

GGCS Guidance Document 23 - Union Database for Biofuels – GGCS knowledge sharing

V1.0

This document is designed to inform GGCS members of our knowledge of developments related to the implementation of the Union Database for Biofuels by the European Commission.

We've have received a number of questions related to this topic and this document has been drafted with a priority on speed of reply to those questions, over proof reading so please excuse any typos you find below.

This document is not an expert legal assessment of the EC directives. It brings together information that has been shared with us with our opinion of the policy development process and links to further information. The whole concept of the UDB had shifted several times in the last few years so this paper is only our current understanding and detail are subject to change.

Please bear in mind that it has always been and remains the case that the recognition or not of GGCS RGGOs is at the discretion of individual consumers and any regulators who have a say over what they can be recognised for. For example please refer to guidance documents 7 - [Ggcs Guidance Documents - News - Green Gas Certification Scheme](#) where it states that "GGCS do not guarantee in any way that RGGOs transferred to other registries will allow their owners to receive any subsidy, access any support scheme, meet any obligation, or reduce reported emissions, for example within the European Union Emission Trading Scheme."

The linkage by market actors of RGGOs with Proof of Sustainability documents issued under EC Voluntary Schemes i.e. ISCC PoS is outside the scope of the GGCS (aside from our compliance checks to guard against double counting). This document provides information related to ISCC for the interest of our members, but any further questions should be directed towards them and relevant Certification Bodies.

1. WHAT'S THE ISSUE?

- 1.1 RED II contains a requirement for the European Commission (EC) to set up the "Union Databased for Biofuels" - [EUR-Lex - 32018L2001 - EN - EUR-Lex \(europa.eu\)](#)

Article 28

Other provisions on renewable energy in the transport sector

1. With a view to minimising the risk of single consignments being claimed more than once in the Union, Member States and the Commission shall strengthen cooperation among national systems and between national systems and voluntary schemes and verifiers established pursuant to Article 30, including, where appropriate, the exchange of data. Where the competent authority of one Member State suspects or detects a fraud, it shall, where appropriate, inform the other Member States.

2. The Commission shall ensure that a Union database is put in place to enable the tracing of liquid and gaseous transport fuels that are eligible for being counted towards the numerator referred to in point (b) of Article 27(1) or that are taken into account for the purposes referred to in points (a), (b), and (c) of the first subparagraph of Article 29(1). Member States shall require the relevant economic operators to enter into that database information on the transactions made and the sustainability characteristics of those fuels, including their life-cycle greenhouse gas emissions, starting from their point of production to the fuel supplier that places the fuel on the market. A Member State may set up a national database that is linked to the Union database ensuring that information entered is instantly transferred between the databases.

1.2 More information is available here -

<https://wikis.ec.europa.eu/display/UDBBIS/Union+Database+for+Biofuels+-+Public+wiki>

1.3 In June 2022 the EC published the “COMMISSION IMPLEMENTING REGULATION (EU) 2022/996 of 14 June 2022 on rules to verify sustainability and greenhouse gas emissions saving criteria and low indirect land- use change-risk criteria” aka the Union Database for Biofuels implementation act. [EUR-Lex - 32022R0996 - EN - EUR-Lex \(europa.eu\)](#)

1.4 Chapter 4 of the act provides several clauses on how mass balance should be administered **within** the EU;

CHAPTER IV

SPECIFIC RULES ON THE IMPLEMENTATION OF THE MASS BALANCE SYSTEM, THE UNION DATABASE AND THE ESTABLISHMENT OF GHG EMISSIONS AND BIOLOGICAL FRACTION OF FUELS

Article 18

Traceability and Union database

1. The sustainability and GHG emissions saving characteristics and other information describing raw materials or fuel, required for the purposes of Directive (EU) 2018/2001, together with transaction data shall be thoroughly documented and passed on from economic operator to economic operator through the supply chain. Such information shall include data to be transmitted through the whole supply chain as well as data that is specific for the individual transaction, as described in Annex I.

