

GUARANTEES OF ORIGIN: NEW FRAMEWORK

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On 17 July 2023, Decree No. 224 of 14 July 2023 of the Minister of the Environment and Energy Security entitled *"Implementation of Article 46 of Legislative Decree No. 199 of 8 November 2021 on Guarantees of Origin"* (the "New Decree") was published on the Ministry's official website. The New Decree came into force on 18 July 2023.

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The New Decree provides for the Minister of Economic Development's Decree of 31 July 2009, entitled *"terms and requirements for providing end customers with information on the composition of the energy mix used to generate supplied electricity, as well as on the environmental impact of generation"*, to be repealed as of 1 January 2024, supplementing and updating its provisions in the context of establishing more comprehensive rules governing guarantees of origin ("GOs").

PURPOSE AND SCOPE OF APPLICATION

With the New Decree, the rules governing GOs – electronic certifications aimed at certifying the renewable origin of sources used by facilities certified as IGO (Facilities with Guarantee of Origin) – were significantly revised to include energy carriers other than electricity within the scope covered by such certifications, specifically covering:

- (i) renewable gases, including biomethane;
- (ii) renewable hydrogen; and
- (iii) thermal and cooling energy.

Under the New Decree, for IGO-certified facilities, GOs are issued by the GSE to the generator on a monthly basis. Each GO represents a standard quantity of 1 MWh of net energy generated and contains the information specified in the New Decree. No more than one GO may be issued per unit of net energy generated.

The decree also contains specific provisions concerning certification of the various energy carriers.

In summary, the New Decree governs:

- (i) the terms for issuing, transferring, recognising and cancelling GOs;
- (ii) the terms of use of GOs by energy suppliers;
- (iii) checks on the accuracy, reliability and authenticity of GOs issued by other Member States;

It also sets out:

- (i) the terms of use for the proceeds of the sale by Gestore dei Servizi Energetici – GSE S.p.A. (“GSE”) of the GOs it holds; and
- (ii) the terms and requirements for providing end customers with information on the composition of the energy mix used to generate supplied electricity, as well as on the environmental impact of generation.

"The New Decree provides that, within 60 days of its entry into force, GSE must establish the Implementation Rules for managing GOs."

TERMS FOR TRADING AND RECORDING BILATERAL EXCHANGES OF GOS

The New Decree provides that GOs relating to energy from renewable sources generated and fed into the grid may be traded on the trading platforms specifically set up by Gestore dei Mercati Energetici – GME S.p.A. (“GME”).

However, for bilateral trading outside GME’s trading platform, the trading quantities and prices must be registered on the registration platforms that GME provides for this purpose.

MAIN NEW ELEMENTS

The main new elements of the New Decree include:

- the inclusion, within the scope of the rules governing GOs, of energy carriers other than electricity – such as renewable gases, renewable hydrogen and thermal and cooling energy – with such carriers giving rise to significant diversification of the scope of the rules, involving several new categories of stakeholders;
- the creation of the National GOs Registry within GSE: it will be used to manage the IGO certification for facilities, to maintain the accounts belonging to traders who sell and purchase GOs, and for issuing, transferring and cancelling GOs; and
- the provision by GME of a computerised notice board for the purpose of promoting meetings between parties potentially interested in concluding long-term GO contracts.

NEXT STEPS

In light of the above, the New Decree provides that, within 60 days of its entry into force, GSE must establish the Implementation Rules for managing GOs.

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GSE's Implementation Rules, which should be adopted by 18 September this year, will need to be a comprehensive set of procedural rules, reflecting all the new regulation's current complexities, with the aim of balancing stakeholder needs and system efficiency.

To this end, GSE has published a consultation document on its website to gather useful information for developing these implementation rules.

Matters of a purely operational nature will instead be dealt within the context of specific technical tables, which are better suited to providing concrete support to the sector's traders in managing the new system.

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