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Guidance Document

The Accreditation and Verification Regulation - Explanatory Guidance

AVR Explanatory Guidance (EGD I), Version of November 2025

This document is part of a series of documents and templates provided by the Commission for supporting the implementation of Commission Implementing Regulation (EU) No. 2018/2067 of 19 December 2018 on the verification of data and on the accreditation of verifiers pursuant to Directive 2003/87/EC of the European Parliament and of the Council.

The guidance represents the views of the Commission at the time of publication. It is not legally binding.

This guidance document takes into account discussions within the meetings of the informal Technical Working Group on MRVA (Monitoring, Reporting, Verification and Accreditation), as well as written comments received from stakeholders and experts from Member States.

This guidance document was endorsed by the representatives of the Member States at the meeting of the Climate Change Committee on 23 December 2021. It was subsequently updated in 2025.

All guidance documents and templates can be downloaded from the documentation section of the Commission's website at the following address:

https://ec.europa.eu/clima/eu-action/eu-emissions-trading-system-eu-ets/monitoring-reporting-and-verification-eu-ets-emissions_en#tab-0-1

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1 Introduction

Article 15 of the EU ETS Directive¹ instructs the European Commission to develop a regulation on the verification of emissions report, the accreditation of verifiers and the supervision of the accreditation. On 12 July 2012 the Accreditation and Verification Regulation was published in the Official Journal.² Together with the Monitoring and Reporting Regulation³ (MRR) which was published on the same date, the two regulations replaced the 2007 Monitoring and Reporting Guidelines⁴. In 2018 both the MRR⁵ and AVR⁶ were revised and re-published. A further revision took place in 2020 and again, as a result of the revised Directive in 2023, in 2024⁷ and 2025⁸. The consolidated versions of the MRR⁹ and the AVR¹⁰ are included in the footnotes.

This explanatory guidance is part of a **suite of guidance documents** developed by the Commission to explain the requirements in the EU ETS Accreditation and Verification Regulation (AVR). The suite of guidance documents supports a harmonised interpretation of the requirements by Member States and consists of:

- an explanatory guidance on the articles of the AVR (EGD I), including a user manual providing an overview of the guidance documents and their interrelation with the relevant legislation;
- key guidance notes (KGN II) on specific verification and accreditation issues;
- a specific guidance (GD III) on the verification of aircraft operator's reports;
- a specific guidance (ETS2 AV Guidance) on the verification of regulated entity's emission reports;

¹ Directive 2003/87/EC of the European Parliament and the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02003L0087-20240301>

² Commission regulation No. 600/2012 of 21 June 2012 on the verification of greenhouse gas emission reports and tonne-kilometre reports and the accreditation of verifiers pursuant to Directive 2003/87/EC of the European Parliament and of the Council, OJ EU, 12 July 2012, L181/1.

³ Commission Regulation (EU) No 601/2012 of 21 June 2012 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council, OJ EU, 12 July 2012, L181/30.

⁴ Commission Decision of 18 July 2007 establishing guidelines for the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council, OJ EU, 31 August 2007, L229/1

⁵ Commission Implementing Regulation (EU) No 2018/2066 of 19 December 2018 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council and amending Commission Regulation (EU) No 601/2012

⁶ Commission Implementing Regulation (EU) 2018/2067 of 19 December 2018 on the verification of data and on the accreditation of verifiers pursuant to Directive 2003/87/EC of the European Parliament and of the Council (OJ L 334, 31.12.2018, p. 94).

⁷ Commission Implementing Regulation (EU) 2024/1321 of 8 May 2024 amending Implementing Regulation (EU) 2018/2067 as regards the verification of data and the accreditation of verifiers, OJ L, 2024/1321, 13.5.2024,

⁸ Commission Implementing Regulation (EU) 2025/1192 of 18 June 2025 amending Implementing Regulation (EU) 2018/2067 as regards certain aspects on the verification of data and on the accreditation of verifiers, OJ L, 2025/1192, 19.6.2025.

⁹ MRR: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02018R2066-20250527>

¹⁰ AVR: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02018R2067-20250622>

- templates for the verification report and information exchange requirements;
- exemplars consisting of filled-in templates, checklists or specific examples in the explanatory guidance or key guidance notes;
- frequently asked questions.


This explanatory guidance (EGD I) provides an **article-by-article guidance** to assist its users: e.g. verifiers, competent authorities, accreditation bodies, national authorities and other relevant parties in their understanding of the requirements in the regulation. Where articles in the regulation are interlinked, this is pointed out in the guidance. This guidance document represents the views of the Commission at the time of publication. It is not legally binding.

Where this supports the understanding and clarification of concepts and requirements, examples have been inserted in the text or attached as an annex. Hyperlinks are used throughout the document to guide the readers more easily through the document and to direct them quickly to a particular example or a more detailed text in the annexes. For some issues reference is made to specific key guidance notes that provide a more in-depth explanation of the subject concerned.

For the verification of aircraft operators, a separate guidance document has been developed. Unless indicated differently, section 3.2 is applicable to the verification of operators and aircraft operators. However, the different steps in the verification process and the aviation specific issues and examples related to these steps have been clarified in the aviation specific guidance on verification. Verifiers that operate in the aviation sector are advised to read the sections on the verification process in the aviation guidance instead. Chapter 4 is only applicable to the verification of operators of stationary installations whereas section 3.1 and 3.3 in Chapter 3 and the other Chapters in this guidance apply to operators and aircraft operators.

For the verification of regulated entity's emission reports a separate guidance has been developed. Only Chapter 2, parts of Chapter 5, and Chapters 6 to 10 are relevant for ETS2 verification. In Annex IV guidance is provided on what checks an EU ETS verifier has to do on the information in the installation's or aircraft operator's report that is in line with Annex Xa of the MRR.

Please note also the following:

- | | |
|---|---|
| <ul style="list-style-type: none"> ▪ Wherever the term operator's report is used in Chapter 1 and 2, Chapter Fout! Verwijzingsbron niet gevonden., section 3.1 and 3.3 and Chapters 5 to 10 of the Guidance, it means the operator's emission reports and the aircraft operator's emission reports. ▪ Wherever the term operator is used in Chapter 1 and 2, Chapter Fout! Verwijzingsbron niet gevonden., section 3.1 and 3.3 and Chapters 5 to 10 of the Guidance this means that the relevant phrase is also applicable to aircraft operators unless this is specifically mentioned otherwise in the note. |  |
|---|---|

How to read this Explanatory Guidance?

This guidance is structured as follows:

Chapter 2 explains the objectives and the main concepts of the regulation. It also outlines the roles and responsibilities of the different parties involved in EU ETS and describes the

interrelation between the AVR and other legislation, harmonised standards and the suite of guidance documents. It also provides a user manual to all the guidance documents, templates and exemplars developed to support a common interpretation.

Chapter Fout! Verwijzingsbron niet gevonden. provides a clarification on the requirements related to verification and its main principles. This chapter further elaborates on the different elements of the verification process, the risks to be managed and the various steps to be followed in the verification process. It also outlines what activities must be carried out when issues are identified during the verification and cannot be resolved before the verification report is issued.

Chapter 4 gives an explanation of the situations in which a less extensive verification approach is justified for small and simple installations and what a simpler verification should entail.

Chapter 5 clarifies the requirements related to verifiers. It explains the main concepts of the competence process, the competence requirements, the impartiality and independence requirements, and the requirements on documentation and procedures to be established by verifiers.

Chapter 6 provides an explanation of the principles of accreditation and the steps that an accreditation body has to follow when accrediting and subsequently monitoring an accredited verifier. It also gives general information on the types of administrative measures an accreditation body can impose on a verifier in the case of violation of AVR requirements and procedures. This Chapter is relevant for the accreditation of verifiers involved in the verification of installation's and aircraft operator's reports under ETS1 and the verification of regulated entity's reports in ETS2.


Chapter 7 gives a brief explanation of the requirements related to accreditation bodies. This Chapter is relevant for accreditation bodies that accredit verifiers involved in the verification of installation's and aircraft operator's reports under ETS1 and the verification of regulated entity's reports in ETS2.






Chapter 8 outlines the concept of peer evaluation, the mechanism to assess whether the accreditation body is meeting the requirements of the AVR. This Chapter is relevant for ETS1 and ET2 verification and accreditation.

Chapter 9 provides guidance on the mutual recognition of verifiers verifying in other Member States than where they are established. This Chapter is relevant for ETS1 and ET2 verification and accreditation.

Chapter 10 clarifies the information exchange requirements laid down in Chapter VI of the AVR. This Chapter is relevant for the information exchange between accreditation bodies and competent authorities on relevant issues identified related to the verification of ETS1 installation's reports and aircraft operator's report as well as issues related to the verification of ETS2 regulated entity's reports.

Throughout the text of this explanatory guidance and the key guidance documents certain symbols have been inserted to highlight new concepts or certain situations. The following symbols have been used.

	This symbol means that the reader should pay specific attention to the requirement or issue mentioned in the text.
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	This symbol means the requirement or issue is solely applicable to aircraft operators.
	This symbol means the text is applicable to single verifiers. A single verifier is an enterprise involving one individual (one-man business).
	This symbol means the text is applicable to operators of installations.
	This symbol means the requirement or the issue is ETS2 specific.
	This symbol means the requirement or the issue was newly introduced by the most recent AVR amendments

2 User manual to AVR concepts and guidance material

The MRR and the AVR have direct legal effect in the Member States. This means that the regulations do not require transposition and implementation in national legislation since their provisions apply directly to operators or aircraft operators, verifiers, accreditation bodies and other parties mentioned in the MRR and the AVR. The new regulations define the roles and responsibilities of all these parties more strictly which strengthens each specific element in the compliance chain.

2.1 Roles and responsibilities of the parties in EU ETS

The compliance chain and the roles and responsibilities of each party involved in EU ETS can be summarised by the following figure. For the explanation of the arrows, please see below.

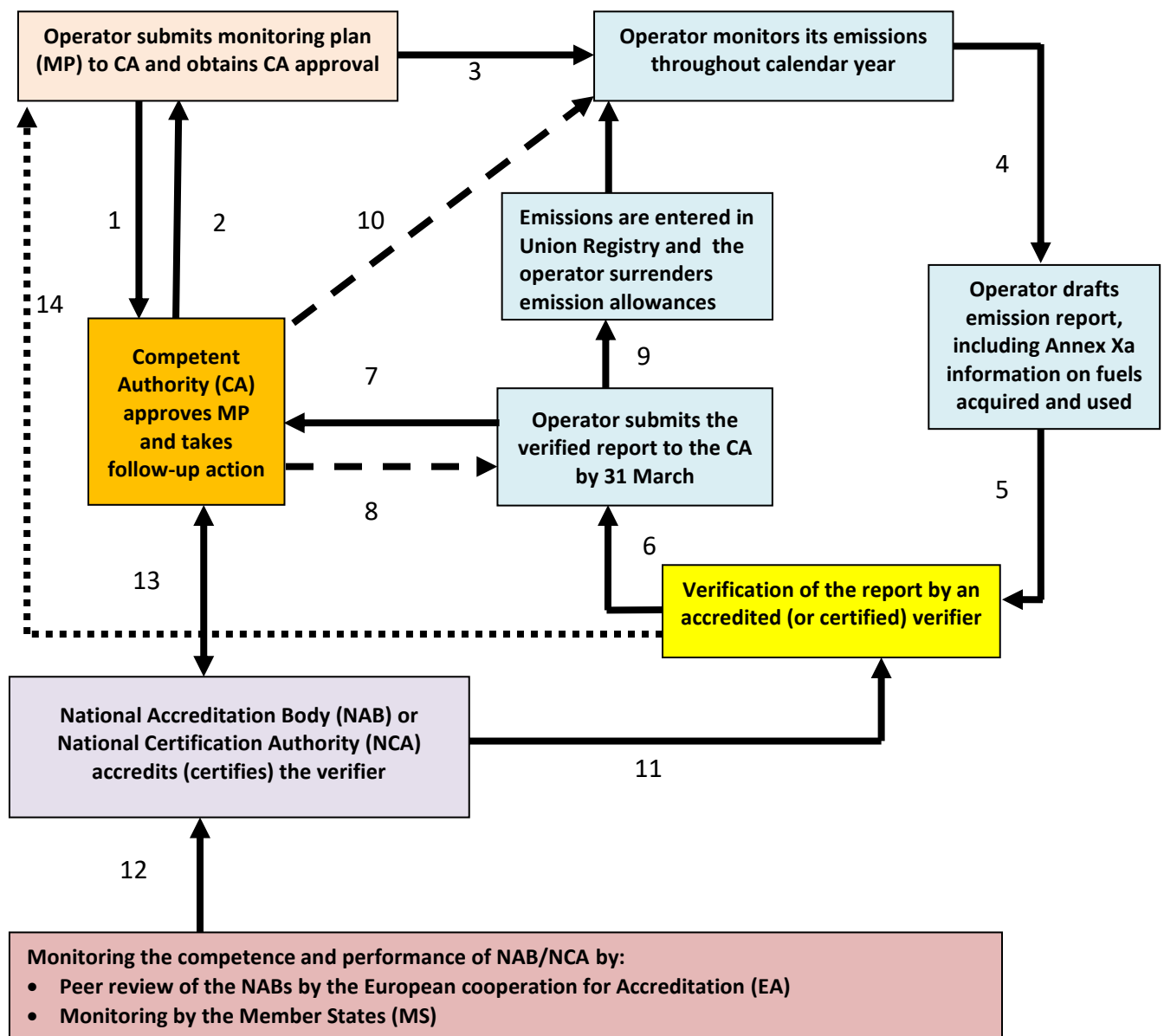


Figure 1: EU ETS Compliance Chain and the roles of parties involved

The compliance chain starts with the operator submitting its draft monitoring plan to the Competent Authority (CA) for approval. For installations this monitoring plan (MP) is part of the permit which operators of installations are required to have according to the EU ETS Directive. Without such a permit these operators are not allowed to emit GHG emissions from activities covered under the EU ETS. **(arrow 1)**.¹¹ If the MP meets the requirements of the MRR and the CA is confident that the operator will be able to monitor in line with the MP, the CA approves the MP **(arrow 2)**. Throughout the whole calendar year, the operator must subsequently monitor its emissions in accordance with the approved MP and the MRR **(arrow 3)**. At the end of the calendar year the operator has to draft an emissions report that meets the requirements of Annex X of the MRR **(arrow 4)**. This report must be verified **(arrow 5)**.

To avoid double counting of fuels released for consumption in the ETS1 installations, ETS1 operators (installations)¹² have to include in their emissions report information on the fuel quantities that these installations obtained from fuel suppliers and subsequently used in the reporting period within their permitted installation. This information is defined by Annex Xa of the MRR and MS can require ETS1 operators to submit this information to the regulated entity so that they can determine how much they have to subtract from the total fuel quantities released for consumption. More information can be found in Annex IV, section 2 of this guidance.



Verification involves an independent assessment of the way the MP has been implemented and of the data sources that have been used to collect and collate the data in the operator's report. Verification is an essential instrument in providing confidence to the CA and other relevant parties that the report submitted to the CA represents a faithful, true and fair account of the emissions.

Both Article 15 and Annex V of the EU ETS Directive and the AVR require the verification to be carried out by a **verifier**. A verifier is:

- a legal entity or legal person accredited by a national accreditation body (NAB). The verifier could for example be an enterprise with multiple persons and/or departments or an enterprise that is privately owned by a single individual¹³;
- a natural person that is certified by a National Certification Authority (NCA) according to the requirements of the AVR if a Member State has decided to set up a certification system. The natural person shall in that case not be a legal entity or part of a legal entity. There are currently no natural persons certified by an NCA in Europe. All verifiers are accredited by a NAB according to the AVR.

Accreditation involves an independent assessment by the NAB whether the verifier has the competence to carry out the verification, whether it can perform the verification in line with the AVR and whether it meets the requirements in Chapter III of the AVR **(arrow 11)**. The accreditation process concludes with a decision on whether the verifier can be granted

¹¹ The compliance chain is the same for aircraft operators. But there are some specific issues. Aircraft operators are for example not required to have a permit. The guidance on the verification of aircraft operator's reports (GD III) therefore explains the compliance chain from an ETS aviation perspective.

¹² Member States may also require aircraft operators or shipping companies to include Annex Xa information in their emissions report.

¹³ The national law of the Member State in which the legal person or legal entity has its registered office or permanent business establishment provides information on what constitutes a legal person or legal entity.

accreditation and is thus allowed to perform verification of operator's reports. After the accreditation has been granted the verifier is to be continuously monitored by the NAB through annual surveillance and a reassessment before the accreditation certificate expires.

Certification involves a similar independent assessment of the verifier by the NCA and is only allowed for natural persons intending to carry out verification activities (**arrow 11**).¹⁴ Legal entities or legal persons cannot apply for certification. The same AVR requirements that apply to the accreditation and supervising verifiers are applicable to the certification and supervising natural person verifiers by the NCA. As certification is no longer applied in EU ETS, the remainder of this guidance refers to NABs.

The verifier carries out the various activities required by the AVR to check the implementation of the MP and the data in the operator's report. Once the verifier has concluded on the verification, it issues a verification report to the operator stating whether the operator's report that was verified, is satisfactory or not satisfactory (**arrow 6**). Before or at the latest on 31 March of each year, the operator must submit both the emission report and the corresponding verification report to the CA (**arrow 7**).¹⁵

Compared to the Monitoring and Reporting Decision (MRG 2007) that applied in the second trading period, the role of the CA as the overall responsible party for a well-functioning EU ETS compliance chain has been strengthened (**arrow 8**). If the operator's report is not verified as satisfactory, the CA must undertake action (i.e. making a conservative estimation of the emission data and taking enforcement action). The requirement for the CA to conservatively estimate the emissions also applies if there is no verified emission report or CA's spot checks on the emission report show that the emission report has not been verified by a properly accredited or certified verifier or if the verification was not carried in line with the AVR. It very much depends on the MS how and for how long these spot checks on the emission reports will be carried out.¹⁶

By the 30 September¹⁷ each year the operator must surrender at least the number of emission allowances equivalent to the verified reported emissions that is entered into the Union Registry (**arrow 9**). The surrendering of emission allowances does not mean that the roles and responsibilities of the different parties end at that point of time. The CA may carry out inspections on the operator to ensure that the operator is complying with the MRR (**arrow 10**). Furthermore, the MRR contains explicit requirements for operators to improve their monitoring methodology on a continuous basis and for operators to address outstanding issues that are identified by the verifier (**arrow 14**). These outstanding issues are then to be addressed in an improvement report which needs to be submitted by the operator to the CA for approval. The report must contain plans on how to address the outstanding issues.

¹⁴ According to Article 55(2) of the AVR, Member States may decide to allow certification of natural persons planning to operate as verifiers in EU ETS. It is the prerogative of the MS whether or not to set up such a certification system in its country.

¹⁵ CAs may require an operator or aircraft operator to submit the verified emission report earlier than 31 March but by 28 February the earliest (Article 68 of the MRR).

¹⁶ Some MS use a risk based approach to select a certain percentage of the emission reports to be reviewed. Other MS check all reports or use another method to review a certain share of the emission reports.

¹⁷ The deadline for surrendering emission allowances has been changed from 30 April to 30 September each year.

In addition, information exchange requirements have been formulated in the AVR to invite and enable the CA and the NAB¹⁸ to exchange information between each other and to inform each other on their activities (**arrow 13**). For example, if the CA identifies significant errors in the verified emission report that have been unjustly missed by the verifier, this must be communicated with the NAB. If on the other hand the NAB suspends the verifier, the CA must be informed. These information exchange requirements between the various parties in the compliance chain will help each of them to carry out their own tasks more efficiently and effectively.

To ensure NABs carry out their activities in line with the AVR and maintain the quality requirements of accreditation so that also the verification remains of a high quality, the AVR requires that the competence and performance of the NAB¹⁹ is being monitored (**arrow 12**). This monitoring is carried out by the MS that has appointed the NAB. In addition, a regular and independent peer evaluation is organised by the European Cooperation for Accreditation (EA)²⁰ to monitor the competence and performance of the NAB. In this peer evaluation process, experts from the EA, NABs and other parties assess whether the NAB that is subject to peer evaluation meets the requirements of the AVR.

All the elements in the compliance chain mentioned above are regulated in the MRR and the AVR. Both regulations are interconnected at several points. This explanatory guidance provides an explanation of the requirements in the AVR and their interconnection with MRR on specific issues.

2.2 Interrelation between the regulations, harmonised standards and guidance

The EU ETS Directive provides the legal basis for both the MRR and the AVR. To ensure a common interpretation and application of the requirements in the regulations two separate **suites of guidance documents** have been prepared by the European Commission: one suite of guidance documents supports the interpretation of the MRR and the other one the AVR. For information on the suite of guidance documents prepared for the MRR please see Annex IV. The AVR guidance material is outlined in section 2.3.

The AVR itself is closely linked to the general framework regulation that regulates accreditation of conformity assessment activities. Synergy between both regulations has been created by stating in the AVR that the general requirements of the Accreditation Regulation (EC) 765/2008 apply if these are not covered by the AVR. In addition, some general provisions in AR regulation 765/2008 have been made EU ETS specific in the AVR (e.g. competence requirements for NAB personnel).

The figure below outlines the interrelation between the different types of regulations, standards and guidance material.

¹⁸ Or NCA in the case of certified natural persons.

¹⁹ Or NCA in the case of certified natural persons.

²⁰ The European Cooperation for Accreditation (EA) is a regional body that is a member of the International Accreditation Forum. According to Article 55(4) of the AVR the NAB must be a member of the EA.

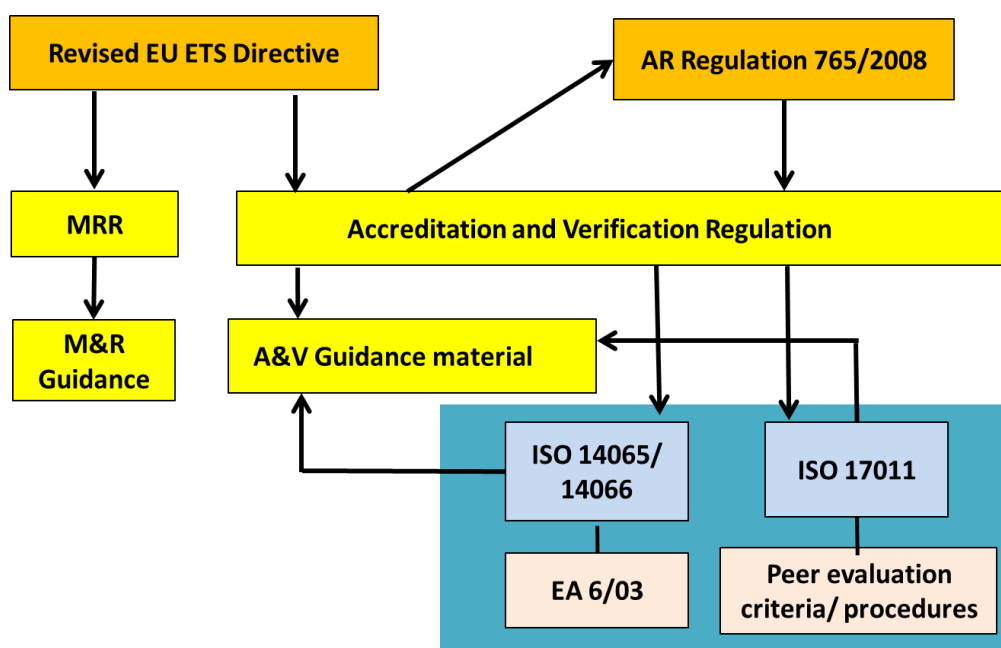


Figure 2: The legislative framework on EU ETS verification and accreditation

The AVR prescribes the application of a **harmonised standard** in the accreditation of verifiers and the assessment of their competence, i.e. **EN ISO 17029**, a general framework ISO standard used for the accreditation of verifiers and the sector specific application of that standard, **EN ISO 14065**, a GHG programme neutral standard. NABs must use this standard as well as the EU ETS specific requirements in the AVR on verification, competence, impartiality and procedures to assess the verifier's competence and performance.

Similarly, a **harmonised standard** is prescribed for the NAB, i.e. **EN ISO/IEC 17011**. The NAB must meet the requirements in this standard as well as the EU ETS specific requirements in the AVR. Compliance with these requirements is regularly monitored by the MS and in the peer evaluations.

More detailed information on the interrelation between the AVR and both standards is outlined in:

- key guidance note on the relation between the AVR and EN ISO 14065 ([KGN II.8](#)); and
- key guidance note on the relation between the AVR and EN ISO/IEC 17011 ([KGN II.9](#)).

Next to the suite of guidance documents prepared by the Commission the guidance documents prepared by the European Cooperation for Accreditation play an important role. As NAB participating in EU ETS Accreditation must be a member of the EA, this implies NAB following the guidelines and procedures established by EA (more information is available on the website²¹ of the EA). Two documents are of particular interest:

- EA 6/03 (EA Document for Recognition of Verifiers under the EU ETS Directive). This guidance document is already being applied in the second trading period in MS that use the EA accreditation procedures. It has been updated for the fourth trading period to meet the new AVR, EN ISO 14065 and to support the suite of guidance documents developed by the Commission in the interpretation of the AVR. The objective of EA 6/03 is to assist the NAB to assess the verifier's conformance with EN ISO 17029, EN ISO 14065

²¹ <https://european-accreditation.org/information-center/ea-publications/>

and the AVR requirements. EA 6/03 and the suite of guidance documents developed by the Commission therefore complement each other;

- Peer evaluation criteria and procedures developed by the EA (see Chapter 8).

2.3 User manual to guidance documents

The suite of guidance documents developed by the Commission consists of several types of documents. The explanatory guidance is an overall guidance document that provides an explanation of each article in the AVR. Key guidance notes have been developed to address specific issues in verification and accreditation that require an elaborate or more specific explanation of the issue involved. The figure below summarises the different guidance documents, templates and exemplars that have been developed and how these relate to each other.

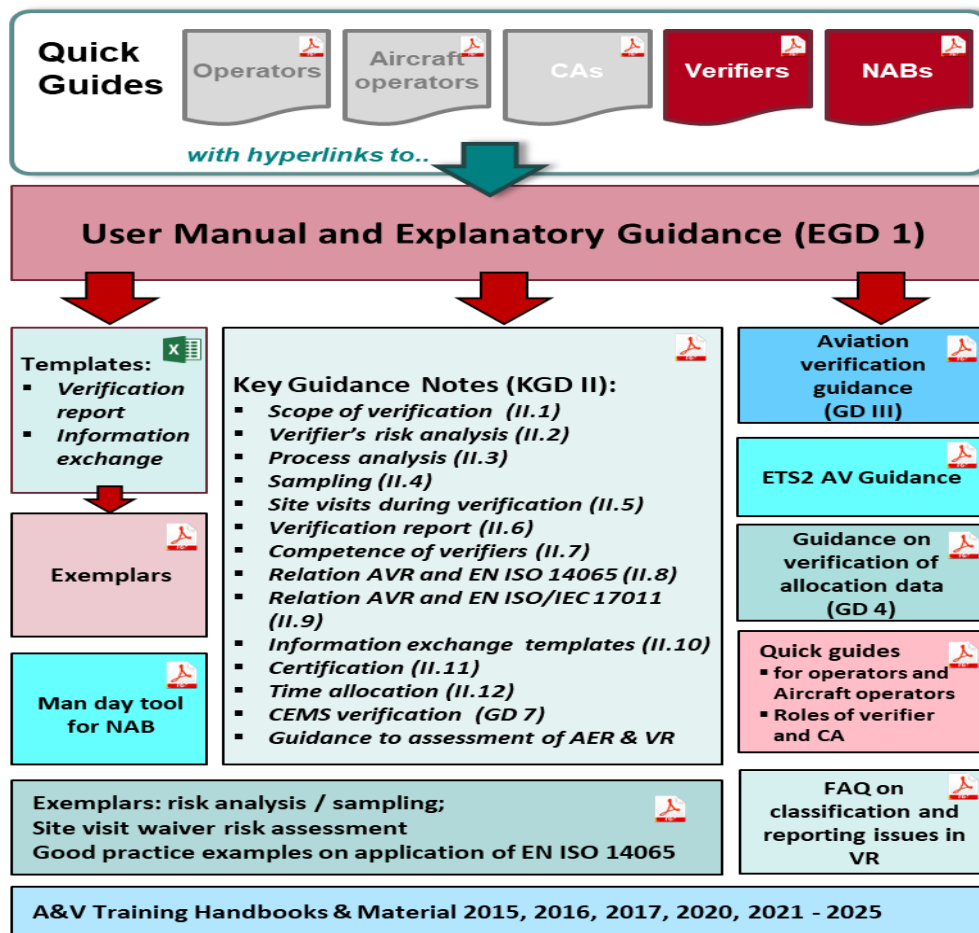


Figure 3: Suite of guidance documents supporting a common interpretation of the AVR



<p>Note: The aviation verification guidance (GD III) outlines aviation specific issues related to the verification of aircraft operator's reports and the accreditation of verifiers carrying out such verification. The guidance explains which of the key guidance notes and sections of the explanatory guidance are applicable to EU ETS aviation.</p>	
<p>Note: The ETS2 AV Guidance on verification of regulated entity's reports (ETS2 AV Guidance) explains the verifier's role in verifying regulated entity's emission reports in ETS 2. Chapters 6 to 10 of this guidance are however still relevant for ETS2 verifiers.</p>	

Figure 4 shows **where to find guidance or tools** on a particular subject in the suite of guidance documents. An overview is presented of the Chapters II to VI of the AVR and the guidance documents that relate to these chapters and the explanations of the various subjects that are presented in the individual key guidance notes. Annex III provides a detailed overview linking each article in the AVR to guidance material.