2. The information to be transmitted through the supply chain shall be included in the documentation accompanying the physical shipments of raw material or fuels. It shall also be included in the Union database as soon as this starts operation, in the case of liquid and gaseous transport fuels that are eligible for being counted towards the numerator referred to in Article 27(1), point (b) of Directive (EU) 2018/2001, or that are taken into account for the purposes referred to in Article 29(1), points (a), (b) and (c), first subparagraph, of that Directive.

3. For the purpose of tracing consignments of liquid or gaseous fuels in an interconnected infrastructure and subject to the same mass balancing system, the sustainability and GHG emissions saving characteristics and the other information as described in paragraph 1 shall be registered in the Union database at the first entry point and registered out as consumed at the point of final consumption. If gaseous fuels are withdrawn from an interconnected infrastructure and further transformed into gaseous or liquid fuels, the point of final consumption is considered to be the point of final consumption of the final gaseous or liquid fuels. In such a case, all intermediary stages from the withdrawal of the gaseous fuels from the interconnected infrastructure until the point of final consumption of the final gaseous or liquid fuels have to be registered in the Union Database.

2. WHAT CERTIFICATES DOES THIS EFFECT?

2.1 The UDB only effects biomethane where a Proof of Sustainability Certificate has been issued. A PoS is only issued by those producers who are ISCC Certified (in the UK ISCC is the only [Voluntary Scheme](#) employed). If for the same unit of biomethane that a PoS is issued a GoO is also issued, then that GoO is required to be integrated into the UDB (according to the current proposal which is subject to change). GGCS has created the table below to try and map out where we believe the UDB is relevant or not. Note that;

- (a) RGGOs are not GoO according to RED II
- (b) Not all information about sustainability constitutes a “Proof of Sustainability” document within the EU framework.

GoO issued? (by an appointed issuing body in an EU member state)	Voluntary Scheme e.g. ISCC, Proof of Sustainability issued?	Information about Sustainability recorded as annex to GoO or as part of non GoO/PoS Cert e.g. RGGO	What happens to the GoO, PoS and UDB
Yes	Yes	No	GoO immediately cancelled or book with UDB and put on hold until told to cancel by the UDB PoS issued into the UDB
No	Yes	No	No GoO – producers deals with UDB direct or via VS to get the PoS issued. .
Yes	No	No	UDB is not relevant – continue to operate GoO registry as normal
Yes	No	Yes	UDB is not relevant – you have added information about sustainability not Proof of Sustainability. Information about sustainability has no standing within EU framework its just interesting for a consumer.

- 2.2 To highlight the complexity of the table above in an example. If the GGCS issued a Certificate to a biomethane producer, which combined the information usually seen in a GoO and PoS it would not be a GoO (because we are not an issuing body under RED II) and it would not be a PoS (because we are not a Voluntary Scheme reconsidered by the EC). It would in the eyes of the EC be a biomethane certificate issued by a 3rd country with no status withing EC regulations.

3. **RELEVANT COMMUNICATION FROM THE EC (NOTE THAT THEY ARE COMMUNCATING WITH A WIDE RANGE OF PEOPLE AND THIS IS NOT AN EXHAUSTIVE LIST)**

- 3.1 In November we were made aware (via the question and reply below) that the EC had written to all Voluntary Schemes e.g. ISCC, and that one interpretation of that communication was that they would be required to update their rules so that from mid December 2023 no UK to EU mass balancing would be possible. However GGCS's view is that there is a lot of ambiguity in all communications we have seen from the commission with the differences between UK to EU mass balancing via the gas grid and imports via LNG not being defined as separate examples.

We also see a lack of clarity on the fact that while the EU grid is clearly going to be considered a single facility for mass balance, it should still be possible for consignments of biomethane to enter and exit that facility. See 3.2 and 3.3 for how that mid Dec deadline seems to have moved.

