

5 July 2012

Dear Sir/Madam

The Environment Agency (EA) have now been advised by the European Commission that they expect to publish a template for use in applications to the Phase III new entrant reserve by 6th July 2012.

The EA have also received a further clarification regarding the process that should be followed by installations that commenced operation of regulated activities or have significantly increased capacity (as defined in the Commission Decision on free allocation rules) between 1st July 2011 and 31st December 2011. Under the European rules applications to the Phase III new entrant reserve must be made within 12 months of commencing normal operation following start up of the new or extended activity. For affected installations the European Commission has said:

"Considering that for the time being, in particular the standard capacity utilisation factors, are not yet available and thus operators may not be able to submit a complete application to the competent authority, DG CLIMA is of the view, already stated in one of the recent meetings of the TWG and in answers to operators, that preliminary applications, which contains all available information, for new entrants in the period 1 July 2011 to 31 December 2011 would be sufficient to comply with this rule. Member States are expected to enclose such preliminary applications to any final application when notified to the Commission."

Therefore, in cases where the start of normal operation was between 1st July 2011 and 31st December 2011, operators should submit preliminary (unverified) data using the published template. This will be treated as meeting the requirement to make a preliminary application. Please be aware that the EA will not review or assess for completion, any preliminary applications to the Phase III new entrant reserve. The EA will simply take receipt of the applications for the purposes of meeting the 12 month submission requirement.

A full, verified application will still need to be submitted via ETSWAP on or after 1st January 2013, along with any relevant fee. This application will be made using the Commission template and, as such, only require that operators update the information entered into the preliminary application, as necessary, and have the data verified. Further information on this process will be available in due course.

If you will be unable to submit a preliminary application within the prescribed 12 months because of the time lag between the 1st July and the publication of the Commission template, please contact the EA immediately so that they can discuss this with the Commission.

Applications where start of normal operation was after 31st December 2011 will only be accepted from 1st January 2013.

If you have any questions please contact us at emt@decc.gsi.gov.uk .

Kind Regards

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