Operators wanting to know more about the requirements that affect them are advised to read Chapter **Fout! Verwijzingsbron niet gevonden.**, Chapter 4 and section 5.1 and 5.2 of this guidance. Examples of issues that can be of particular interest to them are guidance on:

- pre-contract stage, especially time allocation and information to be shared in that phase (section 3.2.1);
- information to be provided during the verification (section 3.2.2);
- the different steps in the verification process and the related requirements, including the timeline for verification (section 3.2 and Annex I);
- site visits and the conditions on when to waive site visits (3.2.7);
- the requirement for operators to address misstatements and non-conformities and guidance on how to assess whether these misstatements and non-conformities have material effect (section 3.2.8-3.2.9);
- verification report and the different verification opinion statements (section 3.2.13)
- addressing outstanding issues after the verification (section 3.3);
- verification of small and simple installations (Chapter 4);
- competence and impartiality of a verifier (section 5.1 and 5.2).

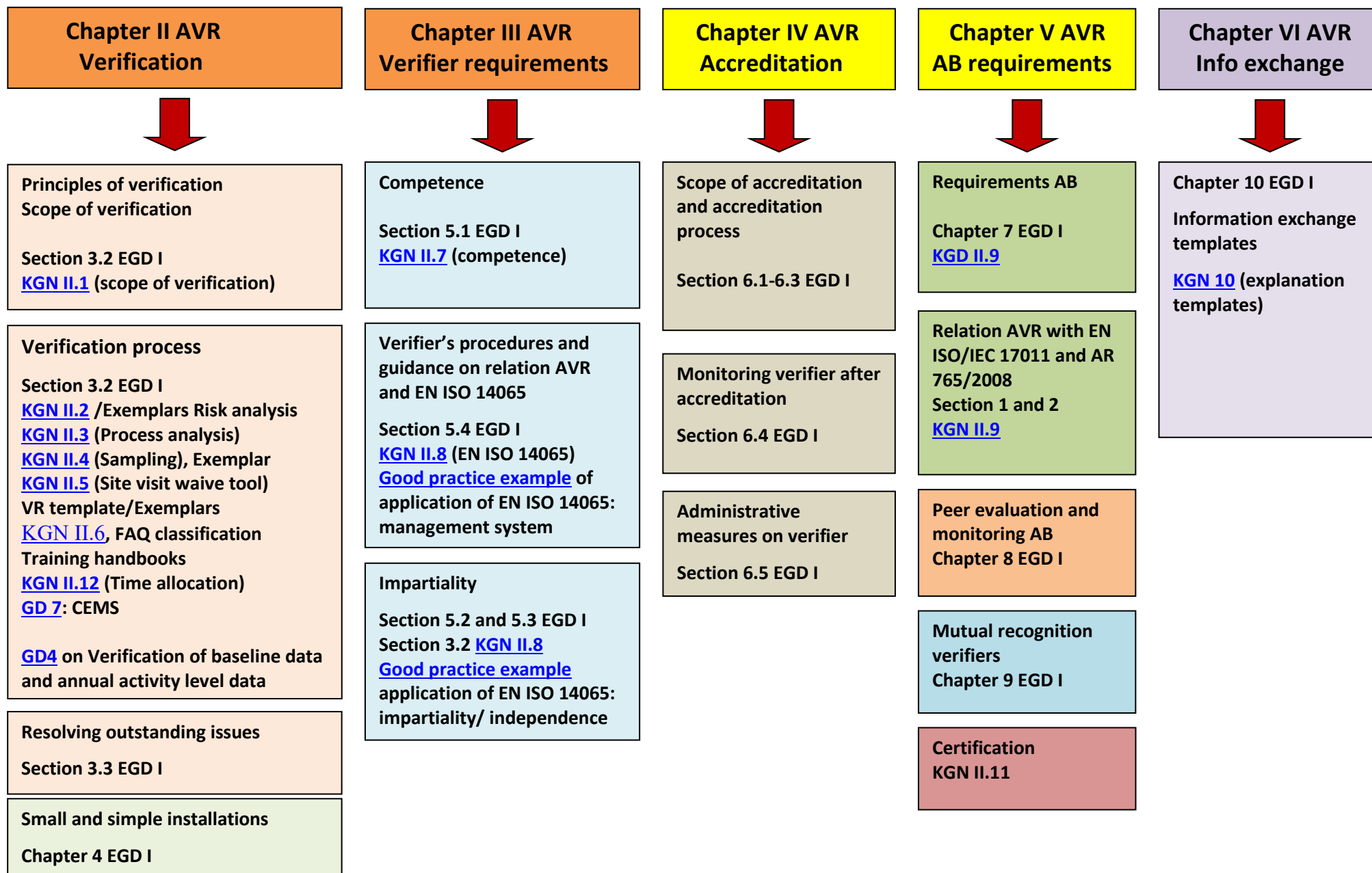


Figure 4: User manual to the guidance documents and templates

2.4 What is new in the revised AVR and how does this impact the guidance?

The AVR was revised in 2018, in 2020 for phase IV and again in 2024 and 2025 to implement revisions of the EU ETS Directive from 2023. **Table 1** shows a summary of the revisions that were made and how this impacted the suite of guidance documents. Annex V provides a more detailed overview.

Table 1 Summary of revisions in EU legislation having an impact on the AVR

Topic	Revisions in EU ETS legislation	Key revisions in AVR	Where to find new guidance?
Verification of baseline data reports (part of the application of allocation)	<ul style="list-style-type: none"> • Revisions in some of the monitoring rules in the FAR²² • Introducing the verifier's role in checking whether conditions of allocation have been met 	New requirements in Article 17a, 17b and 17c AVR on the verifier's role in checking completion of implementation of energy efficiency recommendations and new requirements in AVR on the verification of climate-neutrality reports.	Guidance Document 4 on FAR Baseline Data Reports, Annual Activity Level Data and validation of Monitoring Methodology Plans
Verification of annual activity level data (adjustment of allocation)			
Alignment with the Renewable Energy Directive	New rules on zero-rating and non-zero rating of biomass fuels, renewable fuels of non-biological origin and recycled carbon fuels (RFNBO/RCF) and synthetic low carbon fuels (SLCF).	Clarifying the role of the verifier in checking evidence of compliance with sustainability and greenhouse gas criteria (Article 17(5), (5a) and (5b) of the AVR)	KGN II.3 on process analysis KGN II.12 on time allocation
Alternative and eligible aviation fuels in aviation	Article 53 to 54c of the MRR	Article 17(6) of the AVR	Guidance Document III on verification in ETS aviation
Verification of non-CO ₂ aviation effects	New requirements on how to monitor and report non-CO ₂ aviation effects.	Verification of non-CO ₂ aviation effects	More guidance is provided in GDI on EU ETS aviation verification.



²² Free allocation rules: Commission Delegated Regulation (EU) 2019/331 of 19 December 2018 determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council, OJ L 59, 27.2.2019, pp. 8–69. This regulation was amended in 2024 by Commission Delegated Regulation (EU) 2024/873 of 30 January 2024 amending Delegated Regulation (EU) 2019/331 as regards transitional Union-wide rules for harmonised free allocation of emission allowances OJ L, 2024/873, 4.4.2024. Consolidated version can be downloaded from: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02019R0331-20240101>

Topic	Revisions in EU ETS legislation	Key revisions in AVR	Where to find new guidance?
Introduction of a new emission trading scheme for buildings, road transport and additional sectors	<ul style="list-style-type: none"> • New rules in the MRR on how to monitor and report the CO₂ associated with fuels released for consumption in ETS2 sectors • Specific provisions have been included in the MRR to avoid double counting between EU ETS and ETS2. 	<ul style="list-style-type: none"> • New rules have been included in the AVR on the verification of regulated entity's emission reports under ETS2. • New requirements in Article 16(2) (ha), 17(7) and 27(3)(re) on the ETS1 verifier's role in checking Annex Xa information 	<ul style="list-style-type: none"> • ETS2 AV guidance on the verification of ETS2 emission reports • Annex IV, section 2 of this guidance on how an ETS1 verifier should check Annex Xa information
Transfer of CO ₂	New rules have been included in Article 49 and Annex IV of the MRR	Article 17(4) and (4a) and (4b) of the AVR regulate the verifier's role in checking the monitoring aspects related to transfer of CO ₂	Annex IV of this guidance and KGN II.3 on process analysis.
CO ₂ permanently chemically bound in a product listed in Regulation (EU) 2024/2630.	New rules have been included in Article 49a MRR	Article 17(4c) of the AVR regulates the verifier's role in checking the monitoring aspects related to CO ₂ permanently chemically bound in a product	Annex IV of this guidance and KGN II.3 on process analysis.
Verifier's site visits and waive of site visits		Article 32 AVR on conditions for waiving site visits was included in 2020. The condition for waiving site visit in Article 32(1)(c) has been relaxed in 2024.	Section 3.2.7 of this guidance and KGN II.5 on site visits
Virtual site visits		Article 34a of the AVR was included to allow a verifier to carry out virtual site visits in the case of force majeure. In 2024 Article 34b of the AVR was introduced to extend virtual site visits in EU ETS aviation to situations outside force majeure (under conditions).	<ul style="list-style-type: none"> • Section 3.2.7 EGD I and section 4 KGN II.5 for force majeure virtual site visits • Section 3.2.7 GD III for virtual site visits in ETS aviation • KGN II.6 on what to report on virtual site visits.
EN ISO 14065	Update of standard in 2020	Minor revisions on impartiality Article 43(6a), (7) and (8) of the AVR with rules on familiarity risks and rotation of lead auditors	Minor clarifications in section 5.2 and KGN II.8 on relation between EN ISO 14065 and AV



Topic	Revisions in EU ETS legislation	Key revisions in AVR	Where to find new guidance?
EN ISO/IEC 17011	Update of standard in 2019	Minor clarifications in Chapter 4 and 5 of the AVR	KGN II.9 on relation between EN ISO/IEC 17011 and the AVR
ISO 14066	Update of standard in 2023	No Impact	Minor clarification in KGN II.7 on competence
Rotation of lead auditors		Article 43(7) and (8) AVR with rules on rotation of lead auditors	Section 5.3 of this guidance Section 5.2 of GD III on verification in ETS aviation
CORSIA	CORSIA Delegated Act declares the MRR and AVR applicable to the MRV of emissions under CORSIA.	Minor amendments in the AVR and guidance material to align with CORSIA requirements	GD III on verification in EU ETS aviation and KGN II.7 on competence
Eligible verifiers		Article 46 of the AVR clarifies that verifiers must be legal entities that are established under the national law of a MS.	Chapter 6 of this guidance
Information exchange between the NAB/ CA		Amendments have been made in 2020 in Article 62, 71, 73 and 77 of the AVR	Chapter 10 of this guidance and KGN II.10 on information exchange

3 Verification

The objective of verification is to ensure that emissions have been monitored in accordance with the MRR and that reliable and correct emission data are being reported. This objective is underpinned by general verification principles and obligations laid down in Article 6 and 7 of the AVR.

3.1 General verification principles and obligations

To achieve the objective of verification and ensure that the verification is sufficiently robust and of high quality, the verifier has to check that a number of fundamental principles of the MRR and the AVR have been met, i.e. the principles of reliability and faithfulness, completeness, consistency, comparability, accuracy, integrity of the methodology and continuous improvement.²³

3.1.1 Reliability of verification

The fundamental principle is the requirement that a verified operator's report is **reliable for its users** (i.e. a faithful representation of reality), which includes or may include the Competent Authorities (CAs), operators, verifiers, accreditation bodies, the general public or other parties.

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AVR

The importance of this principle can be explained by its relationship to the statement of the verifier that the emissions are correct and free from material misstatements. In order to be faithful and therefore reliable, the operator's report must not contain material misstatements. Material issues are determined by the outcome of the evaluation of the other principles - is the report or its supporting data complete, consistent, accurate, based upon integrity and comparable over time? Or are there material issues related to any or all of these principles?

Failure to comply with all or any of these principles is likely to affect the reported data; it may lead to material misstatement(s) and therefore to non-conformance with the key principle of reliability laid down in Article 6 of the AVR.

Whereas these principles are crucial to assess whether the report involves a fair representation of the emissions, the principle of transparency may be less likely to have a direct material effect on the data. However, this does not mean that this principle is less important than the other monitoring and reporting principles. Failure of the operator to obtain, record, compile, analyse and document data in a transparent manner can still affect the reliability of the operator's report and if it does, it requires that the verifier carries out significantly more work to ensure that it has a sufficiently detailed and precise understanding of how the operator's monitoring and reporting system functions in order to be able to carry out the verification activities needed to establish conformance with the other principles. Similarly, continuous improvement of the operator's monitoring and reporting system is an important supporting principle: if the verifier and/or the operator identifies opportunities to

²³ The principles of completeness, consistency, comparability, accuracy, integrity of the methodology, transparency and continuous improvement have been laid down in Article 5 to 9 of the MRR. If the verifier identifies during the verification that one of these principles have not been met, e.g. the source streams are not complete, the verifier reports this in the verification report (see key guidance note on verification report KGN II.6).

strengthen the system and make it more robust, this must be done in order to reduce the opportunity for misstatement, non-conformity or non-compliance with the MRR.

3.1.2 Independence of the verifier

Independence and impartiality of the verifier is a key requirement. In order for the CA to have confidence in the accuracy of the reported data and the verified emissions, it is crucial that the verifier is independent from the operator. This means that the verifier must not only refrain from being an operator but also have no relations to the operator if this impacts its impartiality and independence. In addition, the verifier must be independent from the CA that is responsible for the implementation and compliance of EU ETS. There should be **no conflict of interest of the verifier in its relationship with the CA**. Article 43 of the AVR contains specific requirements on the impartiality and independence of the verifier that further elaborate on the key requirements laid down in Article 7(3) of the AVR. For more information on those specific requirements see section 5.2 of this guidance and section 3.2 of the key guidance note on the relation between AVR and EN ISO 14065 ([KGN II.8](#)).

Art. 7(3)
and 43
AVR

3.1.3 Professional scepticism

Annex V of the EU ETS Directive and the AVR require the verifier to carry out its activities in a sound and **objective professional** manner. Embracing an attitude of professional scepticism and exercising due professionalism have to be key traits of a verifier. This implies for example that the verifier should not automatically accept the evidence obtained during the verification, but the verifier should analyse this evidence thoroughly in line with the required level of assurance. At all times the verifier has to be aware that circumstances may exist that cause the information in the emission report to contain material misstatements.

Art. 7(2)
AVR

3.1.4 Reasonable level of assurance

The role of verification is fundamental for creating assurance on the accuracy of the data in the operator's report. The degree of assurance that the verifier gives in its opinion statement on the accuracy of data relates to the depth and detail of verification. Two levels of assurance can be provided in related assurance engagements²⁴:

- 'reasonable level of assurance' meaning a high but not absolute level of assurance that the subject matter conforms in all material aspects with the required criteria;
- 'limited level of assurance' meaning a moderate level of assurance that the subject matter is plausible in the circumstances.

Each level has a different impact on the nature, timing, depth and scope of verification activities. The level of assurance obtained in a 'limited level of assurance' engagement is significantly lower than in a 'reasonable level of assurance' engagement. The extent of verification activities carried out to satisfy the requirements of a limited assurance engagement is therefore less detailed than if the engagement is carried out to satisfy a reasonable level of assurance. In the case of limited assurance, the scope and depth of the audit activities are narrower, meaning that the risk of misstatements is higher. For example, in a reasonable level of assurance engagement the verifier will check the data flow and the control activities that the operator has implemented, to assess the risk of misstatements; a limited level of assurance would not necessarily involve the testing of control activities.

²⁴ International standard on assurance engagements ISAE 3410, assurance engagements on greenhouse gas statements.

The difference between the levels of assurance is equally reflected in the manner in which the verification opinion statement is worded. Whereas a statement expressing reasonable level of assurance is phrased in positive wording²⁵, a statement expressing limited assurance uses a negative phrasing²⁶.

The AVR requires the level of assurance for EU ETS verification to be reasonable. This means that the verifier has to plan and perform the verification in such a way that it can state with **reasonable assurance** that the **emission report is free from material misstatements**. The effort required from the verifier to state with reasonable assurance that the emissions have been determined with a high degree of certainty, is significant. To be able to give such a statement, the verifier has to obtain sufficient evidence during the verification process²⁷. Such evidence can for example be gathered through:

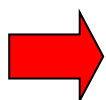
Art. 7(1)
AVR

- obtaining the necessary understanding of the information mentioned in Article 10 of the AVR;
- continually assessing the risks of material misstatements and adapting the verification activities and procedures accordingly;
- determining the nature, timing and extent of further verification activities such as testing, sampling, data verification and other verification procedures;
- carrying out the activities in the process analysis such as data verification and analytical procedures.

The key note on sampling and testing of control activities ([KGN II.4](#)) explains how a reasonable level of assurance will determine the extent of sampling data and the testing of control activities.

3.1.5 Materiality

Materiality is a key element of verification: it is important in **two respects**. The concept itself is relevant when the verifier determines the nature, timing and extent of verification activities: the planning and design of these activities is based on the assessment of the risks of misstatements and non-conformities and any likely material effect they may have on the reported data. Secondly, materiality is essential in concluding whether an emission report can be verified as satisfactory. Only reports that are free of material misstatements can be regarded as satisfactory.



It is important to note that **materiality is not a tolerance band**: every identified misstatement, non-conformity and non-compliance must be corrected by the operator. Materiality is just a tool for the verifier to aid its judgment and decision making and conclude on the verification opinion.

Section
3.2.8
EGD I

²⁵ The GHG statement is free of material misstatements and prepared, in all material aspects, in accordance with the applicable criteria.

²⁶ Nothing has come to the auditor's attention that causes the auditor to believe, on the basis of the procedures performed, that the GHG statement is not prepared, in all material aspects, in accordance with the applicable criteria.

²⁷ Reasonable assurance is not an absolute assurance. Reducing the verification risk to zero is not attainable or cost beneficial because of, for example, the selective use of testing, the inherent limitation of control activities, the fact that much of the evidence available to the verifier is persuasive rather than conclusive and the fact that judgment is used in gathering and evaluating evidence and forming conclusions based on that evidence.

Section 3.2.9 provides further guidance on the situations in which misstatements should be considered as material. In the key guidance note on sampling ([KGN II.4](#)) an explanation is given on the role of materiality in sampling data and the testing of control activities as well as the design of other verification activities.

Section
3.2.9
EGD I

3.1.6 Scope of verification

The scope of verification is defined by the tasks the verifier must perform to achieve the objective of verification: i.e. to ensure that the emissions data have been monitored in accordance with the MRR and that reliable and correct emission data are reported. The key guidance note on the scope of verification ([KGN II.1](#)) provides detailed guidance on:

Art. 7(4)
(5) (6)
AVR

- what elements the verifier needs to assess during the verification;
- the extent to which the verifier needs to check compliance with the MRR;
- what the verifier must do if there is no approved MP, if the MP has not been updated or if the MP does not reflect the actual situation of the operator; and
- what a verifier must do if it has identified non-compliance with the MRR.

3.2 Verification process

The verification process consists of a number of **interconnected and interdependent mandatory steps**. This means that findings during the verification process can result in the need to reconsider one or more steps taken earlier in the verification process and subsequently adjust those steps. The steps in the verification process outlined in the AVR are sketched in the following figure:

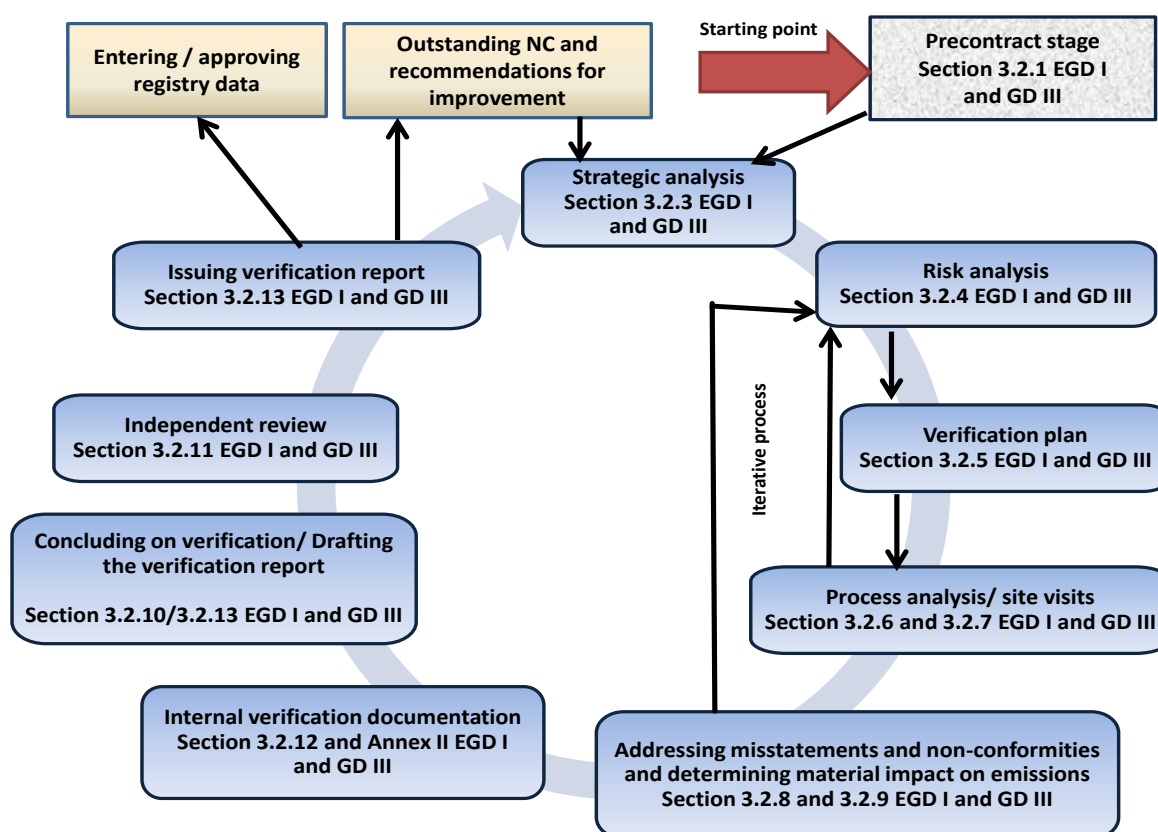


Figure 5: Steps in the verification process

Before or at the latest on 31 March²⁸ each year, the operator has to submit the verified report together with its corresponding verification report to the CA. In order for this deadline to be met, it is important for operators to start the process of reporting and for the verifier to **start the verification early** to avoid last minute changes and the writing of the verification report late in February and March when significant demands on operators, verifiers and the CA could delay the production of the final operator's report and the verification report.

It is further recommended that the **verification process starts during the year** being reported on, rather than after the year has ended, as this facilitates checking of conformance and compliance, the timely management of issues and addressing possible data gaps, misstatements or non-conformities identified during the verification. However, sufficient data is needed to initiate the process, and any subsequent changes to the operator's systems must be considered well in time for the verified report to be submitted by 31 March.²⁹ By the end of the verification the data for the whole reporting year must be verified. Annex I provides a diagram of the stages and actions involved in the verification against this proposed timeline.

3.2.1 Pre-contract stage

The pre-contract stage is a most important initial phase that precedes the verification process. Before accepting the verification engagement the verifier shall assess whether it can undertake the verification for that specific operator. This involves the verifier undertaking the following activities:

Table 2 Pre-contract stage

AVR requirement	Clarification
Article 8(1) (a)	<p>Evaluate the risks involved in undertaking the verification. The verifier should, in particular, consider:</p> <ul style="list-style-type: none"> the operator's MP and the operator's report to see what risks are involved in undertaking the verification engagement; potential risks to impartiality and independence of the verifier; risks involved in terms of time allocation to the verification engagement. <p>This evaluation should be fully documented in the internal verification documentation and should show how the verifier has addressed these business risks in the contract with the operator, as well as how these risks have been mitigated: e.g. by allocating, if needed, more time to the particular verification engagement, by developing clear and transparent conditions in the contract.</p>
Article 8(1) (b)	<p>Undertake a review of the information supplied by the operator. The AVR requires the operator to provide the verifier with relevant information to enable it to perform the activities of the pre-contract stage. Relevant information includes, for example, last year's operator's report and the operator's MP and permit.</p>
Article 8(1) (c)	<p>Assess whether the verification of that operator's report falls within the verifier's scope of accreditation. The verifier is only allowed to issue a verification report to an operator if it is accredited for that operator's sector (see section 6.1).</p>

²⁸ CAs may require an operator or aircraft operator to submit the verified emission report earlier than 31 March but by the 28 February the earliest (Article 68 of the MRR).

²⁹ See footnote above.

AVR requirement	Clarification
Article 8(1) (d) and (e)	<p>Assess whether it has the competence, personnel and resources required to select a verification team for this specific verification engagement and to complete the verification activities successfully within the timeframe required. This assessment is highly dependent on the type of operator and the type of operator's activities. For instance, the verification of a refinery's report requires the inclusion of ETS auditors in the verification team who have the relevant sector competence and knowledge. The verifier should therefore have sufficient personnel within its organisation or through contracting to be able to cover the competence requirements of the different sectors for which it is accredited.</p> <p>For each particular verification engagement, the verifier will select a verification team and check whether the composition of that team holds all the competence required by the regulation. Such an assessment could result in the addition of technical experts or EU ETS auditors to the team as well as the addition of back-up personnel. More information on competence and verification team requirements is provided in section 5.1 and the key guidance note on competence (KGN II.7).</p>
Article 8(1) (d) and (f)	<p>Determine the time allocation needed to properly carry out the verification. The verifier should ensure that the scope of the verification work and the time allocated in the contract is consistent with the risks identified. Insufficient contracted time may not be used to reduce the work needed to satisfactorily complete the verification in line with its risks.</p>

Time allocation

Article 9(1) of the AVR outlines which factors have to be taken into account when allocating time. Depending on the type and size of the operator's installation or aircraft operation, the verifier will focus on the particularities and characteristics of the elements listed in Article 9 of the AVR. When assessing the MP, the verifier will for example focus on the specifics of the monitoring methodology to obtain the necessary understanding of the operator's accounting processes. The **time allocated is not a fixed number**. If during the detailed verification the verifier finds that additional time is needed to properly carry out the necessary verification activities, the time allocation in the contract must be adjusted accordingly. The contract must have a provision for this adjustment.

