HYBRID WORKSHOP ON UNION DATABASE CONCEPT

INTRODUCTION AND WELCOME

11 April 2024

AIM AND AGENDA

GO Prime Movers

Hybrid workshop on Union Database concept

11 April 2024 | 10:00 – 15:25 CEST

ENTSOG Offices | 100, Avenue de Cortenbergh | 1000 Brussels
In-person & Online (MS Teams)

AGENDA

09:30-10:00	Registration and webinar open for log-in
10:00-10:10	Introduction and welcome **Claude Mangin**, Director, Market, ENTSOG
10:10-11:10	**Opening session:** How is biomethane trading conducted today before the Union Database (UDB)? Moderator: **Mariana Liakopoulou**, Markets & Policy Associate, Energy Traders Europe Presentations by • **Mariana Liakopoulou**, Energy Traders Europe • **Davide Rubini**, Head of Regulatory Affairs - Gas, Power & Environmental Products, Vitol • **Kateryna Dolzhenko**, Regulatory Affairs Manager, Shell • **Julien Mintz**, Gases regulation & Market design Manager - Global Energy Management & Sales, ENGIE Followed by a Q&A
11:10-11:20	European Commission update on UDB implementation **Galin Gentchev**, Policy Officer, C2 unit, DG ENER
11:20-11.35	**Introduction to Panel 1:** Presentation by **Tim Hamers**, Secretary General, ERGaR **European Commission reaction** Followed by a Q&A
11:35-12:40	**Panel 1:** How could Guarantees of Origin (GO) and Proof of Sustainability (PoS) be linked in the UDB? Panel discussion moderated by **Mariana Liakopoulou**, Markets & Policy Associate, Energy Traders Europe • **Peter Biltoft-Jensen**, Head of regulatory Affairs, Ørsted • **River Tomera**, Head of Unit, Renewable energy development, Elering • **Gerwin Oort**, Policy Advisor, Commercial Operations, Verticer Followed by a Q&A **Poll on the preferred option(s)**
12:40-13:40	**Lunch**
13:40-14:00	How to disclose information towards consumers? Presentation by **Katrien Verwimp**, Strategy Coordinator, AIB Followed by a Q&A
14:00-14:15	**Introduction to Panel 2:** Presentation by **Tim Hamers**, Secretary General, ERGaR Followed by a Q&A
14:15-15:05	**Panel 2:** Which steps may be needed to get to the preferred option(s)? How to deal with GO cancellation? Panel discussion moderated by **Victor Bernabeu**, Director, Eurogas • **Mate Fuchsz**, Team Lead Business Development Europe, Landwärme • **Petr Kalina**, MD and Originator, Renewable Energy Europe Biogas Trade • **Dirk Focroul**, Product Manager Green Gas, Fluxys Followed by a Q&A
15:05-15:25	**Other issues to be tackled in a second workshop, wrap-up and next steps** Claude Mangin, ENTSOG
15:25	End of the event

METHOD TO REACH OUR AIM

Content discussion on the UDB concept

→ Too detailed discussion will be stopped

→ This workshop is under **CHATHAM HOUSE** rule to have a proper content discussion on the few questions we put in the agenda

→ You can **ask your questions in TEAMS' Q&A** and the moderator may give you the floor (camera + sound) to explain further your question

→ Conclusions of today's workshop will be presented at the Madrid Forum

Let's start…

OPENING SESSION:

HOW IS BIOMETHANE TRADING CONDUCTED TODAY BEFORE THE UNION DATABASE (UDB)?

