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GUIDE

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GUIDELINES FOR THE ISSUE OF GUARANTEES OF ORIGIN FOR RE ELECTRICITY

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1. Introduction

These guidelines are aimed at electricity producers who are eligible to receive guarantees of origin for renewable electricity in accordance with the provisions of Chapter 9 of the Danish Electricity Supply Act (environmentally friendly electricity production).

In its role as the designated authority for guarantees of origin for electricity from renewable energy sources¹, Energinet has developed these guidelines for the submission of requests for guarantees of origin, the processing of requests and the issuance of guarantees of origin under the applicable frameworks in:

- Executive Order No. 913 of 22 June 2023 on guarantees of origin for electricity, gas, district heating and cooling from renewable energy sources (in short, ordinance for Guarantee of Origin),
- Executive Order 1791 of 2 September 2021 on the Act on the Promotion of Renewable Energy (in short, the Renewable Energy Act) and
- Directive (EU) 2018/2001 of the European Parliament and of the Council of 11
 December 2018 on the promotion of the use of energy from renewable
 sources (renewable energy Directive for short)

The guidelines, as presented in this version, constitute an update of the latest version 1.4 from 2012.

2. Main rules

2.1 Eligibility for issuing guarantees of origin

All producers of electricity from renewable energy sources, as defined in the Executive Order on guarantees of origin in §§1-2, are entitled to issue guarantees of origin corresponding to the energy measured and fed into the collective electricity grid.

Renewable energy sources are defined according to section 2 of the Executive Order in accordance with the definitions in the Renewable Energy Act and include renewable non-fossil sources in the form of wind power, solar energy, geothermal energy, ambient energy, tidal and wave energy and other forms of ocean energy, hydropower, biomass, landfill gas, gas from wastewater treatment plants and biogas.

2.2 Purpose of guarantees of origin

According to the Executive Order's definition in section 2, the purpose of guarantees of origin is "to prove to an end customer that a given share or amount of energy has been produced from renewable energy sources". Guarantees of origin are thus accepted as valid documentation in all EU countries, just as guarantees of origin from these countries are generally valid in Denmark (however, subject to approval of Energinet as issuing authority in Denmark, cf. the Executive Order on Guarantees of Origin §21).

Guarantees of origin may be used when an electricity supplier is required to declare its supply of electricity to a final customer, cf. Executive Order no. 1322 of 30 November 2010 on the declaration of electricity to consumers (the Danish Electricity Labelling

 $^{^{}m 1}$ See Executive Order no. 1216 of 07/06/2021 on guarantees of origin §3(1).

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Order). The framework for declaring electricity consumption in Denmark can be found in the "Guidelines for the preparation of individual declarations" in the current version, which can be found in Danish on Energinet's website (Declaration of Electricity (energinet.dk)).

2.3 Electronic guarantees of origin standard

Guarantees of origin are issued in Denmark electronically and according to the common European standard "EECS" (European Energy Certificate System). The standard prescribes how guarantees of origin are issued, traded and used.

The rules of the EECS standard have been developed under the auspices of the Association of Issuing Bodies (AIB) and can be found in more detail at www.aib-net.org. Energinet is a member of AIB and follows the organisation's rules.

For the issuance of electronic guarantees of origin in Denmark, Energinet's domain protocol applies, which describes the applicable rules for guarantees of origin in the Danish register. The current version of the domain protocol "Domain Protocol Energinet" can be found on Guarantees of origin documents and forms (energinet.dk).

2.4 Issuance of guarantees of origin

The issuance of guarantees of origin in Denmark for renewable electricity is handled by Energinet in the role of designated authority in the area, cf. Executive Order for Guarantees of Origin §3.

The actual issuance takes place at the request of the electricity producer (§4 of the executive order) or his proxy holder (§8).

Issuance requires that the producer or his proxy holder has an account in Energinet's electronic register of guarantees of origin in order to receive the guarantees of origin.

Producers or proxy holders can request account registration and issuance by filling in the relevant forms from Energinet's website (<u>Guarantees of origin documents and forms (energinet.dk</u>)) and sending these with signature to <u>afregning@energinet.dk</u>. The following documents must generally be completed:

- Request for creation/change of account in the electronic register
- Agreement on registration of guarantees of origin
- Request for the issuance of guarantees of origin for renewable electricity
- Domain Protocol Energinet
- Power of attorney agreement (if the recipient is not the owner of the generating plant)

The issuance of electronic guarantees of origin takes place on a monthly basis and with a standard size of 1 MWh, cf. Executive Order on guarantees of origin §10. If the electricity produced by an installation for a given month does not correspond to 1 MWh, a guarantee of origin shall be issued for the month in which the production reaches 1 MWh. Any residual quantity through the issuance of guarantees of origin in 1 MWh units shall be collected and transferred to the next issue.

