

Implementing Shipping MRV Regulation

Verification and Accreditation
Procedures
Day 2 – 6 April 2016

Agenda

Identification of relevant verification and accreditation rules

1. Verification of the emissions report
2. Elements for which further guidance is needed – Verification
3. Elements for which further guidance is needed – Accreditation
4. Suspension and withdrawal of accreditation



Verification

1 – Verification of the emissions report

Options presented



Option 1:	The use of an adapted version of the procedures prescribed by Articles 13 to 21 of the Accreditation and Verification Regulation No 600/2012 (minimum level of verification activities to be performed), as well as high level guidance on how to execute these verification activities.
Option 2:	To develop an alternative minimum level of verification activities to be performed, which similarly to the AVR would be based on EN ISO 14065 (and related).

1 – Verification of the emissions report

Background of options



Option 1:	Providing reasonable assurance on CO ₂ emissions under RU regulation has been designed and implemented for EU ETS and works well. The requirements of the AVR are in line with ISO14065 and is deemed comprehensive. It is however not tailored for maritime, thus not to be applied one-on-one. This approach may be perceived as most favorable for stakeholders that already work with EU ETS.
Option 2:	The aim for developing the EU MRV Regulation is to develop set of adequate rules as simple as possible for its purpose, a MRV system. Under accreditation ISO 14065 is the applicable standard for verification, hence it would make sense to translate the relevant requirements of ISO 14065 for specifying further rules for maritime, without adding unnecessary elements. This approach may be perceived as most favorable for stakeholders that are not familiar with EU ETS.

1 – Verification of the emissions report

Pros and cons of presented options



Options	Pros +	Cons -
<p>1 Aligning with AVR</p>	<p>Avoid re-inventing the wheel</p> <p>Allow for efficient political approval process</p>	<p>AVR is comprehensive and includes additional requirements on top of minimum requirements of AVR</p> <p>AVR specified a mandatory site visit, which is not favorable for maritime</p> <p>AVR requires specific and detailed sampling plan, while ISO 14065 does not require such a formal plan</p> <p>AVR not tailored for maritime, therefore not entirely compatible</p> <p>Disadvantage for verifiers that are not familiar with EU ETS</p>
<p>2 Develop rules translating ISO 14065 requirements</p>	<p>Reduces complexity and keeping extend of rules to what is required at minimum</p> <p>Increase level playing field for verifiers that are not used to work with EU ETS</p>	<p>Requirements relatively high level, provides room for interpretation on application</p> <p>Only specifies procedures for CO₂ emissions, not for other parameters</p>

1 – Verification of the emissions report

Considerations and suggestions based on pros and cons



- Need identified to build upon something that is already existing
- Keep extent of rules to the minimum required
- Reference to ISO 14065 cannot be made in Delegated act (if the standard changes, the Delegated act has to be re-evaluated)
- Copy and paste from ISO 14065 is not allowed due to proprietary rights
- Verification activities should be made maritime specific where relevant
- Rules should include verification of other relevant parameters in addition to CO₂
- A verification of an emissions report consists of a mix of different types of verification activities, the verifier should consider these for an effective verification approach
- Verification activities serve a two-fold purpose:
 - Correct implementation of the monitoring plan (process, procedures, methodology based)
 - Verifying that the quantitative data in the emissions report is free from material misstatements

1 – Verification of the emissions report

Suggested content of basic framework - overview



1. Implementation of monitoring plan (all aspects)	Inquiry	Walkthrough / test of one
	Observation	Evaluate derogation article 9.2
	Document inspection	
2. Test effective implementation of internal control activities (if applicable and documented)	Test by re-performance whether controls are effective	
3. Verify reported data	Detailed analytical procedures	Detail testing (based on sample)
	Test application of uncertainty	Assess estimates

1 – Verification of the emissions report

Suggested content of basic framework



The verifier shall carry out and document at least the following verification activities during the verification process for the purpose of emissions, transport work and other relevant information:

- Assess whether the monitoring and reporting system described in the accepted monitoring plan exists in practice and is properly implemented. The verifier shall consider at least, the following types of procedures to carry out:
 - ✓ Inquiry with relevant staff;
 - ✓ Observation;
 - ✓ Document inspection;
 - ✓ Walkthrough procedures, which includes gaining understanding of the reporting processes and a test of one example to confirm that the monitoring plan has been implemented;
 - ✓ If applicable, test whether the requirements related to the derogation from monitoring fuel consumption on a per voyage basis (as described in Article 9.2 of the EU MRV Regulation) have been met by the ship.
- If applicable, test that internal control activities described in the monitoring plan are effectively implemented by the company. The verifier shall at least consider the following type of procedures:
 - ✓ Test effectiveness of documented controls, based on sampling;
- Assess the reported data in the emissions report. The verifier shall consider at least the following type of procedures:
 - ✓ Detailed analytical procedures;
 - ✓ Test of detail based on sampling;
 - ✓ Test application of uncertainty and estimates.

