

## **EFET response to the DGEC implementing decree on the obligation for biomethane certificate purchases**

The European Federation of Energy Traders (EFET<sup>1</sup>) appreciates the opportunity to submit our remarks to the second implementing decree further elaborating on the obligation of ETS installations and other end-users to buy biomethane certificates (CPBs).

We thank DGEC for considering our feedback on previous consultations to this day, as well as on the ad hoc workshops organised by ENGIE Impact on the operational design of the CPB trading platform based on a primary/ secondary market approach<sup>2</sup>.

On a general note, as previously noted by EFET, proliferation of national schemes not open to cross-border trading via participation of supply and production from other countries, or, vice versa, emerges as a damaging but growing trend. Ideally, Member States should strive for EU-wide fungibility of any form of certification instruments, provided that minimum conditions are met – most notably, sustainability and GHG emission information under RED II and the possibility of use of certificates to apply a zero-emission factor to biomethane.

On the other hand, it is necessary that any potential barrier associated with the non-recognition of imports of biomethane from other MS via French certification schemes (including CPBs) is avoided. This would render the scheme incompatible with the ultimate objective under RED II/ III and the tabled Hydrogen and Decarbonised Gas Markets Package regarding a common tradable product operating across gases to be conveyed across interconnected networks.

Our detailed remarks on the consulted obligation are outlined below.

### **1. The quota should be defined in terms of emission reduction of the gas portfolio, including for biomethane imported into France**

We recommend that the biomethane certificate be determined based on the emissions reduction features of the delivered quantities, accordingly, audited by EU Commission-recognised voluntary schemes under RED II and III<sup>3</sup>. The quota could hence not be defined in terms of quantity of energy, but rather in terms of emissions reduction of the gas portfolio.

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<sup>1</sup> The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent, sustainable and liquid wholesale markets, unhindered by national borders or other undue obstacles. We currently represent more than 140 energy trading companies, active in over 27 European countries. For more information, visit our website at [www.efet.org](http://www.efet.org)

<sup>2</sup> [EFET response to the ENGIE Impact questionnaire on the CPB trading platform for biomethane](#)

<sup>3</sup> [Voluntary schemes for sustainable biofuels, bioliquids and biomass fuels, RFNBOs and RCFs](#)

If this approach is followed, the French biomethane certification scheme will be ready to apply to any renewable or low-carbon gas of whatever origin. It would also be open to the possibility of valuing the full decarbonisation potential of biomethane, as the biomethane with the most optimum carbon intensity factor would receive a premium.

The obligation should be evidenced by a tradable ticket at the end of the value chain and be open to biomethane of non-French origin. If these tickets acknowledge the full decarbonisation potential of biomethane and if the targets are designed based on emissions reduction of the overall portfolio, then the “*best*” biomethane will be placed in a more competitive position.

## **2. We call for a return to the coefficients and openness of the scheme to imports to address the risk of low liquidity**

Regarding the level of the obligation, we believe it could only be reached should sustainable biomethane produced in other countries be able to obtain CPBs. The proposed high trajectory bears the risk of exceeding the potential for biomethane production in France, thus leading to scarcity of certificates, high prices and no possibility for establishment of a secondary market. We therefore insist on opening the scheme to non-French volumes as this would avoid infringing on the basic tenets of the single market and give consumers access to more affordable decarbonisation solutions.

## **3. We suggest introducing affordable yet sufficiently incentivising penalties**

Overall, the buy-out price/ penalty should be high enough to ensure that virtuous behaviour is encouraged, and the French market may attract biomethane volumes imported from other EU Member States. At the same, especially at the incept of the scheme consideration on affordability must be part of the picture. This calls for a proper assessment of the impacts on all the above aspects before a final level is defined.