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Directorate B - European and International Carbon Markets

Frequently Asked Questions

On the Free Allocation Rules for the EU ETS post-2020

Version 2 (update) issued on 22 July 2019

Version history

- ▶ v1 of 13 May 2019
- ▶ v2 of 19 June 2019, adding 14 additional questions and answers
- ▶ v2 (update) of 22 July 2019, updating 3 questions that were added in v2. No new questions are added in this version.

These questions and answers do not represent an official position of the Commission and are not legally binding. However, this Frequently Asked Questions document aims to clarify the requirements established in the EU ETS Directive and the Commission Delegated Regulation (EU) 2019/331 on Free Allocation Rules for the EU ETS post-2020 and is essential to understanding those legally binding rules.

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1 General questions on the allocation methodology (GD1)

▼ v1

1.1 Will there be any changes in the years defining electricity generators?

Article 3(u) of the EU-ETS Directive¹ states: “‘electricity generator’ means an installation that, on or after 1 January 2005, has produced electricity for sale to third parties, and in which no activity listed in Annex I is carried out other than the ‘combustion of fuels’.” No end date is defined. Following the approach applied in phase 3, the relevant date should be the last day of applicable baseline period. As referred to in GD1, the [Guidance Paper to identify Electricity Generators](#) provides guidance on determining whether an installation should be considered an electricity generator.

1.2 Do installations which cannot or choose not to apply for free allocation (e.g. electricity generators, renunciation) need to have their baseline data reports verified?

No, that will not be necessary, as no data other than administrative data needs to be provided.

1.3 In case an incumbent installation misses the deadline for submitting its application for free allowances to the Competent Authority, can it apply as a new entrant?

No, such an installation cannot apply as a new entrant. In line with legislation, in this case an operator will not be entitled to any free allocation and cannot apply until the next data collection exercise.

¹ [Directive \(EU\) 2018/410 of the European Parliament and of the Council of 14 March 2018 amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments, and Decision \(EU\) 2015/1814](#)

2 Questions on determining the allocation at installation level (GD2)

▼ v1

2.1 What types of heat are eligible for free allocation under the heat benchmark sub-installation?

Production of heat

All heat that has been produced by a physical unit (e.g. boiler) covered by the GHG permit of the installation and that is not produced from electricity, nitric acid, or any non-ETS installations or entities, provided that any double counting is avoided.

This may in particular include heat produced from biofuels, bioliquids (both sustainable and not), solid biomass, biogas, other renewable sources (e.g. solar thermal, geothermal), exothermic heat, heat retrieved using a heat pump or heat exchanger (Only the heat produced, any electricity consumed (or produced) for operating the device is not eligible).

Heat recovered from an eligible (covered under a product, heat or fuel benchmark or process emission sub-installation) process or physical unit is in principle eligible, except in case of a nitric acid benchmark or a physical unit (e.g. electrical boilers, compressors) that operates on electricity or heat recovered from any other ineligible energy source. If the physical units are not explicitly listed in the GHG permit (e.g. because it is not a combustion unit such as a heat pump), it should be considered as covered by the permit if it is operated by the installation to serve the Annex I activities carried out.

Consumption of heat

Eligibility is determined by the use of the heat for any of the purposes listed in Article 2(3) of the FAR: production of products, production of mechanical energy other than that used for the production of electricity, or (space) heating or cooling.

Examples of heat use that is not eligible under the heat benchmark

- Pre-heating of fuels
- Heat or fuel used for waste water treatment
- Fuels combusted directly for the purpose of flue gas treatment without recovery of measurable heat
- Steam used to obtain smokeless flaring

2.2 Is it necessary to provide proof that heat is exported to district heating?

Yes, the entity to which the heat is exported needs to meet the definition of district heating, as defined in FAR² Article 2(4). Section 3.3 of GD2 provides additional details on the evidence regarding district heating.

² COMMISSION DELEGATED REGULATION (EU) 2019/331 of 19 December 2018 determining transitional Union-wide rules for harmonized free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council

2.3 Is heat exported for space heating in non-ETS industrial installations eligible under the district heating sub-installations? Is it considered under production of products or space heating?

Yes, space heating of a non-ETS installation is in principle within the definition of district heating, as defined in FAR² Article 2 (4). However, in the case that the heat is used for both use types, process and space heating, the heat used for the processes usually accounts for the larger share of that non-ETS installation's heat consumption. If that share is at least 95% ('de-minimis' rule), Article 10(3) of the FAR stipulates that all heat may be covered by the heat benchmark sub-installation. Sections 2.2 (on the de-minimis rule) and 3.3 of GD2 provides additional details.

