

Monitoring, Reporting and Permitting: Issues & Policy Options

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Outline

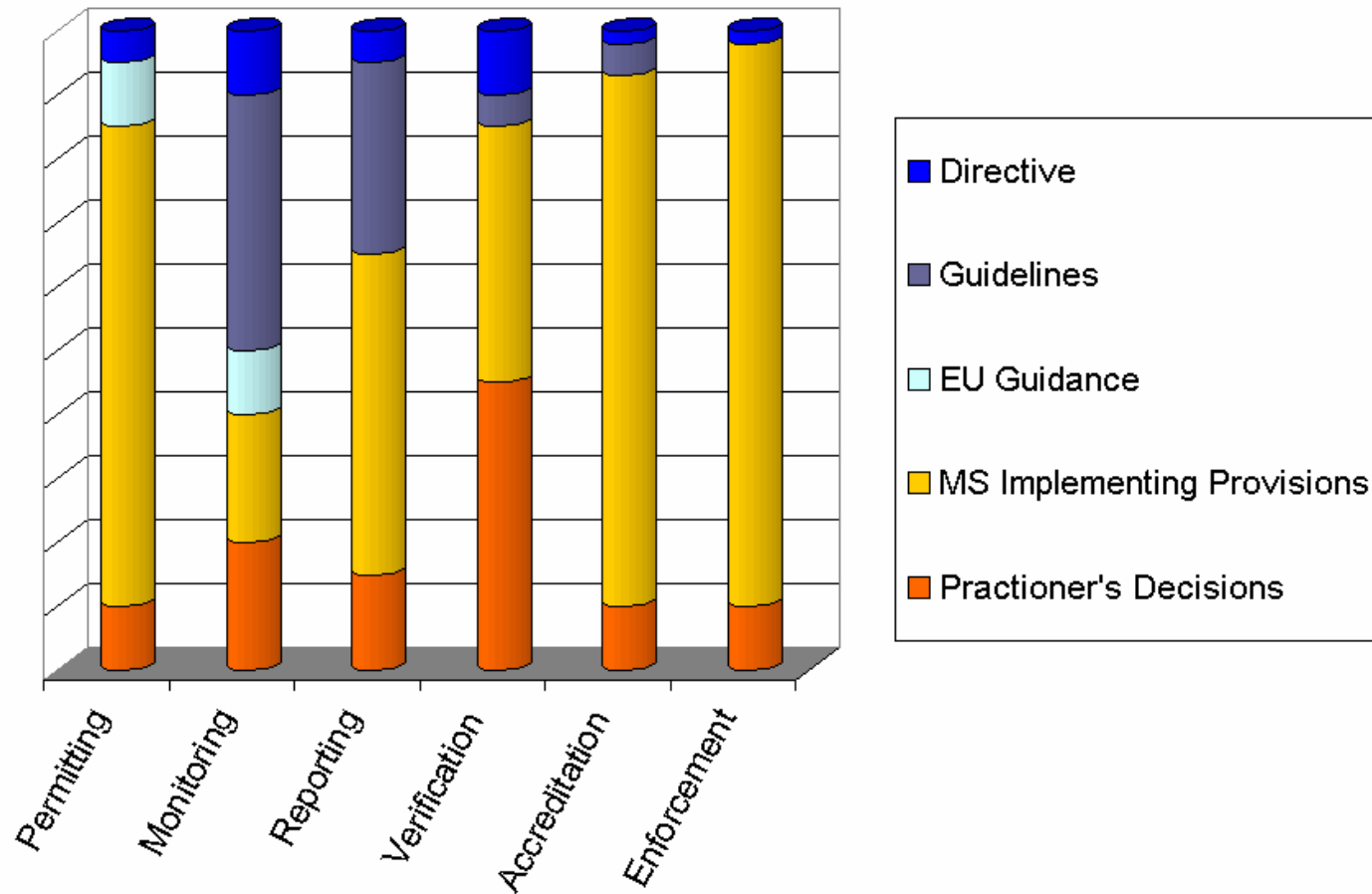
- Introduction
- Selected key issues
- Policy options
- Outlook