Art. 9(1)
AVR

Art. 9(2)
AVR

3.2.2 Information provided by the operator or aircraft operator

Operators must provide the verifier with sufficient information so that it can plan and carry out the verification. The AVR outlines which information needs to be submitted before the verifier can start with its strategic analysis and at other points of time during the verification. The following should be noted:

Art. 10(1)
AVR

Table 3 Information to be provided by operator

AVR requirement	Clarification
Article 10(1) (a)	<p>The verifier needs to have access to the permit to assess whether the permit conditions have been met and to cross check emission sources and boundaries of installation together with the monitoring plan. For more information, please see the training handbooks³⁰.</p>

³⁰ Several training handbooks have been published at the European Commission's website under training: https://climate.ec.europa.eu/eu-action/carbon-markets/eu-emissions-trading-system-eu-ets/monitoring-reporting-and-verification_en

AVR requirement	Clarification
Article 10(1) (b)	This concerns all the versions of the approved MP that are relevant for the reporting period and for assessing the data in that period.
Article 10(1) (d) and (e)	The operator's risk assessment and data flow activities are essential to assess the complexity of the installation and to obtain an understanding of the risks involved.
Article 10(1) (g)	This covers all the procedures that are listed for that operator in its approved MP. Please note that the approved plan only contains an overview of these procedures. The actual procedure documents are to be obtained from the operator.
Article 10 (1) (j)	The sampling plan approved by the CA is relevant if calculation factors are sampled and analysed. Other material supporting the monitoring plan, for example proof on unreasonable costs, also need to be provided on the basis of Article 10(1) (s) of the AVR.
Article 10 (1) (k)	A record of all changes to the monitoring plan will allow the verifier to assess what changes occurred in the reporting period.
Article 10(1) (l)	<p>This involves last year's improvement report that the operator had to provide by 30 June³¹ if last year's verification report contained outstanding non-conformities and recommendations of improvement (article 69(4) of the MRR).</p> <p>An improvement report does not have to be submitted if the operator has already resolved all non-conformities and recommendations of improvement and has submitted a related significant modification of the MP for approval to the CA. In those cases, the verifier needs access to the correspondence with the CA related to the correction of these issues (Article 10(1) (n) of the AVR).</p> <p>The improvement report is also relevant if it was submitted because the installation does not meet the required tier level (Article 69(1) MRR).</p>
Article 10(1) (n)	Relevant correspondence with the competent authority could include for example correspondence concerning operator's notification of changes to the monitoring plan, correspondence in relation to addressing non-compliance issues or correction of reported data.
Article 10(1) (o)	This concerns not only information on internal data sources such as fuel invoices and calibration certificates but also external data sources and databases such as fuel data from fuel suppliers, Eurocontrol data, laboratory reports and analysis results and meter calibrations.
Article 10(1) (r)	An example of this point could be evidence that the operator has provided to the CA demonstrating the operator's compliance with the uncertainty thresholds for activity data and calculation factors.
Article 10(1) (s)	The list in Article 10(1) is non-exhaustive. A verifier can request any other information that is necessary for planning and carrying out the verification. In such cases the operator has to provide that information.

As the strategic analysis will normally be carried out already in the reporting period itself (September/October), the final emission report will not yet be available. However, the verification cannot be completed and the verification report issued until the verifier has received and agreed the final authorised and internally validated report against which its opinion statement is written.

**Art. 10(2)
AVR**

³¹ The competent authority may set an alternative date for submission of the report as referred to in this paragraph, but no later date than 30 September of the same year.

3.2.3 Strategic analysis

At the start of verification, the verifier shall carry out a strategic analysis of all relevant activities of the operator. This analysis enables the verifier to **understand the operator's activities and assess the likely nature, scale and complexity of the verification activities** to be performed. It also provides input for the next verification step, i.e. the risk analysis. The objective of the strategic analysis is to obtain an understanding of the operator's business and accounting activities: as a minimum the elements in Article 11(3) of the AVR must be considered. The examples in the table below give an indication of the possible factors that could be relevant when considering these elements.

Table 4 Strategic analysis

Element in article 11(3) AVR	Example of issues that could be relevant for the strategic analysis
Category of installation (point a) The category of installation gives the verifier a general indication of the scale of the operator and what type and size of verification effort is likely to be required. So, the verifier checks whether the installation is a small installation with low emissions, a category A, B or C installation.	<p>If for instance, the installation emits less than 25 Ktonnes CO_{2(e)} per year, a simplified monitoring methodology could be applicable, this requires a different type of verification than if the installation is a complex installation and/or has a complex monitoring methodology or accounting process.</p> <p>Please note that not all installations emitting less than 25 Ktonnes CO_{2(e)} per year are simple installations.</p>
Monitoring plan (point c) Understanding the MP gives an indication of the complexity of both the installation and the accounting process and hence the type and size of verification tasks necessary to complete the verification.	<ul style="list-style-type: none"> the overall organisation of the installation and the locations where documentation is stored and where the monitoring and reporting activities are carried out; the installation boundaries, including emission sources and source streams; whether the installation is a municipal waste incineration installation. Municipal waste is a heterogeneous fuel and some additional requirements are applicable in the MRR (see section 12.18 and 12.19 of Annex IV of MRR Guidance Document 1 for more information); the type of procedures described in the approved MP giving an analysis of their robustness in terms of controlling accounting processes and risks.
Specifics of the monitoring methodology and the monitoring equipment used (point d)	<ul style="list-style-type: none"> whether the operator applies a calculation-based methodology or a measurement-based methodology; whether information on Annex Xa MRR is included in the emissions report; whether the operator applies a fall back methodology according to Article 22 of the MRR; whether activity data are determined from direct readings from measurements systems (automated or manual), whether activity data is

Element in article 11(3) AVR	Example of issues that could be relevant for the strategic analysis
	<p>based on fuel invoice data or whether this data is determined by measurement systems under the operator's control;</p> <ul style="list-style-type: none"> ▪ whether default emission factors are applied or factors that are determined by laboratory or online analysis; ▪ whether CO₂ or N₂O is transferred; ▪ whether the CO₂ transferred results from materials or fuels containing zero-rated carbon; ▪ whether CO₂ is permanently chemically bound in a product listed in Commission Delegated Regulation (EU) 2024/2620³²; ▪ whether measurement instruments are being used to determine activity data and whether these measurement instruments are covered by national legislation on legal metrological control.
Dataflow, its control system and the control environment (point e)	<ul style="list-style-type: none"> ▪ the route by which the data from the primary source end up in the emission report (e.g. including manipulation, aggregation, collation etc.); ▪ how the data management system has been set up and functions; ▪ the way the emission report is extracted from the data management system; ▪ the frequency and type of calibration of the measurement instruments and their fitness for purpose based upon original design and installation; ▪ the type of quality controls used to mitigate the risks in the data, e.g. double checks performed by a different person, plausibility checks by the operator, or the use of automated checks; ▪ whether part of the monitoring activities within an installation have been outsourced and the type of control activities in place to ensure the quality of the outsourced activities; ▪ the type and quality of controls on recording and transmitting data into IT systems and the control of black box databases, archives and source data in other IT systems.

To obtain an understanding of the elements mentioned in Article 11(3) of the AVR, the verifier shall **collect and review the information** mentioned in Article 10(1) and consider the applicable **materiality level**.

**Art. 11(2)
AVR**

If the verifier has carried out the **prior year(s) verifications** for the same installation or aircraft operator, the information from those earlier verification(s) must be considered by the verifier. Major deviations compared to previous verifications should attract particular attention from the verifier. Although the strategic analysis will take less time in a situation where because of earlier verifications the verifier is already familiar with the installation, this does not negate the verifier from carrying out that analysis for the present verification engagement.

As part of the strategic analysis the verifier shall check:

- whether the MP has been approved;
- whether changes have occurred to the MP and whether these changes have been

**Art. 11(4)
AVR**

³² Commission Delegated Regulation (EU) 2024/2620 of 30 July 2024 supplementing Directive 2003/87/EC of the European Parliament and of the Council as regards the requirements for considering that greenhouse gases have become permanently chemically bound in a product, OJ L, 2024/2620, 4.10.2024.

approved by the CA (if these changes to the MP are significant according to Article 15 of the MRR);

- if these changes are not significant or are temporary, whether these have been notified to the CA.

Section 5.6.1 of the [MRR Guidance Document No.1](#) (GD1) and section 6.5.1 of the [MRR Guidance Document No.2](#) (GD2) explain what constitutes a **significant change to the MP**. During these checks the verifier assesses whether the MP is up to date and complete. If (part of) the MP is not approved or if significant changes to the MP have not been approved by the CA, the verifier directs the operator to the CA to rectify the situation. In principle the verifier should not continue the verification until such approval has been obtained. This is for example the case if a new major source has been introduced or if there is a change between the calculation-based methodology and the measurement-based methodology.

However, in some cases the verifier may continue to carry out the verification activities so long as the operator is fully aware that some activities may need to be repeated based on the final response of the CA, and also that the response could impact the opinion of the verifier, as the verification progresses. Following approval by the CA, the AVR requires that the verifier continues, repeats or adapts the verification activities. The key guidance note on the scope of verification ([KGN II.1](#)) provides guidance on procedures to be followed when approval from the CA cannot be obtained.

**Art. 7(6)
AVR**

Some changes to the MP may have an effect on the way the monitoring was carried out in the past: e.g. the introduction of new fuels, a change in the installation that was not planned and properly notified. In those cases, the change to the MP is already being applied in practice while the MP itself has not yet been updated or, in the case of a significant change to the MP, approved by the CA. The verifier must consider the changed situation and the related monitoring data from the moment the change to the MP or to the installation was applied in practice e.g., when new fuels were introduced for the first time. Naturally the verifier will take into account correspondence and subsequent decisions of the CA when verifying the data.

In the case of a significant change to the MP the approval of the CA must be obtained. In some cases the data or part of the data cannot be inferred from the new monitoring methodology approved by the CA or notified to the CA because for example the data resulting from a new fuel was not measured and cannot be traced back. Article 18 of the AVR applies to those situations. The verifier checks if the method used to determine the missing data provides sufficient assurance that the emissions are not underestimated and the approach does not lead to material misstatements.

3.2.4 Risk analysis

The verifier must assess the risks of misstatements and non-conformities and their material effect on the reported data. The **outcome of the risk analysis** determines how and to what extent the verification activities should be designed, planned and implemented. The risk analysis centres on identifying, assessing and quantifying two types of risks, i.e. inherent risks and control risks. Together with the detection risk, these risks form the overall verification risk: i.e. the risk that the verifier issues an inappropriate verification opinion. Please see the key guidance note on risk analysis for more information ([KGN II.2](#)).

**Art. 12
AVR**

The **risk analysis is an iterative process** and must be changed if the detailed verification in the process analysis shows that the risks are higher or lower than initially assessed. In that case the verification plan also needs to be updated.

3.2.5 Verification plan

The risk analysis determines how the verifier sets up the verification plan which consists of three elements:

Art. 13
AVR

- a verification programme³³ describing the nature and scope of the verification activities as well as the time and manner in which these activities are to be carried out. It involves also a planning of all activities;
- a test plan setting out the scope and methods of testing the control activities and procedures for control activities;
- a data sampling plan setting out the scope and methods of data sampling related to data points underlying the aggregated emissions.

Please see the key guidance note on risk analysis ([KGN II.2](#)) on how the risk analysis impacts the set-up of the verification plan.

3.2.6 Process analysis (detailed verification)

The objective of this stage in the verification is to collect and document detailed evidence upon which the verifier can base its verification opinion. During the process analysis the verifier must implement the verification plan and carry out the activities listed in Article 14 of the AVR.

Art. 14
AVR

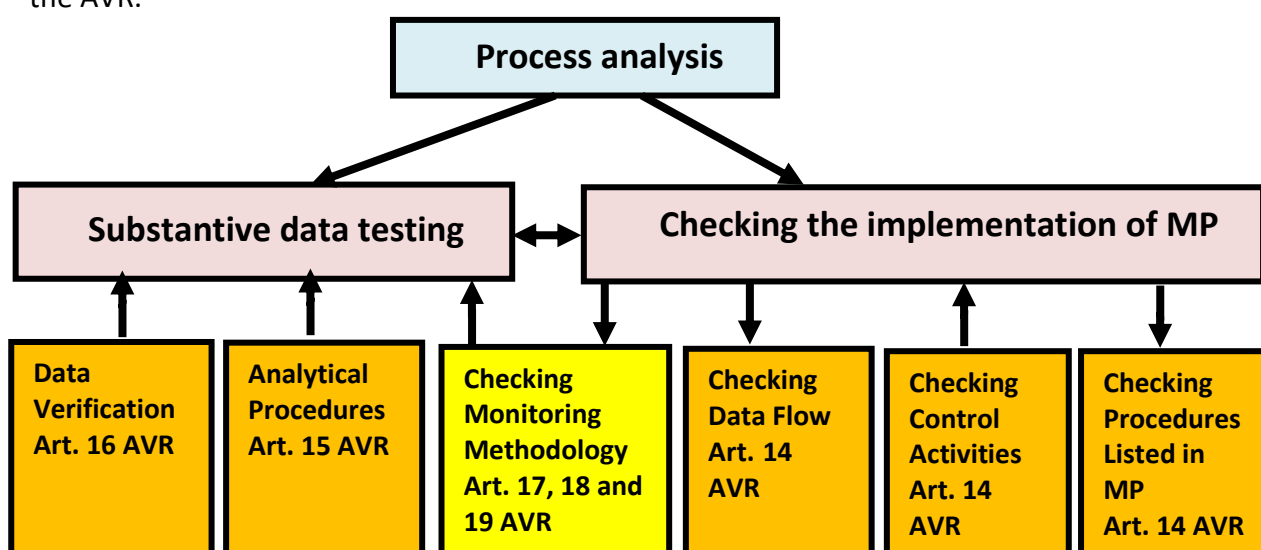


Figure 6: schematic diagram of activities in process analysis

Part of the process analysis is **substantive data testing**. This is detailed data testing and includes:

- **data verification** through applying several methods of testing such as tracing the data back to the primary data source, cross-checking with internal and external data sources,

Art. 16
AVR

³³ The verification programme is not just an agenda for the site visit but should provide sufficient detail of planned tests and activities to inform the team members what activities should be carried out.

carrying out recalculation of parts of the overall emissions calculation to check certain subsets and elements (e.g. that factors are correctly calculated from source data);

- **analytical procedures** which means an analysis of fluctuation and trends in the data including an analysis of relationships that are inconsistent with other relevant information or that deviate from predicted amounts. This could involve for example comparisons of emissions from the same sources over a period of several years, analysing anticipated production and emission data³⁴, investigation of whether the reported figures can be confirmed by other analytical means, e.g. cross-checking emission data with production and other operational data;
- checking the **correct application of the monitoring methodology** by for example using spread sheet assurance techniques, recalculating the reported data, or inserting different input data in the monitoring methodology to check its correct application (re-performance of data aggregation).

**Art. 15
AVR**

**Art. 17
AVR**

Checking implementation of the MP entails:

- checking the operator's data flow by tracing the reported data back to its primary source;
- checking that the control activities are appropriately documented, implemented, maintained and effective to mitigate the inherent risks;
- checking whether the procedures listed in the MP are effective at mitigating the inherent and control risks, and whether the procedures are implemented, sufficiently documented and properly maintained;
- checking the correct implementation of the monitoring methodology by assessing whether all elements in the MP have been correctly applied and whether the MP is up to date. This also includes checking supporting documentation such as information used to calculate the uncertainty assessment, sampling plan etc.

**Art. 14
AVR**

Figure 6 shows that substantive data testing and checking of the MP's implementation is interlinked (e.g. checking the monitoring methodology is part of both activities). More guidance on the different tests involved, their impact and clarification in the form of examples is provided in the key guidance note on process analysis ([KGN 3](#)).

For the different checks under data verification and analytical procedures as well as the checks on control activities and procedures listed in the MP, **sampling** can be applied that is specific to the installation. The use of a sampling technique or method must be justified based on the risk analysis. The key guidance note on sampling explains:

**Art. 20
AVR**

- the principles of sampling;
- how the identification of a misstatement, error or a non-conformity may affect the sampling (e.g. adaptation to the sample size or part of the data population to be sampled);
- what factors play a role in the sampling technique and sample size (an explanation of Article 13(2) and (3) of the AVR);
- examples of different sampling methods.

³⁴ Where there is a relationship between the data sets. Not all installations have a clear relationship between energy consumption, emissions generation and production.

As part of checking of the monitoring methodology the verifier checks the reasonableness of methods used to account for/backfill for missing data as well as the validity of the information used to calculate the uncertainty levels as set out in the approved MP. Please see section 4.1 and 4.2 of the Key guidance note on process analysis ([KGN II.3](#))

Art. 18, 19
AVR

3.2.7 Site visit

The verifier must carry out **site visits** to the operator at **one or more appropriate times** during the verification. Site visits are crucial to determining, for instance, the correct operation and location of measurement devices, the adequacy of control activities and to assess the completeness of source streams and emission sources. Only under specific conditions and in exceptional circumstances can a site visit be waived. For installations emitting more than 25 ktonnes of CO_{2(e)} per year, CA approval for such a waiver is required. The key guidance note on site visits ([KGN II.5](#)) provides more information, including on the conditions for **waiving site visits**. For information on site visits to aircraft operators and conditions which may justify a waiver of site visits to aircraft operators please see the EU ETS aviation verification guidance ([GD III](#)).

Art. 31
AVR

Article 21 of the AVR requires the verifier to carry out physical visits to the site of the installation or aircraft operator. Force majeure circumstances may prevent the verifier from carrying out such a physical site visit. In such cases Article 34a of the AVR allows verifiers to carry out **virtual site visits** if certain conditions have been met. Section 4 of [KGN II.5](#) provides more information.

Art. 34a
AVR

3.2.8 Addressing misstatements, non-conformities and non-compliance

The verifier must inform the operator on a timely basis if it has identified misstatements, non-conformities or non-compliance issues.

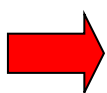
Art. 22(1)
AVR

Table 5 Misstatements, non-conformities and non-compliance

Concepts and examples of misstatements, non-conformities and non-compliance	AVR requirement
<p>Misstatement means an omission, misrepresentation or error in the operator's reported data. This does not include the uncertainty permissible under the MRR (i.e. the uncertainty related to the tiers).</p> <p>An uncertainty is a misstatement if:</p> <ul style="list-style-type: none"> ▪ measurement equipment is not meeting the required uncertainty level as described in the approved MP or the MRR ▪ the measurement instruments are not installed properly or are not functioning correctly ▪ measurement instruments and systems are not (properly) maintained or calibrated <p>In those cases the verifier should regard the uncertainty as a component of a misstatement if this has an impact on the data: for example, if the overall uncertainty is outside the required tier range, the additional uncertainty will be considered as an error.³⁵</p>	Article 3(5)

³⁵ In some cases, it will be difficult to quantify that additional uncertainty. If for example calibration of the measurement equipment has not been carried out, the deviation can then only be determined after the new results of the calibration are known. In some cases, it is not possible to perform a new calibration before the issuance of the verification report. This will likely cause the verifier to be uncertain of whether the data are free from material misstatement and have an effect on the verification opinion statement.

Concepts and examples of misstatements, non-conformities and non-compliance	AVR requirement
<p>Non-conformity means:</p> <ul style="list-style-type: none"> For installations: any act or omission of an act that is contrary to the GHG permit and the requirements in the MP approved by the CA For aircraft operators: any act or omission of an act that is contrary to the requirements in the MP approved by the CA <p>Examples of non-conformities: Meters not calibrated in line with the requirements in the MP; installation's source streams not included in the MP; not applying the tier as listed in the MP; a change to the MP.</p> <p>If a non-conformity results in an error, misrepresentation or omission in the reported data, it shall also be regarded as a misstatement.</p>	Article 3(14)(a) (b)
<p>Non-compliance means any omission or act that is not in line with the MRR, requirements that are imposed in the AVR on operators or other relevant legislation. Other relevant legislation could for example be national legislation that the MS has adopted.</p> <p>Examples of non-compliance</p> <ul style="list-style-type: none"> The coal samples that an operator has taken are not representative for the relevant batch. This is not in line with article 33 of the MRR. A zero emission factor is applied for biomass fuels, renewable fuels of non-biological origin, recycled carbon fuels or synthetic low carbon fuels that are used for combustion, and those biomass fuels and other aforementioned fuels do not meet the applicable sustainability criteria, or greenhouse gas savings criteria listed in the Renewable Energy Directive. This is not in line with Article 38(5), Article 39a(4) and (5) of the MRR. If the use of a zero emission factor is included in the approved monitoring plan, this is also a non-conformity. <p>For further examples please see the Frequently Asked Questions on classification of issues listed in the verification report (see section 1.3).</p>	



The operator must **correct any identified** misstatement, non-conformity or non-compliance.

If the operator **has corrected** the misstatements, non-conformities or non-compliance, the verifier must include this in the internal verification documentation and mark it as resolved. If the operator **has not corrected** the **misstatements and/or non-conformities** before issuing the verification report, the verifier must assess the impact of the misstatements and/or non-conformities and their material effect on the reported data. If it concerns a **non-compliance** with the MRR or other relevant legislation, the operator has to notify the competent authority and correct this non-compliance without undue delay. If that operator does not correct or cannot correct the non-compliance before issuing the verification report, the verifier must assess the material effect on the reported data.

3.2.9 Assessing the material effect of misstatements, non-conformities and non-compliance

Assessing the material effect of misstatements, non-conformities and non-compliance has a **quantitative and qualitative aspect**, and both have to be taken into account. The quantitative

Art. 22(3)
AVR

aspect depends on the size and nature of the impact, whereas the qualitative aspect is very much determined by factors that can influence the user, i.e. the CA (e.g. particular circumstances, whether it concerns non-compliance).

For the quantitative aspect the materiality level plays an important role. The AVR prescribes the following **materiality levels**:

**Art. 23
AVR**

Table 6 Materiality level

Type of installation or aircraft operator	Materiality level
Category A and B installations Aircraft operators with annual emissions equal to or less than 500 ktonnes of fossil CO ₂	5 % of the total reported emissions in the reporting period subject to verification
Category C installations Aircraft operators with annual emissions of more than 500 ktonnes of fossil CO ₂	2 % of the total reported emissions in the reporting period subject to verification

Errors, omissions and misrepresentations in the reported data compared to the actual data that have been established by the verifier have to be taken into account when assessing the material impact of misstatements, non-conformities and non-compliance on the reported data. This includes deviations from the required uncertainty level that cannot be explained by the approved MP or the MRR. The following method shows how a verifier can calculate whether the materiality level has been exceeded.

Item	Reported value	Verifier's value	difference	Material?
Item 1	A	B	A-B = C	C/Z %
Item 2	F	G	F-G = H	H/Z %
Total items	Z	X	Z-X = Y	Y/Z %

Where the difference in value between the actual value and the verifier's value is negative, this indicates that the original reported value was **understated**; where the difference value is positive, this indicates that the original reported value was **overstated**. Then the total difference in value of all items is determined by summation of the individual items, i.e. taking the positive and negative values into account. These positive/negative values need then to be taken together into the % calculation to ensure that the total aggregate of the differences is accounted for properly, and this figure is taken by the verifier to assess whether the total of errors and differences is a material over- or understatement.

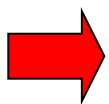
A material overstatement of emissions will result in a situation that the operator surrenders more allowances than it needs to. But more important is a material understatement which will result in the operator surrendering fewer allowances than it needs to with the consequence of non-compliance and a subsequent penalty associated with the allowance surrendering rules.

The example above shows that the various difference values individually, identified by the verifier, will first be totalled, whereby the positive values will be off-set against the negative

values: this total difference value will then be compared with the materiality threshold relevant for the installations or aircraft operators. Therefore, it may be that in absolute terms for an individual source stream the difference value may be above the relevant materiality threshold, but that taken together, i.e. the positive difference values off-set against the negative difference values, the balance may be below the threshold value. This is however not a mandate for leniency. The verifier will continue to look at each individual item and assess the relevance of the difference value for that item with respect to the materiality threshold of that emission source, source stream or the installation.

The quantitative aspect and thus the materiality level alone is not the only factor when assessing whether or not a misstatement, non-conformity or non-compliance has material effect. The **qualitative aspect** has to be considered also. The key question for assessing the qualitative aspect is whether a misstatement, non-conformity or non-compliance (individually or combined) can influence the decision of the CA. This will depend on the **size and nature of misstatements, non-conformities and non-compliance as well as on their particular circumstances of occurrence**.

Art. 22(3)
AVR



It is important to note that misstatements, non-conformities and non-compliance can also have material effect on the reported data even if the materiality level is not exceeded.

Factors that can be relevant in determining whether or not a misstatement, non-conformity or non-compliance has material effect can be the following:

- can the misstatements, non-conformities or non-compliance be corrected;
- does the operator refuse to correct the misstatement, non-conformity or non-compliance identified;
- what is the likelihood of the misstatement, non-conformity or non-compliance reoccurring;
- what is the duration of a misstatement, non-conformity or non-compliance;
- are misstatements, non-conformities or non-compliance the result of an act with or without intent;
- does the issue concern non-compliance with the MRR?

3.2.10 Concluding on the findings of the verification

When completing the verification and considering all evidence gathered during the verification the verifier is required to carry out the activities listed in Article 24 of the AVR. A key aspect of this step is that the **verifier has to ensure that it has gathered sufficient evidence to support the verification opinion statement**.

Art. 24
AVR

Sufficiency of evidence is influenced by the risk of the operator's report being materially misstated: the greater the risk of a material misstatement, the more detailed verification activities and the more evidence are likely to be required. In addition, the quality of the evidence also plays a role (the better the quality of the evidence, the less important the quantity of the evidence is likely to become). However, merely obtaining more evidence may not always compensate for its poor quality.³⁶

³⁶ ISO 14066:2023: Greenhouse gases: Competence requirements for teams validating and verifying environmental information.

The **reliability of evidence** is influenced by its source and by its nature, and is dependent on the individual circumstances under which it is obtained. For example:

- if evidence is obtained from external, independent and knowledgeable sources (e.g. external lab analysis), it could be more reliable than internal sources in the company.
- evidence that is generated internally is more reliable when the related control activities are effective or if the verification team has directly obtained the evidence (e.g. observing how the operator has carried out a manual cross check on the data instead of inquiring whether the operator has carried out such a control).

The verifier generally obtains more assurance from consistent evidence obtained from different sources or from evidence of a different nature than from items of evidence considered individually. When evidence obtained from one source is inconsistent with that obtained from another, the verifier will determine what additional verification activities mentioned under the process analysis are necessary to resolve the inconsistency.

3.2.11 Independent review

Before the issuing of the verification report, the internal verification documentation and the verification report must be subject to an independent review. The **objective of this review** is to provide:

Art. 25
AVR

- a quality review function and to look for technical errors or omissions;
- a final check that due professional care and judgement has been applied in the verification process, e.g. that the scope of work is consistent with the operator's activities and achieving a reasonable level of assurance;
- a final check to confirm that the verification team has carried out the verification in line with the AVR and that the procedures for the verification activities have been correctly applied;
- an assessment of whether the evidence gathered is sufficient to support the opinion stated in the verification report;
- a proof reading function, e.g. to correct simple errors, typographical mistakes and omissions.

