

**National Conference on EU ETS**  
**Warsaw, 25 April 2006**

**Implementation in the UK: Expectations  
for Monitoring & Reporting**

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# Objective

To indicate:

- How we have gone about implementation in the UK - permitting, MRV
- Lessons: Things that have worked well (successes)
- M&R requirements looking towards the Commission's review of the Monitoring and Reporting Guidelines (MRG)
- Recommendations for 2006

# UK Regulatory Timetable

- Directive (2003/87/EEC): October 2003
- UK GHG Emissions Trading Scheme Regulations entered into force 31.12.03
- Commission Decision establishing guidelines for M&R of GHG Emissions 29.01.04
- 1,100 Permits issued by 31.03.04
- Re-issue of 1,100 permits including approved M&R plans by 31.12.04
- Re-issue of Consolidated Regulations 2005

# Main Roles in UK

- DEFRA (and DTI) - Development of Regulations, policy, and the Phase 1 NAP.
- Regulators - Permitting, Enforcement, Inspection
- Operators - Permits to operate, M&R, and surrendering sufficient allowances
- Verification Bodies (accredited by the UK Accreditation Service or a fellow member of the European co-operation for Accreditation according to EA-6/03)

# Role of the Agency

- Competent Authority for England and Wales (SEPA in Scotland; DoENI in NI; DTI off-shore)
- Administrator of the emissions trading registry and New Entrant Reserve for UK
- Competent Authorities responsible for:
  - Permitting installations
  - Assessing and approving monitoring and reporting plans
  - Assessing compliance
  - Enforcement

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# (Permitting) Successes

- Dedicated “National Once Task and Finish Groups” established
- Strong coordination/communications between Government, Regulators, Verifiers and Industry:
  - Emissions Trading Group
  - Consultations/workshops
- Electronic Application and Permitting System
- Helpdesks and websites for queries and products/guidance. Standard Forms
- Lean approach: costs kept down

# Website Products: Summary

- Permit application forms, examples and guidance
- M&R Guidelines (Commission Decision)
- Guide to the Guidelines
- Monitoring & Reporting Plan Template
- Guidance to Completing the M&R Template
- Exemplar M&R Plans
- M&R Protocols
- Uncertainty Paper
- Frequently asked Questions and Answers

# Location of Help and Products

- Helpdesks and websites for queries and products/guidance:
  - [eu.ets@defra.gsi.gov.uk](mailto:eu.ets@defra.gsi.gov.uk)
  - [ethelp@environment-agency.gov.uk](mailto:ethelp@environment-agency.gov.uk)
  - [www.environment-agency.gov.uk/emissionstrading](http://www.environment-agency.gov.uk/emissionstrading)
  - [www.defra.gov.uk/environment/climatechange/trading/eu/index.htm](http://www.defra.gov.uk/environment/climatechange/trading/eu/index.htm)
- Now also:
  - [www.europa.eu.int/comm/environment/climat/emission/mrg\\_en.htm](http://www.europa.eu.int/comm/environment/climat/emission/mrg_en.htm)
  - **EC WG3 M&R and Verification Circa/Resource Centre**

Environment Agency - Greenhouse gas emissions - Microsoft Internet Explorer

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 Environment Agency  
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You are in: Business > How we regulate your business > Regulatory instruments > Trading Schemes > Greenhouse gas emissions

## Business

- Trading Schemes
- » Greenhouse gas emissions

See also...

- » Defra: What's new

This page has the following theme:  
Climate change

### The implementation of the European Community Greenhouse Gas Emissions Trading Scheme

**Emissions trading is becoming an important part of the drive to reduce greenhouse gas emissions.**

Emissions trading gives companies the flexibility to meet emissions targets according to their own strategy. By allowing participants to trade in allowances, overall emissions reductions are achieved in the most cost-effective way possible.

