States undertake an obligation to make proposed data-fields available for energy producers in all national GO schemes (see also our changes to Article 30 below) in order to harmonise and promote cross-border trade. At the same time the producer may have a margin of discretion on the scope of information to be provided (e.g. the producer should not be forced to make specific calculations, if this imposes excessive administrative burden). This change is needed to accommodate the proposal above.
Article 30 **Verification of compliance with the sustainability and greenhouse gas emissions saving criteria** 3. Member States shall take measures to ensure that economic operators submit reliable information regarding the compliance with the greenhouse gas emissions saving criteria laid down in Articles 29(2) to (7) and (10) and 29a(1) and (2), and that economic operators make available to the relevant Member State, upon request, the data used to develop that information. **Member States shall enable the recording of such information on the guarantees of origin issued according to Article 19 of this**	With this change we propose to build a link between GOs and sustainability certification. If the sustainability audit for renewable gases takes place at the production site, the results of this audit could be easily recorded on a GO as an additional information subject to the request of the energy producer (unless the national legislation requires to record this information in a mandatory way). The GO is a market-based instrument specifically designed to satisfy the needs of market players and boost the production and trade of renewable energy in the EU, therefore could be effectively used as a medium to

Directive after it has been verified by relevant voluntary or national schemes setting standards for the production of renewable fuels and recycled carbon fuels.	deliver information about climate characteristics of the produced and supplied energy to the obligated market players. Gas consumers, for example, will significantly benefit from such information. First, they will get a more complete and precise information on the climate characteristics of the product they consume. Second, they will be able to use this information to show their decarbonisation efforts, i.e. prove that the gas they consume satisfies conditions of their renewable energy obligations or could be counted as an offset of the carbon emissions under the EU ETS. This set-up is possible due to the fact that sustainability characteristics of injected gases will not change from the moment of injection into the gas infrastructure to the moment of withdrawal. Therefore, the information recorded on a GO will stay relevant and valid up to the moment of the gas withdrawal.
Article 31a (new Article) **Union database** 1. The Commission shall ensure that a Union database is set up to enable the tracing of liquid [**and gaseous**] renewable fuels and recycled carbon fuels **for the purpose of […].** 2. Member States shall require the relevant economic operators to enter in a timely manner accurate information into that database on the transactions made and the sustainability characteristics of the fuels subject to those transactions, including their life-cycle greenhouse gas emissions, starting from their point of production to the moment it is consumed in the Union. Information on whether support has been	**The co-legislators should reassess the added value of using the Union database for gaseous fuels and consider excluding such fuels from its scope.** The matter is that according to RED II certification of gases could be done via the Guarantees of Origin (GOs) and sustainability certification schemes, therefore the use of another tool such as the Union database may appear to be redundant. If, however, co-legislators see the overwhelming necessity in using such database for gases, **the proposed Article 31a should be further clarified and adapted to the functioning of the internal EU gas market following the recommendations below.**