If an independent reviewer has identified errors or concludes that insufficient evidence has been gathered, the Lead Auditor needs to correct these and obtain the missing evidence or corroboration. Changes that the verifier makes in the verification report as a result of the independent review must be reviewed by the independent reviewer, along with the underlying evidence. Independent review covers all the steps in the verification process and focuses in particular on the following elements:

Art. 25(4)
AVR

Non-exhaustive list of issues that need to be reviewed in the independent review
<ul style="list-style-type: none"> ▪ the selection of the verification team (e.g. a check on whether the verification team holds the required competences. ▪ how the verifier has evaluated its risks to undertake this particular verification engagement (e.g. what time was allocated for the verification, what conditions were incorporated in the contract with the operator). ▪ strategic analysis, risk analysis and verification plan, including revisions of the risk analysis and the plan.

- the activities performed during the process analysis, the evidence gathered, as well as the changes in the planned and executed verification activities.
- how the verification team has completed the internal verification documentation, and the consistency between the internal verification documentation and the verification report.
- any issues raised by the verifier, in particular those that are related to the verification opinion.
- misstatements, non-conformities and non-compliance communicated to the operator, whether these have been addressed by the operator and how these have been closed out and reported in the internal verification documentation.
- review of any uncorrected misstatements, non-conformities and non-compliance; and of how the verifier has determined the material impact of these on the reported data.
- the justification for the opinion in the verification report.

An important requirement is that the **independent reviewer must not have carried out verification activities that are subject to his review**. This means that the independent reviewer shall not be part of the verification team or be involved in any of the verification activities for that particular installation or aircraft operator. Chapter 5 of this guidance and section 7 of the key guidance note on competence ([KGN II.7](#)) provide information on the required competence for an independent reviewer.

Art. 25(2)
AVR

3.2.12 Internal verification documentation

The verifier must compile internal verification documentation to provide a complete trail of evaluations and decisions that enabled the verifier to reach its verification opinion with reasonable assurance. **Annex II contains a list of minimum elements** to be included in the internal verification documentation.

Art. 26
AVR

The internal verification documentation needs to be **transparent** and must be drafted in such a manner that the independent reviewer and the national accreditation body (NAB) can assess whether the verification has been performed in line with the AVR. They have to be able to follow the complete document and data trail and assess the critical decisions and issues that occurred during the verification process.

It is the NAB's responsibility to assess the verifier's internal verification documentation in its assessment of the verifier.

In addition to this, the CA may request that the verifier provides access to its internal verification documentation and any other relevant information. The CA can set a timeframe within which the verifier must give access to the documentation. Please note that Article 26(3) of the AVR is not a requirement for the CA. The main responsibility for checking the internal verification documentation lies with the NAB.

Art. 26(3)
AVR

3.2.13 Verification report

The verifier shall issue to the operator for onwards reporting to the CA a verification report related to each operator's report it has verified. Article 27 of the AVR contains requirements on the content of the verification report which are explained in the key guidance note on the verification report ([KGN II.6](#)) in relation to the template the Commission has developed.

Art. 27
AVR

Two types of verification opinion statements are possible (**verified as satisfactory** and **verified as not satisfactory**), with various justifications. Each of those statements and justifications have their own impact and characteristics.

Art. 27(1)
AVR

Table 7 Verification opinion statement

AVR requirement	Clarification
The report is free from material misstatement and thus verified as satisfactory	<p>A report is verified as satisfactory if:</p> <ul style="list-style-type: none"> • The report has no misstatements, non-conformities and non-compliance issues (verified with no comments).³⁷ • The report contains issues that have no material impact on the reported data. These are issues that are not resolved at the time of reporting and includes: <ul style="list-style-type: none"> ▪ non-material misstatements; ▪ non-conformities that have no material effect on the reported data; ▪ non-compliance issues that have no material effect on the reported data; ▪ recommendations of improvements. <p>The verifier should select the statement “verified with comments” in the verification report template. These comments have to be addressed (see section 3.3).</p>
The report contains material misstatements that were not corrected before issuing the verification report The operator’s report is verified as not satisfactory	See section 3.2.9 and section 3.3 on material misstatements.
<p>Scope of verification is too limited</p> <p>The operator’s report is verified as not satisfactory</p>	<p>A limitation of scope of verification may arise from the following situations (Article 28 of the AVR):</p> <ul style="list-style-type: none"> ▪ data is missing that prevents a verifier from obtaining the evidence required to reduce the verification risk to the level needed to obtain reasonable level of assurance, e.g. some or all primary source data is missing and data is only available at an aggregated level; ▪ the MP is not approved by the CA thus not providing a proper reference document for the verifier to check the report against; ▪ the MP does not provide sufficient scope or clarity to conclude on the verification, e.g. parts of the monitoring methodology are not properly described in the MP; ▪ the operator has failed to make sufficient information available to enable the verifier to carry out the verification: e.g. the operator has not provided the verifier with: <ul style="list-style-type: none"> – the latest version of the MP; – primary source data needed to check the accuracy of the reported data such as requested fuel invoices, or results of online measurements; – information on measurement equipment and the quality assurance thereof (manufacturer’s information, calibration records, maintenance information).
Non-conformities individually or combined with other non-conformities	Usually when non-conformities are found during the verification process, it affects the risk analysis and the planned verification activities. In particular, if these non-conformities increase the risk of misstatements and creates uncertainty over the accuracy of the data, the verification activities

**Art. 27(1)
(b) AVR**

**Art. 27(1)
(c) AVR**

³⁷ There can still be recommendations of improvement which have to be addressed (see section 3.3).

AVR requirement	Clarification
provide insufficient clarity and prevent the verifier from stating with reasonable assurance that the report is free from material misstatements The operator's report is verified as not satisfactory	must be more detailed and further tests and checks will be required to achieve more assurance and confidence in the data. If for example inadequate control activities have been implemented (e.g. no calibration, no procedures ensuring completeness of the source streams, no proper IT interface that is used to aggregate the data), the verifier will undertake more substantive testing to assess the accuracy of the data. However further testing will not always provide the verifier with sufficient confidence in the data. In some case these non-conformities (individually or combined with other non-conformities) provide too much uncertainty for the verifier to positively state with reasonable assurance that the operator's report is free from material misstatements. This could for example happen if the operator does not calibrate the measurement equipment, the non-conformity is repeatedly not corrected and calibrated measurement results are not present thereby causing the verifier to be uncertain whether the reported data is free from material misstatements.

3.3 Addressing outstanding issues in the verification report

Outstanding misstatements, non-conformities and non-compliance with the MRR and recommendations for improvement that have been listed in the verification report, have to be addressed by the operator. Several situations can apply:

Table 8 Addressing outstanding issues

Type of outstanding issues	How to address
The verification report contains no misstatements, non-conformities, non-compliance with the MRR or recommendations of improvement (verified with no comments)	No action required
The verification report contains non-material misstatements (verified with comments)	The CA shall assess those misstatements and make a conservative estimate of the emissions of the operator when it considers that such an estimation is appropriate. ³⁸ The CA shall inform the operator whether and which corrections are required to the operator's report. The operator shall make that information available to the verifier.

³⁸ This does not mean that the emission report is not satisfactory. A satisfactory report can still contain non-material misstatements provided that these are reported in the verification report (see key guidance note on verification report (KGN II.6)). Reportable emissions are in that case the verified emission data, while the outstanding uncorrected non-material misstatements are reported separately in the verification report. However, in such a situation the CA is entitled to make a conservative estimation according to Article 70(2) of the MRR.

Type of outstanding issues	How to address	
The verification report contains non-conformities that do not lead to a non-satisfactory report (verified with comments)	<p>The operator has to submit a report by 30 June³⁹ which must describe how and when the operator has rectified or plans to correct non-conformities identified by the verifier. The CA must approve that improvement report. An improvement report does not have to be submitted if the operator has already resolved all non-conformities and recommendations of improvement and has submitted a related significant modification of the MP for approval to the CA.</p> <p>The verifier shall assess during the next verification whether these non-conformities have been corrected. If these have not been corrected, the verifier must consider whether this increases or may increase the risk of misstatements. This in turn will affect the planning of the verification and the detail of the verification activities (e.g. further testing). During the verification process the verifier will instruct the operator to correct these non-conformities. If the operator still does not correct the non-conformities, this will be one of the factors to take into account when assessing the materiality of misstatements and non-conformities found during the verification. Continued non-correction may lead to minor issues being escalated to material issues in subsequent verification cycles.</p> <p>Installations with low emissions are not required to submit an improvement report if the verification report only contains verifier's recommendations for improvement. Such installations must however submit a report if the verification report lists outstanding non-conformities.</p>	<p>Art. 69(4) MRR</p> <p>Art. 69 (5) MRR</p> <p>Art. 29 AVR</p> <p>Art. 47(3) MRR</p>
The verification report contains non-compliance issues with the MR	<ul style="list-style-type: none"> ▪ If the non-compliance has led to a non-material misstatement, the CA shall evaluate the misstatement and where appropriate, make a conservative estimation of the emission data. The CA will enter this data in the registry according to Article 31 Registry Regulation. The non-compliance itself has to be corrected in consultation with the CA. ▪ If the non-compliance has led to a material misstatement, the CA shall make a conservative estimation of the emission data according to Article 70(1) MRR, and enter the corrected data in the registry according to Article 31 (6) Registry Regulation. The non-compliance itself has to be corrected in consultation with the CA. ▪ If the non-compliance does not lead to a misstatement, the non-compliance has to be corrected in consultation with the CA. The CA may request that the operator changes the MP, or consider taking enforcement action. 	<p>Art. 70(2) MRR</p> <p>Art. 70(1) MRR</p>
The verification report states that the operator's report cannot be verified as satisfactory	<ul style="list-style-type: none"> ▪ The CA shall make a conservative estimation of the emission data according and enter the estimated data in the registry according to Article 31 of the Registry Regulation. ▪ The verifier shall not enter nor approve the emission figure in the Registry. 	<p>Art. 70(1) MRR</p>

³⁹ The competent authority may set an alternative date for submission of the report, but no later date than 30 September of the same year.

Type of outstanding issues	How to address
The verification report includes recommendations for improvement	<p>Unless it is a low emitter⁴⁰, the operator has to submit an improvement report by 30 June⁴¹ which must describe how and when the operator has rectified or plans to address the recommendations for improvement identified by the verifier.⁴²</p> <p>An improvement report does not have to be submitted if the operator has already resolved all non-conformities and recommendations of improvement and has submitted a related significant modification of the MP for approval to the CA.</p> <p>Recommendations for improvement can cover a whole range of topics. It not only includes suggested improvements to the operator's risk assessment, data flow, control activities and procedures but it could also involve recommendations concerning monitoring and reporting emissions such as:</p> <ul style="list-style-type: none"> ▪ recommendations to achieve a higher tier; ▪ where a verifier considers that it is technically feasible for more accurate emission factors, calorific values, composition data, conversion factors, and oxidation factors to be applied by the installation, enabling them to move to a higher tier; ▪ recommendations to improve calibration regimes; ▪ recommendations to improve sampling regimes. <p>In the following verification year, the verifier shall check whether the operator has implemented those recommendations for improvement and the manner in which this has been done. If those recommendations have not been implemented the verifier must consider whether this increases or may increase the risk of misstatements and non-conformities. This in turn will affect the planning of the verification and the detail of the verification activities (e.g. further testing).</p>

Art. 69(4)
MRR

Art 69(5)
MRR

⁴⁰ Installations with low emissions are installations where the average annual verified emissions reported in the trading period immediately preceding the current trading period were less than 25,000 tonnes of CO_{2(e)} per year. These installations do not have to submit an improvement report that addresses recommendations of improvement made by the verifier in the verification report.

⁴¹ The competent authority may set an alternative date for submission of the report as referred to in this paragraph, but no later date than 30 September of the same year.

⁴² However, whilst the verifier should identify weaknesses in control activities as part of the recommendations and inform the operator why it is considered a weakness, the verifier shall not communicate in any way how the operator should resolve the weakness, as that would place the verifier in a consultancy role and compromise its independence.

4 Verification of simple and small installations

The principles of verification and the steps to be carried out in the verification process as described in Chapter **Fout! Verwijzingsbron niet gevonden.** of this guidance apply also to the verification of small and simple installations. Only the depth and detail of verification activities may be different for these installations. This chapter will clarify how verification is carried out for small and simple installations. It does not cover the verification of aircraft operator's emission reports. For the verification of small aircraft operator emitters please refer to the EU ETS Aviation Verification Guidance ([GD III](#)).

4.1 Small and simple installations

Installations with low emissions as defined in Article 47(2) of the MRR are **“small installations”**. The MRR allows these installations to use simplified monitoring methodologies. Furthermore, such small installations are exempted from applying some of the requirements in the MRR.

Table 9 Requirements applicable to installations with low emissions

MRR requirement	MRR guidance (GD I) ⁴³	
Installations with low emissions are installations where the average annual verified emissions ⁴⁴ reported in the trading period immediately preceding the current trading period were less than 25,000 tonnes of CO _{2(e)} per year. ⁴⁵	Section 4.4.2	Art. 47(2) MRR
If the average annual emissions are not available or are no longer applicable because of changes in the installation's boundaries or changes to the operating conditions of the installation, then the average annual emissions are based on a conservative estimate of the emissions over the next 5 years.		Art. 47(2) (b) MRR
Special requirements apply to small installations: <ul style="list-style-type: none"> the option for MS to use simplified monitoring plans simplified monitoring methodologies can be used (e.g. ability to use a lower tier or to determine the amount of fuel by using purchasing records) operators are not required to submit supporting documents on uncertainty assessment and an operator's risk assessment operators are exempted from submitting an improvement report on how to address recommendations of improvements made by the verifier in the verification report. They do however have to submit a report if the verification report contains outstanding non-conformities. the CA must develop a simplified risk assessment for a simple installation if the MS has allowed the operator of that installation to submit a simplified MP 	Section 7.1	Art. 47(3) - (8) MRR
		Art. 13(2) MRR

Not all of these “small installations” can be declared as simple installations. Some installations will choose to determine their calculation factor and thus applying a higher tier instead of the possibility of using a lower tier and applying default factors since they prefer to apply a more accurate monitoring methodology. The monitoring methodology may in that case be quite complex requiring for example analysis to be carried out by laboratories.

⁴³ MRR Guidance Document no.1 ([MRR GD 1](#)).

⁴⁴ Excluding CO₂ stemming from zero-rated carbon and before subtraction of transferred CO₂

⁴⁵ For the fourth trading period 2021-2030 this would cover the average from the third trading period: 2013-2020.

Furthermore small installations sometimes have weaker control systems in place, consisting of insufficiently robust control activities, thereby potentially causing problems in the application of the monitoring methodology and errors in reported data. This may impact the amount of verification work to be done.

On the other hand, some installations that emit more than 25 ktonnes of CO_{2(e)} per year can be regarded as simple installations. Examples of these installations are listed in section 7.2.2.2 of the MR Guidance Document No.1 ([MRR GD I](#)): e.g. category A and B installations which only have natural gas as a source stream, or installations that use only commercial standard fuels without process emissions. These installations may use simple monitoring methodologies (e.g. fiscal metering or the amount of fuel based on invoice data and default calculation factors).

4.2 The role of the risk analysis with respect to small and simple installations

The **verifier’s risk analysis determines the depth and detail of verification activities**⁴⁶. If the inherent and control risks are high, the verifier’s risk analysis will indicate that detailed data verification and extensive testing of the data flow and the control activities is required.

However, small and simple installations usually have a fairly straightforward monitoring methodology and a simple data flow that is not subject to much change. In those cases, the inherent risks involved may be low and the control activities required to mitigate these inherent risks will usually not be complex, which means these can be more easily tested by the verifier.

Where both the inherent and control risks are low, the verifier’s risk analysis will show that the verification effort can be focused and that less extensive verification activities are needed. As a result the verification plan, the internal verification documentation and the independent review can be a more simple exercise as outlined in the *Table 10*.


<p>Please note that sometimes small installations have high inherent risks and also high control risks. Sometimes these installations do not have proper documentation and/or procedures which makes that the likelihood of material misstatements in the reported data rises. In such cases the verification effort will have to be more detailed.</p>	
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Table 10 Simplified approaches

Simplified approaches	Clarification and examples
Less extensive verification based on risk analysis	<p>The verifier still has to carry out the activities required in the process analysis to be able to state with reasonable assurance that the reported data is free from material misstatements. The elements required in the process analysis can involve less extensive testing:</p> <ul style="list-style-type: none"> ▪ <u>Checking the data flow:</u> usually in small and simple installations the data flow and data management system are not complex facilitating the data trail by the verifier from the reported data back to the primary source. ▪ <u>Checking control activities:</u> usually control activities are not complex, the number of items which are controlled by the control activity is not that large or some control activities are not critical because there is a very low likelihood that a misstatement will occur. This generally means that control activities can be more easily tested.

Art. 14–
20 AVR

⁴⁶ See the Key guidance note on verifier’s risk analysis (KGN II.2).

Simplified approaches	Clarification and examples	
	<ul style="list-style-type: none"> ▪ <u>Checking the establishment, implementation, and documentation of procedures</u>: For simple installations, procedures may be simple which makes the checking of them a fairly straightforward exercise⁴⁷. ▪ <u>Analytical procedures</u>: plausibility checks and cross-checking the reported data with other data will take less time if the data population is not that large and external data sources with which the data is to be cross-checked (e.g. data from gas company) are limited. ▪ <u>Data verification</u>: Checking the completeness of source streams and emission sources or performing plausibility checks on the accuracy of the data is straightforward if there are only a few source streams. ▪ <u>Checking the monitoring methodology</u>: if the monitoring methodology is simple (e.g. using fiscal metering and default factors), the monitoring methodology can be checked more easily. ▪ <u>Verification of methods applied for missing data</u>: this provision is applicable to small and simple installations. ▪ <u>Uncertainty assessment</u>: in some cases the operator is not required to carry out an uncertainty assessment or provide supporting documents on uncertainty assessment. If metering is involved the verifier will usually check calibration certificates or other evidence to ensure that the measurement equipment is functioning properly and uncertainty requirements have been met. ▪ <u>Sampling</u>: as the data and the number of control activities is limited, the verifier may want to check all the data and the proper implementation of control activities and procedures. Checking the whole population in such a situation would take less time than sampling, and is also more accurate. 	
Simple verification plan based on risk analysis	<p>As the verification activities are less extensive, the verification plan can be simpler. The plan would still contain the same elements but its detail is less elaborate:</p> <ul style="list-style-type: none"> ▪ A verification programme describing the nature, scope of verification activities and time and manner in which the activities are being carried out; ▪ A test plan setting out scope and methods of testing the control activities; ▪ A data sampling plan if sampling has been used. In most cases the verifier will choose to do a full check of the data since this takes less time than sampling. <p>If a simplified verification plan is used, the verifier must include a justification for using such a plan in the internal verification documentation (Article 34 AVR).</p>	Art. 13 and 34 AVR
Simple internal verification documentation based on risk analysis	<p>Less extensive verification activities means that the documentation of these activities and the evidence gathered are more clear-cut and do not entail elaborate documentation.</p> <p>Care should however be taken that the internal verification documentation contains sufficient information to evaluate the verification process and to support the conclusions expressed in the verification opinion.</p>	Art. 26 AVR
Simple independent review based on risk analysis	<p>An independent review must be done for the whole verification process. As the verification of a simple installation involves less work it will be easier for an independent reviewer to confirm whether the verifier has carried out the requirements of the AVR.</p>	Art. 25 AVR

⁴⁷ However please note that if the procedures are managed by one single person and that person is sick and there is no back-up for that person, checking the procedures might prove to be more difficult.

Simplified approaches	Clarification and examples
Waive of site visits	Site visits can be waived under specific conditions and for some types of installations. The criteria for waiving site visits are listed in Article 32. Please see the key guidance note on site visits (KGN II.5).

4.3 Requirements for the verification of small and simple installations

Although some of the verification activities can be less extensive, this does not exclude the verifier from carrying out the **same steps in the verification process**. The verifier must still:

- perform the strategic and risk analysis;
- set up and implement the verification plan;
- carry out the different activities in the process analysis;
- identify misstatements, non-conformities and non-compliance and have operators address these;
- assess the material impact of misstatements, non-conformities and non-compliance on the final reported data;
- establish internal verification documentation and carry out an independent review;
- complete and conclude on the verification;
- issue the verification report. The verifier is required to complete the same data fields in the verification report template and to report all the details required by Article 27 of the AVR;
- the verifier also has to report recommendations for improvement in the verification report if it identifies areas for improvement. However, installations with low emissions are exempted from submitting an improvement report to the CA if the verification report only lists recommendations for improvements that are not outstanding non-conformities or misstatements. It is up to the CA whether or not to require action to be taken based on the recommendations that are reported by the verifier.⁴⁸

**Art. 47(3)
MRR**

Verifiers that verify small and simple installations have to meet the same requirements laid down in Chapter III of the AVR as verifiers that verify complex installations.

⁴⁸ Small installations do have to submit an improvement report if the verification report contains outstanding non-conformities. In that case the improvement report includes plans on how to address and correct these non-conformities. This improvement report must be approved by the CA.

5 Requirements on verifiers

Chapter III of the AVR imposes EU ETS specific requirements on verifiers while also referring to the requirements in EN ISO 14065 at certain points. Key guidance note [KGN II.8](#) explains how EN ISO 14065 relates to the AVR.

5.1 Competence process

The verifier must establish, document, implement and maintain a **competence process** to ensure that all verification personnel are competent for the tasks that are allocated to them. Personnel concern not only the EU ETS auditor or lead auditor but also the technical experts, independent reviewers, supporting staff that helps prepare the verification: basically, anyone who is involved in verification activities.

Art. 36
AVR

The competence process consists of several elements:

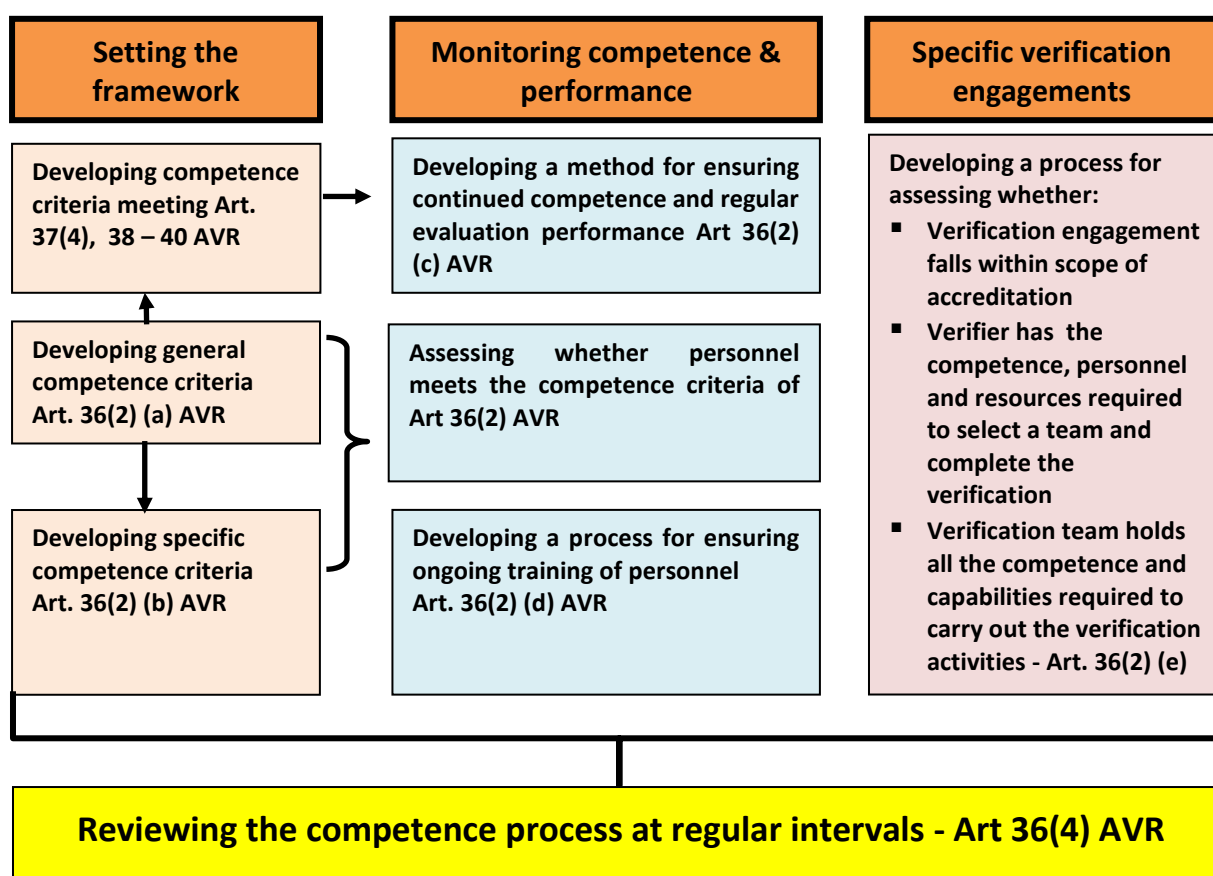


Figure 7: Schematic diagram of the competence process

The verifier must have a system for recording the activities performed in the competence process as well as the results of the assessments in the competence process for all personnel undertaking verification activities.

Art. 36(5)
AVR

Setting the framework

The verifier sets the framework for competence by developing:

- general competence criteria for all personnel undertaking verification activities (e.g. sales quotation staff, planners, EU ETS auditors, lead auditors, independent reviewer,

technical experts etc.);

- based on these general competence criteria, specific competence criteria for each function within the verifier involved in verification activities, in particular EU ETS auditors, lead auditors, independent reviewer and technical experts. When developing these specific competence criteria, the verifier takes into account specific technical and organisational issues including countries and the scope of accreditation in which the verifier operates.

These competence criteria must meet the requirements in Article 37(4), (5) and 38-40 of the AVR. Please see the key guidance note on competence ([KGN II.7](#)) for guidance on the competence requirements laid down in these articles.

Evaluating and monitoring the competence and performance

First, the verifier needs to have a **method for ensuring continued competence** and regularly evaluating the performance of staff involved in the verification as well as a process for ensuring ongoing training. As part of this method, the verifier assesses the competence of each personnel undertaking verification activities against the general and specific competence criteria. The verifier uses a combination of methods to assess that competence (e.g. training, experience, examinations, mentoring, observation and evaluation).

Please note that experience and training do not demonstrate that an individual is competent but provide a structure to acquire competence. Passing an examination or qualification can be demonstration of knowledge but that in itself is not sufficient to demonstrate full competence of personnel.



All personnel undertaking verification activities must be subject to **routine monitoring of their competence and performance**. The verifier will determine what the appropriate means are for monitoring. For the EU ETS auditor and EU ETS lead auditor this must be done by a sufficiently competent evaluator who monitors the competence and performance of these auditors during the verification and assesses whether the competence criteria developed in the competence process have been met. This includes accompanying them to the site of the installation or aircraft operator. A competent evaluator can be a person working at the verifier. This person must be sufficiently competent to be able to make this evaluation.

Art. 36(3)
AVR

Art. 36(6)
AVR

If a member of the personnel fails to demonstrate that the competence criteria for a specific task allocated to him or her have not been fully met, the verifier shall identify and organise additional training or supervised work experience. The individual must be monitored until he or she demonstrates to the satisfaction of the verifier that he or she meets the competence criteria.

Art. 36(7)
AVR

Assessment of competence for specific verification engagement

For specific verification engagements the verifier must check the competence of personnel and resources available. The verifier selects the team that meets all of the competence requirements. For this assessment and selection, the verifier needs to develop, document, implement and maintain a process.

5.2 Impartiality and independence

Risks to impartiality are sources of potential risks that may compromise or may reasonably be expected to compromise a verifier's ability to make unbiased decisions. It may include following risks:

- source of revenue: risks related to the operator paying for the verification of operator's report;
- self-interest: risks from a person or body acting in his/ hers/its own interest, for example financial self-interest;
- self-review: risks that a person or body reviews his/hers/its own work; assessing verification activities of a client to whom the verifier provided consultancy would be such a self-review risk;
- familiarity (or trust): risks from a person or body being too familiar with the operator; trusting the judgment or opinion of another person instead of seeking verification evidence is a familiarity risk;
- intimidation: risks that a person or body is being coerced openly or secretly or the perception that such a situation arises, implies a risk to be addressed or reported to a supervisor.