11 April 2024

Introduction to trading in renewable and low-carbon gases

Energy Traders Europe

Structure

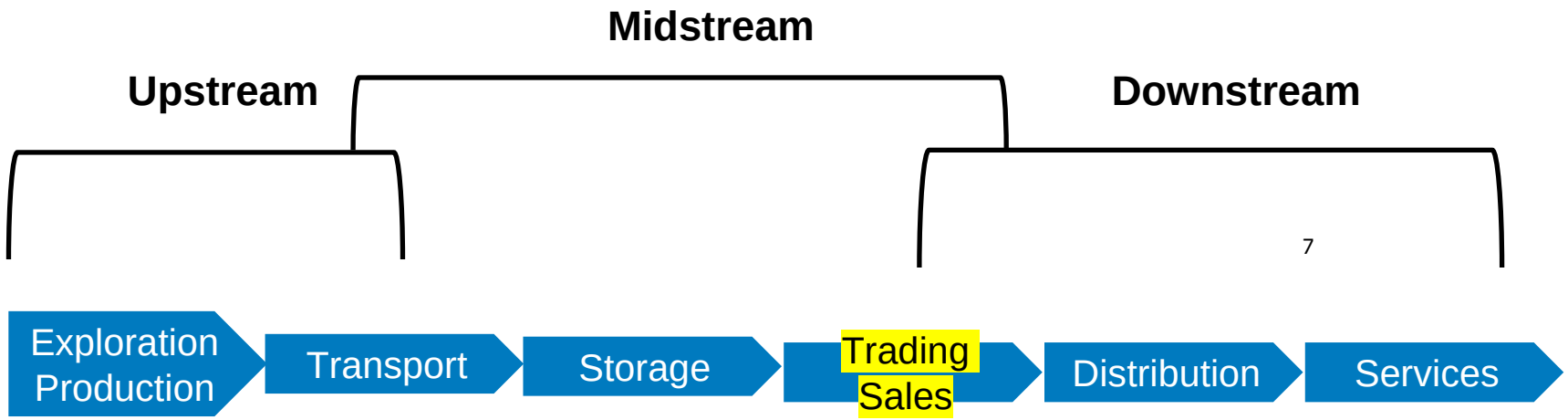
1. Introduction to gas trading

2. Introduction to compliance trading in Renewable and Low-carbon gases

3. How can the UDB support traders in compliance markets

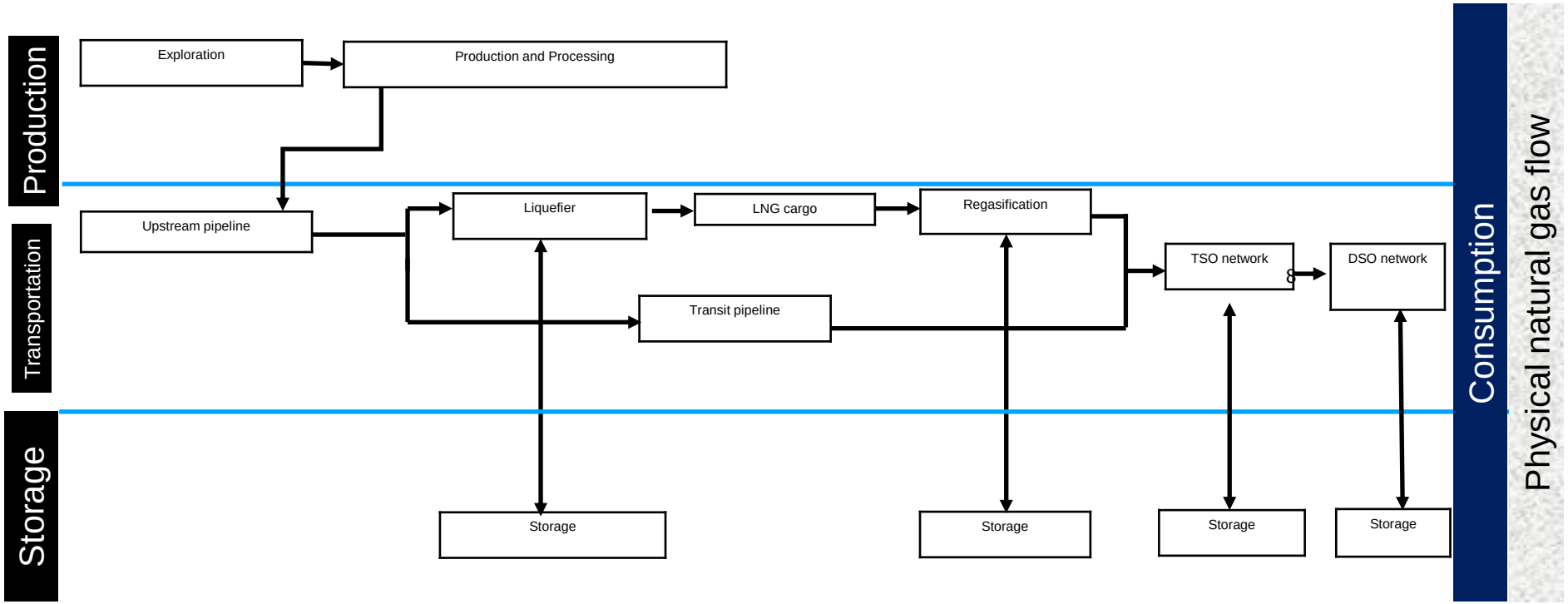
1. Introduction to gas trading

The natural gas value chain



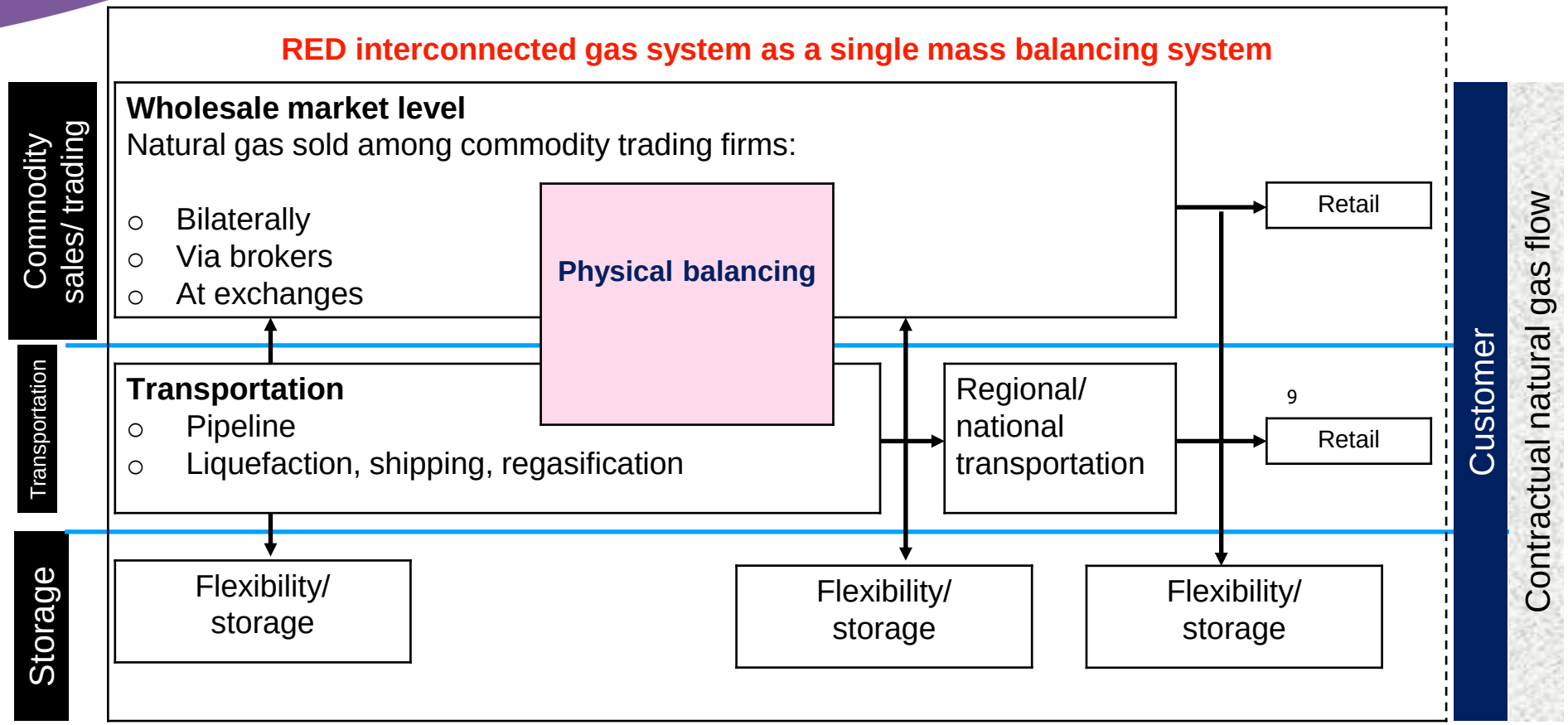
1. Introduction to gas trading

Physical natural gas value chain



1. Introduction to gas trading

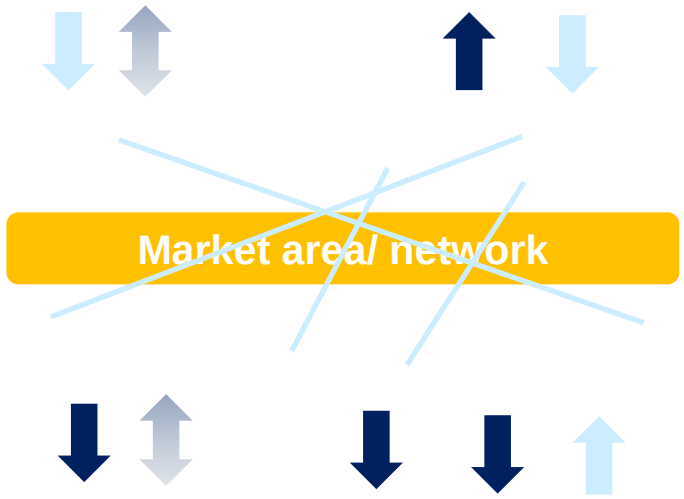
Contractual natural gas value chain



1. Introduction to gas trading

The traded gas market – Transactions and participants

- Any transaction at a hub or any delivery point can be traded:
  - **Over the counter**
  - **Via exchanges**
- Producers and end users of natural gas may not always have direct contract:
  - **Physical intermediaries** buy gas from one party to sell it to another to maximise margins between sales and purchase prices
  - **Financial intermediaries** trade financial products/ forwards that they buy/ sell by opposing transactions prior to physical gas delivery



1. Introduction to gas trading

The traded gas market – Entry-exit regime & physical balancing vs mass balancing

- Under the Gas Target Model, a Market Area is a **single entry-exit zone with a traded virtual hub**.
- Every entry-exit Market Area requires **daily balancing**. A Market Area or Virtual Trading Point involves metering of injections and withdrawals and registration of changes of ownership of volumes.
  - TSOs technically operate the grid and physically balance the gas market area. If the system is out of balance, the TSO will buy/ sell gas on the balancing market to balance the system.

  - At the same time, both the physical balancing and the mass balancing are done at shipper/ company level:
  - **At the end of each gas day the shipper balance must be equal to 0, i.e., at the end of the gas day the shipper must have withdrawn gas (sales + exit at export points + exit at storage points + trades at VTPs) equal to injections (purchases + entry at export points + entry at storage points + trades at VTPs) and is cashed out for any imbalance.**
  - **Difference between physical balancing and mass balancing: The second simply seeks to ensure that no economic operator sells/ takes out of the single mass balancing facility (incl. storage facilities) more sustainable gas than it buys/ enters the single mass balancing facility in a given mass balancing period (3 months). Documentation on traceability and quantity bookkeeping for incoming and outgoing gases are needed for fulfilling the traceability and chain of custody requirements.**

2. Introduction to compliance trading in renewable and low-carbon gases

Types of compliance transactions – Drivers to trade

Regulated market

Cross-border trade and cumulative subsidies

Cross-border trade and EU ETS reduction

Voluntary market

Cross-border trade and GHGP emissions reduction

EFET BioCH4 Standard Trade Agreement

- Part I - Commercial terms and elections
- Part II – Body of the STA:
  - Delivery and acceptance of certificates
  - Transfer, risk, no encumbrances
  - Remedies failure to deliver or accept
  - Ineffectiveness
  - Force Majeure
  - **Change in EU/ national law or standard**

- Appendix 1 – Defined terms
- **Appendix 2 – Voluntary Scheme**
- **Appendix 3 – EU ETS**
- **Appendix 4 – National Fuel Quota Scheme**
- **Appendix 5 – National Emissions Trading Scheme**
- Appendix 6 – Physical Delivery and Acceptance of Biogas

**Pre-RED III and pre-Gas Package research for the EFET bioCH4 STA designed for the CEGH GreenGas Platform*

2. Introduction to compliance trading in renewable and low-carbon gases

Types of compliance transactions – Drivers to trade

Trade	Commodity	Market	Nexus of secondary EU Law/ EC Guidance
Trading for the benefit of RES fuel quota eligibility (*transport and beyond*)	BioCH4 and green H2	Regulated	Renewable Energy Directive (RED II) Implementing Act on traceability of renewable liquid and gaseous transport fuels through the Union database Delegated Act on on renewable liquid and gaseous transport fuels of non-biological origin + Delegated Act on GHG methodology for renewable liquid and gaseous transport fuels of non-biological origin and recycled carbon fuels + EC Guidance on the H2 acts Recast Renewable Energy Directive RED III Extension of Implementing and Delegated Acts to all end uses of gas under RED III
Trading for reduction of reportable emissions towards the EU ETS	BioCH4 and H2 in the CH4 source stream	Regulated	EU ETS Directive and Monitoring and Reporting Regulation I EC rules for zero-rating of bioCH4 under the EU ETS MRR and RED II (Guidance Document 3) EU ETS Directive and Monitoring and Reporting Regulation II Updated Guidance under RED III, incl. RFNBOs, RCFs, CO2 transport and eligible aviation fuels
Trading to meet carbon accounting principles	BioCH4 + l-c H2/gases/fuels, under art. 2(10), (11), (12) GD	Regulated – voluntary	Hydrogen and Gas Markets Decarbonisation Package Article 8 of Directive and article 16 of Regulation + Upcoming Delegated Act on certification of low-carbon gases

2. Introduction to compliance trading in renewable and low-carbon gases

Traceability requirements and interfaces

Voluntary scheme - national interfaces with the UDB required by November 2024

1. Voluntary scheme systems (e.g., ISCC EU; REDcert, 2BS…)
2. National databases (in whichever Member State they exist, e.g., Nabisy)
3. National RED and voluntary book & claim registries (+/ - EN16325 upgrade)
4. National voluntary registries issuing documentation with mass balancing

2. Introduction to compliance trading in renewable and low-carbon gases

Biomethane certification tools under RED II / III

- **A heritage from (a) power GOs & (ii) sustainable bioliquids (& solid biomass) PoS**

- **Coexistence of 2 biomethane market instruments:**

- Biomethane GoOs:
- Disclosure ; recognized registries issuing the GoOs ; book & claim ;
- GoO issuing option to producer (mandatory for some MS for subsidized assets) ; expiry date

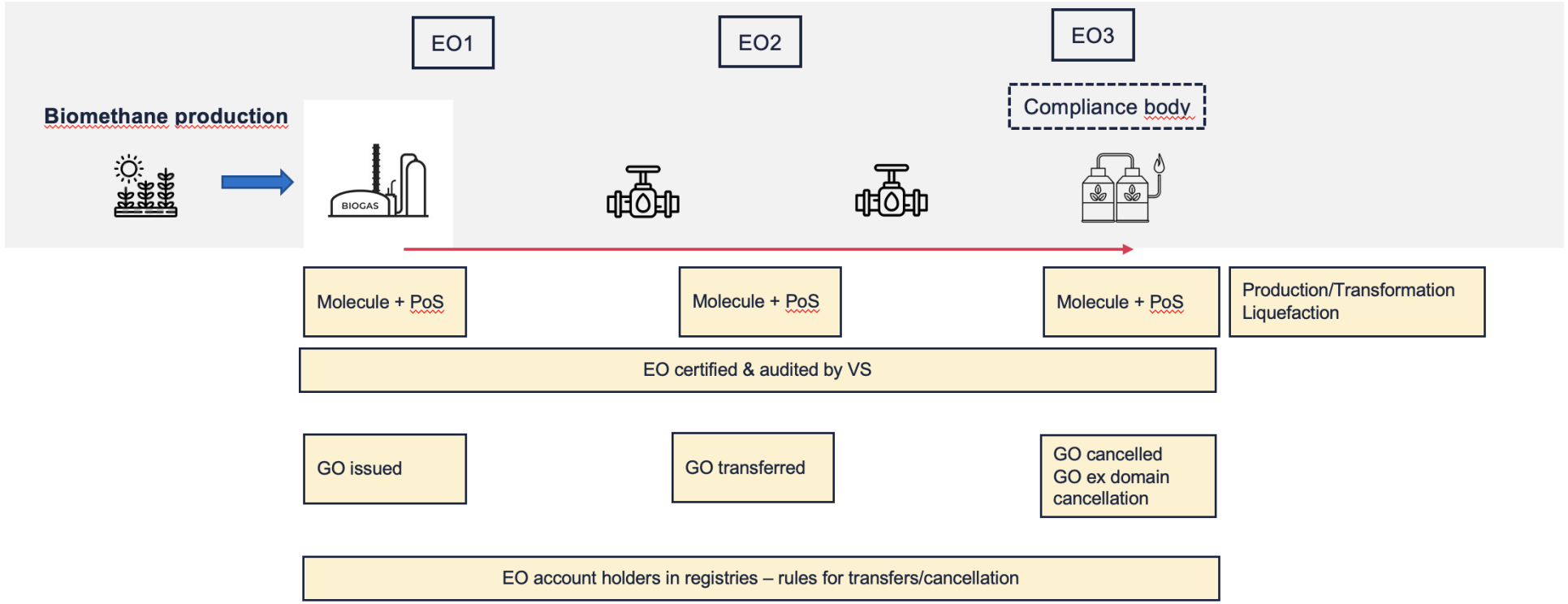
- Biomethane PoS:
- compliance markets / RED target accounting ; CO2 thresholds for sustainable products ; self declaration of economic operators certified via voluntary schemes rules & audits; batches & mass balancing (= molecule + PoS) ;
- PoS issuing mandatory for sustainability claims ; no expiry date
- **Differences between PoS and GoOs: declaration of conformity vs certificate of conformity**