2.4 How should the production of cooling be treated?

Pursuant to the last sentence of Annex VII, section 7.1 of the FAR, the cooling process itself shall be considered as the heat consuming process.

Building on that, p. 36 of GD5 provides the following additional guidance: *“Cooling: Heat in general can be used to drive absorption cooling processes, and cooling can be distributed via networks just like heat, including in public district cooling networks. Following the logic of measurable heat to consider it the difference of enthalpy between delivered and returned medium, cooling would have to be considered as negative heat delivery. However, there are many difficulties associated with such an approach. Therefore, the FAR include a clear rule in section 7.1 of Annex VII: “Where heat is used to provide cooling via an absorption cooling process, that cooling process shall be considered as the heat consuming process.” This means that there is no need for further consideration of heat or cooling delivered to consumers downstream of the cooling process.”*

Where the “cool” is used for district cooling, the heat consumed for that cooling should therefore be covered by the district heating sub-installation.

2.5 Is it possible not to apply for the allocation for very small (De-minimis) sub-installations?

The Operator can choose not to apply for allowances for a *De-minimis* sub-installation where the administrative burden outweighs the benefit. For example, if the fuel benchmark sub-installation's activity level is only made up of fuel consumption in laboratory Bunsen burners or Diesel Fire Pumps etc. the operator can decide not to include the fuel benchmark sub-installation. In such case the fuel consumption and corresponding emissions from such sources should be included in the “Rest” categories in sections E.I.1.(c) line vi. and K.III.2 of the data collection template. This ensures that there are no omissions or double counting of emissions or energy input.

▼ v2 (update)

2.6 If an operator produces multiple products that fall under the carbon leakage exposed NACE activity and under the non-carbon leakage exposed NACE activity, can more than one NACE code be provided in the baseline data collection template? Can the NACE or PRODCOM code change compared to an earlier application for free allocation?

When both activities are on the same site, the site will have a single NACE code, but each sub-installation will be linked to a different PRODCOM in line with each specific activity. The installation-level NACE code does not have a direct impact on the types of sub-installations that are relevant, only the products' PRODCOMs do. Yet, carbon leakage status of product benchmarks is defined per benchmark itself and not per NACE/PRODCOM as these are only indicative as described in the Guidance document 9.³ Carbon leakage status per product benchmark will be added as a legal reference in the implementing act on update of benchmark values.

At the installation level, in sheet A of the baseline data collection template, only one, most relevant NACE code should be reported. Competent Authorities, following administrative procedures under national law, attribute the NACE code to individual installations. This code does not change whether or not exposure to a significant risk of carbon leakage applies.

At the sub-installation level, PRODCOM codes must be reported (Sheet F, section f and Sheet G, section b of the baseline data collection template) for each sub-installation, reflecting the product produced by that sub-installation. The carbon leakage exposure of each sub-installation will be based on the PRODCOM codes of that sub-installation or – for product benchmark sub-installations – on the CL status of the product benchmark. Some benchmarks might also cover some downstream products (with non-CL PRODCOMs), while this does not impact the CL status of the product BM. NACE codes can be used instead of PRODCOM if several similar products within the same NACE group are covered, or in case no PRODCOM code exist for a specific product. The use of a NACE code instead of a PRODCOM should however only be chosen if the carbon leakage exposure is clear at NACE level. When both CL and non-CL are possible under a single NACE, the operator needs to provide sufficient detail (at PRODCOM-6 or PRODCOM-8 level) to justify all CL status (CL and non-CL).

Possible changes in codes for the same installation compared to phase 3 of EU ETS should be duly substantiated by the operator to the Competent Authority.

▼ v2

³ GD9 in all sections describes: *“PRODCOM codes can be useful in identifying and defining products. As a general guideline, the identification of the products should never solely rely on PRODCOM codes reported in statistics.”*

2.7 Is heating of offices eligible for free allocation?

When an installation includes at least one product benchmark sub-installation, emissions relating to the heating of offices are already included in the perimeter of the product benchmark. When an installation produces only products that are not covered by a product benchmark sub-installation, the heat used for the heating of offices can be included in the relevant heat benchmark sub-installation (i.e. with the carbon leakage exposure consistent with the main product produced on-site).

3 Data collection Questions (GD3)

▼ v1

3.1 How should heat imported from an electric boiler or recovered from an electric compressor be reported?

Such heat needs to be reported in the template under sections E.II.c and E.II.d. like any other heat imported from non-ETS sources.

