

Continuous Improvement of the Monitoring Methodology: UK Best Practice

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EU ETS Compliance: The Way Forward

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Outline

Discussion of:

- The highest tier default and improvement principle
- Address of misstatements and non-conformities – consultation with the CA; timeframe set by the CA
- An annual improvement report approach
- Use of IT to improve consistency, credibility and efficiency

MRG Requirements: Monitoring Plan

- **Section 4.3** - The monitoring plan contents (that have to be approved by the CA) - *'The monitoring methodology shall be changed if this improves the accuracy of the reported data, unless this is technically not feasible or would lead to unreasonably high costs'*.
- **Section 5.2** - Highest tiers of approach for all variables and source streams (Category B & C installations), unless CA satisfied that this is technically not feasible or will lead to unreasonable costs. Also: *'The operator shall without undue delay propose changes to tiers applied when:*
 - *accessible data has changed, allowing for higher accuracy in the determination of emissions...'*

MRG Requirement: Improvement Principle

- **Section 3 Improvement of performance in monitoring and reporting emissions** – *‘The process of verifying the emissions reports shall be an effective and reliable tool in its support of quality assurance and quality control procedures, providing information upon which an operator can act to improve its performance in monitoring and reporting emissions’.*

N.B. The UK formally invites verifier recommendations as part of the annual emissions verification report

MRG Requirement: Verification

- **Section 10.4.2(c)** – *‘The verifier should, in any form, report all non-conformities and misstatements identified to the operator’.*
- **Section 10.4.2(d)** – *‘The internal verification report should as well facilitate a potential evaluation of the audit by the competent authority and accreditation body’.*
- **Section 10.4.2(e)** - *‘Member States shall ensure that the operator addresses non-conformities and misstatements after consultation of the competent authority in a time frame set by the competent authority’.*

N.B. The UK requires all outstanding misstatements and non-conformities to be reported in the verification report

Relevant Permit Conditions (1)

Condition 4: *The Operator shall ensure that the report required by condition 3 of this Permit is verified by a Verifier in accordance with the criteria set out in Annex V of the Directive and in accordance with the M&R Guidelines, before its submission. The Operator shall inform the Regulator in writing of the results of such verification, at the same time as submitting the report.*

N.B. Condition 3 refers to the annual emissions report

Relevant Permit Conditions (2)

Condition 9: *If:*

(a) The Installation is a Category B Installation or a Category C Installation; and

(b) condition 1 of this Permit does not require the Operator to use the highest tier approach given in the M&R Decision to determine all variables (except oxidation factors) for all Major Source Streams the Operator shall submit to the Regulator by 30 June each year, a report justifying the use of each lower tier methodology applied. The report shall also include:

(i) proposals for improvements aimed at achieving use of the highest tier methodology as soon as reasonably practicable; or

(ii) justification to explain why it is either not technically feasible or would lead to unreasonably high costs if it is not proposed to make

Relevant Permit Conditions (3)

Condition 10: *The Operator shall submit a report to the Regulator, by 30 June each year, setting out their proposed improvements in monitoring at The Installation to address all the recommendations, Non-conformities and Mis-statements identified by a Verifier in relation to monitoring in the previous year. The Operator's proposals shall set out full details, including timescales, for implementing the improvements. If no improvement is proposed in response to a recommendation identified by the Verifier, the Operator shall justify why no action is to be taken.*

Relevant Permit Conditions (4)

Condition 11: *The Operator shall implement the improvements specified by the Regulator in response to the report submitted in accordance with condition 10 in a reasonable timeframe set by the Regulator.*

Template Forms and Guidance

See Environment Agency EU ETS web-site:

<http://www.environment-agency.gov.uk/emissionstrading/>

under “Forms and Guidance”:

ETS5 Annual Improvements Form

ETS5 Guidance:

- explanation of MRG requirements, demonstration of unreasonable costs (added reference to ETSG guidance),
- activity specific tables of highest tier requirements

ETS6 Verifier’s Recommended Improvements Form

Concluding Comments

- MRG requirement to improve M&R accuracy
- Technical feasibility and unreasonable costs change with time – justifying periodic re-assessment
- Improvement report mechanism adopted in the UK in Phase 1 and works well, including to address verifier recommendations
- In Phase 2 it will also address the new obligation on Member States to ensure that misstatements and non-conformities are properly addressed
- ETSWAP workflow IT will improve efficiency of the whole process still further (largely automatic generation, minimal additional burden on operators, easier tracking and follow-up, improved credibility that the whole system is working honestly and effectively)

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