Guarantees of origin are issued solely based on measured net production for the collective grid, i.e., production subtracted self-consumption in the producing installation. Issuance is based on the measurements that are also used for billing in the electricity market. Responsibility for metering is handled by the distribution companies in Denmark and is transmitted through DataHub, as the central system for metering and market data in the Danish electricity market. Guidelines for metering etc. are set out in Energinet's current market regulations.

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No guarantees of origin may be issued for self-consumption.

2.5 Cancellation of guarantees of origin

When an electronic guarantee of origin is registered as used, it is cancelled (referred to as 'Cancellation' in the terms of the EECS standard). Cancellation is a process initiated by the owner of the guarantee of origin in the electronic register and will result in the guarantee of origin no longer being tradable, but only used as proof of the origin of a consumption of a specified amount of electricity in the electricity grid (referred to as Disclosure).

When cancelling guarantees of origin, a cancellation notice document ("Cancellation Statement") is created in the electronic register, which documents the cancellation and contains the basic information of the guarantee of origin as well as any text of the owner's choice. The text must describe the purpose, i.e. which electricity delivery the guarantee of origin documents (this could, for example, be indicated by e.g. customer name, country, year of consumption or the like).

The cancellation must be made in a register in the country where the consumption cancelled by the guarantee of origin has taken place. If a guarantee of origin is to be used to declare consumption in a country other than Denmark, the guarantee of origin must thus be transferred to an account in that country before it is cancelled. If a guarantee of origin is to be used to declare consumption in Denmark, the guarantee of origin must be cancelled in the Danish register in a similar way.

In its role as Disclosure Body, Energinet has direct access to control information about cancellations in the electronic register system. Similarly, Energinet may request another register, check and verify information about cancellations or transactions in general. For more information on the cancellation of guarantees of origin for the declaration of the origin of power consumption, see "Guidelines for the preparation of individual declarations", which can be found at Declaration of electricity (energinet.dk)

2.5.1 Ex-Domain Cancellations

In special cases where the transfer of guarantees of origin to the relevant local register is not possible, e.g. due to lack of technical support, cancellation can be done by what is referred to as an Ex-Domain Cancellation (EDC). An EDC is a cancellation "on the border" between two countries/registers without an actual transfer, i.e. cancellation takes place in the sending register.

An EDC cancellation must always be approved in advance by Energinet to ensure the necessary documentation and security for the transaction to avoid cheating or double counting. For an EDC, the cancellation notice must state, in addition to general information, that the guarantee of origin covers consumption in another specified country and indicate the specific customer ("beneficiary").

Requester must cover all relevant expenses for an EDC cancellation.

EDC cancellation cannot be performed between registers connected to the central European hub for guarantees of origin, AIBHUB.

2.6 Lifetime and expiration of guarantees of origin

Any use (trade in or cancellation of) of a guarantee of origin must take place within 12 months of the calendar month in which electricity generation has taken place. The guarantee of origin expires at the end of this 12-month period and cannot be used thereafter. Guarantees of origin issued in the electronic register that have not been cancelled within that period shall be declared as expired.

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3. Administrative provisions

3.1 Rules for requesting issuance

An electricity producer entitled to receive guarantees of origin (or its proxy holder) requests issuance by filling in the standard form "Request for issuance of guarantees of origin for renewable electricity" and sending it to Energinet (see also section 2.4). The standard form contains instructions for completion and can be found on Energinet's website - Guarantees of origin documents and forms (energinet.dk). If the request is submitted by the holder of the mandate, proof of the power of attorney must also be provided.

3.1.1 Specific rules for requests for issuance to waste incineration plants

When requesting guarantees of origin for waste incineration plants, guarantees of origin shall be issued on the basis of the share of electricity production that can be considered to originate from renewable energy sources in waste incineration. According to section 13(3) of the Executive Order on guarantees of origin, the share of renewable electricity for these plants is considered to be 55%.

For multi-fuel installations (including waste facilities), grid undertakings shall submit a time series corresponding to the renewable energy share of electricity production as a basis for issuing guarantees of origin. This follows in accordance with Energinet's regulation D1 on settlement measurement.