3.2 Regarding method 3 of FAR (annex VII, section 7.2): clarify what “efficiency” is acceptable: is it the combustion efficiency (deducting only the loss in flue gas from the input energy from fuels), the boiler efficiency (deducting loss in flue gas and radiation and convection losses from input energy from fuels), the global efficiency (taking into account, the boiler efficiency and subtracting the heat loss on the distribution heat network) or any other definition of the efficiency?

Since the heat BM sub-installation’s activity level relates to the net amount of heat consumed or net amount exported to non-ETS, the efficiency used has to take into account all losses that occur outside the consumption process / export. It should therefore be the global efficiency taking into account all losses including those for distributing the heat to the consumption process / export.

3.3 How should measurable heat produced and exported by units which are covered by the system boundaries of a product benchmark be taken into account for the attribution of emissions, e.g. in pulp industries?

Any export of measurable heat (e.g. steam) from product benchmark sub-installations should be reported and deducted as exported heat (section F.k.v. in the baseline data collection template), regardless of whether it is used in other (sub-)installations or for the production of electricity. This also applies to any electricity produced from that steam, including from the black liquor combustion in pulp industries. If the emission factor associated with the export

of heat from a product benchmark sub-installation is not known or is not clearly defined (e.g. in the case of recovered waste heat), it will be based on the updated heat benchmark value. In that case section F.k.vi. in the baseline data collection template should be left empty. If on the other hand the emission factor is known and clearly defined, the preferred option is that the operator enters the known value in section F.k.vi.

3.4 Should biomass emissions be treated as zero?

Biomass emissions are to be treated in accordance with what is reported under MRR regulation in that given year.

For further guidance see the MRR Guidance Document no. 3 on Biomass issues in the EU ETS. https://ec.europa.eu/clima/sites/clima/files/ets/monitoring/docs/gd3_biomass_issues_en.pdf

▼ v2

3.5 What net calorific value (NCV) and emission factor (EF) should be reported for biomass?

The biomass emissions should be provided by the operator using appropriate values for the NCV and the EF, if not already included in the annual emissions report. If it is not included there, the operator should use the best available data for these two parameters as set out in the hierarchy in section 4.6 of Annex VII of the FAR. Values obtained from the national inventory or national energy statistics would constitute “standard factors used by MS” or “literature values”, whichever applicable, as covered by point (d) of that section. Therefore, this could be an appropriate data source if no other data source further up that hierarchy is available.

4 Questions on Verification of FAR Baseline Data Reports and validation of MMPs (GD4)

▼ v1

4.1 Are site visits mandatory?

Yes

4.2 Guidance Document 4 Section 6.1.6 explains whether a further on-site site visit is necessary if the same verifier has already verified all data related to the baseline

period during annual emission verification. Does this apply if the verifier was not yet accredited for scope 98 at the time of the annual emission report verification?

This provision is applicable even if the verifier did not have the scope 98 accreditation at the time of the verification but only the one for the specific sector. The conditions in Guidance document 4 section 6.1.6 apply.

4.3 Will accreditation at scope 98 EC Regulation No. 600/2012 be sufficient, or do verifiers need accreditation based on EC Implementing Regulation 2018/2067 (applicable since 01/01/2019)?

Scope 98 accreditation based on EC Regulation No. 600/2012 is sufficient, where applicable in combination with the scope of the relevant technical sector(s), see GD No. 4, section 5.1.

4.4 Will applications verified by verifiers who have not yet been accredited under scope 98 be rejected?

Yes. The verifier needs to be accredited by the date when the report is issued.

▼ v2

4.5 How should data be provided in the “CHP Tool” in case there are more than two CHP units relevant?

The CHP tool is a standalone tool in the template that does not have a direct impact on the final results. In case there are more than two CHP units, operators may just use these tools in separate templates that are submitted to the CA as supporting documents to confirm validity. Those supporting documents can be linked to the main template by providing reference to that document in section J.I.d. By that it forms part of the application as an external file. It does not need to be included in the main application file.

Alternatively, the operator may “combine” two or more CHPs and use weighted averages for the reference efficiencies which would lead to similar results as the approach above. In that case, all information is transferred to sheet K.

4.6 An installation has a biomass boiler running a steam turbine for electricity generator, with waste heat boilers attached to the steam turbine to supply heat to non-ETS industrial users. Therefore, the only part of the installation which is eligible for allocation is measurable heat exported to a non-ETS consumer from the waste heat

boilers attached to the steam turbine of an electricity generator. Is this setup to be considered a CHP and does the CHP tool need to be completed in the template?

Yes, this waste heat boiler forms part of the CHP as the heat is combined with the electricity production in the steam turbine. This is because there is just one point of fuel input to produce steam for the turbine and the less/more efficient that turbine is the more/less heat is available for heat export. Therefore, the electricity and heat are combined products. In that case the CHP tool has to be completed.