2. Introduction to compliance trading in renewable and low-carbon gases

Compliance rules for biomethane instruments

- Regulated markets and biomethane recognition emerge from EU legislation & national rules
- Mass balancing requirements through the whole chain & annual audits/ verification must be ensured for sustainable products
- For an individual trader to avoid double counting, subject to VS auditing, and at the request of competent authorities, they need to pass molecule + PoS + GoO from one counter-party to another
- Diversity in terms of GoO registries functionalities (official designated GoO body, imports/ exports, ERGaR/ AIB schemes, transfer of biomethane (GoOs/ CoO), ex domain cancellation)
- PoS trading and reporting based on economic operator systems audited by voluntary schemes and/ or national databases (Nabisy) or national compliance rules
- Management of cross border biomethane market instruments might depend on countries/ registries

2. Introduction to compliance trading in renewable and low-carbon gases



Under progress

2. Introduction to compliance trading in renewable and low-carbon gases

National barriers to trade

BLENDING OBLIGATIONS				
	FRANCE	NETHERLANDS	AUSTRIA	PORTUGAL
Status	Draft	Draft	Draft bill	Law, no implementing acts
Unit	TWh	GHG Reduction	TWh	TWh
Fuel	Biomethane	Renewable gases	Renewable gases	All renewable gases
Target	Estimation: 1.2 TWh of biomethane in 2026, 5 TWh in 2027 and 10.4 TWh in 2028 – NB: Regulator pushing for 40% reduction	From 0.8 MtCO2 in 2026 to 3.8 MtCO2 reduction in 2030 (1,1 Bcm)	Renewable gases as % gas sold to end consumers: Annual increase to reach 9.75pc, but at least 7.5TWh, in 2030 (gradually increasing quota of 0,35% in 2024 up to 9,75% in 2030). Up to 5% of the substitution obligation of a supplier can be met with recycled gas.	1% of gas end user portfolio in 2025
Certification type	Certificate Production Biomethane (CPB) issued to producers: • 0,8 CPB/MWh for plants older than 15 years • 1 CPB/MWh for all the others => specific French certificate	Green Gas Units – GGE. Unsubsidised GOs will serve as a basis for receiving tradeable Green Gas Units (GGEs)	GoOs or Green Certificates for Gas (for gas that is not injected into the grid), each labelled with a Green Gas Seal	GoOs
Obligated parties	• Suppliers to residential/commercial clients • Obligation will be set as a % of the end users portfolio (yoy) • The decree formally does not specify further and the definition includes gas traders but the Regulator will specify the obligation will be set as a % of the end users portfolio	• Suppliers under ETS II, which differs country to country but covers demand in the transport and building sector (CNG excluded) • MtCO2 reduction (yoy) ?	Suppliers (towards end users - "any natural or legal person or registered partnership that purchases natural gas for its own use or as an input for its production processes“)	Gas shippers supplying more than 2 TWh/ year to final customers
Qualifiable production	Only unsubsidized certified French production	Only unsubsidized certified Dutch production	Only unsubsidized certified Austrian production	EU production
Buy out price/penalty	100€/MWh missed CPB. Obligation to deliver compliance volumes remains (as per ETS). Flex option till mid 2029 to surrender CPB	Quota will be granted a 10% flex year on year (surplus or deficit) and a buy-out option will be available to them in alternative to the cancellation of tradable certificates at €500/tCO2	Compensation amount payable by suppliers not achieving their quota target is currently set at 15c/kWh (though the Ministry would have a mandate to increase the amount as required to adapt to the market). Additional administrative penalties of up to 50k in case of infringement of an obligation under the relevant Green Gas Act	Not defined yet
Trading of certificates	CPB platform to be set up Book & Claim All players allowed Liquidity providers	Platform ? Book & Claim Obligated parties allowed	Many platforms in AT? Mass balancing ? Two registries in AT, one book and claim AIB hub member (E-Control), one voluntary mass balancing ERGaR member (AGCS)	?

3. How can UDB support traders in compliance markets?

Our goal is a more efficient cross-border trade of renewable and low-carbon gases

1. UDB as a central data hub/ registry allowing to check:

- absence of double claims/ double counting
- sustainability and GHG emission saving requirements across the full value chain
- mass balance for the interconnected gas infrastructure and beyond

i) Digital POS
UDB shall enable collection of GHG emission data across the full value chain starting from feedstock traders (to allow correct calculation of GHG savings for the final products).

ii) Single interface with UDB
requires connection of GO registries, Nabisy and other national databases used in compliance markets to UDB

iii) Reliable mass balance verification
For interconnected gas infrastructure (IGI) mass balance shall be verified by matching physically injected/ consumed gas volumes with the number of issued/ cancelled POS/ GoOs. Beyond the IGI the UDB can rely on voluntary scheme verification and Economic Operators' uploading of mass balancing info

3. How can UDB support traders in compliance markets?

2. Integrity and liquidity of the gas market	UDB shall not interfere into transactions in the wholesale and retail gas market which are monitored by national Regulators and reported under REMIT and avoid creating unnecessary interfaces with system operators.
3. Level playing field	In order to ensure integrity the UDB shall be open to certified traders only, which are subject to annual audits and as such fall into the definition of Economic Operators.

EUROPEAN COMMISSION UPDATE ON UDB IMPLEMENTATION

11 April 2024

INTRODUCTION TO PANEL 1:

HOW COULD GUARANTEES OF ORIGIN (GO) AND PROOF OF SUSTAINABILITY (POS) BE LINKED IN THE UDB?

11 April 2024

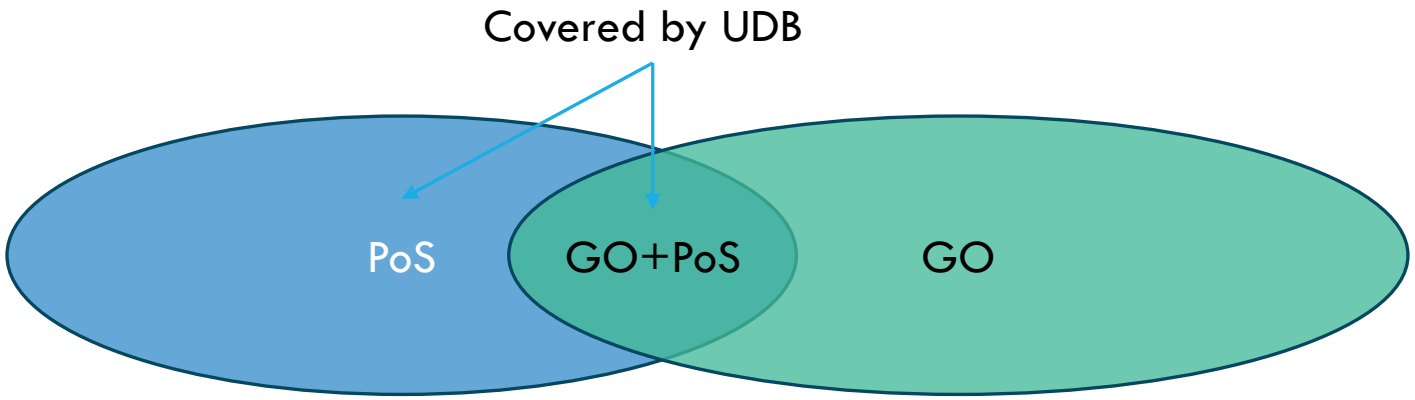
UNION DATABASE

Union database to track and trace the ownership of Proof of Sustainability (PoS)

- Based on article 31a RED III

Link between Guarantee of Origin (GO) and PoS required for UDB

- Topic of this presentation GO + PoS



LEGAL TEXT

Key elements of article 31a:

- *Member States shall require the relevant economic operators to enter in a timely manner accurate data into the Union database on the transactions made….*
- *Where guarantees of origin have been issued for the production of a consignment of renewable gas, Member States shall ensure that those guarantees of origin are transferred to the Union database at the moment when a consignment of renewable gas is registered in the Union database and are cancelled after the consignment of renewable gas is withdrawn from the Union's interconnected gas infrastructure. Such* ***guarantees of origin****, once transferred,* ***shall not be tradable outside the Union database.***
- ***Each Member State may use an already existing national database*** *aligned to and linked with the Union database via an interface,* ***or establish a national database****, which can be used by economic operators as a tool for collecting and declaring data and for entering and transferring those data into the Union database, provided that:*
- *(a) the national database complies with the Union database*
- *(b) Member States ensure that the data entered into the national database are instantly transferred to the Union database*

LINK GO WITHIN UDB

Legislation describes that GOs need to be transferred to UDB

How can this be done?

- Two aspects:
  - Who will send the information (focus of this presentation)
  - What is sent (will be discussed this afternoon)

KEY PRINCIPLES OF LINK GO REGISTRY-UDB

Establishing the link requires us to follow some principles:

- No double counting
- Reduce risk for errors to minimum
- Reduce double information requests for producer
- Process as fast as possible
- Harmonised sustainability information across UDB and national databases of sustainability certificates

