

Summary of the evaluation of national systems for guarantees of origin for electricity from renewable sources (GO) and for electricity labelling for the purpose of a decision on the recognition of imported guarantees of origin on behalf of the Federal Environment Agency (UBA)

Finland

Introduction

The German Federal Environment Agency (UBA) currently examines whether guarantees of origin for electricity from renewable sources (GO) from other Member States of the European Union and other states can in principle be recognised under Article 19 Directive (EU) 2018/2001 (RES Directive). The evaluation of the legal and practical implementation of the national systems for guarantees of origin and for electricity disclosure is supported by a consortium of external contractors (Öko-Institut e. V. and Becker Büttner Held PartGmbH (BBH)).

General

As of 28 September 2022, the assessment of the available information on system-related issues does not lead to reasonable doubts as to the accuracy, reliability or veracity of GOs issued in and imported from Finland, so that, in accordance with Article 19 RES Directive, there currently do not appear to be any reasons for not recognising such GOs.

Specifics

Finland GOs fulfil (partly with restrictions) **all criteria according to Article 19 RES Directive except one (see paragraph on critical issues below)**.

GOs are issued for the **standard size of 1 MWh** of net electricity generation and are **used exclusively for the purpose of electricity disclosure**. In electricity disclosure, renewable sources are clearly distinguished from other electricity sources. For electricity from renewable sources for which public support is claimed, GOs are issued. The current support system including a flexible market premium is granted based on auctioning and therefore takes the marketing value of GOs into account in the sense of the RES Directive. This is also the case for investment support granted by the Ministry of Labour and Economy.

Electricity from renewable sources can be labeled in the fuel mix **solely on the basis of the national residual mix or by cancellation of GOs** (in the case of non-EECS GO also by ex-domain cancellation).

The Finnish Regulatory Authority calculates a **robust residual mix** by deducting electricity volumes covered by GOs and making corrections for imports and exports, which avoids double counting.

GOs are **not used to meet the mandatory targets of Article 3 RES Directive** for renewable energy, **nor do they affect the calculation of gross energy consumption**.

If electricity is generated in **high-efficiency cogeneration** from renewable energy sources, only one GO for electricity from renewable energy sources is issued for the electricity generated. The GO **does not combine both characteristics (renewable energy and high-efficiency cogeneration)** as is

required by the RES Directive; however, double counting of the electricity quantity in question is reliably ruled out by the regulation. GOs **expire 12 months after the end of the generation period** (which is not longer than one month), unless they are cancelled or exported before then.

The regulations in force in Finland, and in particular the EECS Rules, which are applied, ensure **accurate, reliable and fraud-proof issuance, transfer and cancellation of GOs**. There is no indication that Finextra is in breach of these rules. In particular, it is ensured that GOs are used only once and that the registry technically avoids further use of the GO after cancellation, expiry or export of the GO.

Finextra Oy is responsible for the GO register as a wholly owned subsidiary of the transmission system operator (Fingrid Oyj). The Energy Authority (Energiavirasto) supervises the fulfillment of the tasks as an independent state institution.

GOs are **issued for the net production of electricity** (excluding own consumption by auxiliaries) used by final consumers. However, own consumption by on-site consumption facilities is not taken into account when determining net production. Thus, GOs may be issued also for the volume of RES production which is consumed onsite. However, this consumption is also subject to electricity disclosure regulation, including the use of GOs. The amount of net production is verified on the basis of the meter readings obtained by the grid operators. The Finnish regulations contain provisions both for the correction of incorrect GOs and for incorrect or outdated registered data of production devices.

Finish GOs contain **all the information required by Article 19(7) of the RES Directive**.

Therefore, there are currently **no reasonable doubts about the accuracy, reliability or veracity of Finish GOs in relation to system-related issues**. Thus, Finish GOs can generally be recognized.

Critical aspects

Finnish legislation does not impose any restrictions on the issuance and cancellation of Guarantees of Origin for subsidized electricity generation. According to bilateral information from Finextra, the market value of the GO has not been taken into account when determining the amount of the feed-in tariff granted until March 2021.

Due to the 12-year support period, the feed-in tariff is still valid until 2033. Therefore, the question arises whether the support payments made as of the entry into force of Directive (EU) 2018/2001 must take into account the market value of the GO. Considering the protection of existing subsidies as stipulated in Art. 6 (1) Directive (EU) 2018/2001, this argument is not sufficiently convincing. The adjustment of an ongoing subsidy for retroactive consideration is hardly compatible with the RES Directive. In this respect, the feed-in tariff approved prior to the entry into force of the Directive seems to be uncritical.

If electricity is generated in high-efficiency cogeneration from renewable energy sources, only one GO for electricity from renewable energy sources is issued for the electricity generated. The GO does not combine both characteristics (renewable energy and high-efficiency cogeneration); double counting of the electricity quantity in question is reliably ruled out by the regulation. The renewable energy characteristic is, however, clearly indicated in the GO and as a result there is no risk of double counting of renewable electricity production and therefore the electricity labeling in Germany is not adversely affected. In this respect, not fully meeting the requirements of Directive (EU) 2018/2001 should not be a sufficient reason for not recognizing Finnish GOs.

GOs are issued for the net production of electricity (excluding own consumption) used by final consumers. However, own consumption by other on-site consumption units is not taken into account when determining net production. This obviously applies even if the operator of the generating unit is identical to the operator of the consumption unit. According to the Finnish regulations, on-site electricity consumption (apart from the power plant's own consumption) is recorded via separate meters and is subject to the general electricity market regulations (including tax assessment, GO usage and electricity disclosure). Thus, it is consistent from an accounting point of view that GOs can be issued to the plant operator for the complete electricity generation (without power plant own consumption), even if these are freely tradable and not necessarily allocated to onsite consumption.

Reasons for non-recognition

None.

Note:

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