

**The concept of ERGaR
for cross-border transfer and
mass balancing biomethane
within the European natural
gas network**



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TWO ERGAR SCHEMES



Two ERGaR schemes

Name of the scheme	ERGaR RED	ERGaR GoO
Character	voluntary scheme to be recognised by the EC under the RED	voluntary scheme operated without recognition by the EC
Biomethane use	biofuel for transportation	any
Methodology	mass-balancing	book and claim
Core document	ERGaR Proof of Origin (ERGaR PoO)	ERGaR Guarantee of Origin (ERGaR GoO)
Tradability	ERGaR PoO is not transferable independently from the product	ERGaR GoO is transferable separated from the product
Sustainability verification	mandatory according to the EU rules regarding biofuels	optional

Two ERGaR schemes – present status

1. The full (updated and expanded) documentation of the **„ERGaR RED” voluntary scheme** was submitted to the European Commission in December 2018 for recognition under the Renewable Energy Directive. ERGaR RED is designed to perform mass-balancing in the European natural gas grid on a consignment by consignment basis.
2. **For the GoO market** ERGaR is establishing a hub connecting the registries – the IT work is completed and **the hub is in testing phase**.
3. Several **bilateral agreements** are already in operation between registries exchanging biomethane GoOs.

ERGAR SET UP – BUILDING ON EXISTING NATIONAL REGISTRIES

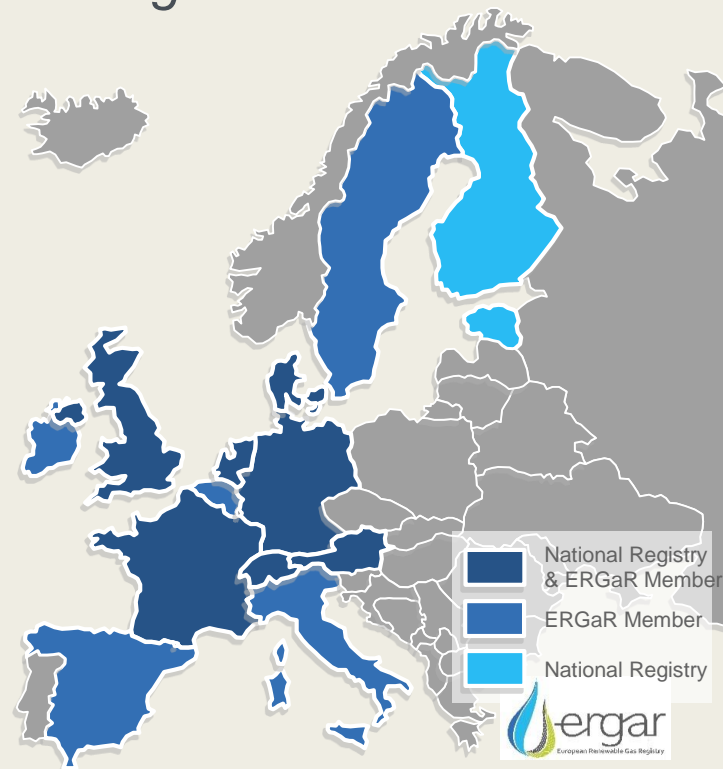


ERGaR is foreseen to

- ✓ be the Europe-wide recognised organisation for **administering and mass balancing volumes** of biomethane virtually distributed along the European natural gas network
- ✓ **rely on the national biomethane registries** as primary source of documentation
- ✓ follow **jointly agreed procedures** for issuing and cancelling European Proofs (Guarantees) of Origin for consignments with export destinations
- ✓ provide for **cross-border transfer of sustainability claims** (GHG emission characteristics) related to the consignments

24 members from 12 countries

- ERGaR members are operators of biomethane registries, stakeholders in European biomethane industry and market.
- *ERGaR welcomes new members: national biomethane registries, national biogas associations, natural gas industry partners, gas TSOs and DSOs and other stakeholders active in the European natural gas and biomethane industries.*