The AVR contains some EU ETS specific provisions on the **impartiality and independence** of a **verifier and its personnel** undertaking verification activities. These provisions include restrictions and prohibitions for a verifier or personnel.

The verifier must be **independent from an operator** and **bodies that are trading emission allowances**.

Table 11 Impartiality of verifier

AVR requirement	Explanation and examples
The verifier and any part of the same legal entity shall not be an operator or owner of an operator.	This means that the parent company of a verifier or a department of the same company to which the verifier belongs must not be an operator or own an installation or aircraft operator . This is also the case if the department of the same legal entity to which the verifier belongs, has no actual relationship with the verifier. Any part of the same legal entity as the verifier must in all cases not be an operator or owner of an installation or aircraft operator.
The verifier and any part of the same legal shall not be owned by an operator.	The departments and entities described above must also not be owned by an operator . If the operator has for example an interest of 30% in a verifier, legally the verifier would not be owned by the operator. However, this is a relationship with the operator that harbours an unacceptable risk to the impartiality of the verifier and is not allowed (see the box below).
The verifier shall not have relationships with the operator that could affect its independence and impartiality.	What constitutes at least a conflict of interest in the relationship between the verifier and the operator is regulated in Article 43(4) of the AVR. A conflict of interest arises at least if: <ul style="list-style-type: none"> ▪ the relationship between the verifier and the operator is based on common ownership, common governance⁴⁹, common management or personnel, shared resources, common finances and common contracts or marketing; ▪ the operator receives consultancy or technical assistance on monitoring and reporting as meant in Article 43(3) of the AVR from an organisation that has a relationship with the verifier and that threatens the impartiality of the verifier. The impartiality of the verifier is compromised if the

Art. 43(4)
AVR

Art. 43(4)
AVR

⁴⁹ This is for example the case if operator's personnel is in the board of directors or daily administration of the verifier.

AVR requirement	Explanation and examples
	relationship between that organisation and the verifier is based on common ownership, common governance, common management or personnel, shared resources, common finances, common contracts or marketing and common payment of sales commission or other inducement ⁵⁰ for the referral of new clients.
The verifier must be independent from bodies that are trading emission allowances	<p>This means that a verifier must not be an entity that engages in trading emission allowance or is an owner of such an entity or is owned by such an entity. The verifier must also not have a relationship with the entity that is trading emission allowances because that would risk the impartiality of the verifier: for example:</p> <ul style="list-style-type: none"> • the verifier must not have common ownership, governance, common management or personnel, shared resources, common finances, common contracts or marketing with the trading entity; • the verifier can not provide consultancy advice to the operator whose report they are verifying related to the trading of emission allowances; • the verifier cannot provide consultancy to an entity trading emission allowances on issues that affect the operator whose report they are verifying.

Art. 43(1)
AVR

The verifier must not carry out verification activities for an operator that poses an **unacceptable risk to its impartiality** or that creates a **conflict of interest**. Such a conflict of interest arises at least if:

Art. 43(3)
AVR

- a verifier or any part of the same legal entity provides consulting services⁵¹ to develop part of the monitoring and reporting process that is described in the approved MP, including the development of the monitoring methodology, the drafting of the operator's report and the drafting of the MP itself. This concerns advice on any element in the approved MP including consultancy on setting up control activities and procedures that are listed in the MP;
- a verifier or any part of the same legal entity provides technical assistance to develop or maintain the system implemented to monitor and report emissions.

The **abovementioned elements are not exhaustive**. This means that other risks can also lead to an unacceptable risk to impartiality. This could for example be the following situations: e.g. a member within the verification team has shares in the company that is being verified by that team, or a team member has worked in the operator's company last year, or the lead auditor has previously worked for a consultancy company that implemented the monitoring system in the installation that is subject to verification.

The verifier must **not use personnel or contracted persons** such as technical experts in the verification of an operator's report that **involves an actual or potential conflict of interest**. EN ISO 14065 requires the verifier to instruct personnel and contracted persons that they must

Art. 43(3)
AVR

⁵⁰ For example, the payment of a reward for bringing in new clients.

⁵¹ This prohibition does not mean that a verifier or a company connected to the verifier can never carry out consultancy activities for an operator. The verifier can just not verify the emission report of an operator to which it has provided consultancy activities on monitoring and reporting of emissions etc.. When providing consultancy activities in other cases the verifier must still build in safeguards to ensure that there is no unacceptable risk to impartiality: e.g. the consultancy activities are provided by a department separate from the department providing verification activities, mechanisms to monitor impartiality risks etc. The NAB will evaluate these safeguards and risks to impartiality during the surveillance of the verifier.

reveal any situation to the verifier that may pose a risk to the verifier's impartiality. The verifier uses that information to assess the risks to impartiality and what appropriate action it should take (e.g. excluding team members from a specific verification engagement).

In addition, the verifier must ensure that the activities of personnel or organisations (e.g. external organisations to which the verifier has outsourced verification activities, organisations that have relations with the verifier such as common ownership or common resources) do not affect the confidentiality, objectivity, independence and impartiality of the verifier. The verifier shall therefore implement **certain safeguards** that **mitigate the risks to impartiality**. This could for example include:

Art. 43(3)
AVR

- rotation of staff in verification engagements;
- internal auditing and internal requirements that consultancy or other activities performed by the verifier do not infringe the requirements in the AVR;
- emphasising in the training of personnel, guidance and instructions the importance of impartiality, specific training programmes for newly hired staff;
- making sure that new staff with a history of consultancy on monitoring and reporting aspects, are not involved in verification engagement until an appropriate time period, at least two years, has passed;
- assessing the impartiality of all competent personnel (including contracted persons) that will be selected for a verification team, determining their prior relationship and contacts with the operator and making sure that e.g. its personnel or contracted personnel are excluded if they have provided any consultancy advice to the operator within a clearly defined time period (at least two years);
- clear separation of responsibilities between those parts of the business that offer advisory services and those that offer assurance services;
- clear processes and policies to ensure no personnel is used that poses an unacceptable risk to impartiality.

Verifiers have to **monitor the impartiality risks** and assess whether these safeguard measures effectively mitigate and address the risks. Most of the abovementioned safeguard measures are applied in combination. During surveillance (see section 6.4) the NAB will assess the impartiality of the verifier's personnel and the safeguard measures taken.

The verifier must establish, document, implement and maintain **a process to ensure continuous impartiality and independence** of:

Art. 43(6)
AVR

- the verifier;
- parts of the same legal entity as the verifier;
- organisations that have relations with the verifier through common ownership, common governance, common management or personnel, shared resources, common finances, common contracts or marketing and common payment of sales commission or other inducement for the referral of new clients;
- organisations to which verification activities are outsourced;
- all personnel and contracted persons involved in verification activities.

The process must include a mechanism to safeguard the impartiality and independence of the verifier. This could include setting up an independent committee, an impartiality monitoring function by an independent person or by assigning this impartiality safeguarding function to non-executive directors. This committee monitors and reviews impartiality of the verifiers and staff on a regular basis.

The process to ensure continuous impartiality includes the implementation of impartiality safeguard measures concerning:

- relations with operators;
- independent review and other steps during verification;
- internal verification body procedures.

A good practice on ensuring impartiality in the relations of the verifier with the operator, impartiality during verification and impartiality within the verification body is provided in the following Commission's guidance document: [Good practice guidance on application of EN ISO 14065: impartiality](#).⁵²

5.3 Rotation of lead auditors

Familiarity risks but also other risks such as self-review risks and intimidation risks can arise if verifiers carry out verification of the same operator for a number of years. As part of the normal impartiality procedures and measures outlined in section 5.2 verifiers shall take measures to reduce impartiality risks when verifying the same operators as in the previous year.

Art. 43(6a)
AVR

The AVR introduces an additional measure to reduce impartiality risks: i.e. **mandatory rotation of the EU ETS lead auditor**. Article 43(8) of the AVR requires a rotation of the EU ETS lead auditor if that lead auditor has undertaken verification of emission reports or annual activity level reports for the same installation for a period of five consecutive years. After those five consecutive years of verification the EU ETS lead auditor will have to take a three consecutive year break from providing verification services to that same installation.

Art. 43(8)
AVR

The **five-year period** will start in 2021 on the verification of 2021 emission data and 2021 annual activity level data.⁵³ This means that rotation will have to take place after the verification of 2025 emission data or annual activity level data, 2025 being the 5th consecutive year of verification. The verification of 2026 emission data and/or annual activity level data will have to be carried out by another lead auditor. The lead auditor that was carrying out verification of 2021 to 2025 emission data and/or annual activity level data could resume verification directly after the 3-year break, i.e. from verification of 2029 emission data and/or annual activity level data.

Verifiers can decide to rotate lead auditors more frequently or change the lead auditor because of other reasons (e.g. the lead auditor is leaving the company or is on sick leave). Impartiality concerns within the verifier may even require the verifier to rotate lead auditors. If the lead auditor has not verified the same installation's report for five consecutive years and rotation was carried out **before** those five years, Article 43(8) of the AVR is not applicable. However, that does not mean that no break period applies. If the verifier rotates more

⁵²https://ec.europa.eu/clima/sites/clima/files/ets/monitoring/docs/good_practice_iso_14065_impartiality_and_management_en.pdf

⁵³ Verification of reports to be submitted by 31 March 2022.

frequently or impartiality concerns require a rotation before those 5 years, the break period during which the lead auditor cannot carry out verification for the same installation will be defined by the verifier itself, tailored to the applicable impartiality risks. As described in section 5.2 this will be done as part of the normal impartiality procedures of the verifier which is required by EN ISO 14065. The NAB will assess these internal rotation procedures and monitor the impartiality of the verifier and its staff.

In organisations with multiple lead auditors that are competent to verify in the relevant sector scopes, rotation of lead auditors will be easier to arrange for. Ideally verifiers select lead auditors who have not been involved in the verification or independent review of the same installation. However, this may not always be possible. A few issues need to be considered by the verifier:

- If two lead auditors within the organisation have been carrying out verification for the same installation for five consecutive years (e.g. different lead auditors are involved in the verification of emission report and annual activity level report), both of these lead auditors have to be rotated according to Article 43(8) of the AVR;
- Where verifiers are small and have two lead auditors in their organisation, the lead auditors can rotate among themselves. In those cases, the lead auditor can for example be rotated with an independent reviewer even if that reviewer has been doing the independent review of that same installation for five consecutive years. The verifier does however need to ensure no impartiality risks arise and measures are taken to reduce familiarity risks.
- A lead auditor cannot be rotated with an EU ETS auditor unless that EU ETS auditor has become a lead auditor and meets the relevant competence requirements.

In some cases, rotation of other staff such as auditors may also be required because of impartiality risks. In those cases, internal procedures set-up by the verifier determine how and when rotation is carried out. This is very much dependent on concrete circumstances and tailored to the applicable impartiality risks (see section 5.2).

Please note that **rotation is not the only mechanisms to mitigate familiarity risks**. Verifiers have to implement several safeguards to ensure continued impartiality of the verifier and its personnel.

Verifiers should ensure that lead auditors in their organisation meet the competence requirements of Article 38 of the AVR. If verifier contract lead auditors from outside, they need to be competent as well. Section 5.1 and [KGN II.7](#) on competence outline what measures verifiers can take to ensure the lead auditor's and auditor's competence. Where capacity of verifiers in complex sectors is low, verifiers are recommended to train auditors to create a larger pool of new lead auditors.

When lead auditors rotate, the new lead auditor may be less familiar with the installation and needs time to understand the installation's processes and risks. **High quality internal verification documentation** will facilitate this process and ensure that the risk that a new lead auditor may overlook misstatements, non-conformities or non-compliance is mitigated.

As described in section 3.2.12 internal verification documentation must contain sufficient detail and provide a clear track record of issues found, justifications as well as complete strategic, risk analysis and other activities carried out and decisions taken. Such

documentation should include also information on how the accounting process in the installation works and provide information on the quality of the data flow information. Annex II provides more information on the content of internal verification documentation.

5.4 Other issues

Chapter III of the AVR imposes additional requirements for the verifier:

Table 12 Requirements in Chapter III AVR

AVR requirement	Key Guidance note
Article 37: Competence of verification team	Section 2 and 3 of the Key guidance note on competence (KGN II.7)
Article 38: Competence EU ETS lead auditor and EU ETS auditor	Section 4 and 5 of the Key guidance note on competence (KGN II.7)
Article 39: Independent reviewer	Section 7 of the Key guidance note on competence (KGN II.7)
Article 40: Technical Expert	Section 6 of the Key guidance note on competence (KGN II.7)
Article 41(1): Procedures	Section 3.9 of the Key guidance note on the relation between ISO 14065 and AVR (KGN II.8)
Article 41(2): Management system	Section 3.8 of the Key guidance note on the relation between ISO 14065 and AVR (KGN II.8), Good practice example on application EN ISO 14065 : management system
Article 42: Records/ communication and confidentiality	Section 3.5 Key guidance note on the relation between EN ISO 14065 and AVR (KGN II.8)
Article 43(5): Contracting and outsourcing	Section 3.4 Key guidance note on the relation between EN ISO 14065 and AVR (KGN II.8)

6 Accreditation

Chapter IV of the AVR contains requirements on the accreditation of verifiers by the NAB and their monitoring once they have been accredited. Verifiers that are legal persons or legal entities have to be accredited by the time they issue a verification report. This Chapter is also applicable to the verifiers accredited to carry out verification of regulated entity's ETS2 emission reports.

Art. 44
AVR

ETS 2

6.1 Scope of accreditation

The **scope of accreditation** determines in what group of operator's or regulated entity's activities the verifier may carry out verification and issue verification reports.

Scope of accreditation	AVR requirement
<i>Scope of accreditation means activities referred to in Annex I of the AVR, for which accreditation is sought or has been granted</i>	Article 3(8)
<i>A verifier issuing a verification report to an operator, an aircraft operator or regulated entity shall be accredited for the scope of activities referred to in Annex I for which the verifier is carrying out the verification of an operator's or aircraft operator's report.</i>	Article 44 Article 43y

The activities listed in Annex I of the AVR mainly refer to the activities laid down in Annex I of the EU ETS Directive. These activities have been categorised in various groups. Each group forms a specific scope of accreditation. The categorisation of groups of activities in scopes of accreditation has been based on similarities in the complexity, industry type, processes and technical characteristics of the sectors. Each scope requires different technical competence and expertise of the verification team involved.

A verifier accredited against scope 4, can for instance only verify emission reports of operators that produce or process ferrous metals, produce secondary aluminium and produce or process non-ferrous metals, including alloys. The verification team involved in the verification of emission reports from those industrial installations must have sufficient technical competence of the processes in that industrial sector to assess the technical monitoring aspects of the installations that produce these metals and substances. A verifier may be accredited for more than one scope of activities.

The **scope of accreditation for ETS2 verifiers** is accreditation scope 1c. For more information please see Chapter VII of [ETS2 AV guidance](#).

ETS 2

6.2 Objectives of accreditation

Article 45 of the AVR outlines the objectives of accreditation. The NAB assesses whether the verifier and its personnel undertaking the verification activities:

Art. 45
AVR

- have the competence to carry out verification;
- are performing the verification in line with the AVR;
- meet the requirements in Chapter III of the AVR which covers competence, impartiality, procedures, documentation and further requirements stated in EN ISO 14065. For the assessment of verifiers carrying out ETS2 verification the requirements in Chapter III and IIIa are relevant.

ETS 2

The NAB is not only required to assess these elements during the initial accreditation process

but also during surveillance, reassessment, extraordinary assessments, and when an extension to the scope of accreditation is requested.

6.3 Accreditation process

The accreditation process consists of several steps that are interconnected and interdependent. The figure below shows the sequence and relations between these steps.

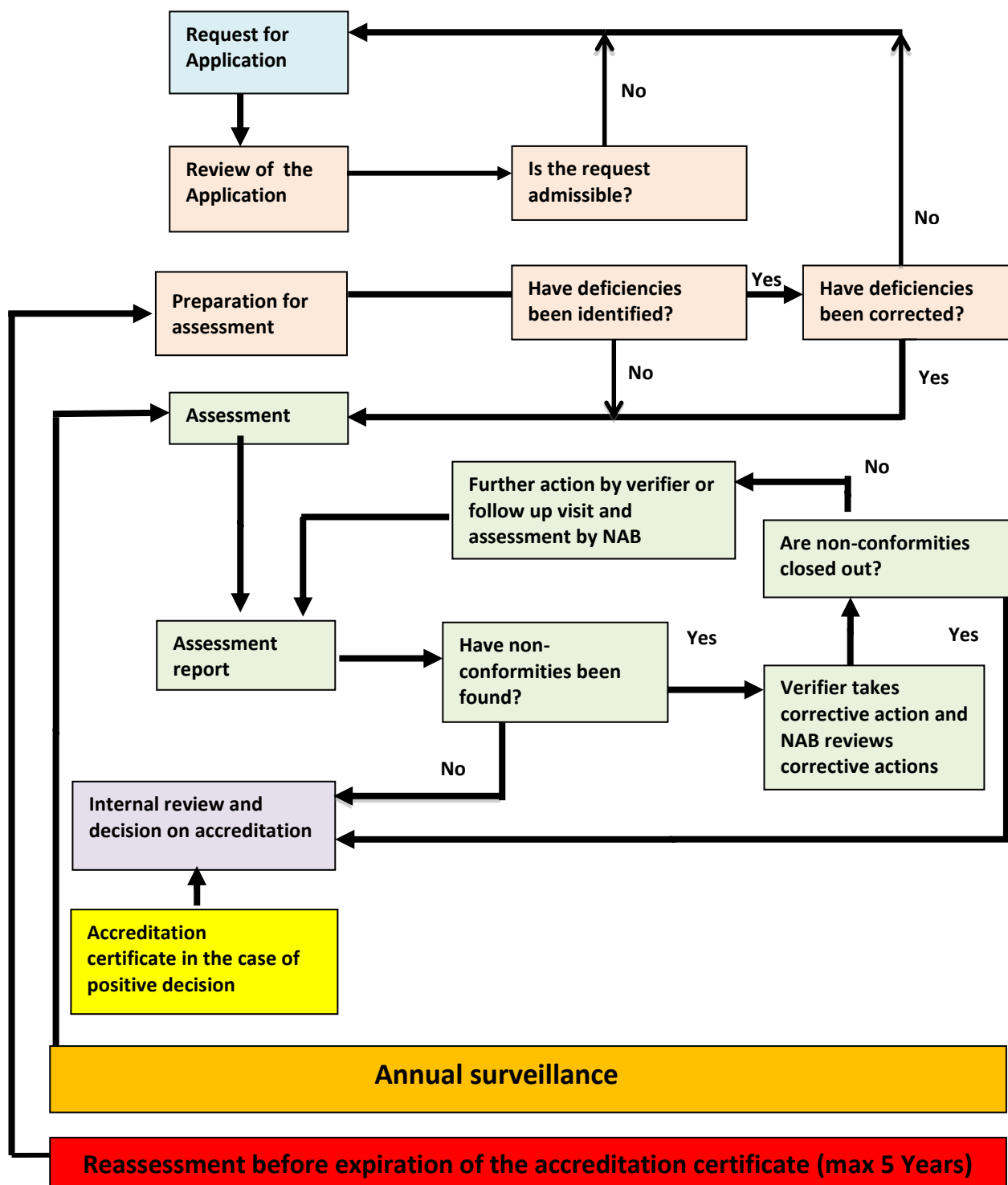


Figure 8: Accreditation process and monitoring of accreditation

After the accreditation process has been finished and an accreditation certificate issued, the competence and actual performance of the verifier is monitored through **annual surveillance**. Before the accreditation certificate expires a **reassessment** of the verifier will be carried out. The arrows in the figure above indicate where in the process these surveillance and reassessment activities start.

To **ensure that verifiers are accredited by the time** the verification report is issued, verifiers should submit their request for accreditation sufficiently early to enable the NAB to complete the whole process in time. This means that the verifier can enter into a verification contract with an operator before the accreditation certificate has been issued, provided that an application for accreditation has been submitted and the accreditation will be completed successfully by the time that the verification report is issued. An accreditation process for new verifiers normally takes 6 to 12 months, depending very much on the degree of the verifier's preparation to be assessed and on:

- the complexity of the verifier's requested scope of accreditation and the quality of the verifier's procedures and management system;
- the extent to which the verifier already has proper documentation and procedures in place.
- the workload of the NAB and its experience: a newly established NAB or NAB new to EU ETS accreditation services may need additional time for the accreditation of a verifier.

It is therefore **recommended that verifiers submit their request for accreditation at the latest in September to the NAB**. Please note that verifiers that are already accredited must apply for an extension of scope if it decides to carry out verification of ETS2 emission reports or in certain cases the non-CO₂ aviation effects reports. If the verifier is already accredited and has proper documentation and procedures in place, an extension of scope of accreditation could facilitate the process. The new MRR requirements that amend existing AVR requirements (e.g. the verifier's assessment of installations that are transferring CO₂ to a CCS installation or CO₂ that is permanently chemically bound in the products, do not require a new accreditation but the accreditation body must take the new requirements into account when evaluating the verifiers during the surveillance and reassessment.



6.3.1 Request of accreditation

Any legal person or legal entity that is established under the national law of a MS may request accreditation. The request for accreditation must contain at least the following information:⁵⁴

- general features of the verifier, including corporate entity, name, address(es), legal status and human and technical resources;
- general information concerning the verifier, including its activities, its relationship(s) in a larger corporate entity if relevant, and addresses of all its physical locations to be covered by the requested scope of accreditation;
- a clearly defined request for the scope of accreditation;
- a written commitment to fulfil the requirements of the AVR, including EN ISO 17029, EN

Art. 46(1)
AVR

⁵⁴ EN ISO/IEC 17011

ISO 14065 and other requirements, that the NAB imposes on verifiers.⁵⁵

In addition, the verifier applying for accreditation has to **make available to the NAB at least the information** that is listed in Article 46(2) of the AVR. Some of these requirements have been clarified in the table below.

Art. 46(2)
AVR

Table 13 Application for accreditation

AVR requirement	Clarification
Article 46(2) (b)	<p>The procedures and processes mentioned under this point are:</p> <ul style="list-style-type: none"> procedures for verification activities (i.e. the steps in the verification process); the procedures and processes mentioned in EN ISO 14065 such as those for complaints, appeals and corrective action. <p>The verifier has to make all these procedures and related documentation available to the NAB (see section 3.9 of the Key guidance note on the relation between AVR and ISO 14065 (KGN II.8)).</p> <p>The verifier is required to establish, document, implement and maintain a management system set up in such a way that it is capable of supporting and demonstrating consistent achievement of the requirements in the AVR and EN ISO 14065. Documentation related to the management system includes for example the management system manual (see section 3.8 of the Key guidance note on the relation between AVR and ISO 14065 (KGN II.8)).</p>
Article 46(2) (c)	<p>This concerns the documentation of the general and specific competence criteria, the results of the competence process and other relevant documentation related to the competence of personnel involved in the verification (e.g. documentation on training, exams, certificates, CV's).</p>
Article 46(2)(d)	<p>This includes:</p> <ul style="list-style-type: none"> information on the process established and implemented to ensure continuous impartiality and independence of the verifier, parts of the same legal entity as the verifier, organisations related to the verifier and mentioned in section 5.2, the verifier's personnel and contracted persons; information on the mechanism implemented to safeguard that impartiality and independence; records of impartiality and independence of the verifier and its personnel involved in the verification.
Article 46(2) (g)	<p>Other relevant records could for example be records on how the business risk is assessed in the verification process and how this is reported; records on whether changes were made to procedures and the management system; or records on the competence of contracted personnel etc.</p>

The NAB reviews the verifier's application for accreditation and the submitted documents. If the information and documents are not complete or have not been provided, the request will be declared inadmissible. In any case, the NAB can require the verifier to provide additional information.

⁵⁵ EN ISO/IEC 17011 requires the NAB to ensure the verifier meets specific requirements. This includes for example the requirements on the part of the verifier:

- to afford accommodation and cooperation to enable the NAB to assess compliance with the AVR;
- to provide the NAB access to relevant information, documents and records;
- to arrange witnessing of the verification when requested by the NAB;
- to only present itself as an accredited verifier for the scope of its accreditation only after accreditation is granted.

6.3.2 Preparation for assessment

After reviewing the application, the NAB starts preparing for the assessment and makes the necessary arrangements. This **preparation phase** involves among other things:

**Art. 47
AVR**

- preparing the assessment plan which describes the activities to be carried out during assessment including a planning of these activities;
- selecting an assessment team that meets the competence requirements of the AVR and can act in an impartial and non-discriminatory manner for this particular engagement;
- establishing procedures for sampling where the requested scope of accreditation covers a variety of specific verification services. These procedures have to be set up in such a way that the assessment team assesses a representative number of examples that allows a proper evaluation of the competence and performance of the verifier.

The preparation phase may include a **visit to the premises of the verifier** in order to review the documented management system and the competence arrangements (e.g. training, competence criteria and procedures). If serious deficiencies in these systems and competencies have been detected during the preparation phase, these have to be corrected before the NAB can proceed with the assessment.

When drafting the assessment plan and preparing the assessment, the NAB must take into account the **factors mentioned in Article 47(1) of the AVR**. These factors also play a role in sampling during the assessment ensuring that a representative part of verification activities, documents and verifier's staff is assessed.

Table 14 Factors to take into account in planning of accreditation activities

Factors to take into account	Clarification
Complexity of the scope of accreditation	A more complex scope of accreditation requires, for example, an assessment team that includes staff that have the technical competence to understand the verification activities that have to be carried out by the verifier for the installation, aircraft operator or regulated entity covered by that scope of accreditation. The complexity of these elements could also influence the planning of the activities to be performed.
Complexity of the quality management system	
Complexity of the procedures and processes	
Geographical areas	If the verifier is operating in various Member States or carries out verification for operators, aircraft operators or regulated entities that are established in other countries, this will affect the preparation of the assessment and the assessment itself.

EN ISO/IEC 17011 requires the NAB and the verifier to make the necessary practical arrangements for the assessment, e.g. providing the assessment team with the relevant documents and other information, and facilitating witnessed visits to client sites.

6.3.3 Assessment

The assessment team must carry out the following **key activities**:

**Art. 48
AVR**

Table 15 Key activities in the assessment

Key activities	Clarification	
I. <u>Document review</u>	<p>The assessment team reviews all the documents and information which have been made available.</p> <p>If non-conformities are found during the document review, the NAB can decide not to proceed with on-site assessment. Non-conformities will in that case be reported.</p>	Art. 48(1) (a) AVR
II. <u>Visit to the premises of the verifier</u>	<p>The assessment team visits the premises of the verifier to check a representative sample of the internal verification documentation, the implementation of the quality management system and the procedures and processes that the verifier is required to establish and implement.</p> <p>When sampling a representative part of the internal verification documentation, the assessment takes into account the number and nature of verification activities (e.g. number of operator's reports verified).</p> <p>The assessment team checks, for example:</p> <ul style="list-style-type: none"> ▪ whether the verifier is maintaining adequate records; ▪ whether the procedures have been established, implemented, documented and maintained, and whether these are sufficiently effective to limit the verifier's risks, and whether these procedures are functioning properly; ▪ whether the procedures and processes and their related activities meet the requirements of the AVR; ▪ whether adequate training is provided to its personnel; and what the quality and competence is of the trainers used; ▪ whether the management system is documented, established, maintained and implemented; and whether it meets the requirements in EN ISO 14065; ▪ whether the internal verification documentation provides a proper data trail of the verification activities that were carried out by the verifier in a particular verification and adequate evidence is maintained. 	Art. 48(1) (b) AVR
III. <u>Witness audit</u>	<p>A witness audit is an audit in which the assessment team observes how the verifier's personnel are carrying out the verification activities in the field. This includes joining the verification team on its site visit to the operator where the NAB's assessment team will assess how the verification team carries out the verification, whether the verification team is competent and whether the team is complying with the AVR requirements.</p> <p>The NAB's assessment team will for example check:</p> <ul style="list-style-type: none"> ▪ how the EU ETS lead auditor and the EU ETS auditors are sampling the data; ▪ how they check the monitoring methodology; ▪ how they test the control activities and the data flow; ▪ how they interview the operator's staff and whether they are able to work with the operator. 	Art. 48(1) (c) AVR

Visiting the premises of the verifier (Key activity II in Table 15)

A visit to the premises of the verifier means a visit to the main office (headquarters) where the procedures and documents are recorded as well as any other location where key verification activities are undertaken. Key activities include for example:

- policy formulation and process or procedure development;
- process of selecting the verification team;
- the assessment of whether the verifier is capable of carrying out the verification for a particular operator;

- competence process: e.g. training, continuous monitoring of verifier personnel;
- mechanisms to safeguard impartiality and independence of the verifier and its personnel;
- planning of the verification activities;
- independent review process.

