

EU ETS Stationary Installations Newsletter

Issue 05 May 2012

Transition into Phase III

This newsletter follows on from that circulated in April to provide further updates on the arrangements for transition into Phase III of the EUETS. Further editions will be produced over the next few months.

ETSWAP (ETS Online application & reporting system) Release 5 of the ETSWAP system is being developed at the moment to include the requirements of Phase III. It is expected to be released at the end of July. Data for Phase III re-permitting cannot be submitted to us until this release is active. Further details of this release date will be given in the July newsletter.

Please note, DECC (Offshore) will be providing further guidance/updates to offshore installations re the use of ETSWAP.

Submission of Phase III Monitoring Plans

In order to issue Phase III permits by 1st January 2013 we will be asking existing onshore operators to submit their Phase III monitoring plans once release 5 of ETSWAP goes live. This submission will be completed in an online form within ETSWAP.

Installations that are new to Phase III will need to apply for a Phase III permit via ETSWAP and will be able to do so once release 5 is active. The EA are running three workshops for new installations and have circulated invitations to these events. If you operate an installation that is new to Phase III, have not received your invitation and would like to book a place please contact us at euetsphase3help@environment-agency.gov.uk

Phase III Offline Monitoring Plan Template

To assist installation operators in preparing their Phase III monitoring plans we have produced an offline template, which can be used to collate the information that will be required when submitting their monitoring plan. The template is circulated with this newsletter.

The template has been designed to cover the minimum requirements of a monitoring plan as specified in the draft [Monitoring and Reporting Regulation \(MRR\)](#) and has been developed in light of similar templates being produced by the European Commission. The template also replicates the information that will be asked for in the formal monitoring plan submission via ETSWAP.

This offline template should not be submitted to us, we suggest using it to prepare the information in advance

so that operators can then transfer it into ETSWAP when it becomes available. It will not be possible to directly upload the offline template into ETSWAP but many of the text fields may be copied and pasted into the ETSWAP form.

The EA have produced a factsheet outlining the main changes between the Phase II Monitoring and Reporting Guidelines and the Phase III MRR. The factsheet is attached to this newsletter.

Small Emitter and Hospital Opt Out

The small emitter and hospital opt out scheme was introduced by Government on the 23rd May. It requires that operators of installations eligible to opt out of Phase III (2013-2020) apply to do so by the 18th July 2012 by submitting an application form to DECC. **Applications received after this date will not be accepted and the installation will remain in EU ETS.**

Operators are advised to consider their application as soon as possible during this period as they may need to provide verified data (verified annual emissions in 2008-2010 and, where applicable, thermal capacity in those years) where they have not already done so. Details of the scheme and an application form can be found at: http://www.decc.gov.uk/en/content/cms/emissions/eu_e/ts/phase_iii/small_emit/small_emit.aspx

All operators will still need to submit a Phase III monitoring plan even if they intend to opt out.

Transposition of Regulations

In order to meet the requirements of Directive (2009/29/EC) and the draft 2012 Monitoring and Reporting Regulations, the UK Government has drafted the 2012 Greenhouse Gas Emissions Trading System Regulations (2012 GHG Regulations) which update the existing UK Regulations.

The UK Government is currently seeking views on the draft 2012 GHG Regulations through a consultation process. Details on the consultation process and how to provide comments can be found on the Department of Energy and Climate Change (DECC) [website](#).

Talking to us

If you have any queries on matters relating to EUETS, please contact your regulator using the following e-mail addresses:

EA: euetsphase3help@environment-agency.gov.uk

SEPA: emission.trading@sepa.org.uk

NIEA: emissions.trading@doeni.gov.uk

DECC (Off Shore): EMT@decc.gsi.gov.uk

ANNEX 1 - MRR Factsheet

EUETS Phase III

May 2012

The new M&R Regulation is expected to be adopted following final scrutiny by the European Parliament and the Council and will apply to all EU ETS emissions monitored from the 1st January 2013.

So you ask 'what do I need to be aware of?'

Firstly it would be good to have a copy of the M&R Regulation itself so Articles can be read in full - we include the link to the EU Commission, and latest draft:

http://ec.europa.eu/clima/news/docs/regulation_mr_en.pdf.

This Regulation and the Accreditation and Verification Regulation will replace the current monitoring and reporting guidelines (MRG 2007) with the aim of bringing even greater harmonisation across Europe. The main changes from the MRG 2007 are outlined below:

- There are now clear requirements for the minimum content of Monitoring Plans (MP), the core of the trading scheme (see Article 12(1) and Annex 1 for full details). The UK has provided significant input into the development of MP templates, which the Commission are looking to publish, and we have incorporated this into the development of forms in ETSWAP.
- New requirement (under Article 12(2)) is the need for evidence for uncertainty calculations and risk assessments, for most installations these will need to be submitted to the Regulator with the monitoring plan.
- A little more information required to promote a common approach across Europe is the detailing of the procedures used (see Article 12(2)) - this is being incorporated into the templates in ETSWAP.
- New definitions for Biomass to align with the Renewable Energy Directive (NOTE: sustainability criteria applies to the use of Biofuels and Bioliquids).
- Where Biomass is involved the emission factor (EF) must be determined from the preliminary emission factor (definition (35)) and biomass fraction (definition (37)).
- New requirement to promote consistent determination of unreasonable costs, according to the cost exceeding the benefit (Article 18).
- New requirement to promote consistent application of required monitoring tiers (Article 26), particularly of note for category B installations.
- New requirement to allow more pragmatic approach to uncertainty assessments associated with activity data (Articles 28 and 29).
- If you are undertaking sampling and analysis, the approach for determining the frequency of analysis has been simplified (Article 35). You may still use historical data to demonstrate that you do not

exceed 1/3 uncertainty value but you are not required to do this if your fuel or material is listed in the minimum frequency of analysis table in Annex VII (this is the MRG 2007 'Table 5').

- If you are sampling heterogeneous source streams, in particular, there is a new requirement for Competent Authority-approved sampling plans; to assist in demonstrating that samples are representative of the batch or delivery period and free from bias (Article 33).
- New provisions to allow more pragmatic demonstration of equivalence where non-EN ISO/IEC17025 accredited laboratories are employed (Article 34(3))
- Measurement based methodologies have been significantly updated (including in relation to new sectors and gases) and are equivalent to the standard calculation methodology.
- Combination of approaches is acceptable (standard methodology; mass balance; measurement; fallback approaches) on the condition that no data gaps (Article 65) or double accounting occur.
- Reduced requirements apply to source streams contributing less than 5000 tonnes per year or in total up to 10% of the total fossil emissions.
- Emissions are determined by the total of all monitored items (NOTE: transfer of CO₂ may only be subtracted in the case of 'inherent CO₂' in a fuel transferred to another EU ETS installation (Article 48) or concerning transfer to permitted carbon capture and storage installations (Article 49)).

We hope you find this fact sheet useful in highlighting what we see as key issues. Should you require any further information please feel free to contact us.

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0800 80 70 60

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