

Line to take on Guarantees of Origin and Corporate Renewable Power Purchase Agreements

Background

Guarantees of Origin (GOs) are mostly meant to trace green electricity in the power system. They are not meant for Member States to demonstrate compliance towards their renewable energy target and should not lead to overcompensation of green energy producers. Their use as part of Corporate Renewable PPAs should in particular be safeguarded. The direct link between green energy producers and consumers established by Corporate Renewable PPAs addresses the environmental credibility issues sometimes raised by the opponents to the GO system.

1. Guarantees of Origin should not be auctioned in a centralised system as proposed by the European Commission

- Centralised auctioning effectively strips renewable energy producers of the ability to market their green power and tap into demand for green energy.
- This will be detrimental to the development of Corporate Renewable PPAs where off takers require proof of the green credential of their power supply.

2. At the very least, there should be a carve out for renewable energy generators to issue and use GOs in the context of Corporate Renewable PPAs

- Centralised auctioning will stifle the development of a consumer-led business model, which will be increasingly relevant as renewable energy producers become exposed to market signals.
- The direct link between green energy producers and consumers addresses the environmental credibility issues sometimes raised by the opponents to the GO system.
- Ideally, GOs can value additional RES capacities and make an even stronger case for corporates to engage in Renewable PPAs, thereby directly contributing to European ambitions.

3. Renewable power generators can issue and use GOs in the context of Corporate Renewable Power Purchase Agreements without charging a premium for the GO

- In the context of a private bilateral agreement between a generator and an energy consumer, the GOs can serve mainly as a tracing mechanism without necessarily commanding their market value.

4. In Member States with market-based support mechanisms (tendering mechanism or tradable green certificates), revenue from GOs can be effectively integrated into the support system

- When Member States have a Feed-in tariff (FIT) in place, the value of the GO should be administratively subtracted from the FIT to avoid an overcompensation effect.
- GOs can be combined with market-based support systems, for example, allowing a renewable energy project to adjust bids factoring in the value of the GOs (overcompensation is by definition avoided by the competitive nature of the support mechanism).

5. Support mechanisms and Corporate Renewable PPAs are not meant to be cumulated, but could be used side-by-side in Member States where no minimum price is guaranteed

- Generators should be able to secure part of their production via Corporate Renewable PPAs where the support mechanism does not guarantee a minimum price.
- A generator could choose to get their revenue from an auction-based price for some of their output and from a Corporate Renewable PPA for another part of their output.





- The part of the production covered by a Corporate Renewable PPA would then not benefit from a premium avoiding overcompensation.

Disclaimer

This document is meant as a guideline for platform members and stakeholders which can be used when engaging with policymakers on the issue of Guarantees of Origin and Corporate Renewable PPAs. It broadly represents the majority view of the RE-Source platform partners. It does not mean, however, that every partner agrees with every word. Similarly, the views and recommendations in this document are not necessarily those of all members of SolarPower Europe, WindEurope, WBCSD or RE100.