When considering whether key activities are carried out at a premise or location, the NAB should take into account the impact these activities have on the outcome of the verification.⁵⁶ Locations with an impact must be visited.

Witness audit (Key activity III in Table 15)

The AVR requires the assessment team to witness:

- a representative part of the requested scope of accreditation; and
- the performance and competence of a representative number of the applicant's staff involved in the verification process.

Witnessing a representative part of the requested scope of accreditation means that the assessment team assesses the verification activities of a verifier relevant to the complexity of the requested scope of accreditation taking into account the number and complexity of operators, aircraft operators or regulated entities verified. Sampling of these verification activities should be carried out in such a way that sufficient evidence will be gathered to enable the NAB to decide on the accreditation.

Witnessing a representative number of staff does not necessarily mean that each EU ETS lead auditor and each EU ETS auditor are to be witnessed. Rather a selection of a representative number of the verifier's staff should be made. Such selection of a representative number of staff depends on factors such as:

- qualifications and experience of the EU ETS auditors and whether it involves new employees;
- the risks and complexity of the verification activities (e.g. number of operators, aircraft operators or regulated entities verified); complexity of the scope of accreditation and technical competence required for that scope;
- the total number of EU ETS auditors, EU ETS lead auditors and other staff involved in the verification;
- number of locations where the verifier carries out key activities related to verification;
- adequacy of the competence process and training system;
- adequacy of the process for ensuring continued impartiality and independence of the verifier and its personnel, and contracted persons;
- effectiveness of the internal monitoring of staff involved in verification;
- organisational stability and risk awareness of the verifier.

The NAB may require the verifier to make arrangements for witness audits at the site of the operator, aircraft operator or regulated entity; they must also provide the NAB's assessment

⁵⁶ IAF/ILAC Multilateral Mutual Recognition Arrangements of EN ISO/IEC 17011.

team with access to all relevant documents and offer their full cooperation during the assessment and witness.

Before the witness audit takes place, the NAB may require the verifier to make relevant documents available such as the strategic and risk analysis, the verification plan, the contract with the operator, aircraft operator or regulated entity, the GHG permit where relevant, the monitoring plan, the emission report and any other relevant documents that the assessment team would need to assess the competence and performance of the verification team.⁵⁷

Analysing the findings and resolution of non-conformities

The assessment team analyses all evidence and findings gathered during the three stages of the assessment. These findings are reported to the verifier in the closing meeting of the assessment and included in the assessment report; this report will also contain any identified non-conformities.

Non-conformities	AVR requirement
<i>Non-conformity is any act or omission of an act by the verifier that is contrary to the requirements of the AVR.</i>	Article 3(13)

Article 48(2), (3) and (4) of the AVR and EN ISO/IEC 17011 require the verifier to take corrective action and indicate in its response to the NAB what corrective action is taken or is planned to be taken within a timeframe specified by the NAB. Figure 8 in section 6.3 shows the consequences if the NAB finds the response of the applicant to be insufficient and ineffective and/or if the corrective action taken by the verifier has not closed out all non-conformities.

**Art. 48(2)
(3) (4)
AVR**

6.3.4 Decision on accreditation

The decision on accreditation is taken by persons other than the assessment team. In order for these persons to decide whether or not to grant the accreditation, EN ISO/IEC 17011 requires the assessment team to provide them with **sufficient evidence**. This includes:

**Art. 49(1)
AVR**

- identification of the verifier, as well as the date of the visit at the premises of the verifier and the witness audit (including unique identification of all premises assessed);
- the names of the persons in the assessment team, including the technical expert;
- the proposed scope of accreditation that was assessed and the assessment report;
- a statement on the adequacy of the internal organisation, the management system⁵⁸ and the verifier's procedures and processes⁵⁹;
- information on the resolution of all non-conformities;
- any other information that may assist the NAB in determining whether the verifier is competent, whether it meets the requirements of the AVR and whether it performs verification in line with the AVR;
- where appropriate, a recommendation as to the granting of accreditation for the proposed scope.

⁵⁷ Article 64 of the AVR and EN ISO/IEC 17011 require the NAB to take adequate arrangements to safeguard the confidentiality of the information obtained during accreditation

⁵⁸ Article 41(2) of the AVR.

⁵⁹ Article 41(1) of the AVR.

Before making a decision, the NAB must be satisfied that the information is adequate to decide that the AVR requirements have been fulfilled. On the basis of all information received and evidence gathered the NAB will decide on whether or not to grant accreditation.

6.3.5 Accreditation certificate

If the decision to grant accreditation to the verifier is positive, the NAB will issue an **accreditation certificate** which must contain the following information:

Art. 49(2)
AVR

- the identity and accreditation symbol and logo of the NAB;
- the unique identity and unique accreditation number of the accredited verifier;
- all premises from which one or more key activities are performed by the verifier and which are covered by the accreditation;
- the effective date of granting the accreditation and the expiry date of the certificate;
- a brief indication of, or reference to the scope of accreditation;
- a statement of conformity with the AVR and reference to EN ISO 14065, and other relevant standards or normative documents, including issues or revisions used for assessment of the verifier.

The accreditation certificate is valid for a maximum of five year before which a reassessment has to take place and the certificate renewed.

6.4 Monitoring of the verifier after accreditation

The NAB must monitor its accredited verifiers to ensure that the verifier continues to be competent and meet the requirements of the AVR. Monitoring verifiers involves annual surveillance and reassessment, and where relevant extraordinary assessment or assessment of extension(s) to scope.

6.4.1 Surveillance

The NAB is required to carry out annual surveillance of accredited verifiers. During surveillance key activities II and III of the assessment, as outlined above, will be carried out:

Art. 50
AVR

- a **visit to the premises of the verifier** to check a representative sample of the internal verification documentation, the implementation of the quality management system and the procedures and processes the verifier is required to establish and implement (key activity II in *Table 15*);
- a **witness audit** to assess the competence and actual performance of a representative number of staff involved in the verification (key activity III in *Table 15*).

Other surveillance activities carried out during these visits can be enquiries from the NAB into aspects of the verifier relating to accreditation, requests to the verifier to provide documents and records (e.g. verification reports, complaints records, management review records). This includes updates and changes in the management system mentioned in Article 41(2) of the AVR, the competence process and other procedures and processes.

The same procedures as outlined in Figure 8 in section 6.3 and explained in section 6.3.3 of this Chapter, are applicable. Usually, an assessment in the surveillance will be less extensive than the assessment during the initial accreditation, since the procedures, processes and management system have already been checked by the NAB.

The extent to which these elements are assessed depends on various factors such as findings of previous visits, outstanding corrections, changes in personnel, and in systems and procedures. The plan for surveillance as required by Article 50(3) of the AVR should be set up in such a way that representative samples of the scope of accreditation are assessed.

However, in the period between the initial accreditation and the first reassessment (and subsequently between the first and second reassessment) all elements of the management systems, procedures, processes, competences and scope of accreditation must be assessed at least once.

As with the initial assessment, the selection of staff and activities to be witnessed during surveillance depend on factors such as those mentioned in section 6.3.3; keeping in mind that the impact of these factors may change over time as knowledge of the verifier is gained and records of the competence and performance of a verifier are established. In its surveillance the NAB also takes into account the history of prior assessments of the competence or performance of the verifier.

If the outcome of the surveillance is positive the NAB will confirm the continuation of the accreditation.

Art. 50(4)
AVR

Surveillance is normally carried out by the NAB that has accredited the verifier. However, where the verifier is carrying out the verification in another Member State (MS), the NAB that has accredited the verifier may ask the NAB of the other MS to perform the surveillance on its behalf and under its responsibility. Surveillance will be carried out by that NAB according to the requirements in the AVR, and the assessment report containing the findings and non-conformities found will be provided to the NAB that has accredited the verifier. Only that NAB can make the decision as to whether or not to confirm continuation of the accreditation. Section 10.5 explains what information is exchanged between both NABs in such cases.

Art. 50(5)
AVR

6.4.2 Reassessment

For the reassessment of the verifier, the NAB follows the **same steps** as in the **initial accreditation process** to check whether the accreditation can be renewed. The steps in Figure 8 (section 6.3) and the activities in section 6.3.2 to 6.3.5 are therefore applicable during the reassessment meaning that this evaluation is more comprehensive than surveillance. The same documents and information have to be submitted by the verifier. A reassessment must be carried out before expiry of the accreditation certificate.

Art. 51
AVR

The plan for reassessment must be set up to allow assessment of a representative sample of the scope of accreditation. The factors mentioned in section 6.3.3 are relevant for the reassessment taking account of the fact that the impact of these factors may change over time as knowledge of the verifier is gained and records on the competence and performance of a verifier are established. Thus, the NAB takes into account the history of prior assessments of the competence or performance of the verifier.

Art. 51(2)
AVR

6.4.3 Extraordinary assessment

The NAB may conduct an extraordinary assessment of the verifier at any time to ensure that the verifier continues to meet the requirements in the AVR. The focus of such assessments will primarily be on resolving a specific issue for which the extraordinary assessment has been initiated.

Art. 52
AVR

Examples of reasons for carrying out an extraordinary assessment

- Investigation of complaints about the verifier;
- Investigation of appeals related to the verifier;
- Significant changes in the verifier's organisation or management system;
- Follow-up on corrective actions;
- Follow-up on activities used to lift a suspension;
- Information obtained from public media, e.g. newspapers, television;
- Other reasons.

This means that an extraordinary assessment does not necessarily involve a full witness audit and assessment at the premises of the verifier. It depends on the reasons for which the extraordinary assessment was initiated, the action needed and what non-conformity issue or other issue it concerned.

6.4.4 Extension of scope

If the verifier wants to carry out verification for operators whose activity falls under another scope listed in Annex I of the AVR, the verifier may submit an application for an extension to scope to the NAB; essentially the same steps as outlined in Figure 8 in section 6.3 will be carried out. However, in some cases only a document review is carried out if the nature of the extension allows it. Some aspects of the organisation, management system, procedures and processes will have already been assessed by the NAB in the initial accreditation process and previous monitoring activities performed by the NAB (e.g. surveillance).

Art. 53
AVR

The NAB will therefore focus on those elements that concern the requested extension of scope, e.g. the competence of the staff involved in the verification of the requested scope and the actual performance of verification activities in the requested scope.

The factors mentioned in section 6.3.3 are relevant for assessing an extension to scope(s), selecting the assessment team and the sampling of a representative part of the documentation, the verifier's staff and the requested scope for extension. One of the factors can include the performance and competence of a verifier in its existing scope of accreditation. If the verifier is struggling to meet the AVR in the existing scope, it might have an effect on the assessment of the verifier's application for an extension to scope. Special consideration will be given to similarities of the requested scope of accreditation to the existing scopes of accreditation that are already granted. If there are similarities between the original scope and the extension, this is likely to involve a less comprehensive assessment, but that depends directly on the risks involved.

6.5 Administrative measures

Article 54 of the AVR specifies three types of administrative measures that can/must be imposed if the verifier fails to meet the requirements of the AVR:

Art. 54
AVR

Table 16 Administrative measures

Administrative measure	Clarification
Suspension	The accreditation is temporarily invalid, in full or for part of the scope of accreditation. This means that the verifier maintains its accreditation but is not allowed to carry out verification during the time it is suspended. Once the suspension is terminated, full verification activities can be resumed.

Administrative measure	Clarification
	Article 54(2) of the AVR provides requirements on when a suspension of the accreditation must be imposed by the NAB.
Withdrawal of the accreditation certificate	The accreditation is cancelled in full which means the verifier loses its accreditation and cannot carry out any verification activities. Article 54(3) of the AVR provides requirements on when a withdrawal of the accreditation certificate must be imposed by the NAB.
Reduction of scope	The accreditation is cancelled for part of the scope which means that the verifier maintains accreditation for the other scope(s) but loses accreditation for the specific scope that was cancelled. Article 54(2) of the AVR contains requirements when a reduction of scope must be imposed by the NAB.

In cases other than mentioned under Article 54(2) and (3) of the AVR, the NAB may impose one of the above three measures where the verifier does not meet the requirements of the regulation. This is likely to depend on the type, size and nature of infringement, reoccurrence of a particular infringement and whether more than one infringement has been found. Furthermore, the verifier may request that the NAB suspends, withdraws or reduces its accreditation.

**Art. 54(1)
AVR**

All three administrative measures must take effect when the decision to impose the measures is notified to the verifier. This also applies when that decision is appealed. The effects of administrative measures can only be terminated if the appeal has reversed the decision to impose administrative measures.

**Art. 54(5)
AVR**

To ensure a proper and fair application of the administrative measures, the NAB is required to establish, document, implement and maintain procedures for the application of administrative measures. Procedures for the resolution of appeals will be regulated by the Members States. This is usually done in national law when establishing the organisation and structure of the NAB.

**Art.54(4)
AVR**

7 Requirements concerning NAB

Chapter V of the AVR lays down requirements concerning NABs. These requirements are closely linked with the requirements in the Accreditation Regulation 765/2008. Provisions on accreditation of that regulation which are not covered by the AVR are applicable to EU ETS accreditation. More information on the synergy between both regulations is provided in section 2.2 and in the key guidance note on the relation between the AVR and EN ISO/IEC 17011 ([KGN II.9](#)).

7.1 National accreditation bodies (NAB)

Accreditation of verifiers is carried out by the single NAB that a MS has appointed according to Regulation 765/2008. That NAB must be:

**Art. 55
AVR**

- a member of the European cooperation for Accreditation (EA). This means that the NAB has to sign the Multilateral Agreement of the EA and meet its procedural requirements;
- have public authority with respect to the operation of accreditation services and be granted formal recognition by the MS where accreditation is not operated directly by a public authority. This means that certain national legislation could become applicable to the NAB organisation: e.g. legislation concerning public access to information, legislation concerning the archiving of documents.

NABs have to meet the following requirements when carrying out their activities:

- the requirements laid down in the AVR;
- accreditation requirements of AR regulation 765/2008 as far as they have not been covered already by the AVR;
- the requirements laid down in EN ISO/IEC 17011.

Please see the key guidance note on the relation between AVR and EN ISO/IEC 17011 ([KGN II.9](#)).

7.2 Cross border accreditation

NABs of MS are not allowed to compete with each other and only under certain conditions can they operate across national borders. Therefore verifiers have to be accredited by the NAB of the MS in which these verifiers are established. There are three exceptions to this rule:

**Art. 56
AVR and
Art. 7 AR
765/2008**

- if a MS considers it in economically not meaningful or sustainable to appoint an NAB or have an NAB providing accreditation services in EU ETS, that MS must have recourse to the NAB of another MS. In those cases the verifier will request accreditation with the NAB of the MS to which recourse has been sought;
- if the MS does not have an NAB or has an NAB that does not provide accreditation services and that MS has not sought recourse in another MS, the verifier can request accreditation directly with the NAB of another MS;
- if the NAB has not successfully undergone a peer evaluation organised by the EA, that NAB cannot carry out accreditation services until that NAB has undergone a successful peer evaluation and non-conformities have been solved. Up to that point of time the verifier can request accreditation from the NAB of another MS.

7.3 Requirements laid down in the AVR and EN ISO/IEC 17011

Chapter V of the AVR imposes EU ETS specific requirements on impartiality, independence and competence of lead assessors, assessors and technical experts, and the compilation of the assessment team. Other requirements concern procedures that an NAB must establish and implement provisions on how to address complaints made by different parties and the access to and confidentiality of information held by the NAB. For most of these requirements reference is made to EN ISO/IEC 17011. For further information please see key guidance note on the relation between the AVR and EN ISO/IEC 17011 ([KGN II.9](#)).

8 Peer evaluation and corrective action by MS

Peer evaluation and corrective action are mechanisms to ensure that the NABs continue to meet the requirements in the AVR and are competent to assess the verifier's performance and competence. This will guarantee the quality of accreditation by NABs and thus have a beneficial impact on the quality of verification and of verifiers operating in the EU.

8.1 Peer evaluation by the European cooperation for Accreditation (EA)

Peer evaluation is a mechanism whereby a peer evaluation team assesses whether the NAB that is undergoing the peer evaluation:

- carries out its accreditation activities in line with the AVR, including the requirements laid down in EN ISO/IEC 17011;
- meets the requirements laid down in the AVR, including the requirements laid down in EN ISO/IEC 17011.

The objective is to ensure that NABs across Europe operate in the same manner and the accreditation certificates and decisions made by NABs are reliable and can be trusted by the stakeholders within EU ETS.

The AVR requires NABs to subject themselves to regular peer evaluations that are organised by the EA. To ensure that the peer evaluation process can function properly, the EA must implement peer evaluation criteria and an effective and independent peer evaluation process. These criteria will for example clarify:

Art. 65(1)
(2) AVR

- impartiality and competence requirements for peer evaluation teams;
- the activities to be carried out during a peer evaluation: e.g. document review, visit to the NAB to interview NAB's personnel and assess the competence of the NAB, addressing findings from the peer evaluation, reporting on the peer evaluation;
- contents of a peer evaluation report;
- the consequences of an unsuccessful peer evaluation.

More information on these criteria can be found on the [website](#) of the EA.

The outcome of the peer evaluation (whether or not it is successful), must be shared with the Commission, the national authorities that are responsible for that NAB and thus can take corrective actions against the NAB, and the focal points of the competent authorities in all MS. If the peer evaluation is not successful, the NAB may not accredit verifiers. In those situations, verifiers should request accreditation with the NAB of another MS.

Art. 65(3)
AVR

For the beginning of the new trading period in 2013 one exception to the required peer evaluation was provided in the AVR. If the NAB had already undergone a peer evaluation prior to the entry into force of the AVR, the NAB was exempted from undergoing a new peer evaluation if it can demonstrate to the EA that it is operating its EU ETS accreditation services in line with the AVR and meets these requirements. The NAB must submit a request and accompanying documentation to the EA demonstrating that it meets the AVR. The EA must assess and decide whether this exemption can be granted.

Art. 65(4)
AVR

Please note that if the exemption for the peer evaluation has been granted, it may not apply for a period exceeding three years from the date of the notification of the EA's decision to the NAB.



8.2 Corrective action on NAB

The AVR requires MS to monitor their NAB at regular intervals to ensure that the NAB continues to meet the requirements in the AVR. MS must take the results of the peer evaluation into account. When a peer evaluation has not been successful or shows that non-conformities with the AVR must be resolved, the MS must ensure that correction action is taken. The non-conformity with the AVR must be resolved.

This is also true if the MS discovers outside a peer evaluation and during its own monitoring process that the NAB does not meet the requirements of the AVR. The MS concerned must take corrective action in that case and ensure that this corrective action is followed up. In addition, that MS must inform the Commission thereof.

**Art. 66
AVR**

9 Mutual recognition of verifiers

Verifiers are allowed to operate across national borders and carry out verification in other MS. This emanates not only from Article 49 EU Treaty and from the Services Directive⁶⁰ which prohibit restrictions on the freedom to provide services within the European Union, but it emanates also from the AVR itself. This means that MS cannot impose restrictions or additional requirements that would discriminate foreign verifiers against national verifiers.

9.1 Mutual recognition of verifiers

If an NAB has undergone a successful peer evaluation, MS must accept the accreditation certificate of verifiers accredited by that NAB and recognise the equivalence of the accreditation issued by that NAB. Those verifiers must be allowed to carry out verification in other MS for the scope of activities for which they have been accredited.

**Art. 67(1)
AVR**

A MS is not allowed to impose additional requirements in national law that would restrict foreign verifiers from operating in their MS and that would discriminate these verifiers against its national verifiers, e.g. requiring verifiers to register, requiring all individual team members to speak the language of the MS in which they are operating while not allowing them to use an interpreter.

The AVR arranges a transition period for NABs that have not undergone a complete peer evaluation before 31 December 2014. In those cases, MS are not allowed to refuse verifiers accredited by an NAB if the EA has started a peer evaluation for that NAB and has not identified any non-compliance of the NAB with the AVR. It should therefore concern NABs that are in the final stages of such a peer evaluation process.

**Art. 67(2)
AVR**

9.2 Monitoring of services delivered

The AVR does not require a MS to carry out an inspection on foreign verifiers. In fact that would not be in line with the AVR or the Services Directive. However, if the CA or the NAB of a MS where the verification takes places, conducts checks, inspections or investigations on the spot according to Article 31(4) of the Services Directive, the AVR requires that the CA or the NAB to inform the NAB that has accredited the verifier.

**Art. 68
AVR**

Please note that if the CA or the NAB happen to be carrying out checks, inspections and investigations pursuant to Article 31(4) of the Services Directives, these checks, inspections and investigations:

- may not be discriminatory
- may not be motivated by the fact that the verifier is established in another MS, and
- must be proportionate



**Art. 31(4)
Services
Directive**

The NAB that has accredited the verifier must consider the information on checks, inspections and investigations as a complaint. This means that within a reasonable time but no later than 3 months after receipt of the complaint, the NAB must:

**Art. 62
AVR**

- decide on the validity of the complaint;

⁶⁰ Directive 2006/123/EC of the European Parliament and the Council of 12 December 2006 on services in the internal market, OJ EU, L 376/36.

- ensure that the verifier concerned is given the opportunity to submit its observations related to the complaint;
- take appropriate action to address the complaint: e.g. requesting the verifier to provide additional information and require the verifier to address non-conformities, initiating extraordinary assessments if applicable or imposing administrative measures if the non-conformities are not resolved. The type of action depends on the specific complaint and individual circumstances of the case;
- record the complaint and action taken; and
- respond to the CA or NAB of the MS that carried out the checks, inspection or investigation.

**Art. 62
AVR**

Please note that Article 62 of the AVR is applicable to any complaint concerning a verifier that has been submitted to the NAB by a CA, operator, aircraft operator, regulated entity or other interested person or organisation. A complaint is an expression of dissatisfaction and can concern a number of issues. More information on complaints and how to address complaints is provided in [KGN II.9](#) on the relation between EN ISO/IEC 17011 and AVR and [KGN II.10](#) on information exchange.



**Art. 62
AVR**

If the information submitted by the CA or NAB of the MS that carried out the checks, inspection or investigation, provides evidence that non-compliance of the verifier with the AVR was identified, the NAB that has accredited the verifier, must take appropriate action to address the complaint and respond to that CA or NAB within three months from the date of receipt of the complaint. In its response the NAB shall inform the CA or the NAB of the action taken and, where relevant, the administrative measures imposed on the verifier.

**Art. 73(2)
AVR**

10 Information exchange

Information exchange in a harmonised and well-structured manner between the various parties involved in EU ETS compliance processes is crucial to strengthening the quality of verification and enhancing transparency in the compliance chain. Information exchange on verifier related issues is not only important between the NAB and the CA within the Member State (MS), but also across borders when verifiers are operating in other MS. Chapter VI of the AVR addresses both situations.

10.1 Cooperation and information exchange within one MS

Member States are required to establish an effective information exchange and cooperation between their NAB⁶¹ and the CA⁶². Examples of effective cooperation may be meetings and written correspondence between the NAB and the CA, providing regular exchange of information on experiences with verifiers and deficiencies encountered during reviews of verified emission reports or the witnessing of verifiers by NAB. In some MS the CA also meets with their verifiers to explain new requirements in the legislation and discuss problems concerning the interpretation of monitoring or reporting requirements.

Art. 70(1)
AVR

In addition to this regular cooperation and information exchange, the AVR lays down structured requirements to share information at appropriate points in time to support not only the NAB⁶³ but also the CA in carrying out their compliance ensuring tasks and overseeing the quality of verification. It concerns the following requirements.

Table 17 Information exchange in the AVR

Number	AVR requirement on information exchange
1	<p><u>Notification from the verifier to the NAB or NCA</u></p> <p>Before, or at the latest on 15 November of each year, every verifier has to notify information to the NAB that has accredited it.⁶⁴ The information in the notification template is indicative and subject to change, e.g. dates of site visits may change and need to be updated in that case. Where changes occur in the information, the verifier must notify these to the NAB within a timeframe agreed with that NAB.⁶⁵</p>
2	<p><u>Work programme</u></p> <p>The NAB⁶⁶ uses the notified information to draft a work programme which describes the planned activities in relation to the accreditation activities (e.g. planned assessments, planned witness audits). By 31 December of each year, the NAB that has accredited the verifier must submit the work programme to the CA of the MS where the verifier is intending to carry out verification. This means that the work programme must go to the CA of different MS if the verifier operates in those MS. The information that each of these CAs receives, will only contain information on the verifiers that are</p>

Art. 77
AVR

Art. 71(1)
AVR

⁶¹ In the case of a MS using a certification system for natural persons acting as verifiers, cooperation should also be established between the NCA and the CA of that MS.

⁶² Where relevant, this is the focal point Competent Authority designated for information exchange in accordance with Article 70(2) of the AVR.

⁶³ Or NCA in the case of certification

⁶⁴ Or, where the MS used a certification system, to the NCA that has certified the verifier.

⁶⁵ Changes in the notified information could especially occur in February and March, e.g. for verifiers of small emitters in aviation or verifiers that have new clients.

⁶⁶ Or where the MS uses a certification system, the NCA.

Number	AVR requirement on information exchange	
	carrying out verification in their MS. If there are changes in the information of the work programme, the NAB has to submit an updated work programme by 31 January.	
3	<p>Information exchange from CA to NAB or NCA</p> <p>When the CA mentioned under box 2 has received the work programme, it must provide the NAB with any information that is relevant for the assessment of verifiers. This information feedback from the CA to the NAB⁶⁷ can for example be national legislation, national guidance, FAQ or a MS specific MP template requirement, emission report format or verification report templates.</p>	Art. 71(2) AVR
4	<p>Management report</p> <p>By 1 June of each year the NAB has to provide feedback in a management report on what activities have been carried out in the preceding 12 months. This implies that the activities to be carried out in the period after submission of the management report (June-December) will be covered in the management report of the next year.⁶⁸ The management report is sent to the CA of the MS where the verifier is carrying out verification and the MS where the verifier is accredited.⁶⁹</p>	Art. 71(3) AVR
5	<p>Information exchange from CA to NAB or NCA</p> <p>The CA of the MS where the verifier is carrying out the verification must exchange certain information with the NAB that has accredited the verifier.⁷⁰ This information enables the NAB to take action on a particular verifier if the CA has identified issues related to that verifier during inspection, the review of operator's reports, the evaluation of the internal verification documentation or through complaints submitted to the CA.</p> <p>To support the NAB in their surveillance activities and other accreditation activities it is important to exchange the information on a timely basis. Therefore, it is recommended that the CAs submit the information by 30 September of each year unless it concerns information that requires immediate action by the NAB.</p> <p>Examples of information that should be immediately shared with the NAB are: evidence that the verifier is not complying with the AVR, issues spotted by the CA during the review of the emission reports or evaluation of internal verification documentation that clearly shows that the verifier has insufficient knowledge of or expertise in the operator's, aircraft operator's or regulated entity's activities within the scope of accreditation, negligence in missing material misstatements, or that the verifier has been involved in setting up the operator's monitoring system or has drafted the monitoring plan for the operator and nevertheless is carrying out the verification for that same operator etc.</p> <p>The same observations can be made for verifiers carrying out verification of regulated entity's reports.</p>	Art. 73 AVR
6	<p>Immediate information exchange on administrative measures</p> <p>The NAB that has accredited the verifier must immediately notify the CA of the MS where that verifier is carrying out verification, and the CA of the MS where the verifier is accredited if:</p>	Art. 72 AVR



⁶⁷ Or the NCA where the MS used a certification system and the verifiers mentioned in the work programme are certified by the NCA.