3.1.2 Specific rules for issuing a high-efficiency cogeneration application

For cogeneration, specific guarantees of origin for high-efficiency cogeneration may be issued in exceptional circumstances. This issue is made in accordance with the provisions of Executive Order no. 447 of 20/05/2016 under the administration of Energinet. The issuance of such guarantees of origin obliges the electricity producer (or proxy holder) to document the efficiency of production in accordance with the special requirements of the Executive Order. Costs for verification and approval as well as administration are borne by the electricity producer.

Applications for issuance must be made according to the standard form "Request for issuance of guarantees of origin for high-efficiency cogeneration" on Energinet's website - Guarantees of origin documents and forms (energinet.dk).

The application of these guarantees of origin is basically the same as for other renewable guarantees of origin.

3.1.3 Special rules for requests for issue to several installations

In principle, a request for the issue of guarantees of origin is submitted for each installation to be covered by the scheme. However, if the electricity producer or proxy holder wishes to request issuance for production at several plants, this is also possible by submitting a single request for all installations, provided that a file (in Excel format) with information about the individual installations in the portfolio is submitted at the same time. As a minimum, the file must contain the following information about the individual installations:

- the GSRN number of the installation (if wind farm: both for the wind farm and for the individual installation);
- the name and address of the owner of the installation;
- plant owner's CVR / CPR no.
- installed power of the plant.

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3.1.4 Prerequisite for issuing guarantees of origin

A prerequisite for receiving guarantees of origin is that the electricity producer or proxy holder has opened an account in Energinet's electronic register for guarantees of origin before issuance. This is done by sending Energinet a completed standard form on "Request for opening/change of account in the electronic register of guarantees of origin", and a signed version of the standard agreement, "Agreement on registration of certificates (Standard Terms and Conditions)", cf. also section 2.4. Forms and agreements can be found on Energinet's website for green electricity under the page for documents and forms - Guarantees of origin documents and forms (energinet.dk). The account holder must also comply with Energinet's "Domain Protocol", which is also available on the website.

3.2 Time limits for requesting issuance

Requests for the issuance of guarantees of origin may be submitted to Energinet whenever appropriate. Energinet processes requests as quickly as possible, however, requests submitted after the 10th of the month following the production month can generally only be expected to be handled and result in issuance at the following month's issuance. This is for the sake of administration in registration of master data, etc. prior to issuance.

Example: When issuing for production in February, the request must be received by Energinet no later than 10 March. If the request is received after this date (e.g. 12 March), guarantees of origin are issued for both February and March in April.

Issuance may be requested for production for a given month at the latest 12 months after the month of production. Example: For production for February year x, request must be submitted before and no later than February 10, year x+1.

This limitation is due to the lifetime of guarantees of origin described in section 2.6.

3.3 Processing of request for issuance

Energinet processes requests as quickly as possible but acknowledges receipt no later than 8 working days after the request is received by Energinet. In the receipt, Energinet will state an expected timeframe for processing the request.

Processing includes Energinet's internal procedures for checking the information received in relation to the Master Data Register, assessing the plant's eligibility to receive guarantees and establishing the production plant and any accounts in the electronic register. Once registration procedures have been completed, confirmation is sent by email to the electricity producer or its proxy holder, after which the installation will be included in the next ordinary issue.

3.4 Time limit for Energinet to issue guarantees of origin

Energinet issues guarantees of origin monthly no later than the 15th (or the next working day) of the month following the month of production.

If the electricity producer or proxy holder becomes aware that the deadline has not been met or that there has been an error in the issuance of guarantees of origin, they should inform Energinet as soon as possible.

3.5 Deregistration of installations and issuance of guarantees of origin

As a rule, guarantees of origin are issued upon request and establishment until this is deregistered or the production plant is deregistered from the market.

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If an electricity producer or proxy holder no longer wishes to receive guarantees of origin, Energinet is informed, which then deregisters the plant and stops issuing it in the electronic register.

4. Fees

Pursuant to section 23 of the Executive Order on Guarantees of Origin, Energinet charges fees to cover the necessary administration of the system for issuing guarantees of origin. The following administrative fees are charged:

- Annual fee for account in Energinet's electronic register system
- One-time fee for setting up new production facilities in the register
- Fee per transaction in the register for issuance, transfers to/from the Danish register and cancellations

The applicable fee rates are published on Energinet's website - <u>Guarantees of origin-</u> <u>Fees (energinet.dk).</u>

The fees are set on an annual basis and are invoiced periodically retrospectively – currently annually expected in February/March for fees and transactions in the past calendar year.