Eurogas, EBA, EFET, ENTSG, ERGaR, GIE and the Methanol Institute original 16 Oct. request to DG ENER C.2:

Could you please clarify if the concept of interconnected gas infrastructure (as per the [Implementing Regulation 2022/996](#)) could be applied outside of the EU to biomethane and its derivatives? How would that interact with volumes imported from outside the EU currently certified by EC-recognised voluntary schemes?

To put it concretely, could you please describe how that would work for two examples: importing to the EU bioLNG or biomethanol from the US?

G. Gentchev (DG ENER C.2) answer from 30 Oct.:

With reference to the question raised, I would like to clarify that in line also with the Implementing Regulation on sustainability certification 2022/996, certification of gas through the mass-balancing of integrated gas grids can only be possible if those grids are covered for mass-balancing purposes by the Union database, since the individual certification by the voluntary schemes of the economic operators cannot cover the certification of the whole grid. This is the reason why in the reassessment of the voluntary schemes to be in line with the new provisions, that will enter into force on 14/12/2023, they have been instructed to apply this approach. This means in practice that at this stage only the EU integrated grid can be considered as one mass-balancing facility, where the transfer of sustainability certificates of energy units can be carried out through the Union database, this way avoiding any risk of double counting or double disclosure.

As far as other integrated grids of 3rd countries are concerned, at this stage they cannot be covered by the Union database and therefore gas withdrawn from such grids cannot be certified by voluntary schemes as biomethane. Nevertheless, biomethane coming from direct connection with a biomethane plant can obviously be certified as long as the certification can verify and guarantee that the amount of biomethane claimed and used in the further production of fuels can be effectively sourced, taking into consideration the technical capacity of the supplying biomethane plant and also other supplies of that production plant to other economic operators

3.2 We were told later in November/early Dec that the date for changes made would not be Dec 14th but be end of Dec 2023

3.3 In the last week the below was shared with us which is a communication between the commission and ISCC. This suggests that any deadline will be Nov 2024 which the legal deadline for the implementation of the UDB. We have put in bold below the key sections including some recognition that changes may apply to “3rd countries” “not connected to the EU integrated grid”.

“First of all I would like to clarify that “fully operational” means covering liquid and gaseous supply chains as per the mandate in article 31a of the revised RED II. At the same time, the revised text of RED II under article 31a stipulates that “By 21 November 2024, the Commission shall ensure that a Union database is set up to enable the tracing of liquid and gaseous renewable fuels and recycled carbon fuels (the ‘Union database’).” Taking this

into consideration, it means that the legal deadline to have the UDB fully operational is 21/11/2024. We obviously plan to have the system fully operational (covering gaseous fuels as well) before that and announce it to the market as we did with the liquid fuels supply chain.

In practical terms, this would mean that all the requirements on complementarity of individual certification of producers of biomethane or other RES gaseous fuels by the voluntary schemes with the requirement of mass-balancing by UDB of the entire grid will be applicable as from the date (in 2024), from which the UDB will be covering also gaseous fuels. Having this in mind, the certification of bio methane energy units transiting through a natural gas grid will be possible only if the grid complies with the definition of integrated infrastructure of the IR on sustainability certification and is in its entirety covered by the UDB. Obviously, certification of bio methane produced through direct connection is still possible if the other conditions related to this type of production are fulfilled.

Taking all the above into consideration, the business as usual in certifying biogas and biomethane supply chain can be done only until the date in 2024, from which the UDB will enter into production in covering the gaseous supply chain. From this date on, all the cumulative conditions will have to be applied. In this sense and as discussed at the meeting with the traders, certification of bio methane or bio methane based fuels from 3rd countries (**not connected to the EU integrated grid**) will be possible only if a direct connection exist with the biomethane plant (e.g. in case of bio methanol production or bio LNG liquefaction from biomethane) and the certification guarantees that the bio methane coming through the direct connection was not counted somewhere else in the 3rd country.”

