



EU Emissions Trading System Charging scheme advice

Effective from April 2013

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The Environment Agency. Out there, making your environment a better place.

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1 INTRODUCTION

1.1 Purpose of this document

The purpose of this document is to provide advice on the EU Emissions Trading Charging Scheme (the “scheme”) and to explain the methods of payment.

It does not provide guidance on charges incurred by the aviation sector, other than those in relation to registry accounts. Aircraft operator charges are detailed in a separate charging scheme document available on our website.

The types of charges that the scheme contains, and the current fees, are provided in section 2. The methods and terms of payment for these charges are provided in section 3. The legal scheme is published separately on our website.

1.2 The legislation

The European Emissions Trading System (EU ETS) has been introduced across Europe to encourage businesses to reduce greenhouse gas emissions. In the UK the EU ETS Directive is implemented through the Greenhouse Gas Emissions Trading Scheme Regulations 2012 (“the Regulations”).

The EU ETS also requires a registry to be established, which is governed by a number of Commission Regulations.

This charging scheme is made under section 41A of the Environment Act 1995.

1.3 Charging powers and financial duties

The Environment Agency has the power, under the Environment Act 1995 (EA95) Section 41A, to charge for costs incurred by us in performing functions under or by virtue of the Regulations and in relation to the registry. We charge through charging schemes that are approved by the Secretary of State.

Our financial duties include ensuring that, taking one year with another, our income from applicants and holders of EU ETS permits covers the costs incurred in assessing applications and ongoing regulation of permits that we issue. We must seek to recover all relevant costs, and adhere to the guidance given in HM Treasury’s ‘Managing Public Money’ document on the costing of services provided by bodies such as ours. We must also ensure that income raised through charging is only applied to the regulatory regime to which it relates.

Extensive modelling has been carried out in order to set charge rates which fulfil the Environment Agency’s duties on cost recovery and which reflect regulatory effort.

1.4 Changes to the previous charging scheme

The Secretary of State has approved a charge increase of 0% from the previous year, and in addition, the following new charges:

- Application for an increase in emissions target following a capacity increase by an excluded installation, £1,120 (see paragraph 2.7).
- Variation of an excluded installation emissions permit following removal of excluded status, £430 (see paragraph 2.3).
- Trading account charges (for the new registry account types introduced under the Commission regulations) and the recovery of costs for external trading platforms (see paragraphs 2.11, 2.12 and 2.15).

In addition to the above changes, we re-issued this document and the charging scheme in January 2013 to reflect the Regulations and a new Commission Regulation concerning the Registry.

The Regulations now provide for two different types of permit so the scope of charges for permits now covers both greenhouse gas emissions permits and **excluded installation emissions permits**.

Charges relating to **external Additional Authorised Representatives** have been removed, as well as references to **digital certificates**, as these are no longer required for the Registry.

2 TYPES OF CHARGE

The following different types of charge are explained in this section.

In respect of permits:

- Application for a new permit
- Annual subsistence
- Variation to a permit
 - administrative variation (non-chargeable)
 - chargeable variation
- Transfer of a permit (either in part or in full)
- Surrender or revocation of a permit
- New Entrant Reserve application
- Application to increase an emission target (following an increase in capacity at an excluded installation)
- Determining emissions on your behalf

In respect of registry accounts:

- Opening a registry account for greenhouse gas emissions permit holders (operator holding accounts)
- Opening a person holding account or trading account
- Annual subsistence for person holding accounts and trading accounts
- Verifier charges
- Nominations of, or changes to, authorised representatives
- External trading platforms

2.1 New permit

The charge for a new permit (including an excluded installation emissions permit) is based on the annual emissions from the installation. Unless a verified annual reportable emissions figure is available, the Environment Agency will estimate the emissions likely to be emitted by the installation in a calendar year.

The charge covers the opening of your account in the registry (if applicable) as detailed in paragraph 2.10.

Charges are as follows:

Annual emissions	
Less than 50kt	£1,340
50kt - 500kt	£2,500
More than 500kt	£5,970

2.2 Annual subsistence

The cost of maintaining a permit is recovered through the annual subsistence charge. The charge also covers your on-going use of the registry, and compliance audit activities if you are an excluded installation emissions permit holder.