The EU Greenhouse Gas Emissions Trading Scheme covers emissions of greenhouse gases from a number of industries, which are specified in the EU Emissions Trading Directive. Initially, the scheme will cover only emissions of carbon



Power Station site

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Environment Agency - Greenhouse gas emissions - Microsoft Internet Explorer

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installations within the scope of the scheme hold a permit and have received an allocation of carbon dioxide **by 30th September 2004**. In order to receive a permit, operators should submit their application **as soon as possible**.

- » **How do operators get a permit?**  
How operators should apply to get a permit for the EU Emissions Trading Scheme. Application form and guidance available here.
- » **What activities are covered?**  
Activities that are covered by the EU Emissions Trading Directive.
- » **How will the scheme work?**  
How the EU Emissions Trading Scheme will work and implementation dates.
- » **What emission limit will installations receive?**  
How emission limits will be set for the EU Emissions Trading Scheme.
- » **Permit Applications – Status Tracker**  
The web page provides weekly updated information on Application status for EU ETS permits.
- » **Monitoring & reporting requirements and guidance**  
Summary of the monitoring and reporting requirements for the EU ETS.

**Further information**

Should you have further questions about the EU Emissions Trading scheme, the EC monitoring and Reporting Guidelines and the National Allocation Plan (NAP) please contact our helpdesk at: [ethelp@environment-agency.gov.uk](mailto:ethelp@environment-agency.gov.uk)

Regular updates on EU ETS developments will continue to be produced and posted on the Defra website. "What's new" page, accessible under "See also" on this page.

[http://www.environment-agency.gov.uk/business/444217/590750/590838/556574/775739/?version=1&lang=\\_e](http://www.environment-agency.gov.uk/business/444217/590750/590838/556574/775739/?version=1&lang=_e) Internet

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Environment Agency - M&R Products and guidance - Microsoft Internet Explorer


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of how to complete a Monitoring and Reporting Template.

- EU ETS Oil-fired Power Station Exemplar Monitoring & Reporting Plan (Acrobat, 165KB, 1.3mins)**  
This document provides Operators of large oil-fired combustion plant an example of how to complete a Monitoring and Reporting Template.
- EU ETS Glass Exemplar Monitoring & Reporting Plan (Acrobat, 46KB, 40secs)**  
The document provides an example to the Glass Industry of how to complete a Monitoring and Reporting Template.
- EU ETS Coal-fired Power Station Exemplar Monitoring & Reporting Plan (Acrobat, 158KB, 1.2mins)**  
This document provides combustion installation operators an example of how to complete a Monitoring and Reporting Template.
- Frequently Asked Questions (Acrobat, 127KB, 1 Minute)**  
Common questions received and answered by the Emissions Trading Helpdesk on Monitoring and Reporting
- EU ETS Pulp & Paper Exemplar Monitoring & Reporting Plan (Acrobat, 137KB, 50secs)**  
The document provides an example to the Pulp & Paper Industry of how to complete a Monitoring and Reporting Template.

Regional information  >> [Anglian](#) | [Midlands](#) | [North East](#) | [North West](#) | [South West](#) | [Southern](#) | [Thames](#) | [Wales](#)

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# Issues Arising

- Definition of site
- No “de minimus” for combustion
- Small installations
- ISO17025 - big drop between top and next tier
- Uncertainty versus accuracy
- Compliance difficulties (refinery issues)
- Biomass mixed fuels (guidance?)
- Biomass (landfills - metering?)
- Baseline versus permitted discrepancy (RFG)

# Forward from Permitting

- Interface with verifiers
- Confidence in the verification process
- Standard and electronic reporting template
- Improvement to monitoring methodologies
- What is good practice? - IMPEL project
- Commission MRV review  
[http://europa.eu.int/comm/environment/climat/emission/mrg\\_en.htm](http://europa.eu.int/comm/environment/climat/emission/mrg_en.htm)
- Frequently asked questions
- Phase 2 (NAP by June 2006)