provided for the production of a specific consignment of fuels, and if so, on the type of support scheme, shall also be included in the database. **For the gaseous fuels injected into the European interconnected system for gas within the meaning of Directive 2009/73/EC:** **a) only the physical entry to and physical exit from the system based on respective transactions shall be registered;** **b) sustainability information, recorded on the guarantee of origin according to Article 19(7)(h), shall be registered independently of the individual physical flows and the underlying transactions.** Where appropriate to improve traceability of data along the entire supply chain, the Commission is empowered to adopt delegated acts in accordance with Article 35 to further extend the scope of the information to be included in the Union database to cover relevant data from the point of production or collection of the raw material used for the fuel production. Member States shall require fuel suppliers to enter the information necessary to verify compliance with the requirements laid down in Article 25(1), first subparagraph, into the Union database. 3. Member States shall have access to the Union database for the purposes of monitoring and data verification. 4. **When** ~~**If**~~ guarantees of origin have been issued for the production of a consignment of renewable gases, Member States shall ensure that **such** ~~**those**~~ guarantees of origin are **registered in the database as a proof of sustainability for related consignment and** cancelled ~~**before**~~ **after** the consignment ~~**of renewable gases can be registered in the database**~~ **is withdrawn from the European interconnected system for gas.**	**First, it is not clear if the Union database should be used for the target compliance, monitoring of the EU ETS carbon offset obligations, consumer disclosure or all**. The purpose of the Union database and scope of its application should be clearly indicated. Moreover, the date when such Union database should become operational is not defined which creates uncertainty for the market players and requires changes. In addition, it should be pointed out that **the scope of the Union database is limited to the liquid and gaseous energy carriers and does not include, for example, electricity, heating and cooling**. Therefore, it is not clear how the Union database could help improve traceability of energy carriers and allow market operators and policy makers to take the right decisions for their energy mix, as intended and declared in the Impact Assessment Report. The legislator should consider if the Union database is the right policy tool for achieving this goal and if its scope should be extended to other energy carriers in line with the sector coupling principles. **Second, it does not take into account existing certification tools such as GOs.** EU Member States are already obliged by RED II to extend the scope of their GO schemes to renewable gases and have started working on it and making necessary investments in the development of their GO registries (databases) and auditing procedures. The legislator should recognise the efforts made at the national level and allow to register GOs as a proof of renewable origin of energy and its sustainability in the Union Database (see also our proposals to Articles 19 and 30 above).

5. Member States shall ensure that the accuracy and completeness of the information included by economic operators in the database is verified, for instance by using voluntary or national schemes **or system of guarantees of origin.** For data verification, voluntary or national schemes recognised by the Commission pursuant to Article 30(4), (5) and (6) may use third party information systems as intermediaries to collect the data, provided that such use has been notified to the Commission.	**Third, the proposed measure is not adapted to the internal gas market design.** According to Article 31a economic operators will be required to register transactions together with the sustainability characteristics of the underlying commodities (gas fuels). This requirement does not take into account specificities of the gas market functioning. In particular, it does not recognise that the European gas infrastructure represent a single logistical facility where individual physical flows do not match individual trades, for the purpose of network use optimisation. Moreover, in the internal market, gases are traded as standardised products (commodities) with no indication of their origin or other characteristics. This design ensures market liquidity, security of gas supply and the best pricing for the energy commodity. Linking the sustainability information to the individual trades or physical flow of commodities (that are meant to be interchangeable when transported inside of the single logistical facility) would ruin the current effective set-up of the internal gas market. It will create unnecessary costs for all market agents, un-optimal infrastructure use which means fragmentation of the gas market at the wholesale level, further emissions (due to redundant molecule hauls) and be likely followed by price fluctuations and negative implications for the security of supply. To prevent such risks and at the same time ensure proper traceability of renewable and low carbon energy in the gas market, certification tools such as the upgraded GOs (or so-called 'GO+') are needed. On the one hand, this tool can record and prove sustainability

	characteristics of gases needed for the target compliance. On the other, it can attribute these sustainability characteristics to corresponding volumes of gases physically injected and withdrawn from the European gas infrastructure with no risk of double-counting (since all the climate related information will be recorded on a single document – 'GO+').
3. Recognition of the gas system as a single logistical facility	
Article 30 **Verification of compliance with the sustainability and greenhouse gas emissions saving criteria** 1. Where renewable fuels and recycled carbon fuels are to be counted towards the targets referred to in Articles 3(1), 15a(1), 22a(1), 23(1), 24(4) and 25(1), Member States shall require economic operators to show that the sustainability and greenhouse gas emissions saving criteria laid down in Article 29(2) to (7) and (10) and 29a(1) and (2) for renewable fuels and recycled-carbon fuels have been fulfilled. For that purpose, they shall require economic operators to use a mass balance system which: (a) allows consignments of raw material or fuels with differing sustainability and greenhouse gas emissions saving characteristics to be mixed for instance in a container, processing or logistical facility, transmission and distribution infrastructure or site, **including European interconnected system for gas consisting of transmission networks, distribution networks, LNG facilities**	To enable cross-border trade of sustainable renewable gases, we suggest explicitly recognising the European gas infrastructure as a single logistical facility for the mass balance purposes. Such changes would ensure that once renewable gas has been injected in one Member State, it could be easily delivered to and withdrawn in another, without any risk of double counting, un-optimal use of the infrastructure, or unnecessary hauls. This is possible due to the interoperability and the high interconnection level of the European gas infrastructure. This set-up will allow renewable gases to enter a liquid EU gas market and get a proper pricing without unnecessary costs for users. Gas TSOs in particular could help facilitate the mass balance calculations for such logistical facility by allocating and attributing volumes of gas inputs and offtakes.

