

Implementation of the revised Monitoring and Reporting Regulation for the EU ETS

➤ What is the issue?

The EU ETS Monitoring and Reporting Regulation (MRR) revised by the Commission in 2020 has changed the rules for claiming the use of biomethane in the EU ETS sectors. From 1 January 2022 the EU ETS Operators will need to show a purchase record of biomethane and prove that the purchased network gas fulfills the RED II sustainability and GHG emission saving criteria. The EU ETS Operators and gas industry are currently looking for a workable and harmonized solution to implement and prove compliance with such MRR requirements.

➤ What do we propose?

We believe that compliance with MRR requirements could be easily proved with **a tradable energy certificate based on the extended Guarantee of Origin (GO)**.

In a nutshell, this GO-based certificate should be able to record the sustainable origin of biomethane (e.g. feedstock used for its production), its GHG footprint and compliance with RED II sustainability criteria as documented by the Sustainability Certification schemes, including the one recognized by the Commission. It could also prove the injection of biomethane to the European gas infrastructure and thereby its tradability in the internal gas market.

Such GO-based certificates could become available for EU ETS Operators with the implementation of RED II and the CEN GO Standard EN16325 (currently under revision). Beyond the revision of this standard, this solution does not require any additional administrative costs and is a workable and easy way to prove the purchase of sustainable biomethane and, therefore, complying with MRR requirements.

➤ What are the benefits of the proposed solution?

Compared to other tools for determining the fraction of biomethane in a gas mix, the proposed solution has the following advantages:

- The GO-based certificates could be available by 1 January 2022 (the date when relevant MRR amendments enter into force), whereas the set-up of dedicated databases (at the national or EU levels) for tracing transfers of biomethane will require a lot of time and will not become operational by this moment. At the same time, the GO-based certificates system could easily complement such other tools, if they are introduced by policymakers in the future.
- The design of the GO-based certificates system, common for the EU area, will prevent double claims on renewable gases, including biomethane, making it a trustworthy, fraud-resistant and user-friendly tool for tracing the origin of gases.
- The GO-based certificates system is an instrument fully compatible with the current set-up of the EU gas market. There is already a market infrastructure in place due to its established use for electricity. It allows for a separate trade of certificates and commodity, thereby facilitating the cross-border trade of renewable gases and hence a truly integrated internal energy market.

