

part of eex group



# Biogas GOs auction in France: FAQ

02.01.2025

Ref. 0001

© EEX AG

[go-gaz@powernext.com](mailto:go-gaz@powernext.com)

## I. Admission

### **What do I need to do to participate in the biogas GOs auction?**

To participate in the auction, you must be an account holder on the French registry for biogas GOs and a member of the auction. Admission to the auction is examined independently of admission to the French registry for biogas GOs.

### **What are the deadlines for becoming an account holder on the registry?**

An account is created in about a month, but this depends on the completeness of the documents provided to EEX.

### **What are the deadlines for becoming a member of the auction?**

The length of the admission process varies depending on the current status of the applicant (already a member of ECC and/or EEX) and the completeness of the documents provided to EEX. For applicants who are not members of ECC and EEX, the procedure usually takes between two and three months, although this may vary from case to case.

### **Is the cost of participating in the auction of €3,000 really annual, regardless of the number of auctions in which members participate?**

Yes.

### **Does the tariff of issuing and auctioning of biogas GOs only concern the State?**

Yes.

### **What is the exact timing of the auctions? From what time to what time does the auction take place?**

The order book is open for 7 days before the auction day. It opens at 10 am and closes at 10 am on the auction day. Orders match at 12 noon. The day after the auction is held, ECC initiates the compensation process. After confirmation of the payments by ECC, EEX delivers the GOs to the accounts of the purchasing members. GOs from the preferential purchase are paid for and delivered within six and seven working days after the auction day.

### **Why do account holders need to fill out a KYC document?**

The KYC document and the requested additional documents are a legal obligation of EEX which must know all its business partners. These documents are required by the DGEC as part of the public service mission. The purpose of this admission process is to secure access to the registry.

## II. Auction

### **How is the volume of GOs available for auction communicated?**

At the earliest one month before the auction is held, EEX makes available a document on its website containing the biogas installations and volume of GOs to be auctioned. Up to 10 working days before the auction is held, it is still possible for municipalities to pre-empt GOs (provided that a "participating" installation in the auction is located on their territory). It is therefore possible that the total volume auctioned will be reduced by the pre-empted GOs. The total volume of GOs is available on the auction platform.

### **How are the lots organised: ETS, non-ETS, by month of production, by installation?**

There is a single auction but with the possibility to place an order on an EU ETS/non-EU ETS lot, sustainable/non-sustainable installation, which avoids splitting liquidity. All the months of production are mixed. It is possible to indicate a preference for one or more installations, however this preference does not have the value of an order: it is not guaranteed to have a GO from the installation in question.

### **Will the auction GOs have a maximum "age"?**

In the auction, which takes place on a quarterly basis, the months of production of the GOs auctioned correspond to M-7, M-6 and M-5. For example: it is possible to buy GOs with the production months of July, August and September of year Y-1 at the auction that takes place in February of year Y. Two exceptions: 1. Unsold GOs can be auctioned again at the next auction. 2. In the first auction, all unexpired GOs issued on the DGEC account were put up for auction.

### **Why such a delay (5 to 7 months) between production months and auction?**

This is linked to the issuance deadline and the mechanisms prior to the auction: if the producer has not issued GOs within two months after the end of production, EEX can issue the GOs on the French State's account. Then, the preferential buyer must have at least one month to express his/her interest. It is also linked to the declaration of consumption by the municipalities, and to reason in calendar years in coherence with the months of production put up for auction.

### **How does the preference of a biogas installation work at the auction?**

Up to 20 installation preferences can be specified. These preferences do not have the value of an order, i.e. if a member's order is executed but the specified preference cannot be fulfilled (e.g. due to a price that is too low), the member gets another installation corresponding to the defined product (e.g. GO EU ETS).

### **Is it possible to get non-EU ETS GOs, if I have placed an order for EU ETS GOs?**

No, if the buyer has placed an order for a product with a defined dimension (in this case "GO EU ETS"), the buyer can only receive GOs EU ETS. If the price is too low and their order is not accepted, the auction member does not receive GOs, including GOs that are potentially cheaper, but do not meet the desired specification.