PROPOSED OPTIONS

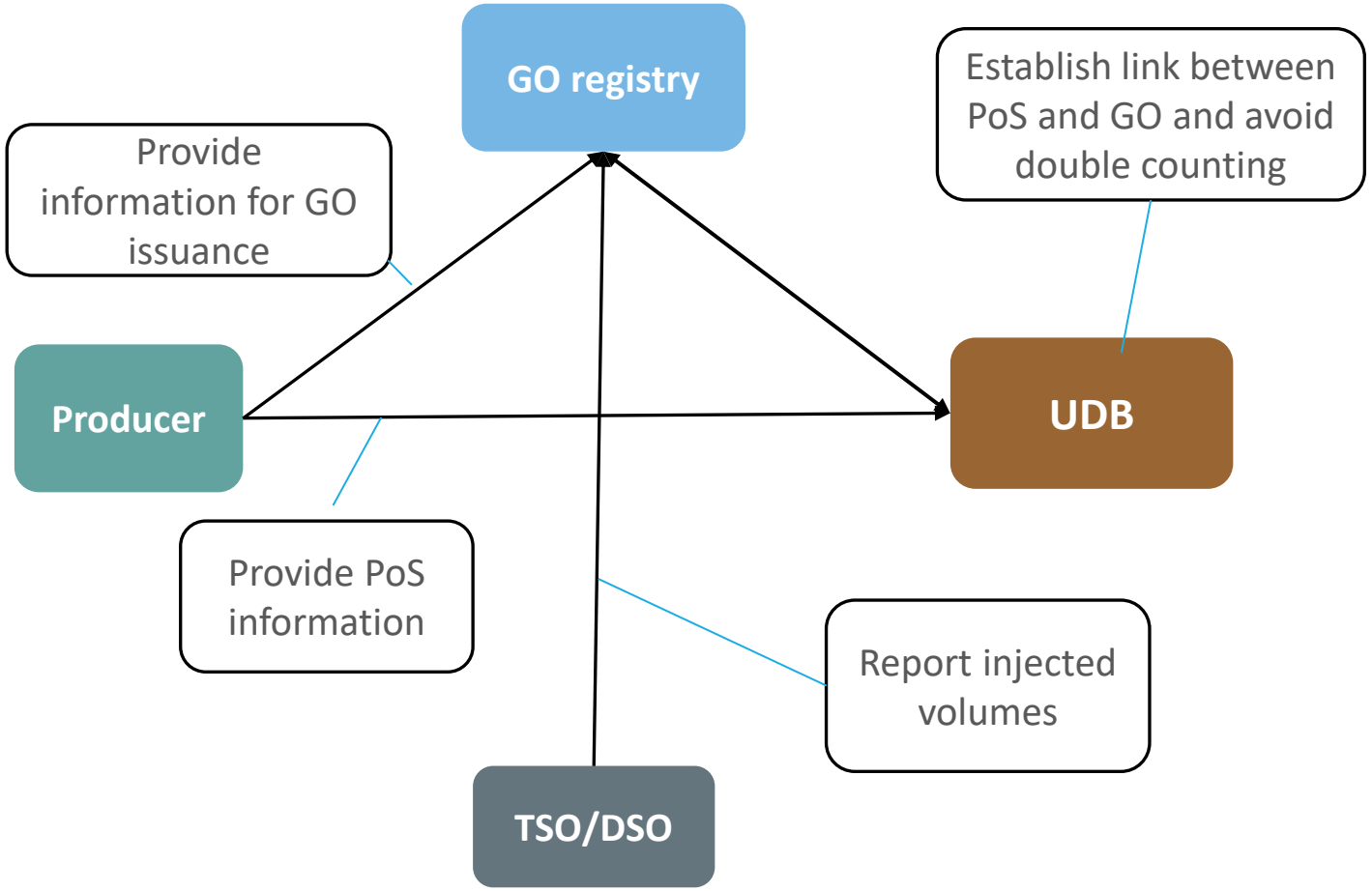
Several options about who should provide the GO and PoS data, when registering the consignment in the UDB, are currently discussed in various Member States

- In line with article 31a

Options:

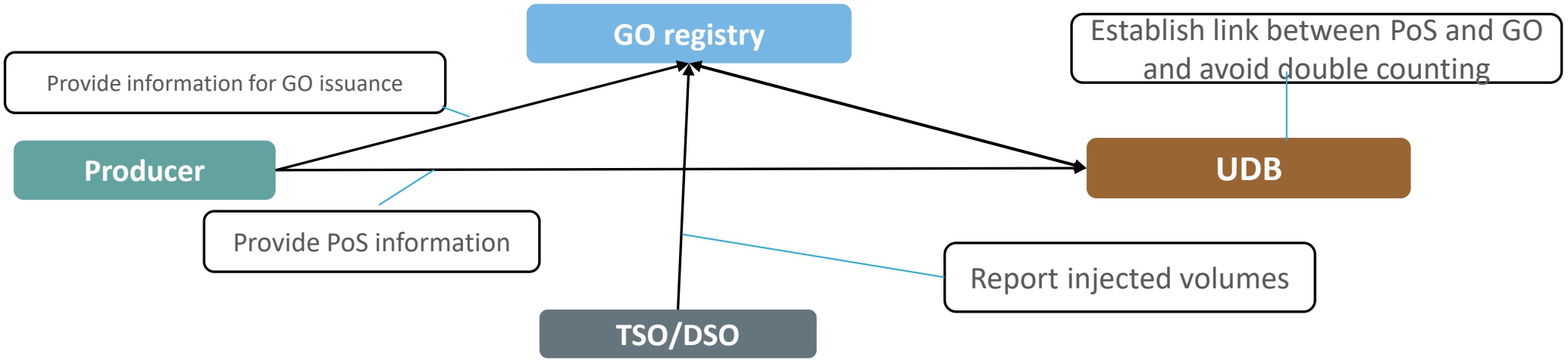
1. GO registry interacts with UDB
2. GO registry as national database
3. National database connected to UDB

OPTION 1: GO REGISTRY INTERACTS WITH UDB

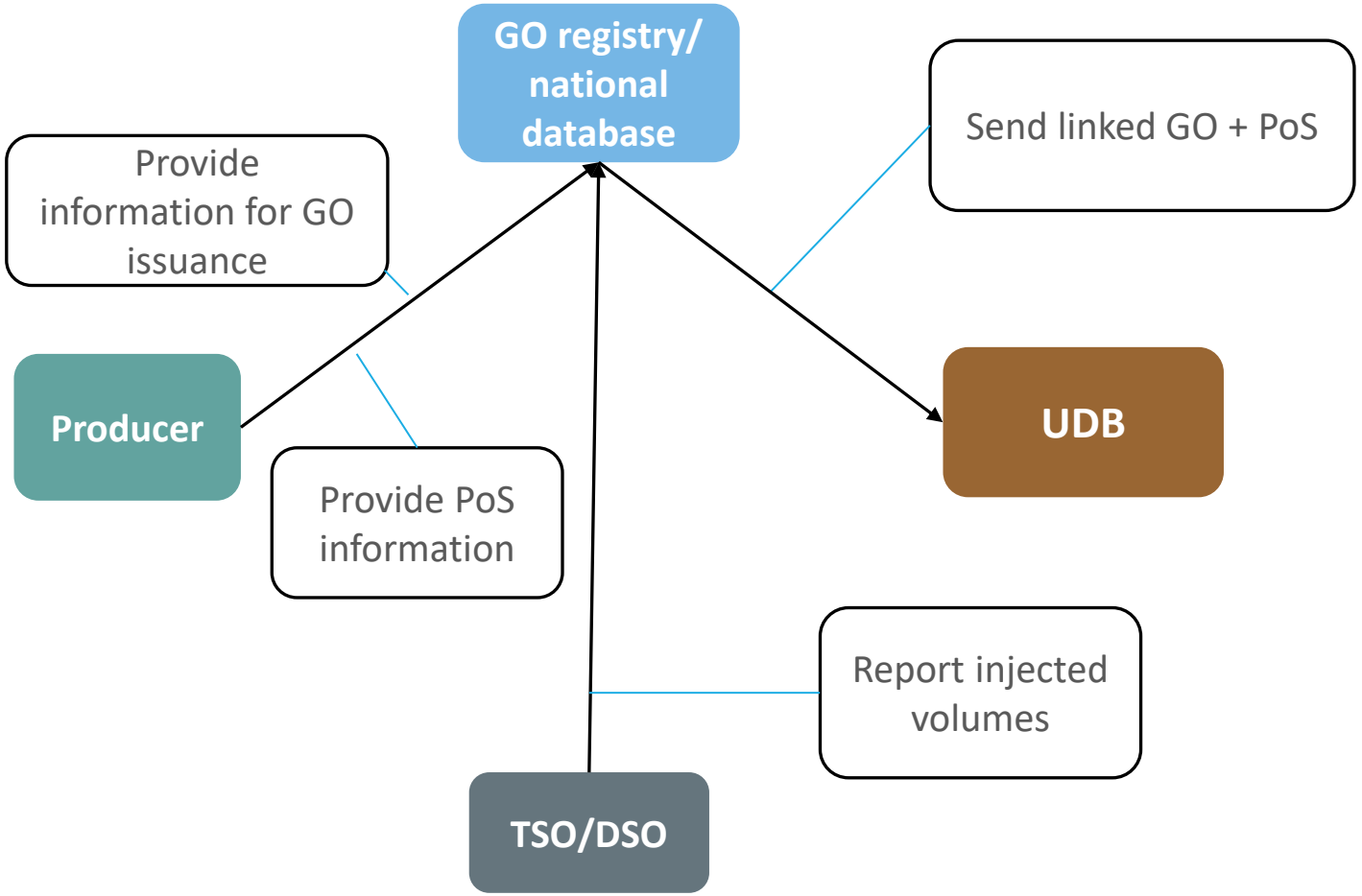


OPTION 1: GO REGISTRY INTERACTS WITH UDB

Advantages	Disadvantages
Allows issuance of both GO and PoS	More complicated process
	Producer needs to provide information to two different organisations