Introduction

Proposed Definitions

- **Permitting:** Process by the competent authority leading to the issuing of GHG permit according to Article 4 to 8 of the Directive
- **Monitoring:** Determination of annual emission levels by an operator in accordance to Article 14 and Annex IV of the Directive
- **Reporting:** Process of preparation and submission of a verified annual emissions report by the operator to the competent authority

Status Quo: Amount of Regulatory Detail on Different Levels (Schematic)



Status Quo and COM(2006)676

	Legal Instrument(s)	Member States	COM(2006)676
Permitting	Directive 2003/87: Articles 4, 5, 6, 7 & 8	Has led to a broad range of MS practices	Not mentioned
Monitoring	Directive 2003/87: Articles 14 and Annex IV Decision 2004/156: Annexes I to XI (revised)	Has led to a range of MS approaches of varying ambition levels and degrees of transparency.	Revision of Article 14 and Annex IV, Implementation as Regulation, use of IT
Reporting	Directive 2003/87: Articles 14 and Annex IV Decision 2004/156: Annex I (revised)	Has led to inconsistent national reporting formats and different levels of transparency	Revision of Article 14 and Annex IV; Implementation as Regulation, use of IT

Selected Key Issues

Permitting: Key Problems

- Changes of installation boundaries within and between trading periods: too general permits - monitoring plans assume part of function of permit
- Excessive burden on operators and competent authorities for thorough permitting of small installations
- Inconsistent definitions: new, expanded and closed installations
- Inconsistent installation definitions and boundaries within and across MS

Monitoring: Key Problems

- Broad variance of implementation of MRG requirements across MS
- Inconsistent approaches between annually reported and baseline data
- Costs for small emitters
- Treatment of "transferred CO₂"

Reporting: Key Problems

- Inconsistent reporting templates among different MS
- Incompatible national IT systems
- Reporting for individual activities not taking place or incorrect
- Limitations to use ETS data in national GHG inventories
- Double and inconsistent reporting for E-PRTR

Key Problems: Summary

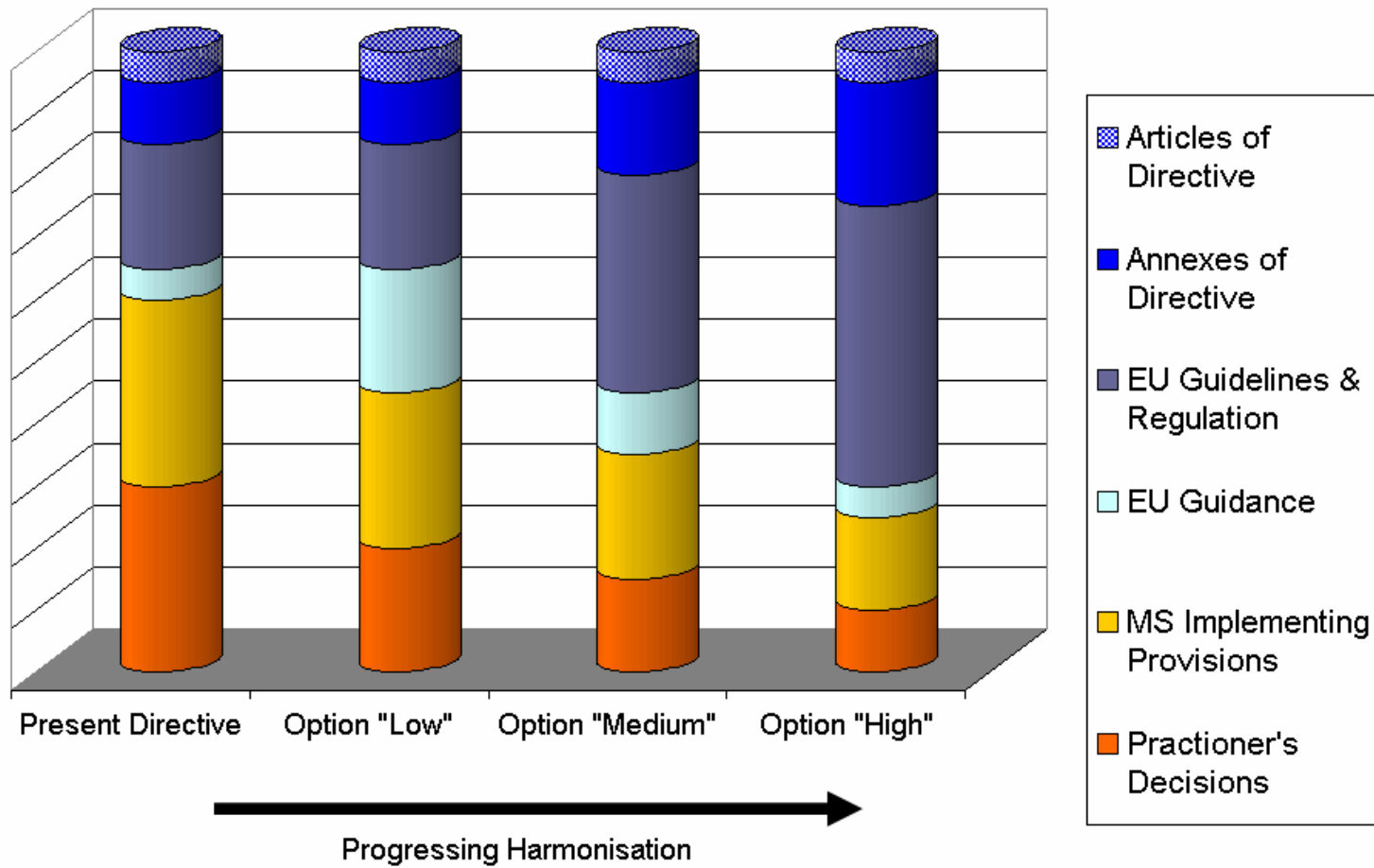
- EU ETS Permitting: a number of serious problems
 - time consistency, comparability and level of detail of permits
- Monitoring: inconsistent implementation and cost effectiveness for small installations
- Reporting: desirable functionalities not available