and/or storage facilities and considered as a single logistical facility for this purpose where only physical entry to and exit from the system based on the respective transactions shall be tracked;	Such an approach would also be consistent with CJEU Judgement in case C - 549/15, which recognised measures, seeking to exclude the possibility that an economic operator may implement a mass balance system in respect of sustainable biogas transported in interconnected national gas networks, and providing that mass balance must be achieved within a location with a clear boundary, as incompatible with the primary EU Law (Article 34 of TFEU[2]). This approach should also be used in other systems and parts of the EU energy and climate law, for example on the EU ETS.
3. Member States shall take measures to ensure that economic operators submit reliable information regarding the compliance with the sustainability and greenhouse gas emissions saving criteria laid down in Articles 29(2) to (7) and (10) and 29a(1) and (2), and that economic operators make available to the relevant Member State, upon request, the data used to develop that information. **Member State shall not require economic operators supplying energy through the European interconnected system for gas to provide further evidence of compliance with the sustainability and greenhouse gas emissions saving criteria laid down in Articles 29(2) to (7) and (10) and 29a(1) and (2), where the compliance verification was carried out at the site of the energy production and documented on the guarantees of origin.** The obligations laid down in this paragraph shall apply regardless of whether renewable fuels and recycled carbon fuels are produced within the Union or are imported. Information about the geographic origin and feedstock type of biofuels, bioliquids and biomass fuels per fuel supplier shall be made available to consumers	To complement the changes above and ensure smooth functioning of the internal gas market we suggest clarifying that for the European interconnected gas system as a single logistical facility there is no need to require from energy traders (midstreamers) to be individually certified by sustainability voluntary and national schemes. It should suffice to certify production of the gaseous energy itself prior to its injection into the system and require from energy traders to acquire the document confirming this – the 'GO+'. The matter is that the sustainability characteristics of the fuel will not change after their injection, therefore additional certification requirements imposed on energy suppliers will be redundant and will create an excessive administrative burden.

[2] Article 34 TFEU relates to intra-EU imports and prohibits 'quantitative restrictions and all measures having equivalent effect' between Member States.

on the websites of operators, suppliers or the relevant competent authorities and shall be updated on an annual basis. … 6. Member States may set up national schemes where compliance with the sustainability and greenhouse gas emissions saving criteria laid down in Articles 29(2) to (7) and (10) and 29a(1) and (2), in accordance with the methodology developed under Article 29a(3), is verified throughout the entire chain of custody involving competent national authorities, **except for the European interconnected system for gas, where compliance with sustainability and greenhouse gas emissions saving criteria is verified by the moment of the physical entry of gases into this system**. Those schemes may also be used to verify the accuracy and completeness of the information included by economic operators in the Union database, to demonstrate compliance with Article 27(3) and for the certification of biofuels, bioliquids and biomass fuels with low indirect land-use change-risk.	To complement the changes above and ensure smooth functioning of the internal gas market we suggest clarifying that for the European interconnected gas system, there is no need to verify compliance of gases with sustainability and greenhouse gas emissions saving criteria after their injection into the system because their sustainability characteristics will not change after injection. For the same reason, there is no need to verify and report intermediate transactions concluded by energy suppliers/ traders after the moment of the physical injection into this system.
4. Amendments on the additionality concept	
Article 27 **Calculation rules in the transport sector and with regard to renewable fuels of non-biological origin regardless of their end use** […] 3. Where electricity is used for the production of renewable fuels of non-biological origin, either directly or for the production of intermediate products, the average share of electricity from renewable sources in the country of production, as measured	We believe that a legal framework supporting development of renewable hydrogen (and renewable fuels of non-biological origin - RFNBOs in general) should be based on the principle of non-discrimination, i.e. electricity consumers, including hydrogen or other RFNBOs producers, should enjoy a level playing field in terms of accessing electricity in the market. No additional administrative

