

Germany's System for Regional GOs

What is the reason for and the background of the system?

Germany has a very successful supporting system for renewable electricity with one small flaw: prohibition of double marketing prevents plant operators from selling supported renewables as such. Consumers receive supported renewable electricity in their disclosure only on a statistical basis. So, consumers cannot explicitly buy electricity from the supported plant in their neighbourhood.

Since the abolition of the green electricity privilege under the Renewable Energies Act (EEG) of 2014, electricity from renewable energies, which is financially supported by the EEG, cannot be marketed directly to electricity customers as green electricity due to the so-called double marketing ban. The latest amendment of the EEG in 2017 again offers a possibility to link a consumer with a supported plant that is supported with the market premium. This is done by means of the “Regional Guarantee of Origin” (Regional GO) that proves the link between the supported plant and the consumer in the “Regional Green Electricity Disclosure”; a key issue paper prepared by the Federal Ministry of Economics and Energy from 11 March 2016¹ explains in more detail the mechanism behind it.

The aim of this Regional green electricity disclosure is to increase local acceptance of the energy transition. The legislator intends to promote the identification of consumers with renewable energy installations in their region, in particular to avoid negative attitudes to the expansion of renewable energies. Potential customers should be able to purchase electricity from certain renewable energy plants in their region.

The Regional Guarantee of Origin

The Regional GO, an electronic document very similar to a guarantee of origin, only verifies the Regional origin of electricity from renewable energies – whereas the RES-GO proves the supply of green electricity.

If an electricity supplier wants to sell Regional green electricity, the supplier must show this in its annual electricity disclosure and thus prove the Regional characteristics of the electricity to its customers. The supplier is entitled to disclose the regional characteristic via cancellation of matching Regional GOs. This share of “Regional renewable electricity” in the disclosure is limited to the share of “Renewable energies financed by the EEG levy”.

How will the system work in practice?

A Regional GO will be issued upon request to any plant operator whose plant receives the market premium for its electricity volumes. One kilowatt hour corresponds to a Regional GO – one obvious difference compared to RES GOs and a consequence of the predominantly small consumptions. The Regional GO can be traded only along the electricity trading chain which ends at the electricity supplier. The supplier can purchase the electricity and the Regional GOs that needs to be cancelled for the respective customer if this customer lives within a radius of approx. 50 km around the respective plant. With Regional GOs the customer can purchase electricity from an installation that he/she knows, maybe because he passes by on his/her daily way to work.



How is the region defined?

The customer, or more precisely the postcode area in which he lives, opens up the region. A radius of 50 km is drawn from the edges of this postcode area. All postal code areas that are touched on belong to the customer's region. That means a region in the sense of the Regional GO is determined on the basis of postal codes. The electricity supplier who wants to sell Regional electricity to a specific consumer must check in which postcode area the consumer lives. All installations within this defined region can supply this consumer with Regional renewable electricity.

Reliability is the key

Ultimately, every cancelled Regional GO is reflected in the electricity disclosure and proves to the consumer the Regional origin of the renewable electricity. This instrument for increasing the acceptance of the expansion of renewable energies must satisfy the highest credibility standards. The Regional renewable electricity disclosed must not exceed the amount actually produced. The tasks of issuing, controlling the electricity trading chain, cancellation and verifying the electricity disclosure have been entrusted to the German Environment Agency who is already the issuing body of RES GOs (following the Directive 2009/28/EC, in the following shortly “RES GOs”) in Germany (HKNR). The team of HKNR is currently establishing a special register for Regional GOs, which meets the same standards as the German GO Register, namely fraud and tampering

¹ Bundesministerium für Wirtschaft und Energie: „Regionale Grünstromkennzeichnung Eckpunktepapier“, 11. März 2016, <https://www.bmwi.de/Redaktion/DE/Downloads/P-R/eckpunktepapier-regionale-gruenstromkennzeichnung.html> (German only)

protection. In optical and procedural terms the regional register is based on terms similar to the existing GO register, the partners for the energy data deliveries (distribution system operators) are identical. Differences exist in the proof of the electricity trading chain, as Regional GOs are issued per kWh and in particular the role of the postcode in the cancellation procedure, which ensures the Regional attribute of the electricity on delivery. For this purpose, the customer postal codes must be specified when cancelling Regional GOs. Thus, a reliable verification of the regionality takes place.

Relation of Regional GOs to RES GOs

Regional GOs are to be used only on a national basis and for electricity disclosure in Germany. In contradiction to RES GOs they are not internationally tradable. These are two completely separate systems and instruments – the Regional GO for the supported electricity part in the disclosure scheme and the RES GO for the “voluntary and non-statistical” renewable electricity in the disclosure. These instruments should not and technically cannot be mixed even if they are administered by the same issuing body in the same database.

If and to what extent Regional green electricity products will have an impact on the German electricity market is currently unforeseeable.