5 Questions on Monitoring and Reporting in Relation to the Free Allocation Rules (GD5)

▼ v1

5.1 Guidance Document 5 states that where heat is imported, the actual emission factor of that heat needs to be reported (and used) if available, and that for heat export the attributed emissions in the context of the benchmark update are always determined based on the (updated) heat benchmark. What explains this difference?

The wording in GD5 refers specifically to heat recovered from product BM sub-installations (e.g. waste heat recovery, heat recovered from exothermic processes). In such cases the EF is not exactly defined and should therefore be based on the heat BM.

5.2 Are there cases where “better” data for a specific data set (e.g. activity data, NCV, EF) can be used than the one used in the MP under the MRR?

Pursuant to sections 4.4 to 4.6 of Annex VII of the FAR methods and approaches consistent with the MP are generally considered “best”, unless the operator can demonstrate that other data is “better” based on a simplified uncertainty assessment. However, as the improvement principle required by Articles 9 and 69 of the MRR obliges the operator to regularly look for opportunities to improve the monitoring methodology, any “better” methodology should have already been applied in the MP in the first place. Therefore, any type of data used for the baseline data collection should be consistent with the MP, whenever applicable.

▼ v2

5.3 How should the “backward” and “forward” looking aspects be reflected in the MMP?

The “backward looking” part refers to the reference period 2014-2018 which is relevant for the current NIMs data collection exercise (first allocation sub-period 2021-2025). The “forward looking” part refers to monitoring for the annual activity level reports which starts

as of now (2019). Coincidentally, this coincides with the reference period for the second NIMs in 2024 (reference period 2019-2023).

In principle, the MMP can cover both aspects, backward and forward looking, in one version. However, where the forward looking part will not be approved by the CA before the first NIMs submission, covering both aspects could be burdensome to reflect. In such case the CA may suggest to the operator to just cover the backward looking part for now. As soon as the operator submits this version as part of the application for NIMs allocation, the MMP would become a living document and the operator adapts it accordingly to reflect the forward looking part which is subject to the CA's approval by 31 Dec 2020.

6 Questions on Cross-Boundary Heat Flows (GD6)

No FAQs related to GD6 at the time of writing

7 Questions on changes in installations

(linked to the future GD7, not published yet at the time of writing)

▼ v1

7.1 How should installations that have stopped operating but still have a valid GHG permit be handled?

If an installation has a valid GHG permit it should be treated as an incumbent installation. Therefore, it must be listed in the NIMs and should receive allocation following the forthcoming ALC rules. If it has been operating during at least one of the baseline years, it should submit a verified NIMs template and MMP. The operator can also choose not to apply for any possible free allocation if it is certain that the permit will be withdrawn.

7.2 How should installations that have received a permit by 30 June 2019 but will not start operating by then be handled?

These meet the definition of an incumbent. The HAL will be based on the first full calendar year of operation.

▼ v2 (update)

7.3 When an operator started operating in 2018 and therefore does not have activity level data available for a full calendar year during the baseline period, will a new application need to be submitted once 2019 data are available?

In the NIMs baseline data report, the operator will only fill-in sheet A of this report and no verification is needed. Activity level data relating to its operation in 2019 will be submitted via the first annual activity level report (the NIMs baseline data report is only to be submitted once, by 30 May 2019 or the alternative date defined by the Competent Authority). Its allocation will be calculated at a later stage, based on its annual activity level reports and the rules on activity level changes.

▼ v2

7.4 What data should an operator that started operating beginning of 2019 report in its NIMs baseline data report?

Installations that received their greenhouse gas permit between 1 January 2019 and up until 30 June 2019, regardless of when they actually start production, should only fill in section A of the baseline data template. They do not need to have their baseline data reports verified, but do need to send them by 30 May 2019 (or alternative date defined by the Competent Authority). These installations will have their allocation calculated at a later stage, based on their annual activity level reports and the rules on activity level changes.

8 Questions on waste gases and process emissions sub-installation (GD8)

▼ v1

8.1 Is the treatment of an off gas, not originating from one of the processes (a) to (f) listed in Article 2(10) of the FAR, that is burnt in an afterburner such as a RTO (Regenerative Thermal Oxidizer) –possibly with injection of another fuel such as natural gas – eligible for free allocation based on fuel benchmark?

Fuel and heat consumption for the treatment of off-gases, not originating from one of the processes according to FAR, Article 2 (10) a to f are not eligible for free allocation, with the exception of safety flaring which is covered by a fuel benchmark sub-installation. This also includes any start-up or auxiliary fuel used in the process.