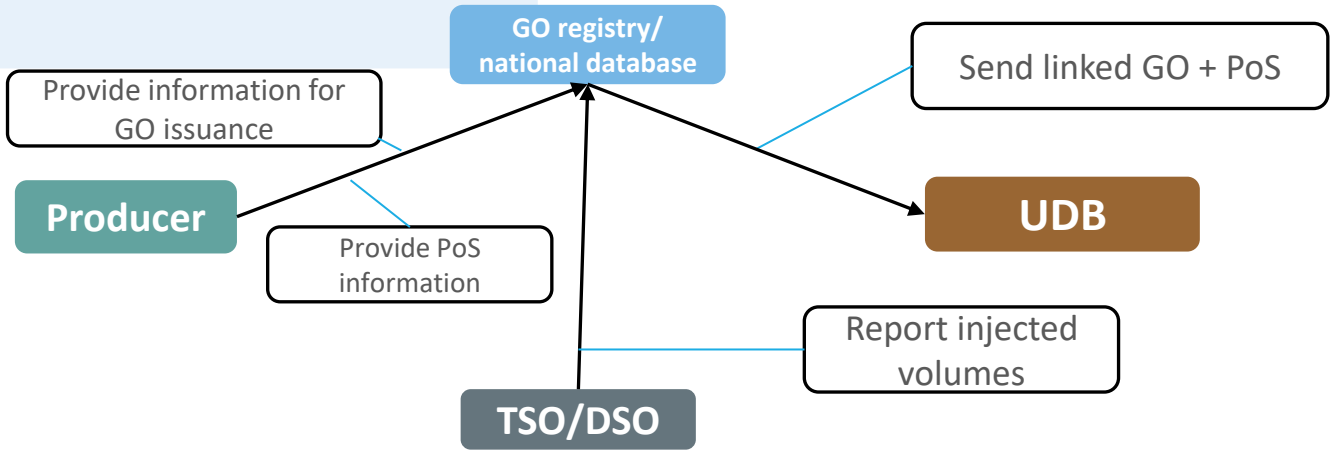


OPTION 2: GO REGISTRY AS NATIONAL DATABASE

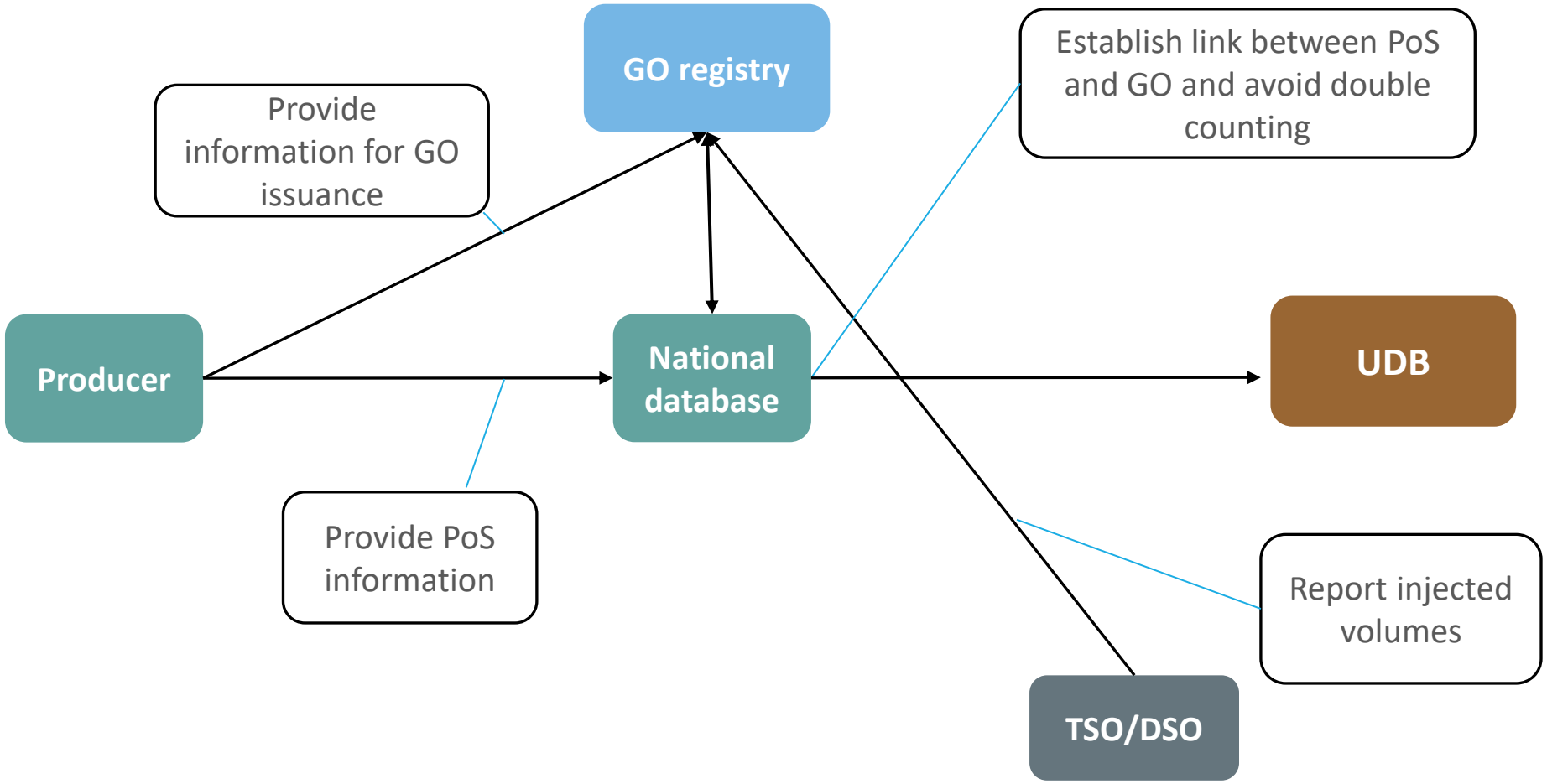


OPTION 2: GO REGISTRY AS NATIONAL DATABASE

Advantages	Disadvantages
Producer only needs to provide information to one organization	Requires setting-up national database if not in place yet
Linking GO and PoS within one organization reduces risks for double counting	Pan-EU producers would have to be active on all national database
Current way of working for providing DSO/TSO information to GO registry can continue	Digital feedstock data provided on UDB by feedstock traders will not be available on the national database
National contact point closer to producer	

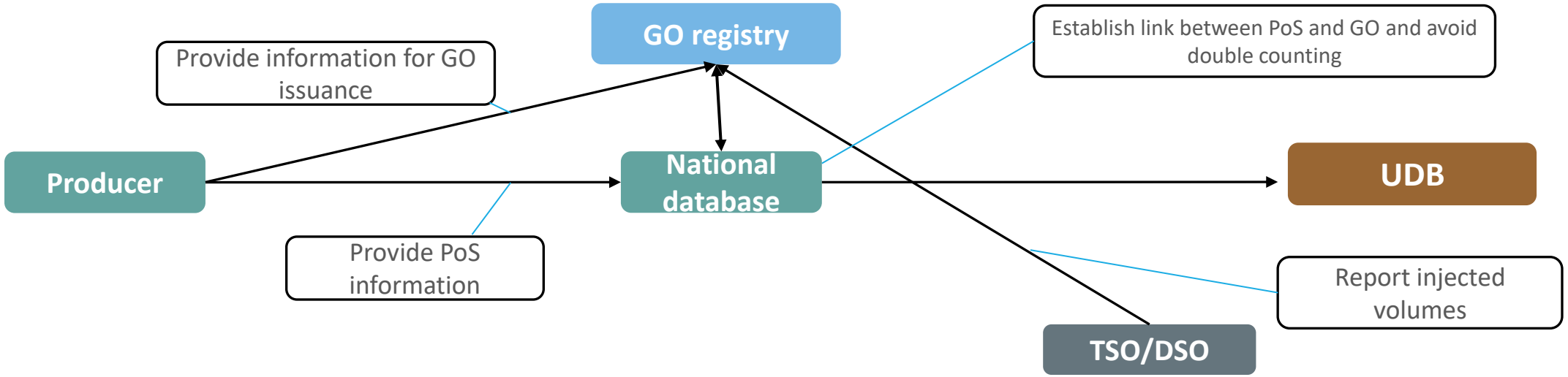


OPTION 3: NATIONAL DATABASE NOT GO REGISTRY



OPTION 3: NATIONAL DATABASE NOT GO REGISTRY

Advantages	Disadvantages
Can be used by existing national databases	Might require setting-up new national database
National contact point closer to producer	More interactions than option 3 increasing the risks for errors



WAY FORWARD

Many differences between countries in current way of working regarding biomethane certificates

Convergence would be needed at a later stage once robust solutions will be in place.

Side remark:

Still harmonized sustainability information needed across Voluntary Schemes, Member States and databases

PANEL DISCUSSION AND Q&A ON:

HOW COULD GUARANTEES OF ORIGIN (GO) AND PROOF OF SUSTAINABILITY (POS) BE LINKED IN THE UDB?

11 April 2024

Join at

slido.com

#1538 344

Passcode:

gasforgood

Question 1: Which option do you think would be the most useful in your country?

Option 1: GO registry interacts with UDB

0%

Option 2: GO registry as national database

0%

Option 3: National database connected to UDB

0%

LUNCH BREAK

11 April 2024

HOW TO DISCLOSE INFORMATION TOWARDS CONSUMERS?

11 April 2024

Reliable disclosure for gases while UDB registers sustainability for Target accounting

11 April 2024

Katrien Verwimp – EECS Strategy coordinator

AIB
association of issuing bodies

01

Key principles for reliable disclosure

while UDB traces sustainability and GHG

Key Principles

Reliable disclosure

Only GO is equipped **to claim** the ownership of **renewable gas characteristics for consumption**

- IF other Instrument would entitle for green claims THEN this should be :
  - Explicitly acknowledged by *relevant* authority, and
  - Excluded in the residual mix calculation

Disclosure process = part of design of UDB-GO interaction

- as GO purpose = Disclosure of origin to consumers

Member states control recognition and cancellation criteria of GO in their country

- whether in their registry or in the UDB

Central <-> national responsibilities

GO cancellation must take place under the control of the country where the RES consumption is claimed

EU Central administration

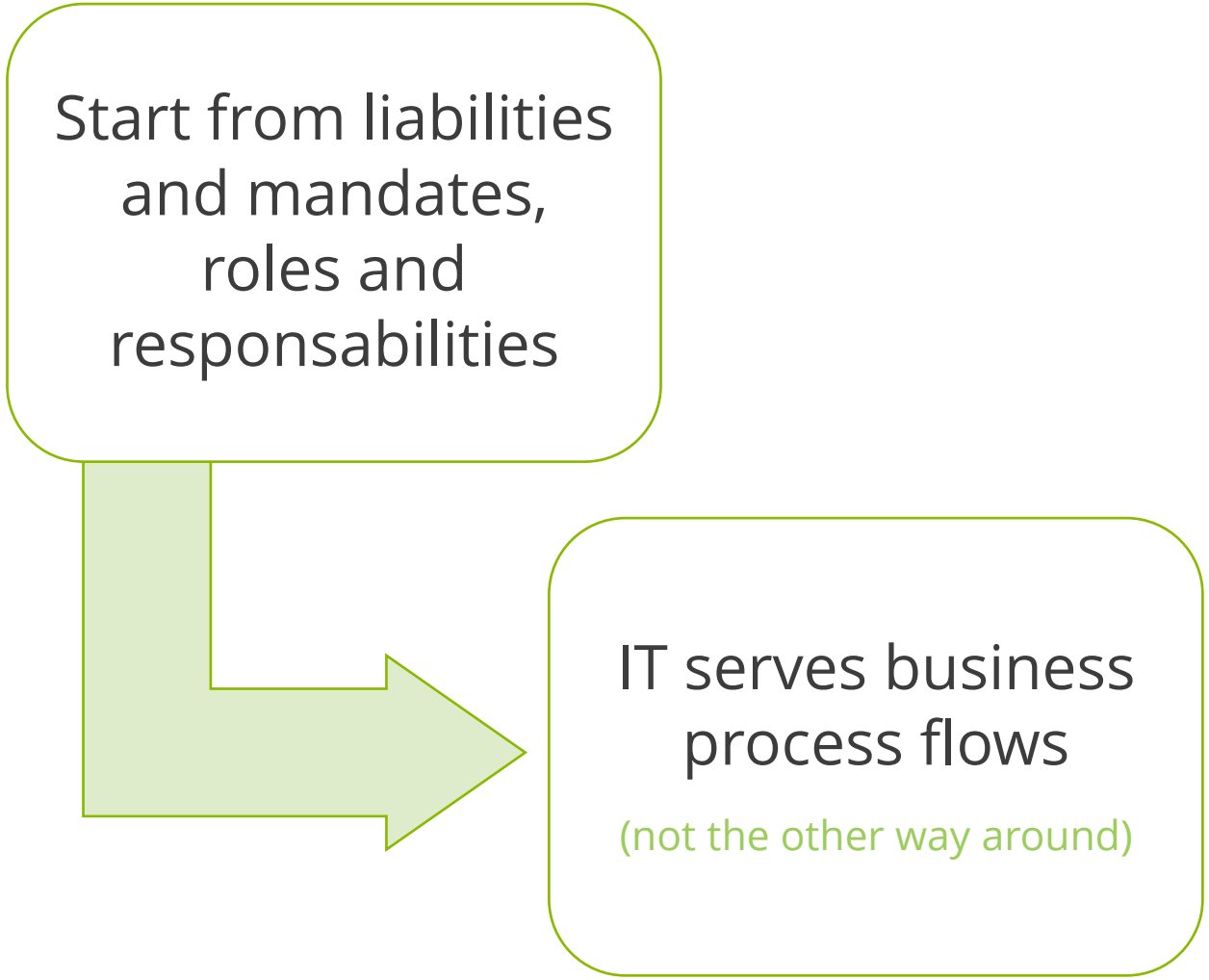
- Supply chain tracking of sustainability characteristics (PoS, GHG)
- Monitor eligible quantities for Targets