Find out more @
www.ergar.org



ERGaR: cooperation between the natural gas and biogas industries

- ERGaR is a **joint undertaking** of the biogas and natural gas industries.
- **Several TSOs and DSOs have already joined ERGaR:** Energinet.dk, ENAGAS, GRDF, Gasunie/Vertogas, NEDGIA, SWEDEGAS,
- **Other ERGaR members are closely linked to the natural gas industry:** AGCS, Gas.BE, RGFI, VSG,
- The **speedy expansion of the geographical coverage** through establishing registries in other countries should be a common target of the natural gas and biogas industries

BASIC PRINCIPLES OF THE ERGAR MASS BALANCING SCHEME



ERGaR RED core principles

1. Sustainability

ERGaR RED handles exclusively biomethane consignments where sustainability has been duly verified in accordance with Articles 17. and 18. of the RED. No Proof of Origin can be issued for any injected biomethane consignment without having a valid Proof of Sustainability for that consignment. The PoS must be inseparably attached to the PoO.

2. Export destination

ERGaR RED is exclusively concerned with biomethane consignments destined for export and not counted in the country of production for the meeting of national biofuel quota targets.

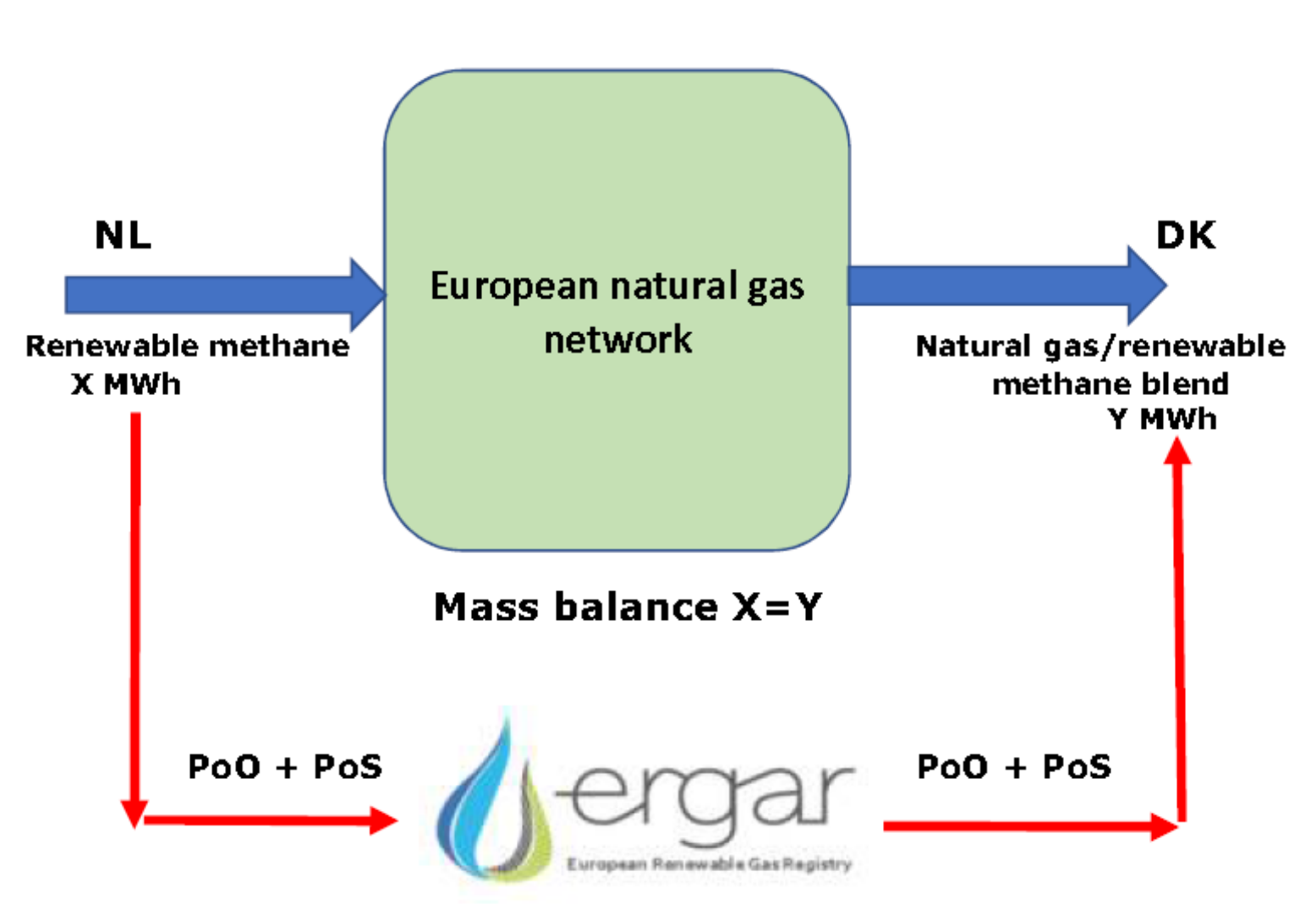
3. Single logistical facility

The European natural gas network is recognized as a single logistical facility with the effect that mass balancing according to RED Art. 18 sec. 1. shall be done at European level. However, ERGaR RED mass balancing covers only biomethane consignments traded internationally, i.e. crossing at least one country border.

4. Mass balancing

Biomethane volumes injected into the European natural gas network are mass balanced with withdrawn volumes on a consignment to consignment basis.

Mass balancing by ERGaR



FUNCTIONS OF THE PARTICIPATING NATIONAL REGISTRIES



Functions of the registries

- **Issuing bodies** for biomethane PoOs and GoOs,
- Providing harmonized and transparent electronic **documentation of injected biomethane**, including the variable properties and attributes,
- Providing a **platform for market participants** to generate, exchange and redeem electronic documents representing biomethane consignments,
- Controlling, auditing, verification in relation to **both injection and withdrawal**.

Note: registries are operating now in AT, CH, DE, DK, EE, FI, FR, NL and UK.

Key requirements towards the participating registries