### **What will be the price given to each buyer if they offer different prices?**

The auction works according to the rules of "pay as bid", i.e. the buyer must pay the price (s)he has proposed if his/her order has been executed. Buyers will therefore not all pay the same price.

### **How is the reference price determined?**

The reference price (= the average price) is determined on the basis of the transactions from the order book executed during the auction. EEX uses a volume-weighted average of a product's price for each auction. This average may be unavailable for a product if no transactions were completed during the auction. The calculation formula for the reference price is as follows:

$$\frac{\text{Price(Transaction 1)} \times \text{Volume(Transaction 1)} + \dots + \text{Price(Transaction n)} \times \text{Volume(Transaction n)}}{\text{Volume(Transaction 1)} + \dots + \text{Volume(Transaction n)}}$$

### **Will the auction results be public?**

EEX publishes details on the number of winners, the volume awarded and the reference price per lot on the day after the auction is held and no later than seven days after the day of the auction. The results will be available on the EEX website.

### **Is it possible to resell the GOs purchased at auction?**

Yes, GOs can be resold.

### **What rules apply for GOs? Are they only usable in France?**

The rules are the same as for GOs that have not been purchased at auction. Today, France is not yet connected to a European hub. For any ex-domain cancellation, you must contact the government entities of the recipient countries to check if the French GOs are recognized there. EEX AG accepts no liability in this regard.

### **What is the projection of the volume of GOs per quarterly auction?**

The volume of GOs per quarterly auction is expected to grow as more and more installations are added. We cannot provide forecasts in advance.

### III. PREFERENTIAL PURCHASE

#### **Can a preferential buyer go through a representative?**

Yes, it is possible to go through a representative. All you have to do is fill out Appendix 2 of the trading agreement. Please contact our Customer Care to obtain the admission documents:

go-gaz@powernext.com

#### **In the case of a representative, does (s)he have to have an account on EEX?**

Yes, the representative must have an account on the French registry for biogas GOs and be a member of the auction.

#### **What happens if all GOs are reserved by preferential buyers?**

In the hypothetical case that all GOs were reserved by preferential buyers, there would be no auction.

#### **How is the price calculated for the preferential purchase?**

The preferential buyer buys the GOs at the average lot price +30%. If there is no price for a lot, the preferential buyer pays the overall average auction price +30%. If there is no overall average price, (s)he pays the average price of the last auction +30%.

#### **Can a preferential buyer resell the GOs he has bought?**

Yes, preferential buyers can resell the GOs they have purchased.

## IV. PRE-EMPTION

### **How is the preferential purchase managed in relation to the GOs that remain for pre-emption by the municipalities? How will the municipalities be notified of what is still available?**

The GOs reserved for preferential purchase are not available for the municipalities' right of pre-emption. One month before the auction is held, EEX knows which GOs will be reserved by preferential buyers. Then, EEX makes available an excel file on its website with the biogas installations and the volume of GOs auctioned (with the INSEE code and the volume of non-EU ETS GOs).

In order to participate in the pre-emption mechanism, the municipality must fill in its consumption on the registry and wait 10 working days before the auction is held to find out if GOs have been allocated.

### **In the case where the municipality also owns the production site, how does the prioritization between preferential purchase and pre-emption right work?**

This means that the municipality could use both mechanisms. No other preferential buyer will be able to reserve GOs. The municipality could therefore for example become a preferential buyer for EU ETS GOs and pre-empt non-EU ETS GOs for its own gas consumption. Please note that the municipality cannot pre-empt more than its own gas consumption and cannot resell pre-empted GOs. In this case, a municipality can also only exercise its preferential purchase right in order to be able to recover and sell all these GOs.

### **Can an energy syndicate pre-empt GOs for the members of its gas purchase group?**

The right of pre-emption only concerns municipalities, groups of municipalities and metropolitan areas. Syndicates are excluded. On the other hand, the syndicates can support their members in pre-empting the GOs.