⁶⁸ If the information concerns a verifier accredited by a NAB of the same MS in which the CA is established, that CA will be informed on activities carried out in June-December earlier through regular information exchange and cooperation channels as required in Article 70 of the AVR.

⁶⁹ Or the MS where the verifier is certified if that MS has set up a certification system and the verifier concerned is a natural person certified by the NCA.

⁷⁰ Or the NCA that has certified the verifier, where this is relevant.

Number	AVR requirement on information exchange
	<ul style="list-style-type: none"> the NAB has imposed administrative measures on the verifier; the suspension on accreditation has been lifted; a decision on appeal has reversed the decision of the NAB to impose administrative measures. <p>The NAB should share relevant information: e.g. type of administrative measures imposed and the moment that the administrative measure was imposed.</p>

If the verifier is accredited by an NAB⁷¹ of the MS where it is established and where it is carrying out verification, the information exchange lines are as follows:

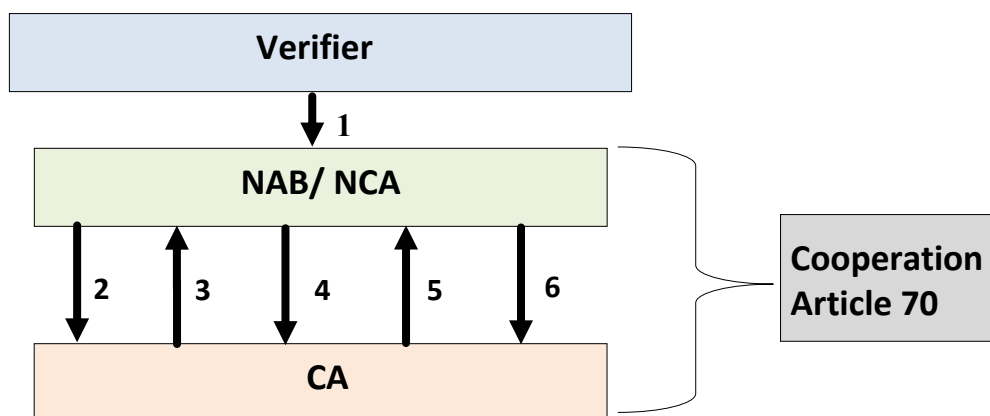
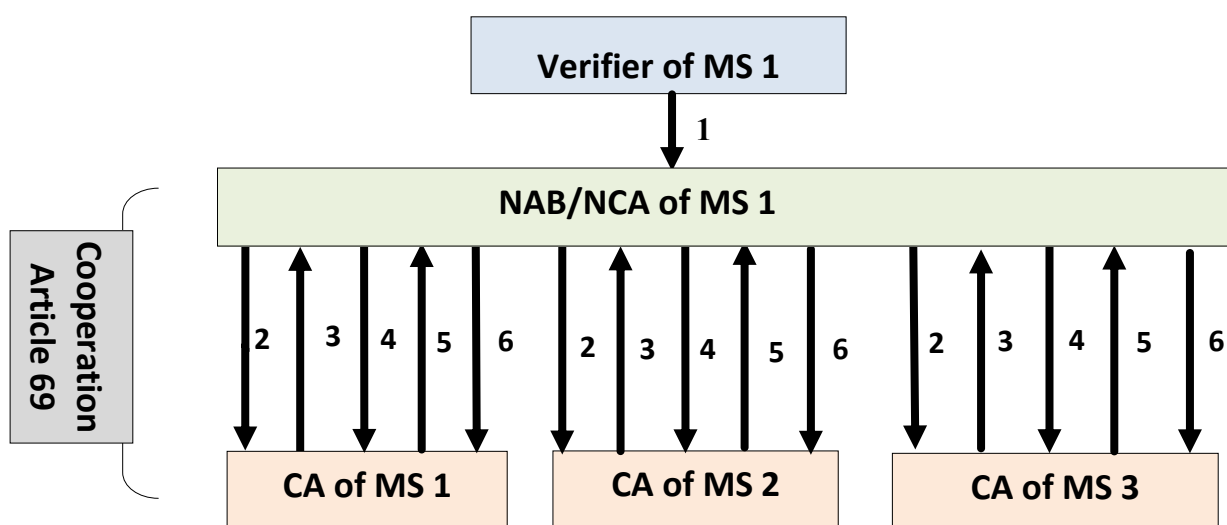


Figure 9: Information exchange within one MS

10.2 Information exchange across borders

If the verifier accredited by a NAB carries out verification activities in another MS, the AVR requires that NAB to submit the work programme and management report to the CA of each MS where the verifier is operating. In turn, the CA of that MS must exchange information to the NAB if it has received a complaint on that verifier or identified issues concerning that verifier during the review of emission reports, inspection at the operator or the evaluation of internal verification documentation. The figure below represents a situation in which:

- the verifier is accredited by a NAB⁷² in the MS where it is established (MS 1); and
- the verifier carries out verification(s) in its own MS (MS 1) and in other MS. (MS 2 - MS 3).



⁷¹ Or certified by an NCA

⁷² Or certified by an NCA

Figure 10: Information exchange across borders

10.3 Identification of the CA exchanging information

In some MS more than one CA is responsible for EU ETS activities. For example, a number of CA can be involved in the permitting and approval of the MP or a MS has different CAs for the registry, review of emission reports and approval of the MP. If a MS has designated more than one CA, that MS is required to authorise one of its CAs to be the focal point for the exchange of information. This means that the work programme, management report and the information on administrative measures imposed must go to that focal point and the focal point exchanges that information according to Article 73 of the AVR to the NAB.

Art. 70(2)
AVR

10.4 Information concerning non-compliance with the AVR

CAs carry out spot checks on the verified emission reports that have been submitted to them by 31 March each year.⁷³ They can also perform inspections on operators or regulated entities to ensure that they meet the MRR requirements and are entitled to request the verifier access to its internal verification documentation.

Art. 26(3)
AVR

In its annual information exchange with the NAB⁷⁴, the CA shares information that is relevant for the NAB to know in relation to its responsibilities and tasks. If that information from the CA provides evidence that the verifier is not complying with the AVR, the NAB⁷⁵ must address this as a complaint against the verifier. This means that the NAB must decide on the validity of the complaint, ensure that the verifier concerned is given the opportunity to submit its observations, take appropriate action to address the complaint and record the complaint.

Art. 73(2)
AVR

Appropriate action could for example involve starting an extraordinary assessment, imposing administrative measures or taking other measures to ensure that verifier resolves the non-conformities. The NAB must respond to the CA that has exchanged the information with the NAB within three months of the date of the NABs receipt of the information. In those cases the NAB has to inform the CA of the action taken and, where relevant, the administrative measures applied.

10.5 Information exchange on surveillance

If the verifier is carrying out the verification in another MS, the NAB that has accredited the verifier can request the NAB of that other MS, to perform surveillance activities on its behalf and under its responsibility.

Art. 50(5)
AVR

In such cases the NAB that has carried out the surveillance shall report its findings, i.e. the assessment report, to the NAB that has accredited the verifier unless otherwise agreed between the two NABs.

Art. 74(1)
AVR

The NAB that has accredited the verifier must take these findings and the assessment report into account when assessing whether the verifier meets the requirements of the AVR. If the assessment report indicates that the verifier is not complying with the AVR, the NAB that has accredited the verifier must take appropriate action. Where relevant, the NAB can impose administrative measures. In those cases, the NAB must inform the NAB that has carried out the surveillance on the type of action taken, how the findings were resolved by the verifier (if

Art. 74(2)
AVR

Art. 74(3)
AVR

⁷³ The deadline for submitting ETS2 regulated entity's emission report is 30 April of each year.

⁷⁴ Or, where relevant, the NCA.

⁷⁵ Or NCA if the MS has set up a certification system and it concerns a verifier that is certified by that NCA.

this is appropriate) and if administrative measures were imposed, and what these measures were.

Article 74 of the AVR is not applicable to NCAs since Accreditation regulation 765/2008 and EA rules prevent the NABs from performing surveillance activities on certified verifiers. If an NCA is surveying a certified verifier abroad, that NCA must accompany the certified verifier on its verification in that other MS to monitor the verifier’s performance (please see also key guidance note on certification (KGN II.11)).

10.6 Information exchange if the verifier is accredited in another MS

MS are allowed to have recourse to the accreditation services of a NAB of another MS, if a MS considers it is economically not meaningful or sustainable to appoint an NAB or provide accreditation services in its own MS. In that case Article 75 of the AVR is applicable. The figure below indicates the relevant information exchange lines.

Art. 56
AVR

If the verifier established in MS 1 is accredited by the NAB of MS2 and is carrying out the verification in MS 3, the NAB has to inform two CAs: the CA of MS 3 and the CA of MS1.

Art. 75
AVR

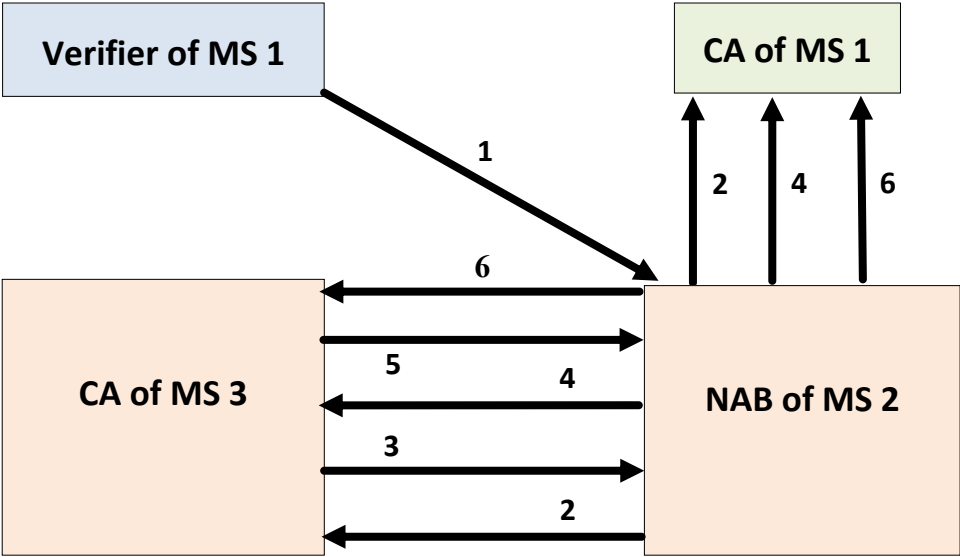


Figure 11: Information exchange in the case of Article 75 of the AVR

Key to the diagram arrows
Arrow 1: notification by the verifier by 15 November (Article 77 of the AVR)
Arrow 2: work programme from NAB to CA by 31 December and update by 31 January (Article 71(1) of the AVR)
Arrow 3: information on national legislation/ guidance from CA to NAB (Article 71(2) of the AVR)
Arrow 4: management report from NAB to CA by 1 June (Article 71(3) of the AVR)
Arrow 5: annual information exchange from CA to NAB (Article 73 of the AVR)
Arrow 6: immediate information exchange on administrative measures (Article 72 of the AVR)

10.7 Confidentiality of information in relation to information exchange

Some information in the information exchange template is sensitive. EN ISO 17011 forbids the NAB to disclose information to the public on a verifier unless European or national law requires such information to be made available to the public. Directive 2003/04 on public

access to environmental information⁷⁶ relates to public authorities that hold environmental information; the NAB, NCA and CA are public authorities in this respect.

However, most information in the templates cannot be regarded as environmental information. If some information in the template is environmental: e.g. information on non-conformities of a verifier that had an actual impact on the emission data and someone in the public requests access to the information exchange reports, information could be withheld based on the exemption grounds in Article 4(2) of Directive 2003/4 provided that the grounds for withholding and preserving confidentiality of that particular sensitive information outweighs the public interest. With respect to the exceptions laid down in Article 4(2) of Directive 2003/4 each party may indicate in the information exchange reports which information in particular they consider sensitive.

Further information on how to interpret Article 64 of the AVR on access to information and confidentiality of information held by an NAB is provided in the key guidance note on the relation between the AVR and EN ISO 17011 ([KGN II.9](#)).

10.8 Database

Each NAB⁷⁷ must set up and manage a database that provides access to other NABs⁷⁸, CAs, verifiers, operators, aircraft operators or regulated entities. This will enable these parties to look into the accreditation status of the verifier. The database must contain at least the following information which is made publicly available as well:

**Art. 76
AVR**

- name and address of each verifier accredited by that NAB;
- the MS in which the verifier is carrying out verification;
- each verifier's scope of accreditation;
- the date on which accreditation or certification was granted and the due expiry date of the accreditation ;
- any information on administrative measures that have been imposed on the verifier. This should for example include information on the type of administrative measure imposed, when it was imposed, information on when suspension was lifted or when a decision on appeal has reversed the original decision to impose administrative measures. The EA is hosting a [list of links](#) to the databases of all NABs.

10.9 Information exchange templates

The Commission has developed templates for the following types of information exchange:

- a notification template for verifiers;
- a template for the annual work programme;
- a template for the management report;
- a template for information exchange between the CA and the NAB.

Please see the key guidance note on information exchange ([KGN II.10](#)) for instructions on how to complete the templates and the contents of these templates.

⁷⁶ Directive 2003/4/EC of the European Parliament and of the Council of 28 January 2003 on public access to environmental information and repealing Council Directive 90/313/EEC, OJ L 41, 14.2.2003, pp. 26–32.

⁷⁷ Or NCA where the MS has set up a certification system.

⁷⁸ Or NCAs if certification has been implemented.

Annex I. Timeline for verification

The figure below provides a flow diagram of the stages and actions involved in the verification of operator's or aircraft operator's emission reports against a proposed annual timeline. Dates in ***bold italics*** are compulsory and set by legislation. Dates in normal text are suggested to keep the process on track and ensure verifications are completed on time and within the available verifier resources. Please note that the suggested timelines are not mandatory and may not be applicable for all installations or aircraft operators.

Date	Actions and Stages of the Verification
At any the time in advance of commencing verification work but certainly BEFORE issuing a verification report	Verifier obtains accreditation to perform annual verification or extends the scope of its accreditation
By July (in the reporting period)	Operators contract verifiers. Contract review, proposals, commissioning, internal audit planning
By September (in the reporting period)	Stage 1: Strategic analysis; check MP and compliance with MRR and principles, review accounting methods and processes, discuss any issues with the operator and raise any issues related to non-conformities and non-compliances; risk analysis; plan detailed verification work and document
By October/November (in the reporting period)	Stage 2: Perform preliminary detailed verification based on 6 to 9 months actual data and obtain a full year's forecast of total emissions, recheck MP, its implementation and compliance with MRR and principles, check data flow, control activities and MP procedures. Raise any issues related to misstatements, non-conformities and non-compliance
By end of January/ end of February	Stage 3: Year-end reconciliation. Reconcile full year forecast (if available) and full year actual emissions (checking completeness and correctness report), investigating anomalies, final check on MP and compliance with MRR and principles. Raise any issues related to misstatements, non-conformities and non-compliance
By end February/ early March	Stage 4: Complete verification report using the template. Combine final verification report with the final annual emissions report and send to operator for submission to CA
<i>By 31 March**</i>	Operator to submit verification report and emissions report to CA
<i>By 31 March</i>	CA to enter the verified emission data into the registry: or upon decision the accountholder or the verifier
<i>By 31 March</i>	Verifier to approve or reject the verified emissions data entered into the Registry. Failure to confirm the figure by 31 March will result in the account being blocked to further trades
<i>By 30 June</i>	Operator to submit improvement report to CA. (The CA may set an alternative date for submission of improvement report but no later than 30 September)
<i>By 30 September</i>	Operator to surrender emission allowances

****** The CA may require the operator or aircraft operator to submit the verified emission report earlier than by 31 March, but by 28 February the earliest (Article 68 of the MRR)

Figure 12: Flow chart showing verification process and due or proposed dates

Once the verifier has been contracted by the installation, the formal verification process begins:

- Stage 1 involves the strategic analysis, site visit, risk analysis and development of the verification plan by the verifier.
- Stage 2 involves performing a preliminary verification of available data (six to nine months' worth) to determine any potential issues of concern that may need to be resolved between the operator and CA. This important step aims to reduce the amount of work required towards the end of the year.
- Stage 3 involves the verifier checking the remainder of the year's data, and recommending improvement opportunities, and assuring that the operator's annual emissions report is complete and correct. A thorough, independent review is also required before the verification report is finalised.
- Stage 4 requires the verifier to submit the final verification report (incorporating the verified annual emissions report) to the operator.

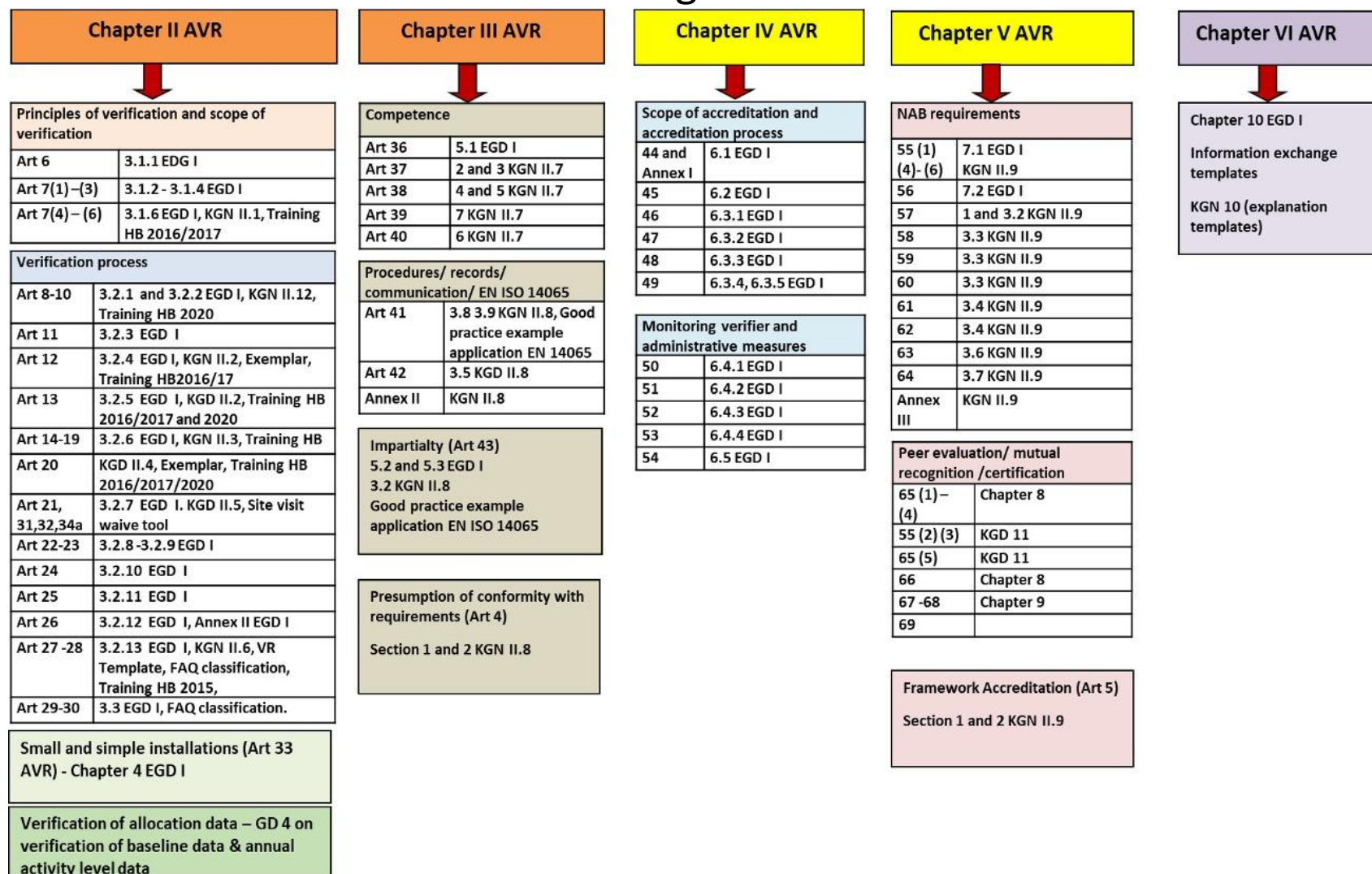
Annex II. Internal verification documentation

The internal verification documentation of the verifier should at least cover the following elements:

- Results of the evaluation of risks to undertake the verification during the pre-contract stage and the evaluation itself;
- The time allocation as well as any revisions in the time allocation and reasons for such a revision;
- The contract with the operator and any other relevant information used to prepare the verification;
- Information on the verification team that has performed the verification and how this team was compiled:
 - names of the EU ETS Verifier, EU ETS Lead Verifier and other relevant team members;
 - competence of the team to cover the scope of accreditation in which the operator's activities are covered;
 - roles and responsibility of each verification team member;
 - time spent on verification activities by each team member.
- Conclusions on the independence and impartiality checks and clearance of the independence of reviewers to start the verification;
- Scope of the verification. This should in principle be in line with the scope of the verification activities that have been indicated in the verification plan unless changes have occurred during the verification process;
- The identification of the criteria against which the emissions report was verified so as to understand the basis for the verifier's verification conclusion;
- Conclusions on follow-up of points/recommendations from previous audits;
- What operator's information the verifier has used to cross-check data and carry out other verification activities;
- The operator's emissions report;
- The conclusions of the strategic analysis, risk analysis and process analysis and these analyses in full;
- The verification plan, any revisions and updates of that plan and reasons for amending the plan, additional activities to be carried out and other conclusions related to the verification plan and process analysis;
- The verification activities undertaken and results of checks made on the control activities, procedures and data. The activities described in the internal verification documentation should in principle be in line with the verification plan unless changes have occurred during the verification process;
- Relevant evidence gathered during the verification;

- Information on what activities are performed on site and which off site;
- If a site visit has been waived, reasons for waiving the site visit, how the data has been checked and verification has been carried out without the site visit, the decision of the CA regarding waiving the site visit and evidence that all conditions for waiving the site visit have been met;
- If a virtual site visit was carried out because of force majeure, the justification for carrying out virtual site visits as well as the assessment of risks, any evidence that all conditions for carrying out virtual site visits have been met, how virtual site visit was carried out; what technologies were used and whether there were complications during the virtual site visit; activities carried out during the virtual site visits and dates on which these activities took place; experts and team members involved in virtual site visit; the CA approval and correspondence on this; information on whether a physical site visit was carried out after the virtual site visit and the reasons for carrying out this physical site visit. More information can be found in [KGN 5](#) on site visits;
- Changes that have occurred during the verification process;
- Information and evidence on samples taken and what sampling method was used;
- Reasons for increasing or decreasing the sampling size and resolution of all issues identified which required further investigation and their eventual outcome, as well as evidence on the rationale for the conclusions reached on the emissions report;
- Conclusions on data quality and materiality with regard to the approval of the installation or aircraft operator's data in the emissions report. This includes the materiality threshold that has been applied and a justification for judgments made concerning the quantitative and qualitative assessment of whether misstatements, non-conformities or non-compliance have material impact on the reported data;
- Non-conformities, misstatements and non-compliance that have been identified by the verifier, and a description on how these have been resolved. If these misstatements, non-conformities and non-compliance issues are closed during the verification, this should be marked as such;
- Justifications for the verification opinion made by the verifier;
- Where appropriate, a description of any significant, inherent limitation associated with the verification of the emissions report against the criteria. It should be clear whether there is a limitation of scope in the verification, whether there were circumstances or whether a restriction was imposed that prevented the verifier from obtaining evidence required to reduce the verification risk to a reasonable level;
- The conclusions on the verification of the emissions report;
- Results of the independent review and the name of the independent reviewer.

Annex III. Detailed user manual to guidance material



Annex IV. Specific MRV issues

This Annex includes an explanation on the verifier's role with respect to specific monitoring and reporting issues.



1. How to verify emission reports of municipal waste incineration installations?
2. How the ETS1 verifier carries out the checks on Annex Xa MRR information?
3. How the verifier checks the application of the monitoring methodology concerning transfer of CO₂?
4. How the verifier checks CO₂ permanently chemically bound in products?

1. How to verify emission reports of municipal waste incineration installations?

The EU ETS Directive and the MRR requires municipal waste incineration installations exceeding 20 MW to monitor and report their emissions. The **same monitoring and reporting requirements apply to municipal waste incineration installations**, as for regular combustion installations. They can choose between a calculation-based or a measurement-based methodology, and are subject to the same tier requirements in the MRR. The specific characteristics of municipal waste because of its heterogeneous quality, does however have an impact on the monitoring of such waste:

- It will in some cases be more costly to meet the highest tier requirements. Section 12.18 of [MRR Guidance Document 1](#) contains more information;
- A specific standard default value is included in Annex VI of the MRR for municipal waste;
- No sustainability or greenhouse gas savings criteria apply to municipal waste. This means that the operator does not have to demonstrate compliance of this waste source stream with these criteria.⁷⁹
- The biomass fraction in the municipal waste is monitored according to the specific requirements in Article 39 MRR (calculation-based methodology) and Article 43(4) of the MRR (measurement-based methodology). For more information, please see section 12.18 of the [MRR Guidance Document 1](#);
- The heterogeneous quality of the municipal waste will have an impact on the operator's sampling plan if a calculation-based methodology is carried out. More frequent sampling will likely be required and specific sampling techniques may apply.

The **verifier's role in verifying municipal waste incineration installation's emission reports** does not differ from verifying a regular combustion installation's emission reports. The verifier must follow the same steps in the verification process. The verifier should however be aware of the following:

- Municipal waste incineration installations will likely have included in their monitoring plan justifications for deviating from the highest tier, because they cannot meet that highest tier due to unreasonable costs or technical infeasibility;

⁷⁹ Please note that municipal waste incineration installations can also use other zero-rated fuels to which sustainability or greenhouse gas savings criteria apply. In those cases compliance of the zero-rated fuels with these criteria must be demonstrated.

- Whether or not an installation is a municipal waste incineration installation and uses waste that is considered municipal waste, will have been established in the permit and the approved monitoring plan. However, the verifier will have to do some consistency checks with waste catalogue numbers to check whether the waste used by the installation for monitoring purposes, can be regarded as municipal waste, and is in line with the approved monitoring plan and the applicable legislation. The verifier will also check completeness of these waste streams;
- The sampling plan approved by the competent authority is likely to be complex, and may require some additional data verification to assess whether it has been implemented correctly, and whether the sampling is representative;
- If a measurement-based methodology is applied, the biomass is monitored following specific rules in Article 43(4) of the MRR. Where the flue is continuously sampled according to EN ISO 13833 (“Stationary source emissions – Determination of the ratio of biomass (biogenic) and fossil-derived carbon dioxide – Radiocarbon sampling and determination”) and a specific minimum frequency of analysis is applied (see section 12.18 of [MRR Guidance 1](#)), certain additional checks must be carried out.

The verifier should assess whether the monitoring methodology is applied correctly: e.g. whether the minimum frequency is applied but also whether the standard is followed in the sampling process. This may require some technical expertise from the verifier and a technical expert to be added to the verification team.