The registries must

- accept and follow the **mass balancing** methodology in relation to both domestic and international operations,
- maintain **independence** from economic operators,
- be **trustworthy** and carry out operations in a **professional** and **transparent** manner, adhering to the relevant laws and regulations,
- have an **auditable system for issuing, handling and cancelling the PoOs**, performing the mass balancing of biomethane consignments and transferring the sustainability claims
- follow appropriate **auditing procedures**;
- **not own biomethane PoOs**;
- **not participate in markets associated with biomethane PoOs** (other than the functions defined in their foundation documents).

THE WAY FORWARD



Independent, Europe-wide biomethane (renewable gas) certificate scheme

- The natural gas and biogas industries should unite in proposing an **independent biomethane PoO/GoO system** operated as the Europe-wide network of the national biomethane registries.
- The biomethane PoO/GoO issuing bodies should be **closest linked to the natural gas TSOs and DSOs**, who are the direct source of injection/withdrawal information.
- The biomethane registries (as PoO/GoO issuing bodies) are best positioned to properly address **renewable gas specific issues**: sustainability, mass-balancing, GHG characteristics, etc.
- We need an administrative system which is **robust and trustworthy** enough to enable financial benefits (state aid) for imported biomethane in the country(ies) of consumption.
- The aim is to **facilitate new investments** through a functioning forward market for GoOs.

Interactions with other schemes

- The ERGaR PoO scheme (**mass-balancing**) is the only RED conform solution with regard to biomethane distributed through the NG grid for use as RED qualified transportation fuel (biofuel, advanced biofuel);
- The ERGaR GoO scheme (“**book and claim**”) should be compatible with other GoO schemes (such as electricity, heating&cooling);
- The ERGaR GoO scheme should be compatible with other renewable gas GoO schemes (based on “**book and claim**” - such as CertifHy);
- The promotion of the **Power-to-Gas** technology (both for H₂ and CH₄) requires close cooperation among the involved schemes (ERGaR, AIB for renewable electricity, CertifHy) to enable proper transfer of GoOs covering different energy carriers.

THANKS FOR YOUR ATTENTION!

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