# Verification

- Crucial to integrity and effective functioning
- Contracted by operator in the UK
- Scope of work
  - Materiality check
  - Permit/MRG compliance check
  - Checked implementation of MRG Section 7.1 procedures
  - Recommended improvements
- Reasonable Assurance, i.e. to a high level

## Relationship with Verification (1)

### Permit definition

- *"Verifier" means a verification body accredited (and if required endorsed by UKAS) to carry out the verification requirements of Article 15 of the Directive. In this context, "accredited" means accredited by a member of the 'European Co-operation for Accreditation' having regard to the latter's greenhouse gas verification guidance. Verification bodies accredited by organisations other than UKAS must also be endorsed by UKAS*

## Relationship with Verification (2)

### Permit condition

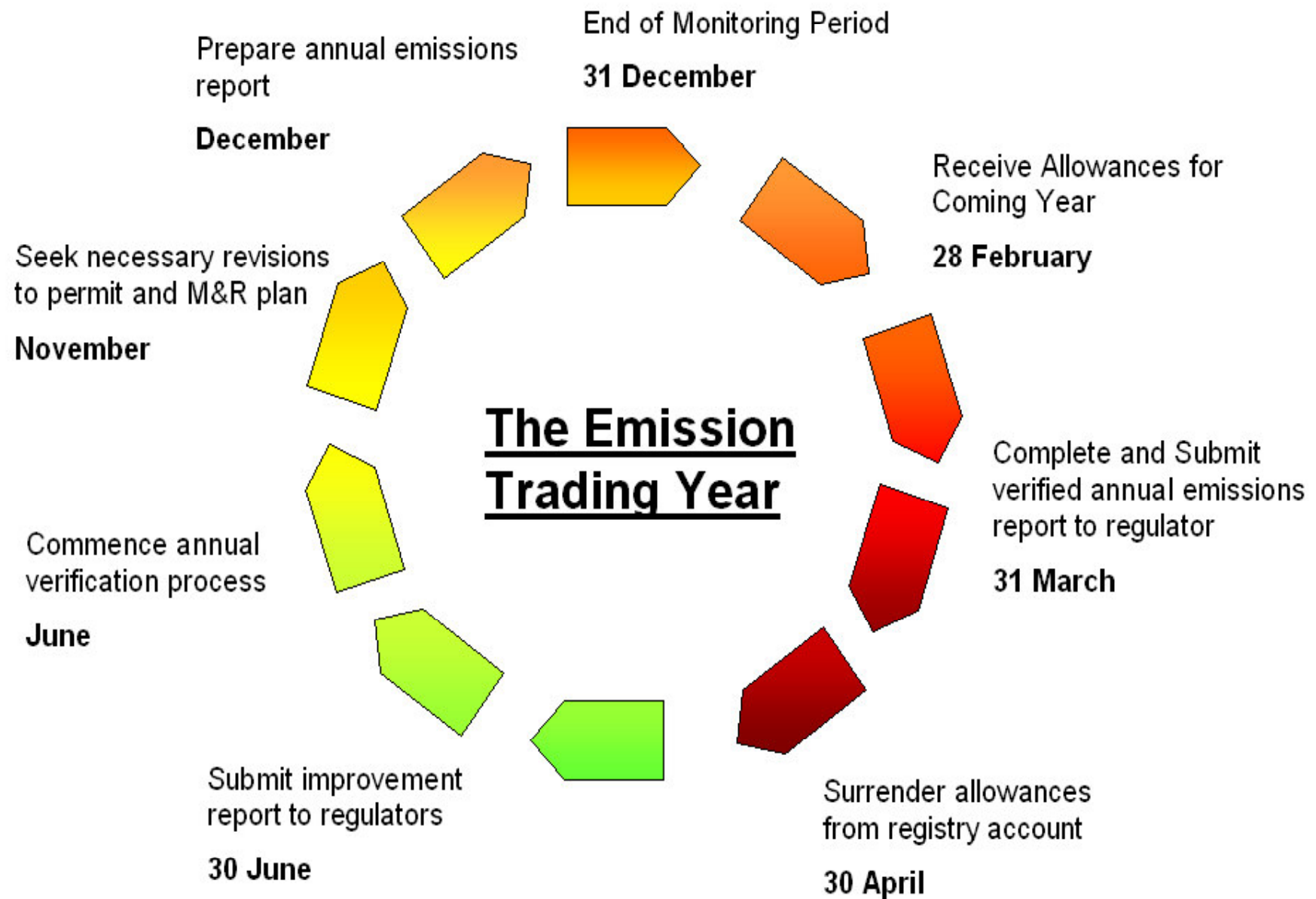
- *The Operator shall submit a report to the Regulator, by 30 June each year, setting out their proposed improvements in monitoring and reporting.....The report shall include the Operator's proposals for making improvements to deal with all the recommendations identified by the Verifier during the previous year, which were set out by the Verifier in the verification.....*