- 3.4 We have also seen communication which marks Jan 1st as the date by which ISCC will stop allowing UK to EU mass balance, however that refers to update ISCC documents which we could not see on the ISCC website (at the date of this papers publication (20th Dec).
- 3.5 See the ISCC Sysetm Updates here – [ISCC System Updates – ISCC System \(iscc-system.org\)](https://iscc-system.org/) the most relevant update we could see being the below [27 November 2023 – ISCC System \(iscc-system.org\)](https://iscc-system.org/) with;
- (a) Gaseous fuels supply chain in UDB - In order to complete the preparation of the UDB, all Economic Operators will have to be onboarded by the end of 2023. However, the launch of the application to register injection and consumption of energy units from the supply chain of gaseous fuels will only start after the technical links between UDB and respective national registries of Guarantees of Origin (GOs) will be established.
- 3.6 What does seem clearer is that by the start of 2024 any ISCC Certified producer should have been registered/onboarded with the UDB which we assume is preparation for further involvement. Please contact your ISCC Certification Body for more information about this topic.
- 3.7 Contact ISCC directly for further information (see below).
4. **DEVELOPMENTS IN HOW THE UDB WILL FUNCTION**
- 4.1 Alongside these developments the European commission has been providing more detail on the exact working of the UDB and that proposal is now under discussion with industry both at

the trader/producer level and with the registries in the EU and non EU countries e.g. UK, Switzerland. You can see the slides presented to ERGaR In October – here https://1drv.ms/b/s!AsW8sxuMBA9_h3ZCfKPg1bSVtRQp?e=ONYKRy

- 4.2 The GGCS Scheme Director was present at the meeting when these slides were presented and has attended both “focus groups” held so far. We have the following observations;
- (a) The EC have recently introduced a new concept for how the UDB will function within the EU, with a deadline of November 24 for full implementation. This is much different concept to the trial that has been going on in 2023 where the UDB issued codes for each MWh of biomethane where a PoS had been issued and the transfer of PoS and GoO occurred outside the UDB. They are now proposing that that transfers of PoS take place within the UDB (and if a GoO has also been issued that become integrated with the PoS).
 - (b) Registries within the EU are unsure of how this will effect them and how they can respond and put in place new processes and IT systems by November next year. There is widespread concern about timescales and the overall concept being put forward. This is an EU/EC topic, so the main priority is to resolve this as an internal issue.
 - (c) GGCS directly asked the EC civil servant presenting the slides above how it would relate to UK to EU biomethane transfers and the verbal answer was that in theory the UDB can be expanded to cover “third countries” but there do not appear to be details or process on how that could happen.
 - (d) Our assessment is that how the UDB, and the rules that are being introduced to support it, impacts third countries is a secondary policy topic at this moment while the details of how it will work “internally” are addressed.
 - (e) Exactly how the UDB operates in relation to GoO markets is a separate issue to how they view the concept of mass balance between the EU grid as a “single logistical facility” and any imports or exports from that grid.
 - (f) GGCS RGGOS are not a GoO within the European framework so any mention of GoO should not be taken to mean RGGOs. Therefore from a technical and legal perspective there is nothing in European law/regs/directives that either support or blocks a EU based consumer purchasing GGCS RGGOs. However where the desire of the consumer is that RGGOs are matched to PoS and a mass balance is achieved, then in practice certain RGGO value chains are going to be effected.

5. OTHER INFORMATION SOURCES

5.1 DENA guidance on use of imported biomethane

For UK biomethane the key export market is Germany via transfers of RGGOs to the DENA register. GGCS is aware that over the last few years, if certain other requirements are met, that RGGOs form part of a process where biomethane use is recognised in German EU ETS compliance. There are other possible “compliance” markets that can be accessed and DENA

have produced the following guide here - [Possible uses of biomethane quantities and certificates – Biogasregister](#). This is a complex area and GGCS does not have any contact with the administrators of the various compliance markets outlined in this guidance. We assume that its these types of markets that are or may be effected by the introduction of the UDB.