two years before the year in question, shall be used to determine the share of renewable energy. ~~However, electricity obtained from direct connection to an installation generating renewable electricity may be fully counted as renewable electricity where it is used for the production of renewable fuels of non-biological origin, provided that the installation:~~ ~~(a) comes into operation after, or at the same time as, the installation producing the renewable liquid and gaseous transport fuels of non-biological origin; and~~ ~~(b) is not connected to the grid or is connected to the grid but evidence can be provided that the electricity concerned has been supplied without taking electricity from the grid.~~ **However, e**lectricity that has been taken from the grid **or obtained from direct connection to an installation generating renewable electricity** may be counted as fully renewable provided that it is produced exclusively from renewable sources and the renewable properties ~~and other appropriate criteria~~ have been demonstrated **through cancellation of guarantees of origin**, ensuring that the renewable properties of that electricity are claimed only once and only in one end-use sector. ~~By 31 December 2021, the Commission shall adopt a delegated act in accordance with Article 35 to supplement this Directive by establishing a Union methodology setting out detailed rules by which economic operators are to comply with the requirements laid down in the fifth and sixth subparagraphs of this paragraph.~~	requirements hindering claims on the renewable origin of hydrogen should be imposed on hydrogen producers. However, this is not the case in the current legal framework. Article 27(3) of RED II sets additional criteria for electricity-based hydrogen to be recognised as renewable (for example, criteria mentioned in paragraphs 3(a),(b) and the reference to 'other additional criteria' in the subparagraph below). At the same time, no similar additional criteria are introduced for the use of renewable electricity in other sectors. These additional administrative (non-market based) criteria represent a barrier for development of renewable hydrogen. The recent Frontier Economics study indicates that additional criteria such as temporal and geographical close correlation would increase the production cost of renewable hydrogen. This could make renewable electricity-based hydrogen uncompetitive in the energy markets and suppress further uptake of the hydrogen technologies and interest and confidence of investors contrary to the Commission's intention to promote the use of RFNBO in line with the Energy System Integration Strategy and the Hydrogen Strategy (p.6 of the explanatory memorandum). Moreover, mentioned criteria could be interpreted differently at the Member States' level and would be difficult to implement in practice, which will lead to market distortions and block the construction and commissioning of additional renewable hydrogen and electricity capacities preventing integration of renewables. Hydrogen is essential for the integration of renewables at affordable costs, with the required energy regulation and flexibility capabilities. An energy system with less hydrogen production or where these