National responsibilities

- Ensure the origin of RES can be guaranteed (REDIII)
- Issue GOs on request of producer (REDIII),
- Ensure the same unit of RES is counted only once (REDIII),
- Calculate residual mix (REDIII),
- Ensure that used gas GOs correspond to “network characteristics” of gas consumption (REDIII),
- Supervise reliable disclosure (Draft Gas Directive),
- Ensure substantiated green claims (Green Claims Directive),
- National support systems (REDIII),
- Require EO to show criteria are met for target accounting (REDIII),
- Adhere to EN16325 GO standard (REDIII), …

Source: REDIII, Draft revision of Gas Directive, CSRD – ESRS, Green Claims Directive

Process design



02

Upcoming Gas Disclosure obligation

General principles for disclosure of supplied / consumed gas

→ Gas Directive (draft*): legal disclosure obligation on suppliers

Mandatory disclosure by gas suppliers (BUT only for renewable and low-carbon gases)	Source information on the bill	CO_2 Information on environmental impact on the bill, in at least terms of CO2 emissions
Disclosure of renewable gas by using GOs	Supervision on reliability of information by Member States	Cancelled GOs shall correspond to the network characteristics of gas consumption

→ Corporate Sustainability Reporting Directive (CSRD): legal disclosure obligation on Corporates

- Sources
- Emissions (market based AND location based)

Only renewable if
clearly defined in the contractual arrangements with suppliers (renewable power purchasing agreement, standardised green electricity tariff, market instruments like Guarantees of Origin)

*Source: Result from Trialogue between the European Commission, Parliament, and Council from December 2023 16516/23, built on interinstitutional file 2021/0425(COD)

Origin claims: GO or Residual Mix

[Note this does not say: "or excluding other reliable tracking systems acknowledged by the Member State"]

→ Residual Mix in REDIII

- *Art. 2: Residual Energy Mix: total annual energy mix for a Member State, excluding the share covered by cancelled GOs*
- *Art.19.8 Residual Mix = for non-tracked commercial offers*
- *Art. 19.4 Member States shall ensure that the data on their residual energy mix are published on an annual basis*
- *Art. 19.3 MS shall include expired GO in their Residual Mix*

→ Claiming Green gas consumption without GO = double counting as these RES-gases are also in the residual mix

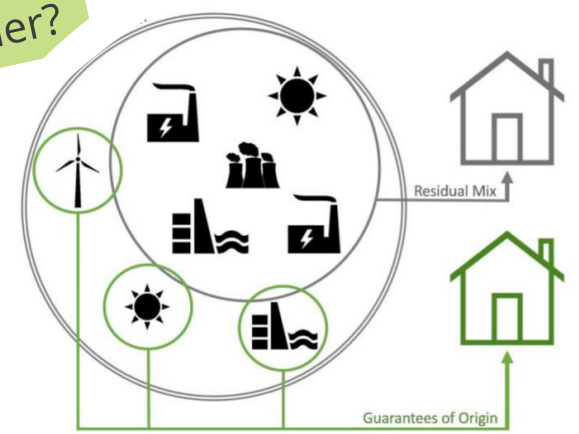
→ PoS that is not linked to GO : risk for double claim through

- residual mix calculation, and
- Separate sale of GO and PoS for the same volume

→ Challenge: preventing misperception of PoS

To prevent double claims, only one of the 2 yellow markings can apply !

Should UDB display which registered gas consignment entitles for origin claims to consumer?



03

UDB interaction with Disclosure framework

GO transfer to UDB - REDIII

REDIII Art. 31a§4
"Where GOs have been issued for the production of a consignment of renewable gas,

MS shall ensure that those are transferred to UDB at the moment when a consignment of renewable gas is registered in the UDB and

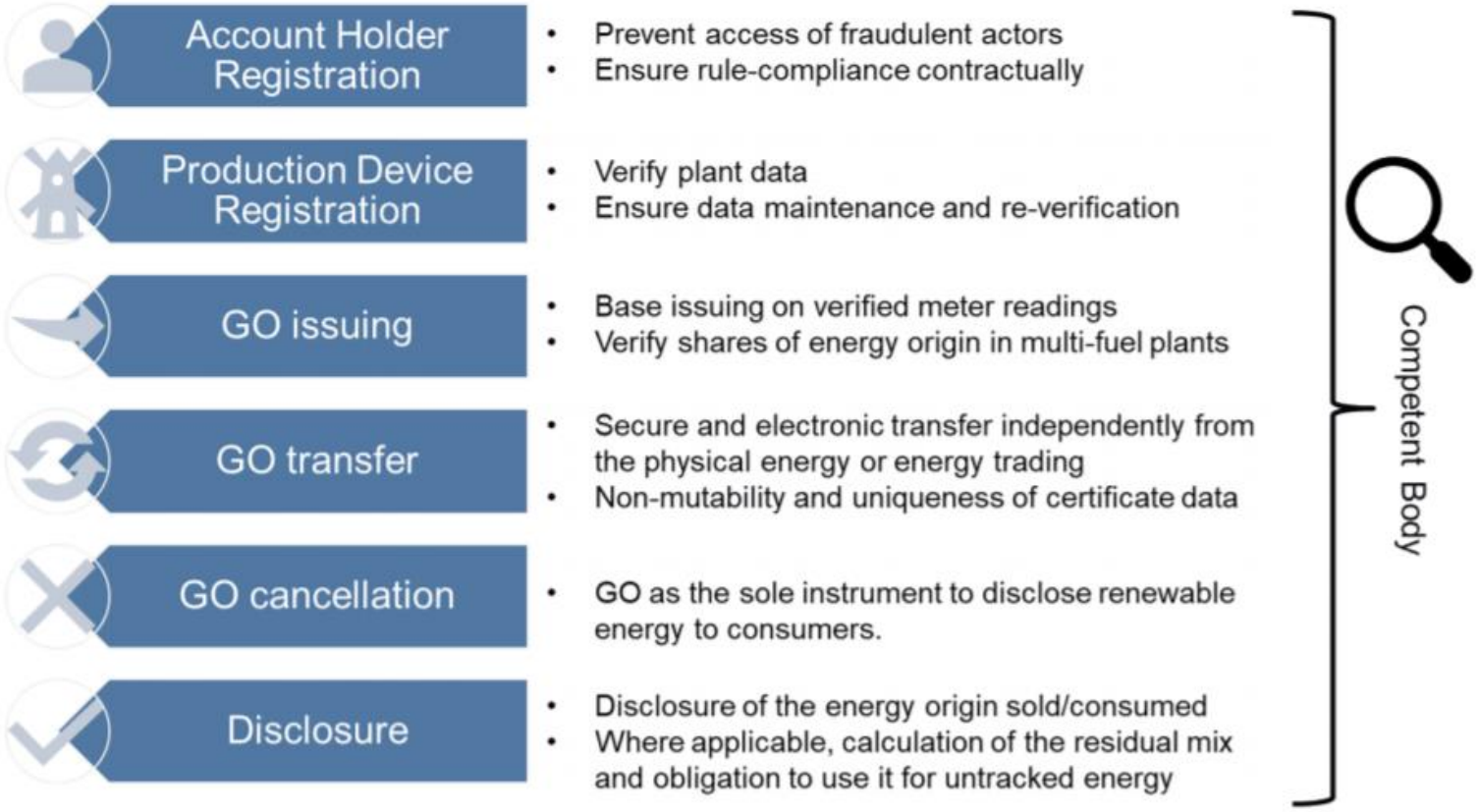
are cancelled after the consignment of renewable gas is withdrawn from the Union's interconnected gas infrastructure.

Such GOs once transferred, shall not be tradable outside the UDB"

GOs shouldn’t be detached from the ownership of the renewable characteristics they represent

→ Strength of GO = uniquely represent the renewable Attributes

→ Because of full GO ecosystem management



Reliable disclosure principle

Only GOs (or RM) entitle for informing customers on the origin of the gas

Proposed UDB criterion :

Registering cancelled GOs in the UDB

How?

2 options (GSG):

1) GO registries send info on cancelled GOs to UDB (rejected by DG ENER)

2) Import living GOs to UDB upon registration of PoS in UDB

Who?

EO – original GO owner

(Economic Operator imports GO to UDB)

How?

From EO account in GO registry directly into account in UDB (just like GO-to-GO registry import)

All scenarios need fraud prevention measures for the case where EO reports to UDB that no GOs are issued

Conditions for renewable claims through UDB tracking

Account of PoS owner in UDB:
Portfolio

PoS without GO
Not Entitling for consumption claim

PoS Matched with valid GO

MS control needed on GO cancellation criteria in UDB

→ Cancellation statement needs explicit warning:

NOT allowed to claim this consignment as energy consumption from renewable sources!!!

→ Cancellation statement should state:

⚠ Conditions for Claiming this consignment as energy consumption from renewable sources:

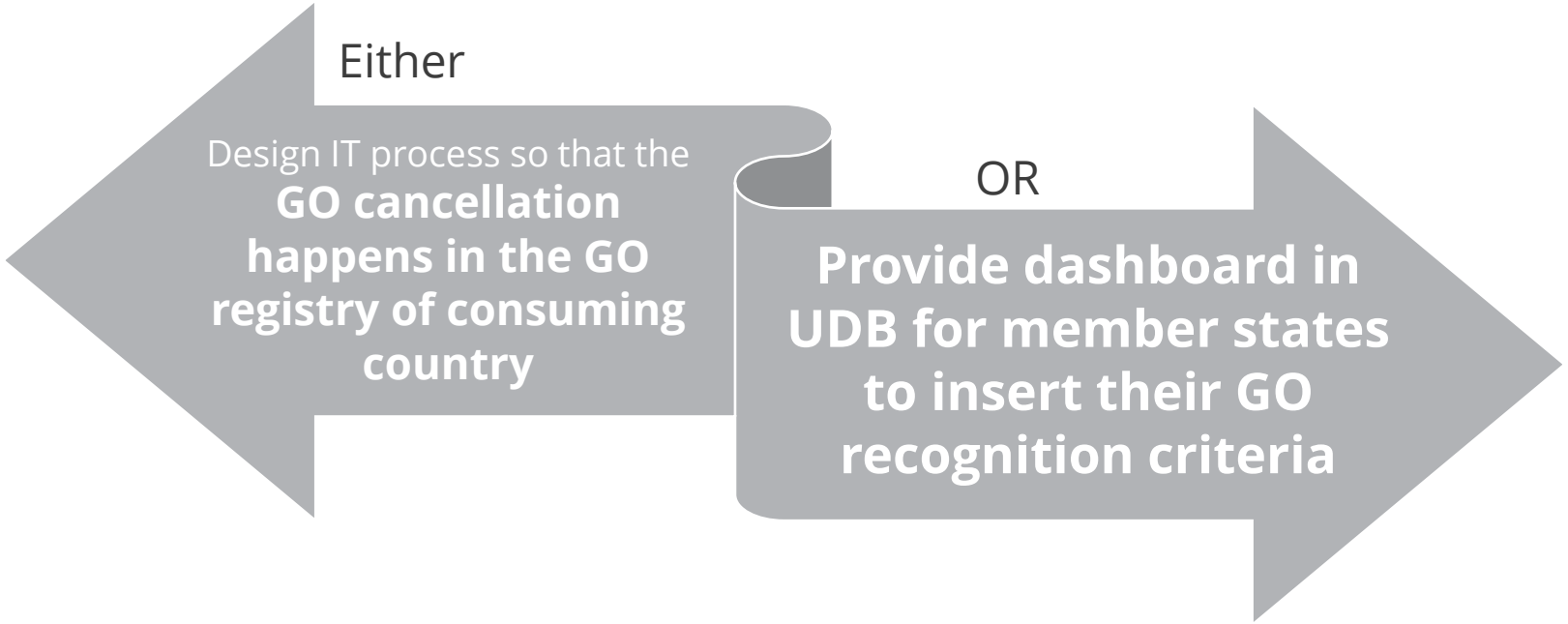
Country of consumption's recognition criteria are met:

- -GO not expired in country of consumption (varies between 12-18 months)
- -GO considered reliable, accurate, verifiable
- -Used GO ~ Network Characteristics
- -Accounted in the national consumption statistics
- -…

Assumption: GO Matching to PoS Technically successful !?