Charges are based on annual emissions and are payable on 1 April each year for the financial year ahead. If you held a permit during the whole of the calendar year in the year two years prior to the April in which the charge is due, your subsistence charge will be based on your verified annual reportable emissions. For example, for the charge due on 1 April 2013, if you held a permit for the whole of the period 1 January 2010 to 31 December 2012, your verified annual reportable emissions figure for 2011 will be used. If you did not hold a permit during this period your subsistence charge will be based on the Environment Agency's estimate of your annual emissions. Verified data will be used wherever available.

Charges are as follows:

Annual emissions	
Non-emitter*	£980
Less than 50kt	£2,550
50kt - 500kt	£3,320
More than 500kt	£4,080

*Those qualifying for this charge are a limited number of installations that do not emit greenhouse gases from that part of the regulated activity carried out at the installation. It doesn't include those that emit greenhouse gases but which can be reported as having a zero emission due to burning, or use of, biomass source streams. This is because although an emission factor of zero is applied to biomass, there is still a requirement for monitoring, reporting and verification.

If the subsistence charge becomes payable part way through a financial year (for example if a new application is made) you will be charged (pro rata) for the number of whole days remaining in the year. The charge will commence from the date that the permit is granted or transferred.

The subsistence charge ceases to be payable if your permit is surrendered or revoked. If this occurs part way through the year and you have already paid the annual subsistence charge we will refund a proportion of this calculated on the basis of the number of days remaining in the year.

2.3 Variation to a permit

If you are submitting a variation application that requires a technical assessment, the charge is £430. The variation charge is also generally payable in the event that we serve a variation notice on you.

However, not all variations to your permit incur a charge. If we consider that the variation amounts to a change of a purely administrative nature only, there is no charge.

For holders of **excluded installation emissions permits**, the following sets out additional clarification regarding the variation charge:

- the variation charge is payable where we vary an excluded installation emissions permit to a greenhouse gas emissions permit. This will occur where an installation is no longer eligible to be an excluded installation;
- the variation charge is **not** payable where a variation is made to reflect new emissions targets following an application by an excluded installation to increase those targets. This is because the cost of the variation is included in the £1,120 fee for making such an application (see section 2.7 below);
- the variation charge is payable where, following an application made by an operator to increase an emission target, we subsequently discover that the information provided by the operator is incorrect or incomplete. We must then re-assess the targets and vary the permit accordingly and the charge may be payable to cover this work (see paragraph 2.7).

If you are unsure as to whether or not a variation is chargeable please contact us at ethelp@environment-agency.gov.uk

2.4 Transfer of a permit

The transfer charge is £430. This charge is the same whether you are transferring the whole permit, or part of the permit.

2.5 Surrender or revocation of a permit

The charge for applying to surrender a permit is £670. This charge is also payable if we serve a notice on you that we are revoking your permit. In this instance we will send you an invoice.

2.6 New entrant reserve application

The charge for making an application for an allocation from the new entrant reserve is £1,120.

2.7 Application to increase an emission target (following a capacity increase at an excluded installation)

The charge for making an application to increase an emission target, following an increase in capacity at an excluded installation, is £1,120. This charge covers the variation of the permit.

If the information accompanying an application proves to be incorrect or incomplete, there may be an additional variation charge payable where we are required to make a subsequent amendment to the target (see paragraph 2.3).

2.8 Determining emission charge

In certain circumstances we are required to estimate the reportable emissions from an installation on an operator's behalf. We charge £125 per hour for this work.

2.9 Registry charges

References to the Registry include both the Union Registry and the UK Registry, which for all practical purposes, form one system.

2.10 Opening an account for permit holders (also called "operator holding accounts")

No charge is payable for this as it is included in your application charge for a 'new permit'. When you apply for an operator holding account, you will need to nominate two authorised representatives.

You may also appoint extra authorised representatives and additional authorised representatives for the account at no extra charge.