### **How does a municipality prove that the quantity of GOs corresponds to its gas consumption?**

The municipality must send its consumption on a quarterly basis before each auction as part of the pre-emption mechanism. It is on this basis that GOs can be allocated. The municipality's natural gas consumption is understood as the consumption of equipment subject to direct billing to the said municipality.

### **When a municipality consumes bioNGV, can it use GOs for this consumption?**

If this NGV station is connected to the network, it is possible to count this consumption in the total consumption of the municipality (provided that the municipality has invoices from its supplier). The consumption of the municipality must be accounted for only, so in this case vehicle by vehicle.

### **Can a municipality pre-empt GOs for long periods of consumption?**

The volume of GOs from which a municipality can benefit corresponds to its own natural gas consumption over the three months corresponding to the production period of the GOs put up for

auction. If more than three months of GO production are auctioned, the period of the last three months is taken into account. A municipality cannot therefore pre-empt GOs for a period of more than three months.

**Is there a prioritisation if a group of municipalities and a municipality both wish to pre-empt the same installation on their territory?**

In the event of competition between a group of municipalities and a municipality, the GOs will be allocated in proportion to their respective requests.

**Can a municipality that pre-empts GOs then resell the GOs?**

No, this will not be possible, because the GOs are directly cancelled for the consumption of the municipality.

**What happens if there is a discrepancy between pre-emption and actual consumption? The GOs are cancelled in all cases or can they be “deferred” to another period?**

The municipality must communicate its own natural gas consumption. It cannot therefore ask for more GOs than "necessary" and there is therefore no possible deviation. Checks may be carried out to verify that the consumption transmitted to EEX corresponds to the actual gas consumption of the municipality.

## V. Proof of Sustainability (PoS)

### What is a sustainable installation and what does it have to do with PoS?

Not all biogas installations are affected by the RED II, which defines the criteria for sustainability and the reduction of greenhouse gas (GHG) emissions. Facilities that must meet the sustainability criteria have:

- an annual production > 19.5 GWh HCV/year *or*
- a contract signed before 01/10/2021 specifying a  $C_{max} > 200 \text{ Nm}^3/\text{h}$  *or*
- a contract signed after 01/10/2021 specifying a forecast annual production > 19.5 GWh HCV/year

Installations commissioned after 01/01/2021 must also comply with the GHG reduction criteria.

Only sustainable installations (meeting sustainability criteria) issue PoS.

Currently, most of the installations on the DGEC account are not affected by the RED II because they are smaller. They are therefore unlikely to be certified sustainable/RED II and cannot provide PoS. However, they can be certified on a voluntary basis.

### What role does EEX play on PoS associated with sustainable biogas installations?

The PoS is not within the scope of EEX. In agreement with the DGEC, EEX only indicates on the French registry for biogas GOs which installations on the DGEC's account are certified sustainable in accordance with the requirements of RED II and are therefore likely to issue a PoS. EEX relies on the data provided by the Voluntary Schemes.

### Is it possible to get the Proof of Sustainability (PoS) with EU ETS GOs?

EEX is only in charge of selling the GOs via the auction and cannot comment on the ownership of the PoS or how to acquire a PoS.

### What would be the point of buying a GO without PoS?

All GOs (GO EU ETS or GO non-EU ETS) can be used by all suppliers to offer green offers. However, in order to meet decarbonisation objectives (in particular used in the EU ETS), the GOs must be marked "may be used within EU ETS" and be associated with a PoS.

### How can an EU ETS GO come from an installation that is not certified as sustainable?

For each issuing of GOs from subsidized installations, one part of the GOs may be used within the EU ETS and the other part may not be used within EU ETS. However, GOs that may be used within the EU ETS from an installation that is not certified as sustainable cannot issue PoS and therefore cannot be used for the decarbonization objectives related to the EU ETS.



More information on EEX website:

- French auctions for biogas GOs
- French registry for biogas GOs