Permitting: Serious gaps have to be closed

Monitoring and reporting: Harmonisation must move forward

Policy Options

Towards Harmonisation: Amount of Regulatory Detail on Different Levels



Permitting: Policy Options

- **Too general permits:** Harmonise scope and level of detail of greenhouse gas emission permits along with requirements to change permit e.g. via a new annex of the Directive on permitting;
- **Small emitters:** Introduce differentiated permitting provisions for small emitters;
- **Inconsistent definitions:** Add and improve definitions on new, expanded and closed installations in Article 3 of the Directive;
- **Inconsistent installation boundaries:** Modify Annex I of the Directive to be more specific about installation types and boundaries or to cover entire sites in specified sectors;

Monitoring: Policy Options (I)

- **Broad variance:** Strengthen the wording on Article 14 to reinforce the legal status of the monitoring and reporting decision or change Article 14(1) in to mandate the Commission to adopt a monitoring regulation;
- **Inconsistent use of data:** Add a paragraph to Article 9 to prevent the use of non-verified emission data for allocation purposes and to ensure that the monitoring methodologies for base year data are consistent with approved monitoring plans;

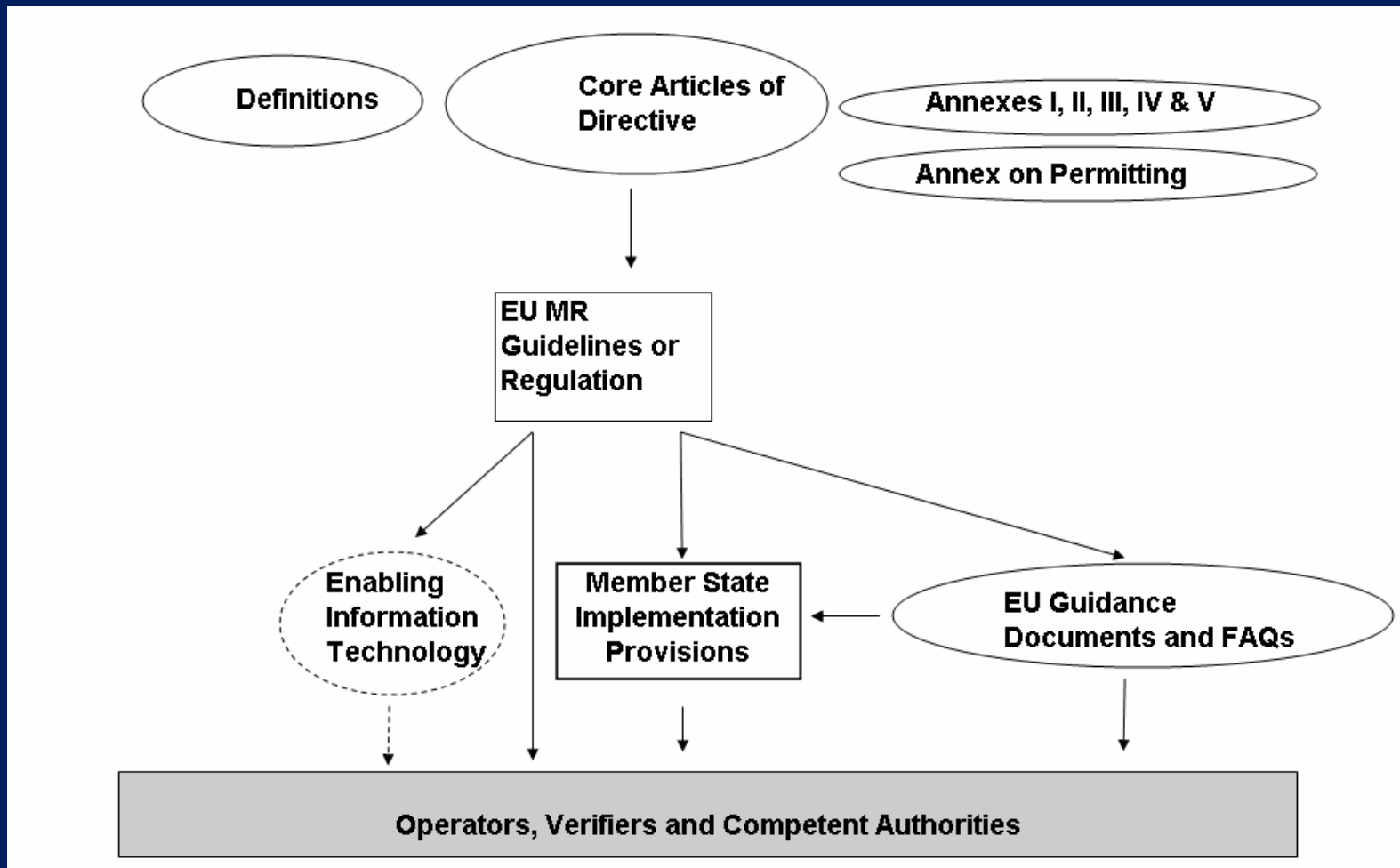
Monitoring: Policy Options (II)

- **Small emitters:** Introduce specific and explicit simplifications for small emitters into Annex IV of the Directive including a definition in Article 3. Explore the appropriate use of IT to collect and report data;
- **Transferred CO₂:** change definition of emissions in Article 3 of the Directive

Reporting: Policy Options

- **Lack of consistency:** Mandate in Article 14 the use of a standard IT system for managing the work flow of emission and verification reports and connect this to EU Registry. Alternative option: define outline for such a system by extending the registry regulation or separate regulation/guidance;
- **Use in National Inventories and E-PRTR:** Revise and align reporting requirements in Directive and subsequently of the Monitoring and Reporting Decision;

Monitoring, Reporting & Permitting: Elements for the Architecture of an EU ETS Compliance System



Outlook

Outlook

- Review of EU Monitoring and Reporting Guidelines will help to solve many “teething problems”
- EU ETS compliance system can serve as blueprint for other schemes. Improvement is warranted on quality management, transparency and consistency
- International linking makes further harmonisation of monitoring, reporting and permitting inevitable
- EU ETS review is the unique window of opportunity to make the painful but necessary changes
- There is only a limited number of serious policy options for the future “EU ETS compliance system”

Thank you for your attention!

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