

## 2<sup>nd</sup> PMG GO workshop on the Union Database

3 July 2024 | 10:00 – 16:00 CEST

### CONCLUSIONS

Stakeholders' interest in the topics presented by the PMG GO (Prime Movers Group) has once again ([PMG GO Workshop #1](#)) been notably high. The workshop gathered over 50 physical and more than 150 virtual attendees. This confirms the need for continued information exchange on the Union Database (UDB), in particular with the European Commission.

#### **1. UDB Timeline**

The go-live of the gaseous module of the UDB is still foreseen for November 2024.

There will however be no link either with GO registries or with TSOs/DSOs by that time. Thus, there will be no short-term streamlined verification system (i.e. only voluntary schemes auditing) and no automatised imports/cancellation of GOs at EU scale. However, by that date producers will already be on-boarded to the UDB and - according to the European Commission - all Member States' national authorities have access to the system.

Regarding national databases, the European Commission is working on a technical link with e.g. Nabisy and foresees a transitional period of parallel accounting on both national systems and the UDB until May 2025, the deadline for the integration of GO registries to the UDB corresponding to the date of transposition of the revised Renewable Energy Directive.

Moreover, given that the role of the TSOs/DSOs is not considered in the Implementing Regulation 2022/996, the European Commission plans to revise the latter.

The main challenge identified by the European Commission lies in the lack of harmonisation in the way Member States already transposed the RED II and are planning to transpose the RED III by May 2025. For this, the European Commission is engaged in bilateral technical talks with Member States to fine-tune how each will implement the UDB on the gas value chain.

#### **PMG GO recommendations:**

- **The EC should publish the list of competent national authorities, onboarded to UDB, in particular the one responsible for accounting of Renewable Energy Shares.**
- **Set clear rules and timeline (updating EC management plan) during the transitional phase between the UDB being put into operation (Nov. 2024) and the transposition of the RED III (adding the link with national databases and GO registries), in particular on issuance and cross-border exchange of the PoS by economic operators and on the fuels accounting for RES SHARES reporting by national authorities.**
- **Strive for harmonised or at least interoperable transpositions of RED III by MSs.**
- **Communicate clearly when and under which conditions the use of UDB will become legally binding for certified economic operators and will replace paper PDF PoS.**

**Economic Operators should not be liable for late transposition of RED III and trade should still be possible under the current framework (i.e. before RED III transposition).**

## **2. Bio-LNG**

The European Commission expressed their willingness to delve into the details of all liquefaction pathways and traders' use of bio-LNG terminal services, presented by GLE and Energy Traders Europe. **Our coalition of association applauds this intention and is keen to continue our cooperation with the European Commission on the operational implementation of the below main take-aways:**

- Cross-border transactions in bio-LNG delivered by truck or ship must be reported in the liquids' module of the UDB. It is worth noting that different actors indicated the difficulties of considering bioLNG within the liquid chain, rather than as part of the gas chain.
- The conversion of the gaseous PoS identifier into a liquid one can be done either by the trader or by the liquefier certified as processing unit. We understand that the EC wants to use **actual or default liquefaction values, the latter yet to be defined under Annex VI RED, likely in the upcoming DA being currently prepared by the EC.**
- If the liquefied gas is already GO-certificated at production level, the GO must get cancelled prior to liquefaction and cannot be revived upon regasification. **We note that this restriction may not serve the market design specificities of EU jurisdictions like Spain, where closed DSO networks are fed by satellite plants. We request further clarity in the recast Implementing Regulation as to how the consumer disclosure purpose under the RED and the Fourth Gas Package will be served in case of bio-LNG re-conversion to biomethane, e.g., in a DSO grid, including around the options of: a) converting gas GOs into bio-LNG GOs at liquefaction, b) using the PoS (issued upon regasification) as a disclosure + compliance tool, if GOs are cancelled in the tank.**
- Traceability ends where the excise tax is paid, i.e. at the point where the distributor delivers the gas from the fuelling station to the vehicle/ the bunker vessel supplies the ship.
- For the infrastructure to be considered a mass balance system, there is no need for physical reverse flow – only physical link required.

## **3. Imports**

The discussion went along the proposed process to import renewable and low-carbon gases from extra-EU countries to the EU for compliance purposes, implying recognition and integration to the UDB. The European Commission confirmed that the questions listed by the PMG GO corresponded to the requirements to be fulfilled to ensure recognition of extra-EU countries under the Union Database, namely the:

1. Need to have a “cooperation agreement”

The European Commission acknowledged the need for ad-hoc legal basis to enforce the above involvement of competent authorities in third countries and have noted progress with the Ukrainian and UK authorities. With respect to Ukraine, the Commission has noted that the February 2023 Memorandum of Understanding between the EU and the Government of Ukraine satisfies this condition<sup>1</sup>.

Cooperation agreements will have to be established separately with each extra-EU country and will require the involvement of the relevant competent authorities of the given extra-EU country, which are already involved in the UDB at EU MS level (e.g. TSOs, accounting offices, national/regional authorities and registries).

**The PMG GO points to the fact that:**

- **Equivalent to these EU-defined authorities may not exist in each third country (e.g. absence of TSOs in the US),**
- **Such level of coordination – especially outside of the EU jurisdiction – will entail a significant burden and potentially delay the process of recognition of a given third country.**

2. Need to have certification/annual audits of the production plants and chain of custody by EU-recognised Voluntary Schemes

The European Commission noted that the voluntary scheme certification at the level of the Economic Operator is a first step but is not considered enough for imported gases to be accounted towards EU targets, as it did not meet all the listed requirements.

**The PMG GO recommends re-assessing the possibility to rely on Voluntary Schemes to fulfil some of the above-mentioned requirements, especially to ensure a faster integration of extra-EU countries in the short-term future.**

3. Need to ensure no double counting at domestic level

The European Commission identified two levels of double disclosure in third countries: at economic operator level and at country level, identifying the second as most serious.

4. Need to verify at injection, consumption and entry point to the EU

The European Commission added that it would require collection of injection and entry point to the EU data by the third-country's network operator.

**The PMG GO considers that if injection data in a third country is provided – which could be done by VS – no additional check is needed at the EU entry.**

**It was also made clear that import/export of renewable and low-carbon fuels between Ireland and the rest of EU Member States will be enabled through the UDB and will not be delayed/ blocked due to pending connection of UK. In particular, the PMG GO would welcome the confirmation of the recent information published by ISCC noting that [the UK would be part of the EU grid](#).**

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<sup>1</sup> [https://energy.ec.europa.eu/publications/memorandum-understanding-between-european-union-and-ukraine-strategic-partnership-biomethane\\_en](https://energy.ec.europa.eu/publications/memorandum-understanding-between-european-union-and-ukraine-strategic-partnership-biomethane_en)



## **Next step**

The event organisers (Energy Traders Europe, Eurogas, EBA, ERGAR, GIE and ENTSOG) will consider organising a third workshop to exchange views on:

- The testing phase of the UDB before November 2024, if any, and
- The functioning of the UDB after its launch, incl. in the transitional phase (implications for the economic operators, impact on the cross-border trade and RES SHARES accounting by Member States).