

Energy Traders Europe Legal Committee Meeting Q1/2024
Biogas Working Group
8 March 2024

Hosted by Engie in Paris,
held in a hybrid format.

Participants List
(present in person)

1.	Karin Lindahl	Macquarie	15.	Jaime Macros	Centrica
2.	Safina Smak Gregoor	Vattenfall	16.	Michaela Duve	Energy Traders Europe
3.	Julie Gjern Weiss	Energi Danmark A/S	17.	Sonia Auguscik	Energy Traders Europe
4.	Flaviano Crescenzo	Guvnor	18.	Róisín Campbell	Energy Traders Europe
5.	Judith Asiana	RWE	19.	Dagmara Dragan	Energy Traders Europe
6.	Raluca Dirjan	Total Energies Gas & Power	20.	Coline Gailleul	Energy Traders Europe
7.	Adeline Lemarchand	Total Energies Gas & Power	21.	Jan Michek	Cez
8.	Léonor Baillie	BP	22.	Julie Rabonova	Cez
9.	Rosana Bovia	Iberdrola Energía Españ	23.	Caroline Lebon	Engie
10.	Anne-Sybil Grunthaler	EDF Trading	24.	Benjamin Dargnies	Engie
11.	Adriana Nyamleu	Axpo Solutions	25.	Pierre Laspalles	Engie
12.	Vincent Buyse	Axpo Solutions	26.	Felix Diem	EVN AG
13.	Illya Merzlyakov	Ezpada	27.	Michael Dellmour	EVN AG
14.	Hubert Pardo	VITOL SA	28.	Minja Zhang	Natixis

Furthermore, about 50 people dialled into the meeting.

General remark: slides from the Biogas Working Group are available at the dedicated EFET page: <https://efet.org/home/documents?id=710>.

1. Opening (Michaela Duve, Energy Traders Europe)

Michaela opened the meeting of the Biogas WG by referring to the previous Legal Committee meeting held in Dusseldorf in December 2023. Following the educational workshop on biogas trading and lively discussion there, it was decided to resume work related to the biogas market within the working group.

The purpose of the Biogas WG meeting today is to determine if members are interested in pursuing any biogas market-related work within the Legal Committee. If there is interest, the group shall identify members' needs in this regard.

2. Biomethane trading – Country specific zoom in on the current situation of biomethane trading

The Minutes

Three presentations were given on country-specific matters concerning the biogas and biomethane market and its trading. These presentations were delivered by members and focused on three jurisdictions: Germany, France, and Austria.

Germany: Thomas Bergmann (RWEST) conducted a presentation on the current state of biomethane trading and the regulatory challenges in Germany. A key takeaway from the presentation is that the lack of harmonization among EU Member States' laws poses challenges to the trade of biomethane as a commodity. Importantly, many countries impose restrictions on the import of biomethane, hindering its seamless exchange across borders.

RWEST has developed its template agreement for the delivery of certificates, which is not used for trades within mass balance and Proof of Sustainability (PoS). Current transactions in this market involve relatively small volumes of biomethane, making credit requirements a challenge. Additionally, the emergence of numerous new players, particularly small producers, necessitates verifying their credibility. The main challenge here lies in obtaining the appropriate documentation to confirm their credibility.

France: Sandrine Hélo and Julien Mintz (Engie) conducted a presentation on the current state of biomethane trading and the regulatory challenges in France. During the discussion, a participant inquired about the reasoning behind the 75% tax applied to the initial sale of Guarantees of Origin (GOs). It was clarified that this tax is grounded in the RED II provisions and considers both the value of GOs and any associated subsidies. Importantly, this tax is exclusively applicable to the first sale of GOs.

Austria: Michael Dellmour (EVN) delivered a presentation on the Austrian biomethane market and the associated regulatory challenges. Key challenges within the regulatory framework were identified, including: (i) lack of a legal framework and uncertainty regarding financial support; (ii) price discrepancies between biomethane and natural gas, along with the competitiveness of Austrian biomethane; (iii) the absence of a standardized verification and transfer system, which currently allows questionable tradability of GOs (limited to Austria, Spain, and Latvia) via the regulatory authority E-Control; and (iv) time limitations for GOs tied to the calendar year of production.

3. Discussion and next steps

Michaela initiated the discussion by asking members whether they see a need for further standard documentation concerning biomethane e.g. adjusting the existing EFET Biogas Certificates Single Trade Agreement ("Biogas CSTA") or developing a certificates appendix to EFET Gas.

During the discussion, a member mentioned that traders value EFET standard contracts because they are perceived as neutral by market participants, unlike standard contracts created by trading companies. However, it was also highlighted that agreements in the biomethane market should avoid excessive length and complexity. This consideration arises from the fact that most current market participants are small biomethane producers who lack familiarity with energy trading. Another member highlighted that RECS is currently working on creating a template agreement for biomethane trading.

As a result of the discussion, it emerged that the focus of the Biogas WG should be to develop a framework agreement (e.g. by transposing/transforming the Biogas CSTA and/or documentation used by members) and develop national appendices for three (3) jurisdictions.

Following previous discussions held during the Legal Committee meeting on 7th March, Michaela confirmed that the Legal Committee in the initial phase should rely on members' expertise, without involving an external advisor. The external advisor's role may come into play at a later stage. Members are strongly encouraged to share their own templates (framework documentation or documentation for the jurisdictions of interest) with the LC secretariat so that this approach can work.

Action: The Legal Committee will circulate a poll among members to select three jurisdictions for initial focus within the Biogas WG. Following this, a drafting session focusing on these chosen jurisdictions will be held.

Members are strongly encouraged to share their own templates with the LC secretariat.

During the discussion, Mariana Liakopoulou from the Gas Committee confirmed that the linkage between GOs and PoS is currently of interest to the Gas Committee and that on 11th April there will be a workshop with ENTSOG concerning this matter. Mariana will circulate information on this workshop on Monday, 10.03.2024.