2.11 Opening a person holding account or trading account

A one-off charge of £190 is payable to open a person holding account or trading account.

When opening an account you must nominate two authorised representatives. You may also appoint extra authorised representatives and additional authorised representatives but you will need to pay a charge for this (see paragraph 2.14).

2.12 Annual subsistence for person holding accounts or trading accounts

A flat annual subsistence charge of £380 is payable by holders of these accounts. This charge covers the cost of maintaining the registry account for that financial year.

The charge is payable in full for any financial year in which an account is held, whether or not the account is open for all, or part of the year.

2.13 Verifier charges

New verifiers are required to pay £190 to open an account.

The charge covers the cost of nominating two authorised representatives. Additional changes will incur a £55 charge per representative (see paragraph 2.14).

2.14 Change of an authorised representative

If you have an operator holding account you will not be charged for changing an authorised representative or additional authorised representative, as this cost is included in your subsistence charge.

If you have a person holding account or trading account, a charge of £55 will be payable if you nominate or change authorised representatives or additional authorised representatives over and above the costs covered by the account opening charge (see paragraph 2.11).

If you are a verifier, a charge of £55 will be payable to nominate or change an authorised representative. However, if your initial application for an account included an application to appoint only one individual as an authorised representative, the £55 shall not apply to your first subsequent application to nominate or change an authorised representative.

2.15 External trading platforms

The Registries Regulation allows for the secure connection of external trading platforms to the Registry to facilitate multiple third-party trading of allowances and Kyoto units.

As UK National Administrator we will assist in the work to establish these secure connections and will recover all the costs of setting-up and maintaining these external trading platforms from those that hold them.

Environment Agency work will be charged at £125 per hour. Costs of work undertaken by third parties (such as IT specialist consultants) will be passed on to the relevant holders of external trading platforms. These charges therefore do not affect holders of permits.

3 PAYMENT OF CHARGES

3.1 Method and terms of payment

This section provides details of how to pay charges and where to send payments. It also deals with the financial implications of withdrawing applications, and non-payment of charges.

3.1.1 Applications

These charges must be submitted with the application, and payment may be made by cheque, credit card, debit card, or BACS.

Cheques should be made payable to the “Environment Agency”. They should be posted to: Emissions Trading, Environment Agency, Richard Fairclough House, Knutsford Road, Warrington, WA4 1HG.

Please quote “Emissions Trading Team”, and supply your permit number with any cheque submitted. If making a new application please quote your installation and operator name.

Debit or credit card payments can be made over the telephone on 01925 542059, or please contact us at ethelp@environment-agency.gov.uk

BACS payments should be made to the following account:

Citibank, Citigroup Centre, Canada Square, London E14 5LB

IBAN: GB23 CITI0833 0012 8005 43

SWIFTBIC: CITI GB2LXXX

Account number: 12800543 Sort code: 08-33-00

Please quote your Unique Reference number with any BACS payments or we will be unable to identify the individual transaction.

If you have any payments queries you can contact us either at ethelp@environment-agency.gov.uk or by telephone on 01925 542059.

3.1.2 Annual subsistence charges, hourly charges, and charges where we've served a notice on you

For these charges, you will be sent an invoice. Charges are payable on receipt of the invoice and should be sent to the following address:

Environment Agency, Income Dept 311, PO Box 263, Peterborough, PE2 8YD

Tel: (0845) 6070330

3.2 Withdrawn applications

Where an operator withdraws an application, the Agency reserves the right to retain the application charge in full with no refund. A refund may be made where the Agency has not undertaken any work in respect of the application.

Where an application is submitted for an installation that we subsequently decide is exempt from regulation, we will make a full refund of the charge provided that no permit has been issued. Refunds of application charges will not normally be made after permits have been issued.

3.3 Non-payment of charges

Applications that are not accompanied by the appropriate fee in full will not be processed. If the charge submitted is insufficient we will advise you accordingly and ask you to pay the balance. We will be unable to complete the processing of any application where part of the fee is outstanding.

If any subsistence charge is not paid the Agency may revoke the permit and take action to recover the debt. In the case of trading accounts we may close the account.

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