As the register of Regional GOs is expected to start from the beginning of 2019 we will receive information on this in November 2020 (date for electricity disclosure). Interest in the Regional GO system and in marketing regional renewable electricity was demonstrated at the 5th conference of the HKNR in April 2018.

German Conference on Guarantees of Origin

The fifth conference took place on 16-17 April 2018 at the German Environment Agency in Dessau-Roßlau. Around 170 participants joined and discussed the latest development of the GO-market, the future being mainly influenced by the upcoming new European Directive REDII and the structure of the new Register for Regional Guarantees of Origin. The HKNR team organizes these conferences on a more or less regular basis to offer an exchange-forum for the GO market participants together with the German Environment Agency being the issuing body and many more interested groups like scientists, lawyers, and consultants.

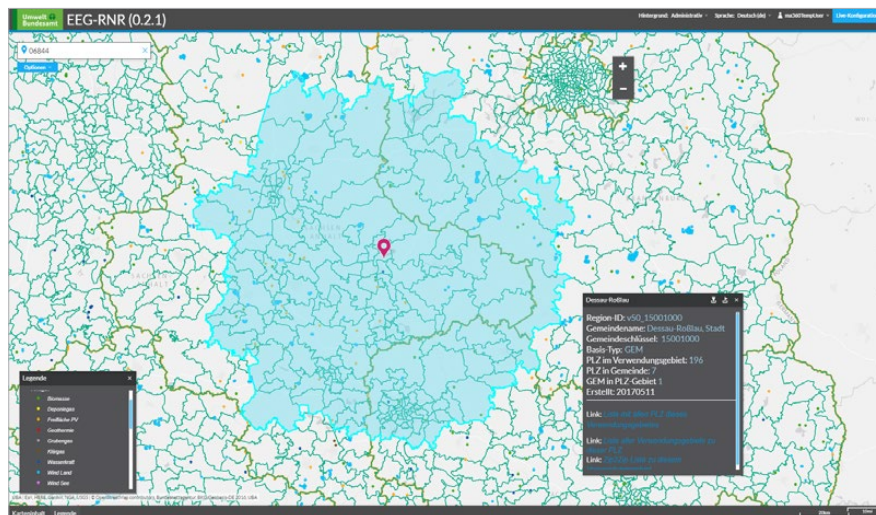
Results from a research project “Market Analysis on Renewable Electricity and GOs in Germany” were presented. The project promises to provide knowledge enhancement for the renewable electricity market in many ways: development of the GO market in Germany

and of GO prices as well as very interesting research results on the consumer perspective.

Beatrix Massig, the representative of the Federal Ministry of Economics and Energy, who is directly involved in the negotiations in Brussels on the new Renewable Energy Directive, discussed on a podium with Dirk Van Evercooren, President of the AIB, with Stefan Sanne, a representative of GO traders, and with Nils May, a scientist from DIW working on the impacts of different support systems. The main topic was the upcoming “clean energy package” from the EU. It was discussed if energy transition can be achieved by consumer choice or whether we will still need support systems for renewable energies for the years to come.

Four parallel workshops offered a mixture of interesting topics and the chance for participants to get actively involved. The conference concluded with presentations on future legislation on GOs in Germany, in particular on Regional GOs and a presentation of the map application. This map application will be a graphical implementation of the registered production installations at the Regional GO register. It will be made available to everybody having an interest in Regional GOs and the installations that could deliver renewable electricity into a region.

As in the past, UBA again was very satisfied with the positive feedback on the conference in general and with the valuable input provided by the active participants on many issues. >>



Comments on the HKNR 5th conference at UBA

Dirk Van Evercooren, AIB President:

Being invited to join the fifth 'German GO-conference' organised by UBA was a pleasure. I was very impressed with the event, both the number of attendants and the high level of discussion including the interaction with the audience. This proved to me the value of Issuing Bodies of Guarantees of Origin meeting with their stakeholders and exchanging views.

The German green electricity system and legislation are – to an outsider like me – quite complex. Although all choices made have their reason, it seems that splitting up between non-supported electricity, which can be marketed as green, and supported power, which cannot, complicates the system and challenges the understanding of the consumer. The Regional GO, while motivated by the will to avoid NIMBY and such syndromes, will in my opinion add further to the complexity of the system and make it even less transparent. Explaining the GO-system itself is already challenging, believe me, I know from experience ...

'Deconstructing' electricity characteristics, not only to prove renewable origin, but also to show regional geographic origin, and doing so by using different instruments will prove a challenge to communicate to consumers. RES-GOs also carry information on the plant where the electricity has been produced and could therefore be suitable to fulfil the purpose of Germany's Regional GOs. I feel that in the future, an integration of both the green and regional GOs should be contemplated to the benefit of the consumer and simplicity of the system.

