



'GREEN' HYDROGEN: FIRST DRAFT PUBLISHED OF SPANISH REGULATION ON GUARANTEES OF ORIGIN SYSTEM FOR RENEWABLE GAS

On the path to removing barriers to the development of renewable gases in Spain, the Ministry for Ecological Transition and Demographic Challenge (MITECO) has subjected to the public information stage the Draft Royal Decree which partially transposes Directive (EU) 2018/2001 of 11 December 2018 on the promotion of the use of energy from renewable sources and, with it, the Guarantees of Origin ("GoO") system for gas from renewable sources it proposes to implement, in an attempt to facilitate the deployment of these energies and take advantage of their contribution to decarbonisation targets set for Spain's economy.

Thus, despite not having been included among those aspects to be regulated during the prior public consultation stage on this regulation (held in June 2020), Article 19 of the Draft now in the public information stage transposes Article 19 of Directive 2018/2001, regarding the possibility of guaranteeing the renewable origin of the gases from renewable sources, as we summarise below.

MAIN FEATURES OF THE PROPOSED GUARANTEES OF ORIGIN SYSTEM FOR RENEWABLE GASES

- A registry or **Census of Production Facilities** of gas from renewable sources will be created by the entity in charge or 'Responsible Entity' (*Entidad Responsable*), which will record information such as the ownership, location, type, capacity and start-up dates of the facilities and will contain a list of their owners¹.
- The MITECO will be the **Responsible Entity** for the development and management of the GoO system. However, as long as the Ministry lacks the resources needed to perform its functions, the **Technical Manager of**

Key issues

- Art. 19 of the Draft Royal Decree implements Art. 19 of Directive 2018/2001
- The GoO system will apply to hydrogen, biogas and any other renewable gas determined as such by the Ministry
- Comments on the Draft may be submitted until 14 October 2021

¹ The Census of renewable gas production facilities must be in operation within two (2) months of the approval of the GoO system's Management Procedure.

the Gas System (i.e. ENAGAS) has been designated as the Responsible Entity, this function being remunerated.

- The Responsible Entity must, within three (3) months of the entry into force of the Royal Decree, present before the Secretary of State for Energy a proposal for a **Management Procedure** for the GoO system, which will be approved following the issue of a report by the Spanish Markets and Competition Commission (CNMC)².
- The Responsible Entity will create a **Committee of Producers of gas from renewable sources**, which will consist of representatives of the Responsible Entity and of the CNMC³.
- GoO are issued subject to the following conditions:
 - GoO may be requested only by those producers whose facility has been registered in the Census of renewable gas production facilities.
 - GoO will correspond to a standard volume of 1 MWh. Only one GoO will be issued for each unit of energy produced, avoiding any from being counted twice.
 - GoO must be valid for all renewable gas produced, including non-network injected renewable gas sold to third parties and self-consumed gas.
 - GoO will be valid for a maximum of 18 months as from the certificate issue date, after which time all GoO that have not been redeemed will expire.
 - The book entries opened in the GoO system will record movements occurring as a result of the issue, transfer, import, export and cancellation of guarantees of origin, likewise reflecting the creation, transfer and cancellation of rights of guarantee or others that determine the freezing of the corresponding balances defining such guarantees, the conditions in which they will be issued, their content and the Management Procedure for such system.
- GoO must specify at least the following:
 - Whether the guarantee refers to: a) renewable hydrogen; b) biogas; c) any other renewable gas determined by resolution issued by the head of the Secretary of State for Energy.
 - The energy source –**including some point in the electricity grid, as the case may be**– or raw material used to produce gas from renewable sources and the start and end dates of its production.

² This procedure must regulate at least the following: (i) procedure for registering the production facilities; (ii) features of the certificate, including expiration, revocation and redemption; (iii) rights and obligations of the holders of the GoO, including, where appropriate, the obligation to provide guarantees; (iv) procedure for communicating with negotiation entities and with entities responsible for the management of GoOs for electricity and of third countries; (v) procedure for supervising production facilities; (vi) in the case of gas from renewable sources not injected into the gas system, procedure for measuring the energy produced, as well as verification and inspection of the measurements; (vii) claims management; (viii) composition and operation of the Committee of Producers of gas from renewable sources; (ix) mechanism for modifying the Management Procedure.

³ Representatives of the following groups may be invited to form part of the Committee with the right to speak but not to vote: natural gas transmission operators, natural gas distributors, consumers in the market, CORES (Petroleum Products Strategic Reserves Corporation) and relevant associations related to the sector.

- The process or technology used in the production of gas from renewable sources.
 - Details of the facility where the gas from renewable sources has been produced.
 - Unique identification number of the producer of gas from renewable sources, as recorded in the Census of renewable gas production facilities.
 - Any other information determined by the Responsible Entity, which may include information related to the sustainability or the carbon footprint of the gas production process.
- The declaration as 'gas from renewable sources' of gas that is not in fact from renewable sources, any inaccuracy in the volume produced and/or injected or any other action that produces the same effects, will be considered a very serious breach pursuant to **Article 109.1.c) of Act 34/1998, of 7 October, on the Hydrocarbons Sector, which may entail the disqualification of the producer or the supplier.**
 - The Minister responsible for the MITECO is entitled to issue any instructions necessary regarding the operation of the GoO system.

Interested parties may submit comments on the Draft Royal Decree until 14 October.

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