	would be installed later will be more expensive to finance for the public and less efficient to operate. This was already reflected in the ITRE 2018 policy study by TRINOMICS titled: "Sector coupling: how can it be enhanced in the EU to foster grid stability and decarbonise?" and is also reflected in the current EC Hydrogen and Energy System Integration Strategies and the equivalent communication documents from the EP supporting and complementing these latter ones. To eliminate such barriers and create a level-playing field for development of renewable energy we propose to define the share of renewable electricity in the hydrogen production using certification tools such as GOs – in the same way as this is done to certify renewable origin in other electricity end-use sectors. This principle should apply equally to the electricity taken by electrolysers from the electricity grid or obtained from direct connections to renewable electricity installations. This is a workable and credible solution for defining the share of renewables given the fact that the GO system is tailored for traceability and prevention of double claims on the use of renewable properties. Such a simple but credible solution would also help eliminate congestions in the electricity grids by giving hydrogen developers a market signal to invest in electrolysers' business as soon as possible. The recent FSR policy brief has also recognised the value of the GO as a tool for promoting additional production of renewables, i.e. that *'the additionality of the renewables-based electricity consumed by the electrolysers could be ensured over a year-long period, in line with the way in which the general renewable energy penetration target is defined,* ***by the implementation of a system based on guarantees of renewable origin****. Such an approach would*

Recital (90) Renewable liquid and gaseous transport fuels of non-biological origin are important to increase the share of renewable energy in sectors that are expected to rely on liquid fuels in the long term. To ensure that renewable fuels of non-biological origin contribute to greenhouse gas reduction, the electricity used for the fuel production should be of renewable origin. ~~**The Commission should develop, by means of delegated acts, a reliable Union methodology to be applied where such electricity is taken from the grid. That methodology should ensure that there is a temporal and geographical correlation between the electricity production unit with which the producer has a bilateral renewables power purchase agreement and the fuel production. For example, renewable fuels of non-biological origin cannot be counted as fully renewable if they are produced when the contracted renewable generation unit is not generating electricity. Another example is the case of electricity grid congestion, where fuels can be counted as fully renewable only when both the electricity generation and the fuel production plants are located on the same side in respect of the congestion. Furthermore, there should be an element of additionality, meaning that the fuel producer is adding to the renewable deployment or to the financing of renewable energy.**~~	*also facilitate the operation of electrolysers at their optimal utilisation rate'.* Our proposal above would also require changes to recital 90 of RED II to bring consistency across the legal text.

5. Other technical amendments	
Article 19 **Guarantees of origin for energy from renewable sources and/or low carbon sources**	
11. Member States shall not recognise guarantees of origins issued by a third country except where the ~~Union has concluded an agreement with that third country on mutual recognition of guarantees of origin issued in the Union and~~ compatible guarantees of origin systems **was** established in that third country, and only where there is ~~direct~~ import or export of energy **between Union and that third country. The guarantees of origin systems established in third countries shall be considered compatible, in particular where the European Commission has recognised its compatibility with the requirements and standards applicable in the Union.**	Requirements of RED II on the recognition of GOs from third countries are difficult to implement in practice and therefore should be simplified. First, it is not clear when import and export is considered to be direct. Second, the question may arise if the import and export should exist between the Union and a third country or between specific Member State and a third country. Third, the requirement of having an agreement between the Union and a third country might be redundant in some cases, for example where third countries have undertaken an obligation to harmonise their legislation with the Union law and apply the same standards. This could be the case of the EEA or Energy Community countries. To prevent such difficulties, we suggest changing the wording of Article 19 accordingly. We believe these changes should reinforce the basic principle of free movement of goods in the EU in relation to GOs and ensure that GOs entering a market of one Member State are eligible for the cross-border trade in the single Union market.
12. A Member State may, in accordance with Union law, introduce objective, transparent and non-discriminatory criteria for the use of guarantees of origin in accordance with the obligations laid down in Article 3(9) of Directive 2009/72/EC **and**	It is likely that for the gas market some additional disclosure rules will be set up in the upcoming Hydrogen and Decarbonised Gas Market Package like the one developed in the electricity sector. In particular,

other similar provisions contained in the Directive 2009/73/EC or other provisions of the Union law.	one may foresee adoption of specific changes to the Gas Directive 2009/73/EC (to be introduced after the RED II revision). Moreover, the reference to the Electricity Directive should be updated following the adoption of the new Directive (EU) 2019/944 on common rules for the internal market for electricity.