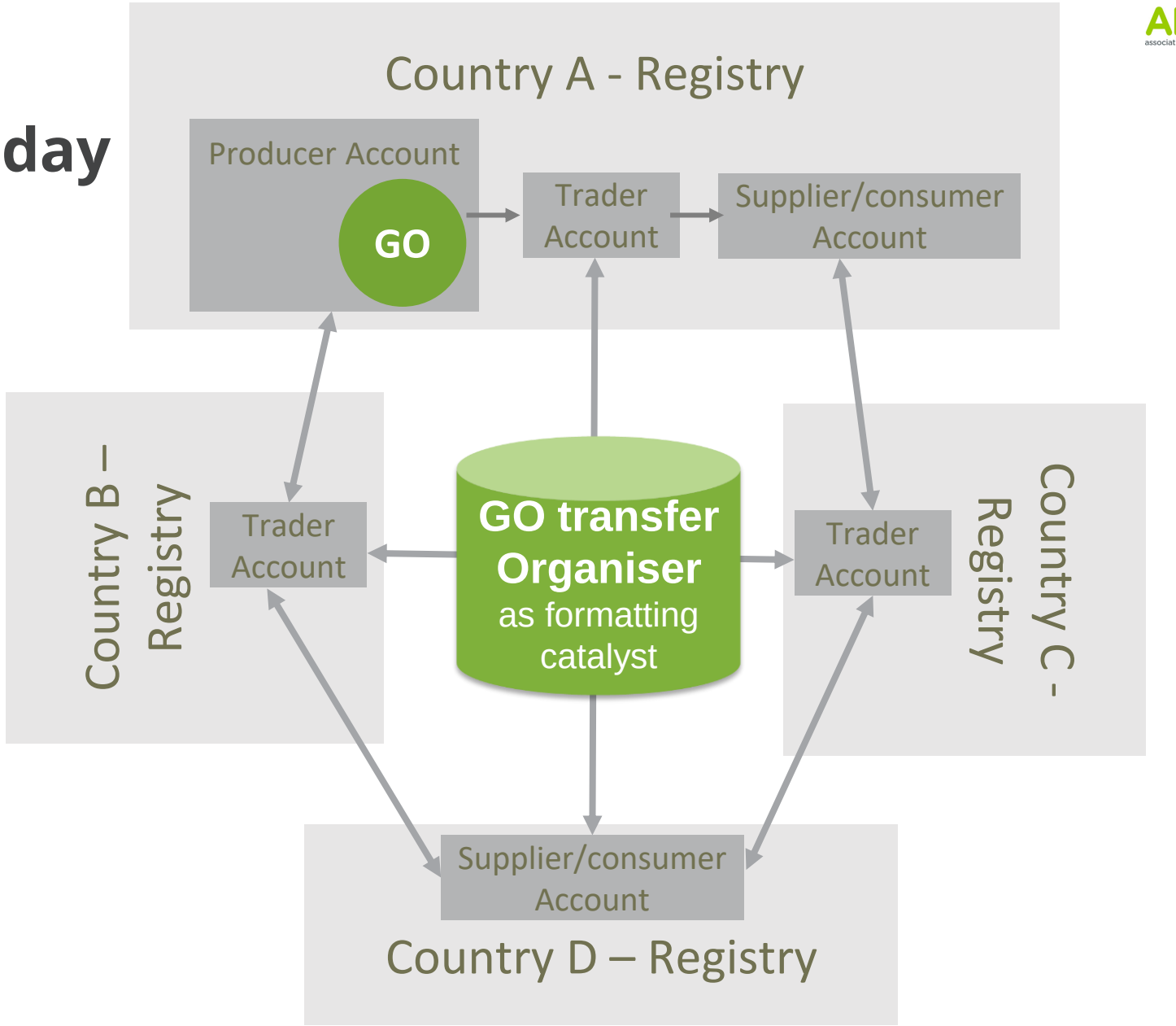
Who is liable when false green claims made based on UDB info?

→ What if UDB doesn't prevent false green claims?