1 – Verification of the emissions report

Suggested content of basic framework



The verifier shall perform at least the following activities to complete the verification engagement after the verification activities have been carried out by the MRV Auditor:

- Confirm that all verification activities have been completed;
- Perform final analytical procedures to verify whether all misstatements and non-conformities identified during the verification process have been corrected by the company;
- Verify whether the information in the emissions report is disclosed in compliance with the requirements of EU MRV Regulation;
- Form a conclusion on whether the emissions report is in accordance with the accepted monitoring plan and whether the information reported is free from material misstatements;
- Have the verification documentation reviewed by the independent reviewer
- Prepare and issue the verification report to the company;
- Prepare and issue the document of compliance to the company after having assessed satisfactorily the emissions report
- Notify the Commission and the ship's flag state about the issuance of the document of compliance.

1 – Verification of the emissions report

Suggested content of basic framework



In addition, certain specific **rules for verification** activities could be developed for the **maritime sector** and could include:

- Considering reconciliation between the **list of voyages** reported by the company and the list of voyages identified by an independent third party based on ship tracking data;
- Verifying whether ships use correct **definitions** in reporting information about **cargo carried**, such as in or excluding mass of ballast water or unit of reporting;

2 – Need for guidance – Verification



Working paper: Materiality & verification of the emissions report

Topic: How sampling is relevant for EU MRV verification purposes, determining samples for data auditing and how verifiers apply the materiality principle.

Why further guidance?

- To provide guidance for verifiers how sampling, based on proven concepts and best practices, can be performed effectively in the context of maritime MRV. This allows for better harmonization of the interpretation of the meaning of sampling for the emissions report verification. It also provides verifiers having less experience in data auditing insight in the relation of sampling with other verification activities and materiality.

Guidance note or FAQ?

2 – Need for guidance – Verification



Working paper: Verification of the emissions report

Topic: How backward verification should be dealt with when the ship sails to an EU port of call in the reporting period which the company did not foresee and therefore did not submit a monitoring plan to the verifier timely.

Why further guidance?

- To provide practical guidance on how to deal with backward verification in different scenarios (late submission of MP due to change of owner/manager, change in schedule. This both relates to content and timing and requires adequate and clear guidance.

Guidance note or FAQ?

2 – Need for guidance – Verification



Working paper: Verification of the emissions report

Topic: To provide examples of how verification activities can be carried out by the verifier for ships reporting for the EU MRV Regulation.

Why further guidance?

- To provide guidance to verifiers based on proven concepts best practices on how verification activities should be carried out in line with the interpretation of the legislation. For example on how verifier should verify completeness of voyages, cargo carried on a per-voyage basis, how to verify results of tank soundings.

Guidance note or FAQ?



Accreditation

3 – Need for guidance – Accreditation



Working paper: assessment of verifiers by National Accreditation Bodies in order to issue an accreditation certificate

Topic: How accreditation can be received in time during the initial phase (chicken and egg issue)

Why further guidance?

- Reduce the risk that companies and verifiers find out close to the deadlines of the first reporting period that the verifier will not get accredited in time. To provide practical guidance on the best way to setup the accreditation process between verifiers and accreditation bodies, given the inherent chicken and egg issue.

Guidance note or FAQ?