2. How the ETS1 verifier carries out the checks on Annex Xa information?

Several requirements have been included in the MRR to avoid double counting between EU ETS and the new emission trading scheme for buildings, road transport and additional sectors (ETS2). Fuels released for consumption in EU ETS installations or by aircraft operators should not be faced by a carbon price under EU ETS and again under the cost-pass through in ETS2. For that reason, **double counting between ETS2 and ETS1** should be avoided. The recent MRR amendments introduced a new Annex Xa in the MRR which requires each ETS1 operator, as from 1 January 2024, to also report on fuel purchased from their fuel suppliers. This **Annex Xa information** includes the following information:

- contact details and unique permit number of the regulated entity;
- where available, a list of all fuel suppliers, if the fuel supplier is not the regulated entity. This list does not only cover the direct fuel supplier but, if available, all fuel suppliers in the fuel supply chain up to the regulated entity;
- type and amounts of the different fuels acquired from each supplier during the reporting period;
- the amount of fuels used in activities covered by Annex I of the EU ETS Directive. This must be reported for all fuels acquired from each fuel supplier during the reporting period.

Article 75v(2) of the MRR requires the operator to include this Annex Xa information in the emission report. To facilitate the reporting of Annex Xa information operators of installations must establish and implement a procedure outlining approaches to calculate and determine the information listed in Annex Xa of the MRR. ETS 1 operators have to include the description

ETS 2

NEW

in the monitoring plan is by 31 December 2026. Further information on what such a procedure should cover is included in section 10 of [MRR Guidance document 1](#).

2.1 Identification of double counting between ETS1 and ETS2

In order to determine whether there is double counting between ETS1 and ETS2, two situations can be distinguished:

- a. Direct contractual relationship between the ETS1 operator and the regulated entity;
- b. No direct relationship between ETS1 operator and the regulated entity.

Direct contractual relationship between ETS1 operator and the regulated entity

Where there is a direct contractual relationship between the regulated entity and ETS1 installation, the following information will be available at the premises of the installation:

- Annex Xa information;
- Fuel supply contracts between the ETS2 regulated entity and the ETS1 operator that confirm that both parties intend to trade fuels with one another (an 'intent to trade fuels'). If the use of fuels by the ETS1 operator in ETS1 activities is subsequently confirmed, these fuels must be subtracted from the fuels that are released for consumption by the regulated entity);
- Invoices for the actual fuel amounts that allows linking of the amounts acquired by ETS1 operators with the ETS2 regulated entity under bullet point 2 above;
- There can be situations where fuels are stored in stock and not used in the same year, or are sold onto further entities downstream, or are used by the ETS1 installation for non-ETS1 activities. In those cases the ETS1 operator must split the amount between suppliers accounted for and the methodology on how to do this split must be included in the approved MP (Annex I(10) of the MRR). The ETS1 operator must also establish and implement a procedure outlining approaches to calculate and determine the information listed in Annex Xa of the MRR. Together with the bullet points above, this will lead to a 'confirmation of use' of the fuels, as well as an 'intention of use' for those amounts of fuels stored but not yet consumed or sold on further.

This information must be provided by the operator to the verifier at the start of the verification. The ETS1 verifier will cross check this information with internal records and the emissions report.

No direct relationship between the ETS1 operator and regulated entity

Where there is not a direct relationship between the ETS1 operator and the ETS2 regulated entity, the ETS 1 verifier must carry out the cross checks between Annex Xa information and internal or external evidence of fuels acquired and received⁸⁰ and internal records and emission report on fuel used in the reporting period and obtain such evidence from the ETS1 operator.

⁸⁰ E.g. cross checking information from Excise Movement Control system if excise duty for the fuel is suspended to the ETS1 operator (the information in the consignor and consignee documents), fuel contracts or information on invoices).

2.2 Further checks of verifier on Annex Xa information

When carrying out verification of the operator's or aircraft operator's emission report under ETS1, the verifier will also perform checks on the Annex Xa information included in the operator's or aircraft operator's emission reports. As part of the data verification and the checking of the operator's or aircraft operator's application of the monitoring methodology, this includes the following checks:

- checks whether the Annex Xa information is complete and in line with Annex Xa of the MRR;
- consistency checks between reported Annex Xa information and operator's invoices on fuels purchased and operator's internal records on fuel quantities used in the reporting period. This includes cross checks between Annex Xa information and information in the operator's procurement system such as fuel suppliers on the approved list, orders made, fuel supply contracts⁸¹ and delivery notes/invoices received. Typically for the annual emissions report verification, checks on total quantities of fuels acquired and used on site would be made through a similar route in order for a reportable stock balance to be determined. Cross checks with other parts of the emission report would also be needed;
- checks on how to attribute fuel amounts to each regulated entity from whom the fuel was purchased;
- where fuels are stored in stock and not used in the same year, sold onto further entities downstream or are used by the ETS1 installation for non-ETS1 activities, checks on whether the methodology proposed by the ETS1 operator on how to split amounts between suppliers as listed in the approved monitoring plan has been applied correctly;
- checks on fuels used during the reporting period by assessing amounts of fuel on stock, fuels exported and fuels used for ETS1 purposes and non-ETS purposes. This includes checks that the amounts of the fuels used from a supplier does not exceed the amount that the operator has acquired from that supplier while taking into account the amounts stored in stock according to the methodology in the approved monitoring plan.

Art. 7(4)
aa AVR

Art. 16(2)
(ha) AVR

Art. 17(7)
AVR

As part of the requirement to assess the establishment and implementation of procedures listed in the monitoring plan, the **verifier will do similar checks on this procedure**. Before 2026 operators may have implemented such a procedure voluntarily. In such cases the verifier would do some checks on whether this procedure is established and implemented and whether such a procedure would mitigate inherent risks in the data flow related to the Annex Xa information. Once the establishment and implementation of the procedure has become mandatory in 2026, the verifier will perform the same checks on the establishment, implementation, maintenance and documentation of procedures as on other procedures (see [KGN II.3](#) on process analysis).

Art. 14(c)
AVR

2.3 Reporting in the verification report

In the verification report the verifier has to confirm that it has carried out the required checks

⁸¹ Including fuel supply contracts between the ETS2 regulated entity and the ETS1 operator that confirm that both parties intend to trade fuels with one another (an 'intent to trade fuels').

and that the fuels used from the supplier do not exceed the amount that the operator or aircraft operator has acquired from that supplier while taking into account the amounts stored in stock as listed in the approved monitoring plan. Any findings, misstatements, non-conformities and non-compliance issues that are still outstanding must be included in the verification report.

**Art. 27(3)
(re), (o),
(r) and (s)
AVR**

2.4 Submission of Annex Xa information to the regulated entity

Member State can require operators or aircraft operators to submit that Annex Xa information to the relevant regulated entity. Where the operator or aircraft operator has provided the regulated entity with that Annex Xa information, it also submits the remarks and findings the verifier reported on that Annex Xa information in the verification report.

**Art.
75v(2)
AVR**

2.5 Further guidance on ETS2 verification

More information on the verification of the regulated entity's emission report by the ETS2 verifier and the cross checks that the ETS2 verifier carries out between Annex Xa information and the information of fuels supplied by the ETS2 regulated entity as required by Annex Xb of the MRR is provided in section 4.4 of [ETS2 AV Guidance](#).

3. How the verifier checks the application of the monitoring methodology concerning transfer of CO₂?

Annex I of the ETS Directive extends the scope of EU ETS to transport of CO₂ to a CCS installation through means other than pipelines. Specific requirements are included in Article 49 and Annex IV of the MRR on the following issues:



- Article 49 MRR clearly specifies when the amount of CO₂ transferred can be subtracted. CO₂ can only be subtracted if the CO₂ does not originate from zero-rated carbon and is transferred to a capture installation, a CO₂ transport infrastructure or a CCS installation.
- Amendments have been introduced in Article 49(3) and (4) MRR to clarify that the CO₂ can also be transported from one installation or CO₂ transport infrastructure to another installation or CO₂ transport infrastructure.
- A new Article 49(6) MRR has been introduced for CO₂ that results from materials or fuels containing a fraction of zero-rated carbon. This requirement regulates that the transferring installation shall only subtract from the reported emissions the quantity of CO₂ proportional to the fraction of carbon that does not originate from zero-rated carbon. The provision also requires the operator of the CO₂ infrastructure to monitor emissions from leakage events, fugitive emissions and vented emissions.
- A new Article 49(7) of the MRR has been introduced that the operator of the CO₂ transport infrastructure may include in the reported emissions any CO₂ in transit that has been transferred to another installation or CO₂ transport infrastructure no later than 31 January of the following year. This is to accommodate cases in which the quantity of CO₂ is captured and transferred to a CO₂ transport infrastructure in year Y but not geologically stored or transferred to another installation in that same year.
- Several amendments have been made to Annex IV, section 21 and 22 of the MRR to accommodate the extension of Annex I of the ETS Directive to other transport modes, to align with Article 49 of the MRR and to incorporate new requirements on monitoring

and reporting of emissions. These amendments also had an impact on other Annexes. As a result, Annexes V and VII, IX and X MRR were changed to include requirements on for example what information to record on transferred CO₂ and what to report in the emissions report.

3.1 Risk analysis and verification planning

The changes in the MRR mentioned above need to be taken into account when planning the verification of installations that are transferring the CO₂. Installations that are carrying out such transfer have **increased risks on some areas**: e.g. the risks of incorrectly deducting CO₂ transferred, missing emissions from leakages, weak controls that do not detect any inconsistencies in the measurement of transferred CO₂, discrepancies in the measured values. The verifier needs to be aware of these increased risks and consider those in its risk analysis and verification planning.

The verifier should also take note of the requirements in Article 10 of the AVR and request from the operator the **necessary information to be able to perform the checks** on transferred CO₂. This includes not only the approved monitoring plan but also internal records and the procedures which covers the transfer of CO₂ in accordance with Article 49 of the MRR⁸² such as procedures covering:

- information on the location of equipment for temperature and pressure measurement in a CO₂ transport infrastructure;
- procedures for preventing, detecting and quantification of leakage events;
- procedures for effectively ensuring that the CO₂ is transferred only to installations which have a valid greenhouse gas emission permit or procedures for effectively monitoring and reporting in accordance with Article 49 of the MRR;
- information on the identification of the transferring and receiving installation or the CO₂ transport infrastructure.

3.2 Correct application of monitoring methodology

As part of the assessment of the correct application of monitoring methodology, the verifier is required to check whether the differences between measured values at the transferring and receiving installation or the CO₂ transport infrastructure can be explained by the uncertainty of measurement systems and whether the correct arithmetic average of the measured values has been used in the emission reports of the respective installations or CO₂ infrastructures. If the differences cannot be explained, the verifier shall check at least whether:

- adjustments were made to align the differences between the measured values;
- those adjustments were conservative meaning that these are not an underestimation of the transferred CO₂ quantities; and
- the competent authority has granted approval for those adjustments.

In addition the verifier will check whether the monitoring methodology as approved in the monitoring plan is applied correctly taking into account Article 49 MRR, Annex IV, section 21

⁸² Including procedures listed in Annex I, section 7 of the MRR.

and 22 MRR. More guidance on how to interpret these requirements are provided in [MRR Guidance Document 1](#).

3.3 Additional checks on transferred CO₂

The new paragraphs 6 and 7 to Article 49 of the MRR require the verifier to do some additional checks:

- The verifier should check whether the CO₂ transferred results from materials or fuels containing zero-rated carbon. If the CO₂ does result from such zero-rated carbon fuels or materials, the verifier checks that the CO₂ subtracted is only the amount proportional to the fraction of carbon that does not originate from zero-rated carbon.
- The verifier should also assess whether there have been any leakages or fugitive emissions by going through internal records, looking at measurement equipment and checking control activities in place to monitor leakages and fugitive emissions. The detail and the type of checks should be designed in such a way that the verification risk is reduced to the level that is needed to declare with reasonable assurance that the emission report is free from material misstatement.
- When the quantity of CO₂ is not transferred to another installation in the same year as the year in which it was captured and transferred to the CO₂ infrastructure, the verifier shall check whether the CO₂ in transit is included in the reported emissions of the CO₂ transport infrastructure and whether that CO₂ in transit was transported no later than 31 January (i.e. within 1 month of the end of the reporting year).

4. How the verifier checks CO₂ permanently chemically bound in products?

Article 12(3b) of the EU ETS Directive regulates that emissions allowances do not have to be surrendered in respect of GHG emissions that have been captured and utilised in such a way that they have become permanently chemically bound in a product so that they do not enter the atmosphere under normal use. This includes any normal activity taking place after the end of the life of the product. In 2024 the Commission published the CCU delegated act⁸³ that includes an exhaustive list of products that would be eligible under Article 12(3b) of the EU ETS Directive. Only if the **CO₂ is permanently chemically bound in those products**, can that CO₂ be **subtracted** from the reported CO₂ emissions. Article 49a of the MRR includes specific requirements to monitor and report the CO₂ that is permanently chemically bound in those products. It concerns the following requirements:

- Requirement to subtract from the reported emissions CO₂ that is permanently chemically bound in a product listed in the CCU delegated act;
- Where the CO₂ results from materials or fuels containing a fraction of zero-rated carbon, subtraction of the CO₂ from reported emissions is only allowed if that value of CO₂ is proportional to the fraction of carbon that does not originate from zero-rated carbon;

⁸³ Commission Delegated Regulation (EU) 2024/2620 of 30 July 2024 supplementing Directive 2003/87/EC of the European Parliament and of the Council as regards the requirements for considering that greenhouse gases have become permanently chemically bound in a product, http://data.europa.eu/eli/reg_del/2024/2620/oj



- Monitoring requirements to determine the quantity of CO₂ bound in a product listed in the CCU delegated act.

More guidance on these requirements can be found in section 9.4.4 of the [MRR Guidance Document 1](#).

When verifying emissions reports of these installations the verifier will check whether the CO₂ is permanently chemically bound in a product listed on the CCU delegated act and assess as part of Article 17 of the AVR whether the monitoring methodology laid down in the monitoring plan is applied correctly. The verifier will also carry out cross checks on the quantity of CO₂ chemically bound in a product with other relevant information sources within the installation and perform plausibility checks.

If CO₂ results from materials or fuels which contain a fraction of zero-rated carbon, the verifier will need to perform some additional checks and will need to take this into account when planning the verification. The verifier will check whether the CO₂ results indeed from material or fuels containing a fraction of zero-rated carbon. Where this is the case, the verifier checks whether the CO₂ subtracted was proportional to the fraction of carbon that does not originate from zero-rated carbon. To limit the verification risk as much as possible, the verifier will look at any information that is necessary to analyse where the CO₂ comes from, and in which products this is chemically bound.



Annex V Detailed overview of impact of revisions in EU legislation on AVR

The table below provides a detailed overview of the impact of the revised Directive and underlying legislation on the AVR and where to find the relevant guidance.

Key revisions in EU Legislation	Key revisions in AVR	Where to find new guidance?
According to Article 4(1) of the Free Allocation Rules (FAR) ⁸⁴ , an operator that is eligible for free allocation of emission allowances may submit an application for free allowances. Part of the application is a verified baseline data report (BDR). In 2024 revisions were made in the FAR to regulate the conditions for free allocation and introduce new rules in the monitoring of allocation data.	Requirements on the verification of baseline data reports and new entrants reports have been included in the AVR. The 2024 revisions impacted the AVR: additional requirements were included in the AVR on the verifier's role in checking the completion of implementation of energy efficiency recommendations and the verification of climate-neutrality reports.	Guidance Document 4 on FAR Baseline Data Reports, Annual Activity Level Data and validation of Monitoring Methodology Plans
Operators that are allocated free allowances have to submit a verified annual activity level report each year. Implementation of energy efficiency recommendations can also impact the annual compliance cycle of annual activity level data	The AVR has been extended to verification of annual activity level reports. The revisions in the FAR in 2024 also impacted the verifier's role in assessing the completion of energy efficiency recommendations.	Guidance Document 4 on FAR Baseline Data Reports, Annual Activity Level Data and validation of Monitoring Methodology Plans
Revisions were made in the MRR to strengthen alignment with the Renewable Energy Directive and clarify the rules on zero-rating and non-zero rating of biomass fuels, Renewable fuels of non-biological origin/ recycled carbon fuels (RFNBO/RCF)	New requirements have been included in Article 16 and 17 of the AVR to clarify the verifier's role in assessing compliance of biomass fuels, RNFBO/RCF and SLCF with sustainability or greenhouse gas savings criteria.	KGN II.3 on process analysis KGN II.12 on time allocation

⁸⁴ Commission Delegated Regulation (EU) 2019/331 of 19.12.2018 determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council, Official Journal 27 February 2019, L 59/8.

Key revisions in EU Legislation	Key revisions in AVR	Where to find new guidance?
and synthetic low carbon fuels (SLCF). More information can be found in Guidance Document 3 on biomass.		
As of 1 January 2025, the aircraft operator must monitor non-CO ₂ aviation effects. The MRR includes specific requirements on how to monitor and report non-CO ₂ aviation effects. More information can be found in MRV Guidance on non-CO ₂ data collection guidance for aircraft operators.	The aircraft operator's non-CO ₂ aviation effects must be verified by an accredited verifier. New rules have been included on verification of non-CO ₂ aviation effects.	More guidance is provided in GDIII on EU ETS aviation verification.
<p>The Revised EU ETS Directive has introduced a new emission trading scheme for buildings, road transport and additional sectors, listed in Annex III of the Directive. New rules have been included in the MRR on how to monitor and report the CO₂ associated with fuels released for consumption in the sectors.</p> <p>Specific provisions have been included in the MRR to avoid double counting between EU ETS and ETS2. Annex Xa of the MRR requires ETS1 operators to include in their emissions report information on the fuel quantities that these installations obtained from fuel suppliers and subsequently use in the reporting period within their permitted installation. Member States may require installations to submit this Annex Xa information to regulated entities.</p>	<p>The emission reports of regulated entities have to be verified by an accredited verifier in accordance with the AVR. New rules have been included in the AVR on the verification of regulated entity's emission reports under ETS2.</p> <p>The ETS1 verifier must perform consistency checks on Annex Xa information and report any inconsistencies identified in the verification report. Specific rules are included in Article 16(2) (ha), 17(7) and 27(3) (re) of the AVR. Where the operator or aircraft operator makes available Annex Xa information to the regulated entity, that operator or aircraft operator must also provide any inconsistencies reported by the verifier resulting from those Annex Xa information checks.</p>	<p>ETS2 AV guidance provides an explanation on the verification of regulated entity's emission report. Chapter 6 to 10 of this explanatory guidance are still relevant for verifiers and accreditation bodies under ETS2.</p> <p>Guidance on how an ETS1 verifier should check Annex Xa information and how to report the results of these checks is provided in Annex IV of this guidance.</p>

Key revisions in EU Legislation	Key revisions in AVR	Where to find new guidance?
New rules have been included in Article 49 and Annex IV of the MRR as a result of revisions in the Directive on the monitoring and reporting of CO ₂ transferred to a permanent Carbon Capture and Storage (CCS) installation.	The new MRR rules have an impact on the monitoring methodology. The verifier needs to carry out additional checks to assess whether the monitoring methodology has been applied correctly. This is regulated in Article 17(4) and (4a) and (4b) of the AVR.	Guidance on these new rules is included in Annex IV of this guidance and KGN II.3 on process analysis.
New rules have been included in Article 49a MRR on the monitoring and reporting of CO ₂ permanently chemically bound in a product that is listed in Regulation (EU) 2024/2630.	The new MRR rules have an impact on the monitoring methodology. The verifier needs to carry out additional checks to assess whether this aspect of the monitoring methodology is applied correctly. This is reflected in Article 17(4c) of the AVR.	Further guidance is provided in Annex IV of this guidance and KGN II.3 on process analysis.
Article 53 to 54a of the MRR contains new requirements on alternative fuels and eligible aviation fuels.	Additional checks are needed by the verifier to ensure that these requirements are met. Article 17(6) of the AVR specifies which checks must be carried out.	More guidance can be found in GD III on ETS aviation.
	Verifiers must carry out site visits during the verification. Only under very specific conditions may site visits be waived. Amendments were made in Article 31 and 32 of the AVR to: <ul style="list-style-type: none"> • include criteria for waiving site visits. • clarify when a waive of site visits is not allowed. One of the conditions in Article 32 of the AVR has been relaxed in the 2024 AV revision (Article 32(1)(c) of the AVR).	Additional guidance is provided in section 3.2.7 of this guidance and KGN II.5 on site visits.
	In the case of a force majeure the CA may allow the verifier to carry out virtual site visits provided certain conditions have been met. Verifiers verifying aircraft operator's reports may also carry out virtual site visits in the verification provided certain conditions are met. The 2024 revisions in AVR have relaxed the requirements on virtual site visits for the verification of aircraft operator's reports in EU ETS aviation.	<ul style="list-style-type: none"> • Section 3.2.7 EGD I and section 4 of KGN II.5 provides guidance on when and how to carry out virtual site visits. • Section 3.2.7 GD III on carrying out virtual site visits during the verification of aircraft operator's reports. • Verification report template and KGD II.6 on what to report in the case of virtual site visits.

Key revisions in EU Legislation	Key revisions in AVR	Where to find new guidance?
	EN ISO 14065 has been revised which led to minor clarifications in the 2020 AVR revision on impartiality and procedures that verifiers must establish internally.	Minor clarifications have been included in section 5.2 of this guidance. Revisions in ISO 14065 are explained in KGN II.8 on relation between EN ISO 14065 and AVR.
	EN ISO/IEC 17011 has been revised which led to minor clarifications in the AVR 2020 revision.	Revisions in ISO 17011 are explained in KGN II.9 on relation between EN ISO/IEC 17011 and AVR.
	Article 43(8) of the AVR include rules on rotation of lead auditors when they are carrying out verification of the same operator's reports for five consecutive years.	Explanation on rotation of lead auditors is provided in section 5.3 of this guidance.
	Article 43(7) of the AVR include rules on rotation of lead auditors when they have carried out six verifications of the same aircraft operator's reports.	Specific explanation of rotation of lead auditors in ETS aviation verification is provided in GD3 on verification in EU ETS aviation.
CORSIA Delegated Act declares the MRR and AVR applicable to the MRV of emissions under CORSIA. Both instruments had to undergo small changes to ensure CORSIA requirements in the SARPs are fully implemented.	The AVR and guidance material have been updated to implement the requirements in CORSIA. This includes for example clarification of the competence requirements of auditors and lead auditors as well as tools	Additional guidance has been provide in GDIII on verification in EU ETS aviation and KGN II.7 on competence.
	Clarification has been provided in Article 46 of the AVR that verifiers are legal entities that have to be established under national law of a MS. Those verifiers may request accreditation from a NAB according to the AVR.	Additional explanation is provided in Chapter 6 of this guidance.
	Amendments have been made in 2020 in Articles 62, 71, 73 and 77 of the AVR: <ul style="list-style-type: none"> • Requirement to update the work programme by 31 January; • Requirement for NABs to report on action taken as a result of information shared by the CA to the NAB; • Specification of the timeline for addressing complaints on verifier by NAB; 	Additional guidance on information exchange has been included in Chapter 10 of this guidance and KGN II.10 on information exchange.

Key revisions in EU Legislation	Key revisions in AVR	Where to find new guidance?
	<ul style="list-style-type: none"> • Clarification on what information verifiers have to notify to the NAB according to Article 77 of the AVR. 	

Annex VI. Relevant legislation and MRR guidance

Relevant legislation

Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC, amended several times. Download the latest consolidated version: [EUR-Lex - 02003L0087-20240301 - EN - EUR-Lex](#)

Commission Implementing Regulation (EU) No 2018/2066 of 19 December 2018 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council . Download the latest consolidated version: [EUR-Lex - 02018R2066-20250527 - EN - EUR-Lex](#)

Commission Implementing Regulation (EU) No 2018/2067 of 19 December 2018 on the verification of data and the accreditation of verifiers pursuant to Directive 2003/87 of the European Parliament and of the Council . Download the latest consolidated version: [EUR-Lex - 02018R2067-20250622 - EN - EUR-Lex](#)

Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93, OJ EU, L 218/30. Download: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02008R0765-20210716>

RED II: Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast). Download: [EUR-Lex - 02018L2001-20240716 - EN - EUR-Lex](#)

Guidance documents developed to support the interpretation of the MRR

Quick guides” as introduction to the guidance documents below. Separate documents are available for each audience:

- Operators of stationary installations;
- Aircraft operators;
- Competent Authorities;
- Verifiers;
- National Accreditation Bodies.

Guidance document No. 1: “The Monitoring and Reporting Regulation – General guidance for installations”.

Guidance document No. 2: “The Monitoring and Reporting Regulation – General guidance for aircraft operators”. This document outlines the principles and monitoring approaches of the MRR relevant for the aviation sector. It also includes guidance on the monitoring plan templates provided by the Commission.

Guidance document No. 3: “Biomass issues in the EU ETS”: This document discusses the application of sustainability criteria for biomass, as well as the requirements of Articles 38, 39 and 53 of the MRR. This document is relevant for operators of installations as well as for aircraft operators.

Guidance document No. 4: “Guidance on Uncertainty Assessment”. This document for installations gives information on assessing the uncertainty associated with the measurement equipment used and thus helps the operator to determine whether it can comply with specific tier requirements.

- Guidance document No. 4a: “Exemplar Uncertainty Assessment”. This document contains further guidance and provides examples for carrying out uncertainty assessments and how to demonstrate compliance with tier requirements.

Guidance document No. 5: “Guidance on sampling and analysis” (only for installations). This document deals with the criteria for the use of non-accredited laboratories, development of a sampling plan, and various other related issues concerning the monitoring of emissions in the EU ETS.

Guidance document No. 5a: “Exemplar Sampling Plan”. This document provides an example sampling plan for a stationary installation.

Guidance document No. 6: “Data flow activities and control system”. This document discusses possibilities to describe data flow activities for monitoring in the EU ETS, the risk assessment as part of the control system, and examples of control activities.

Guidance document No. 6a: “Risk Assessment and control activities – examples”. This document provides further guidance and an example for a risk assessment.

Guidance document No. 7: “Continuous Emissions Monitoring Systems (CEMS)”. For stationary installations, this document gives information on the application of measurement-based approaches where GHG emissions are measured directly in the stack, and thus helps the operator to determine which type of equipment has to be used and whether it can comply with specific tier requirements.

Guidance document No. 8: “Inspection for installations”. This document provides further guidance on inspection for installations.

Guidance document: MRR Guidance Document on ETS2, The Monitoring and Reporting Regulation – General guidance for ETS2 regulated entities

The Commission furthermore provides the following **electronic templates**:

- Template No. 1: Monitoring plan for the emissions of stationary installations
- Template No. 2: Monitoring plan for the emissions of aircraft operators
- Template No.3: Monitoring plan for the regulated entities (ETS2)
- Template No. 4: Annual emissions report of stationary installations
- Template No. 5: Annual emissions report of aircraft operators
- Template No.6: Annual emissions report of regulated entities
- Template No. 7: Improvement report of stationary installations
- Template No. 8: Improvement report of aircraft operators
- Template No.9: Improvement report for regulated entities

There are furthermore the following **tools** available for operators:

- Unreasonable costs determination tool;

- Tool for the assessment of uncertainties;
- Frequency of Analysis Tool;
- Tool for operator risk assessment.

The following MRR **training material** is available for operators:

- Roadmap through M&R Guidance
- Uncertainty assessment
- Unreasonable costs
- Sampling plans
- Data gaps
- Round Robin Test

The quick guides for operators, aircraft operators and CA provide roadmaps to all MRR Commission guidance documents, exemplars, templates and FAQ. The guidance documents can be found at: [Monitoring, reporting and verification - European Commission](#) under the heading Documentation.

Annex VII. Acronyms

Abbreviation	Explanation
AVR	Accreditation and Verification Regulation (A&V Regulation)
CA	Competent Authority
CCS	Carbon Capture and [geological] Storage
EA	European cooperation for Accreditation
ETS2	Emission Trading Scheme for Road Transport, Buildings and additional activities listed in Annex III of the EU ETS Directive
EU ETS	EU Emission Trading Scheme
MP	Monitoring Plan
MRG 2007	Monitoring and Reporting Guidelines
MRR	Monitoring and Reporting Regulation (M&R Regulation)
MS	Member State(s)
NCA	National Certification Authority
NAB	National Accreditation Body
Permit	GHG emissions permit for EU ETS