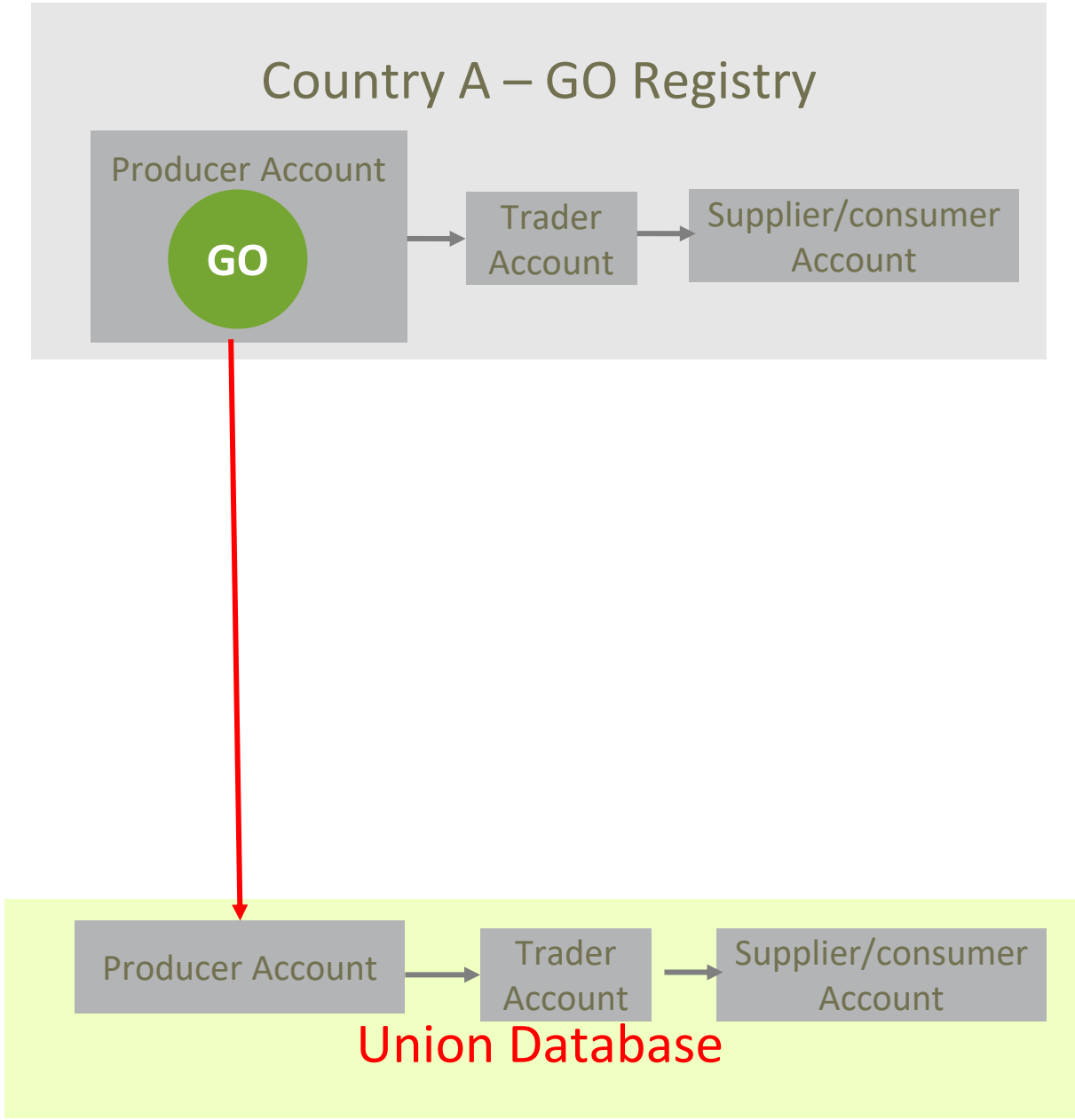


Transfer of GO Account to Account - Today

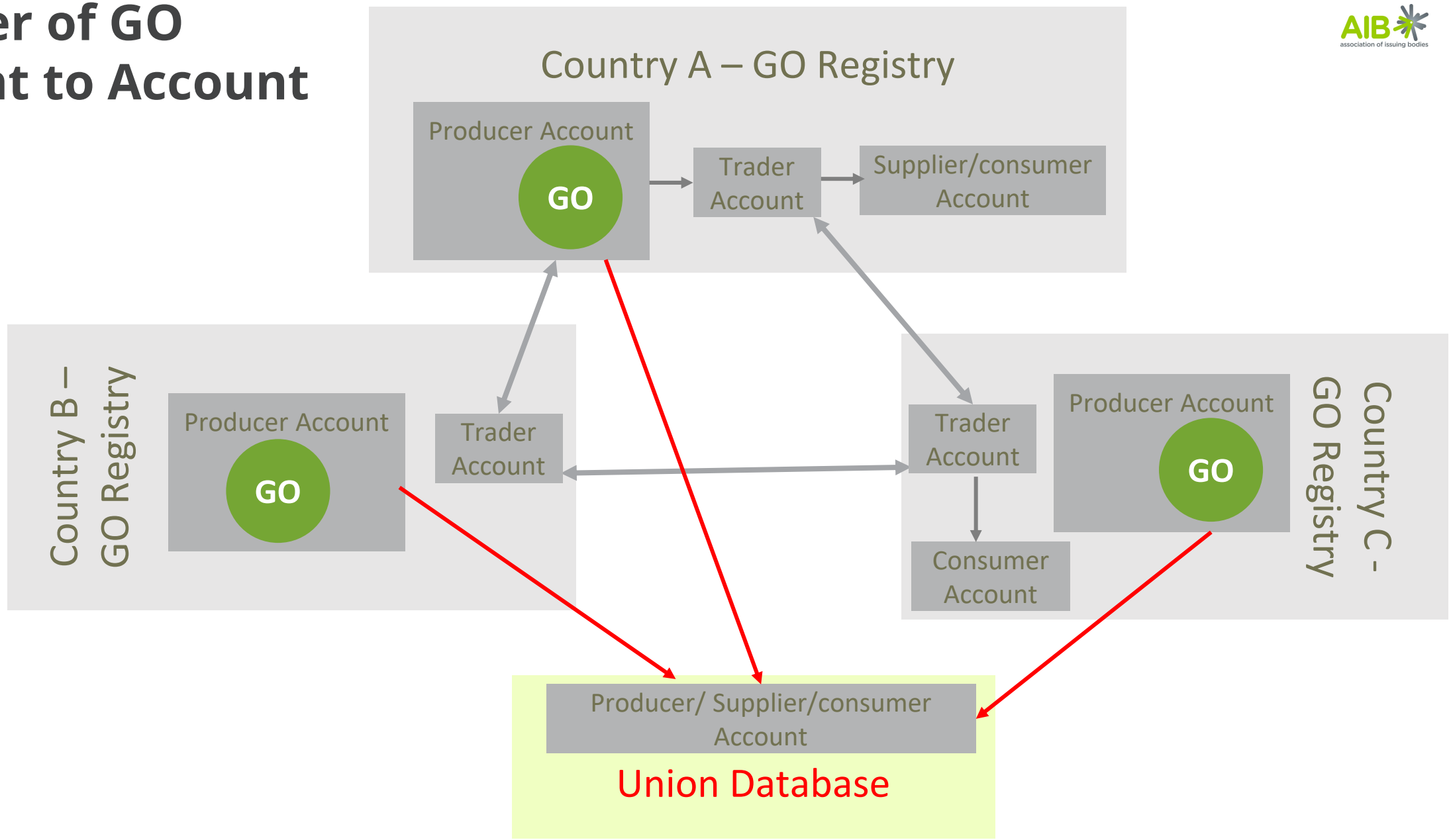
- → Standardized
- → Jointly operated by GO issuers
- → Automated
- → High volume of transfers



Transfer of GO Account to Account



Transfer of GO Account to Account



Key Principles

Reliable disclosure

Only GO is equipped **to claim** the ownership of **renewable gas characteristics for consumption**

- IF other Instrument would entitle for green THEN this should be :
  - Explicitly acknowledged by relevant authority, and
  - Excluded in the residual mix calculation
    - (reporting lines & procedures to be established)

Disclosure process = part of design of UDB-GO interaction

- as GO purpose = Disclosure of origin to consumers

Member states control over recognition and cancellation criteria of GO in their country:

- whether in their registry or in the UDB

Welcoming interaction!

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INTRODUCTION TO PANEL 2:

WHICH STEPS MAY BE NEEDED TO GET TO THE PREFERRED OPTION(S)? HOW TO DEAL WITH GO CANCELLATION?

11 April 2024

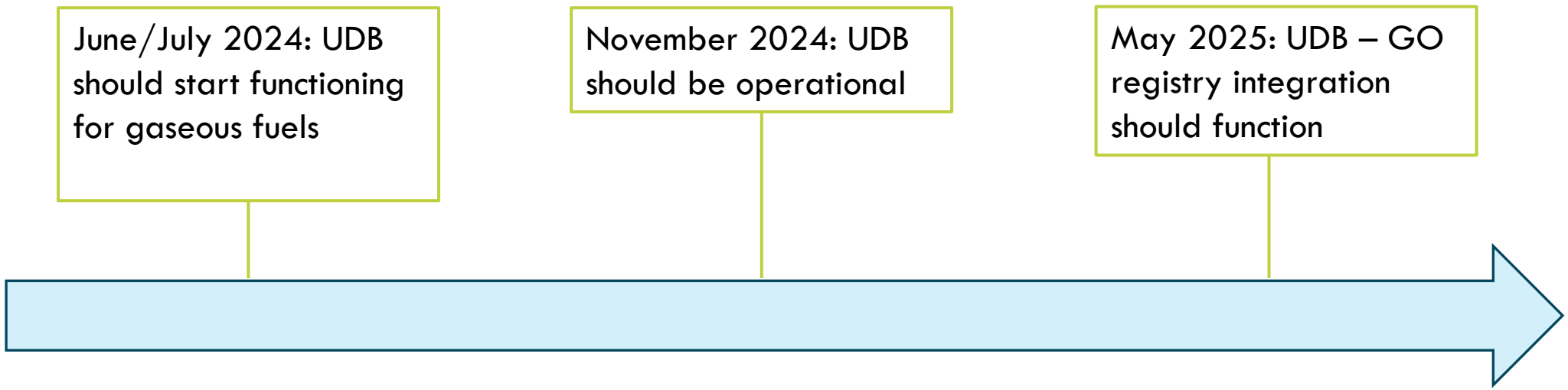
UDB TIMELINE

The UDB needs to be operational by November 2024 according to RED III

- 1 year after the entry into force

Member States need to ensure UDB – GO registry integration by May 2025

- 18 Months after entry into force



CURRENT APPROACH

Currently, avoiding double counting is producers'/traders' responsibility

- With controls during audit as part of voluntary scheme approval

TRANSITION PERIOD PROPOSAL

UDB shall be in operation by November 2024.

No need to introduce any changes in the operation of GO registries for the transitional period (from November 2024 to May 2025), i.e. producers and traders are in charge of sending PoS to the UDB.

GO LINK WITHIN UDB

Article 31a(4) requires the GO to be transferred to the UDB:

Where guarantees of origin have been issued for the production of a consignment of renewable gas, Member States shall ensure that those guarantees of origin are transferred to the Union database at the moment when a consignment of renewable gas is registered in the Union database and are cancelled after the consignment of renewable gas is withdrawn from the Union's interconnected gas infrastructure. Such guarantees of origin, once transferred, shall not be tradable outside the Union database.

Process discussed in previous session

This session is the focus on the data communicated between UDB and GO registry

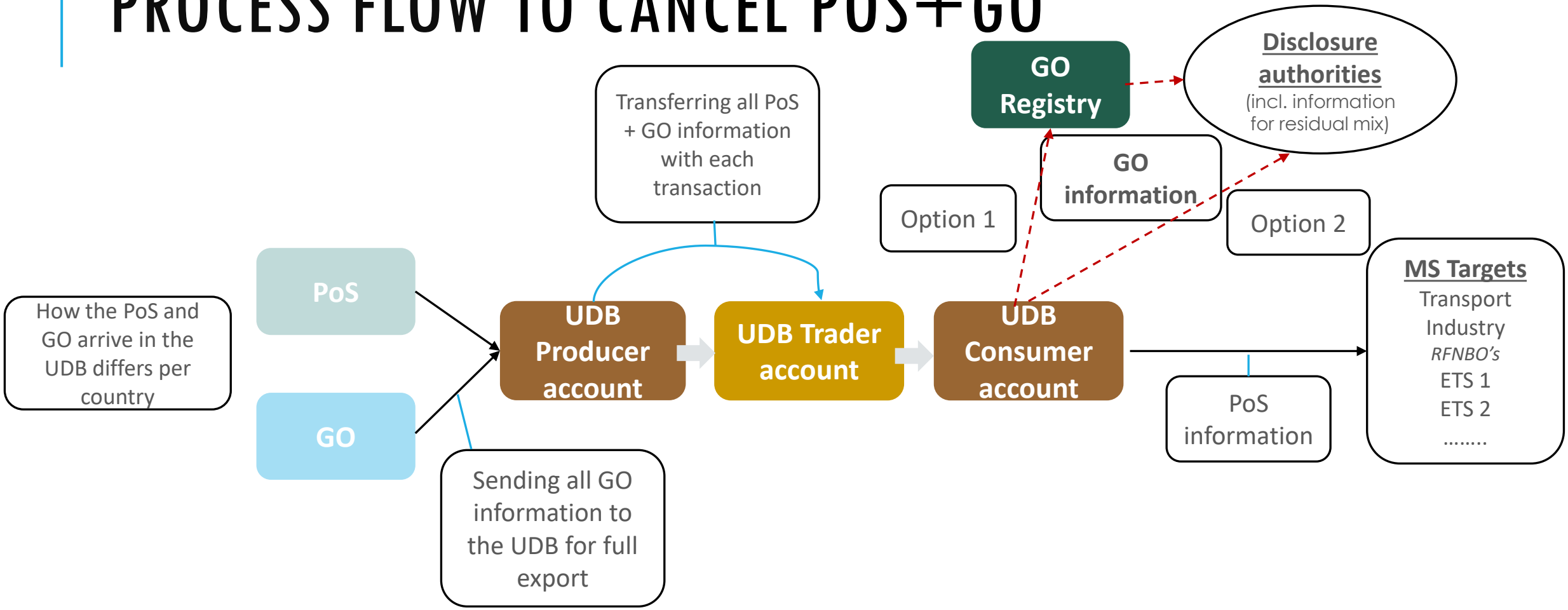
- I.e. what information is sent

FUNCTIONALITIES

Key requirements:

- Easy transfer of data (PoS + linked GO) via UDB
- Immutability (no changes after creation)
- No double counting
- Should allow for flexibility to use information as GO for disclosure purposes as well
- GO lifetime should not impact PoS lifetime
- GO + PoS to be used for residual mix calculations
- Implementable by national registries

PROCESS FLOW TO CANCEL POS+GO



MAIN ADVANTAGES:

- More flexibility for market because there is no need to choose between GO and PoS
- Most simple solution for disclosure authorities and GO registries
- Least impact on IT solution registries

OPEN QUESTIONS

Questions for design phase (not for today):

- How will residual mix calculation process work?
- What information is needed for disclosure and residual mix calculations?
- How will the information be linked? Two linked files or one file?
- How to send information to authorities?

PANEL DISCUSSION AND Q&A:

WHICH STEPS MAY BE NEEDED TO GET TO THE PREFERRED OPTION(S)? HOW TO DEAL WITH GO CANCELLATION?

11 April 2024

OTHER ISSUES TO BE TACKLED IN A SECOND WORKSHOP, WRAP-UP AND NEXT STEPS

11 April 2024

TOPICS FOR A SECOND WORKSHOP ON UDB?

GO Prime Movers proposals :

1. Bio-LNG
2. Imports

But other topics can be picked-up

WRAP-UP AND NEXT STEPS

1. The GO Prime Movers will bring the conclusions on the following questions:

- **How could Guarantees of Origin (GO) and Proof of Sustainability (PoS) be linked in the UDB?**
- **Which steps may be needed to get to the final design of the UDB?**
- **How to deal with GO cancellation?**

to the Madrid Forum.

2. The GO Prime Movers will continue to work on the UDB concept…