3 – Need for guidance – Accreditation

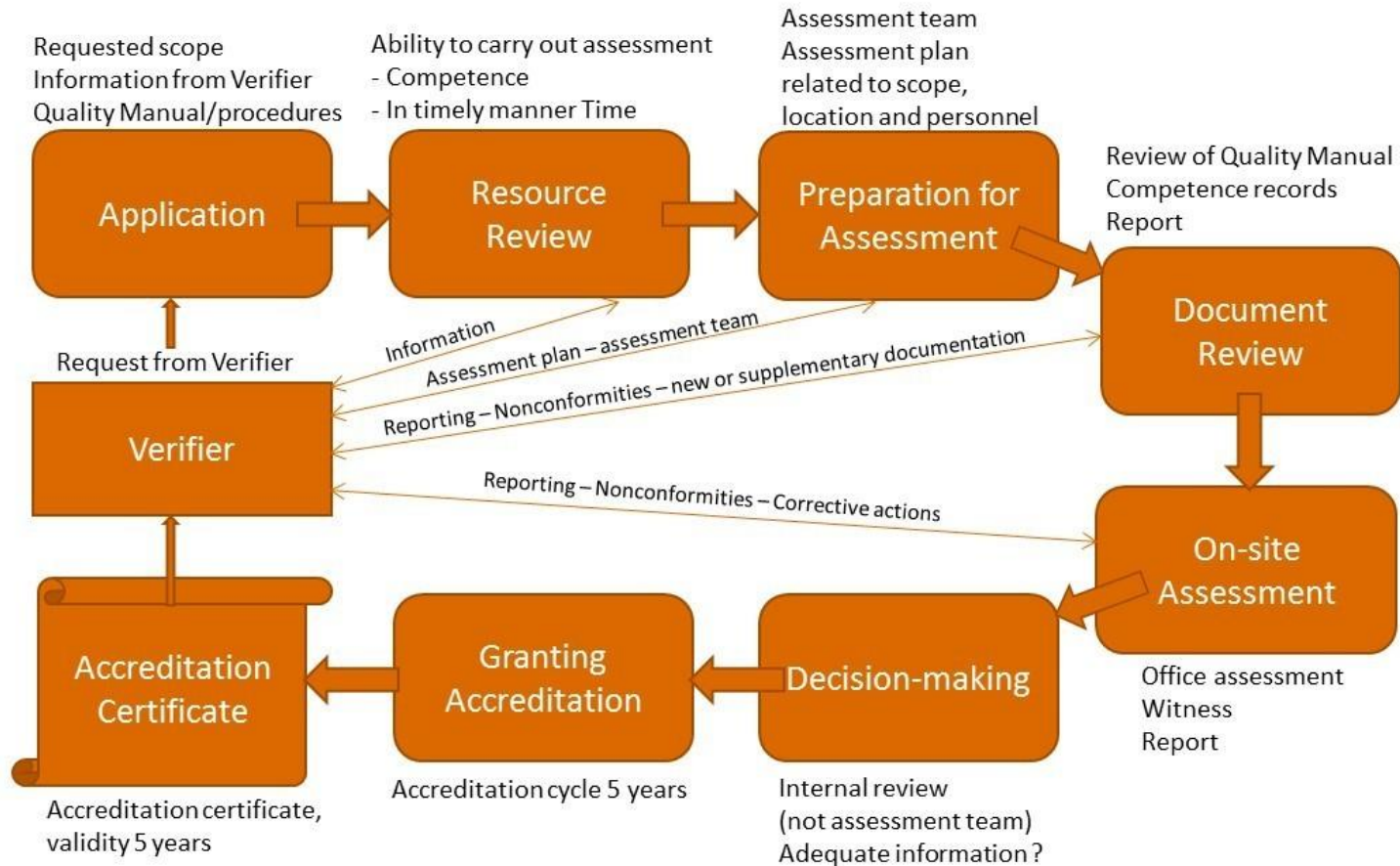


Working paper: assessment of verifiers by National Accreditation Bodies in order to issue an accreditation certificate

Topic: How accreditation can be received in time during the initial phase (chicken and egg issue)

3 – Suspension and withdrawal of accreditation

Workflow for accreditation



3 – Suspension and withdrawal of accreditation

Potential need for rules



Issue:	The EU MRV Regulation does not specify rules for suspension and withdrawal of accreditation of verifiers	
Actors involved:	NABs	NABs may need to suspend or withdraw an accreditation of the verifier
	VERIFIERS	The verifier's accreditation may be suspended or withdrawn
	COMPANIES	Companies need to seek a new verifier if the current verifier's accreditation is suspended or withdrawn
Rules needed for:	ACCREDITATION	The delegated act could specify how in the event of suspension or withdrawal, this impacts the DOC's provided by the verifier and how this impacts, if applicable the verification engagement in progress.
Relevant internationally accepted standards:	EN ISO 17011	7.13
Relevant EU legislation:	Accreditation Regulation 765/2008	
	EU ETS Accreditation and Verification Regulation 600/2012	Article 53

3 – Suspension and withdrawal of accreditation

Options for further specification of rules



Indicative list of elements for the Delegated Act that could be suggested

- In case of suspension or withdrawal of accreditation, all formal documents (confirmation of acceptance of monitoring plans, verification reports and DOC's) issued by the verifier prior to the date of suspension or withdrawal remain valid;
- Companies cannot use confirmations about assessed monitoring plans, verification reports and DOC's issued by the verifier during the period of suspension or withdrawal of the verifier's accreditation for compliance with the EU MRV Regulation requirements.

3 – Suspension and withdrawal of accreditation

Questions to be addressed?



1. Do you agree with the indicative list?
2. Do you see other elements for consideration that are relevant to include in the Delegated Act?

Thank you for your input

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