5.2 The European Commission UDB Wiki

The EC have a website with a range of information regarding the UDB - <https://wikis.ec.europa.eu/display/UDBBIS/Union+Database+for+Biofuels+-+Public+wiki>

5.3 Information from ISCC

- As the current discussion relates to changes to the rule ISCC must follow they are a key organisation to monitor - [Essential Information on the Union Database – ISCC System \(iscc-system.org\)](#)
- And further info here - [Union Database \(UDB\) – ISCC System \(iscc-system.org\)](#)
- GGCS assessment of their website is that there is no mention of restrictions on UK to EU mass balancing.

5.4 REDCert Page

- REDCert are not a well used scheme in the UK but we understand their scheme is interoperable with ISCC so some UK to EU supply chains may integrate with REDCert. [ehttps://www.redcert.org/en/redcert-systems/informationen-unions-datenbank-udb-en-gb.html](https://www.redcert.org/en/redcert-systems/informationen-unions-datenbank-udb-en-gb.html)
- GGCS assessment of their website is that there is no mention of restrictions on UK to EU mass balancing. .

6. NEXT STEPS

6.1 GGCS will try to monitor this issue and signpost members to developments and relevant information. We will update this documents as more information become available.

6.2 GGCS members should share with us any information that they see as missing from the document.

6.3 We will seek an answer from the EC to the specific question/statement being the below. You may forward this to parties you are asking questions of;

- GGCS understand that the EU gas grid is considered as a single logistical facility for mass balance of biomethane consignments and that the UDB will be the method to prove that mass balance has been achieved. We fully support that approach.
- The UK gas grid is connected to the EU grid in three places. If a recognized Voluntary Scheme certifies the mass balance of all inputs to a UK based biomethane production

process, and from the injection point to the UK to Ireland, UK to Belgium or UK to Netherlands Interconnector, can that consignment then be “booked in” to the UDB? We note that it has been stated in meetings that it will be possible to “book out” consignments of biomethane if they are “exported” from the EU gas grid.

- If the existing Voluntary Scheme processes would be insufficient, what new processes and systems would need to be put in place to provide suitable assurance, that a mass balance of biomethane between a UK injection point and a UK to EU interconnector had been achieved?
- If collection points and processing points for the production of biomethane in the UK need to be registered directly in the UDB, then when will that be facilitated and on what timeline? We understand that collection and processing points for liquid biofuels outside the EU are required to be registered with the UDB¹ so we assume there is a process for that, that could be applied to UK based biomethane production? Please let us know if we have misunderstood that point.

- 6.4 We will have a GGCS call in late Jan to bring together members who have knowledge to share on this topic.
- 6.5 The European Associations e.g. ERGaR, EBA, Eurogas, are asking questions on behalf of industry including about the status of 3rd countries such as the UK.
- 6.6 Anyone who is ISCC Certified should contact your Certification Body.
- They should also contact ISCC directly to ask if they’re in any information on how UK to EU mass balancing may be effected by changes to European legislation - [Contact – ISCC System \(iscc-system.org\)](#)
- 6.7 Any ERGaR members should make sure they are checking the information being circulated. Anyone wishing to join ERGAR to have better visibility and understanding of EU level policy developments should contact Tim Hamers - <https://www.ergar.org/contact-us/> - membership fees are 5000 EURO a year and for anyone with a significant interest in UK to EU trade you will be getting a higher level of detailed information than GGCS can provide to you.

¹[27 November 2023 – ISCC System \(iscc-system.org\)](#) Scope of traceability of UDB regarding transactions in the supply chain of liquid fuels

The scope of the traceability system of the UDB in the supply chain of liquid fuels will start from the first gathering point/collecting point of the raw material/ biomass until the respective fuels are put on the market in the EU. This means that first gathering points and collecting points will be the first economic operators to enter consignments of raw materials in the UDB. To ensure their traceability, all the points of origin (e.g., farmers, restaurants) that are supplying a respective first gathering points/collecting point will have to be registered in the UDB.

Title	Version	Date
GGCS Guidance Document 23 - Union Database for Biofuels – GGCS knowledge sharing	1.0	20/12/2023



In 2019 REAL achieved certification of its Quality Management System to the ISO 9001:2015 standard.

GreenGas
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