## 2005/06 Verification

- Early provision of a standard and electronically available annual emissions reporting form and Verification Opinion Statement; and guidance
- Agreed annual emissions verification guidance
- Battle to encourage early engagement of verifiers, and entry of Registry details
- Provision of further guidance in the form of Q&As
- Operator preparation for verifier could be better
- Many permit variation requests/further enquiries

# Annual Enforcement

- Proportionate approach to inspections - all year
- Support to verification - October to March
- Check of annual emissions reports and verification statement returns - April to June
  - “Verified with comments” (further variations?)
  - “Not verified” (determine annual emissions?)
  - “Not verified” (enforcement and prosecution action?)
- Improvement reports - 30 June



# Revision of the MRG: MRG2: User Friendliness

- Improved/new definitions
  - but, can bring new implications
- Numbering with fewer levels
- Error propagation formula for uncertainty calculation

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# MRG2: Cost Effectiveness

- Scope of table 1
- Wider scope for de-minimis & minor sources
- Introduction of commercial fuel/commercial standard fuel
- “Fall-back approach” (overall uncertainty)
- Reduced requirements for application of pure biomass
- Greater flexibility on EN ISO 17025 requirement
- Reduced requirements for installations <25,000 t CO<sub>2</sub> p.a.

# MRG2: Further Improvements

- Specific Annex for measurement based methodologies for all GHG added (Annex XII)
- General requirements for CEMS covered in more detail (Annex I)
- Revised section on verification, covering a broader ranges of issues and in greater detail
- Revision of all technical annexes, especially Annex III, VII, VIII and X

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# Future Permitting: M&R Plans

- Current MRG: Section 4.2 requirements
- New aspects under MRG2, Section 4.3:
  - Source stream basis
  - Description of calculation/measurement based methodology to be used
  - **Evidence** of tier uncertainty compliance
  - Details of non-accredited laboratories
  - “Fall-back approach” details
  - Details: data acquisition/handling; control system; QA&QC procedures for review and validation of data, and improvement

# Small Installation Exemptions?

- **Proposed MRG2, Section 17:**
  - Simplified M&R plans: selected Section 4.3 items
  - Lower tier approaches allowed (Tier 1 minimum)
  - Purchasing records: no further uncertainty analysis
  - Measurement device specifications accepted
  - Calibration waived
  - EN ISO 17025 waived subject to proven competence
  - Verifications: reduced/waived site visit requirement
- Merit of driving MRV improvements for small installations beyond this in Phase 1?

# Personal Aspirations for 2006

- Shared UK/European review of Year 1 lessons
- Permit variations building on “verified with comments” opinions, and improvement reports
  - ➔ improved Monitoring Plans
- Improved QA/QC within installations
  - ➔ realistic appreciation of required resource
  - ➔ better prepared (for verification)
- Improved timeliness (earlier engagement)
  - ➔ more efficient and effective MRV in 2006
  - ➔ credible EU ETS (ability to sleep at night!)

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