Any recovered measurable heat from off-gases is however eligible for free allocation. The recovered heat can therefore be covered by a product benchmark sub-installation, or a heat benchmark sub-installation, depending on the types of processes in which that heat is used taking into account the rules explained in chapter 2 of Guidance Document 2.

8.2 How should a waste gas (originating from one of the processes (a) to (f) listed in Article 2(10) of the FAR, and containing incompletely oxidised carbon at a minimum of 1 weight %) that is burned in an afterburner without energy recovery be treated?

If waste gases are burnt without heat recovery, and if the corresponding CO₂ emissions occur as a result of the processes listed in points (a) to (f) of Article 2(10), 75% of the carbon shall be considered as CO₂ to be covered by the process emissions sub-installation as referred in Article 10(5)(i). Where the waste gas is collected and transferred to a separate combustion unit where it is burnt under controlled conditions, the resulting CO₂ emissions cannot be considered a result of processes listed in points (a) to (f) of Article 2(10).

8.3 When a waste gas is burnt in an RTO, and the heat from the RTO is recovered to support the incineration process (e.g. by pre-heating the gas stream into the RTO), could this be considered as measurable heat consumed within the installation's boundaries for the production of products, for the production of mechanical energy other than used for the production of electricity, for heating or cooling with the exception of the consumption for the production of electricity (Art. 2(3a) FAR)?

In principle, such recovered heat would be eligible if the heat is measurable and used for any of the processes listed in Article 2(3). However, in the specific case, if used for pre-heating the gas stream, i.e. a fuel, it does not serve any of the purposes listed in Article 2(3) of the FAR (see Q 0) and would hence not be eligible, as it would lead to double counting of the energy content of the combustion process .

▼ v2

8.4 Where waste gases are imported that were produced outside the system boundaries of product benchmarks, the waste gas balance in section E.III of the template might lead to double counting. How should the data be provided in such case?

In that special situation, i.e. where the waste gas imported from another installation is produced outside the system boundaries of a product benchmark sub-installation, it appears most appropriate not to list it separately under row 271 in sheet E to avoid any double counting.

However, at least the connected installation (the waste gas exporting installation) could be selected in row 271 not to lose that information.

9 Sector-specific Questions (GD9)

▼ v1

9.1 How should by-pass dust in cement clinker production be taken into account?

Any material that meets the specifications of cement clinker should be taken into account for the determination of the activity level. Therefore, any by-pass dust that meets those criteria and is or can be processed further into cement shall be taken into account. Any by-pass dust that does not meet those criteria and is e.g. considered waste and disposed should not be taken into account for the activity level.

However, all associated emissions have to be attributed to the clinker sub-installation because the by-pass dust constitutes a process directly or indirectly linked to the clinker production, regardless of its latter use.

9.2 The steam cracking process needs utilities like demineralized water, cooling water, instrument air, quench water treatment, caustic regeneration. The question is which of these utilities are included within the boundary of the product benchmark perimeter sub-installation and which utilities are not in the product benchmark and as a consequence to be included in a fall-back sub-installation.

Quenching is explicitly mentioned in GD9 as included in the product benchmark. Furthermore, all other utilities listed carry out processes directly or indirectly linked to HVC production (just like heating of onsite offices and pre-treatment of gaseous feedstocks). Such processes therefore have to be considered as included in the system boundaries of the product benchmark. Similarly, all associated emissions have to be attributed to the product benchmark sub-installation.

9.3 Accounting rules for CO₂ transfers to PCC manufacturing (purified calcium carbonate, relevant in lime industry) have changed when the revised Article 49 of the MRR entered into force in 2019. How should such transfers be treated in the baseline template?

It is important that emissions data in the baseline data reports are consistent with the emissions reported for each year in the baseline period. Adjustments to reported emissions should only be considered if preceded by adjustment to the annual emission reports in any year. CO₂ should be listed as exported from the sub-installation (section F.j of the baseline data collection template) for those baseline years for which the CO₂ was accounted for as transferred from the installation in the same year's annual emissions report.

9.4 Does an installation have to report a pulp sub-installation even if none of that pulp is put on the market, only to provide input for the update of the relevant pulp benchmark?

If any product that meets any of the product benchmark specification is produced, a corresponding sub-installation should be reported. This would also apply for pulp production, even though Article 16(6) stipulates that only pulp put on the market counts towards the sub-installation's activity level.

Therefore, also installations that put none of the pulp produced on the market should report the corresponding pulp sub-installation, even when activity levels are zero. Furthermore, the actual amount of total pulp produced and attributable emissions will need to be reported for the update of the pulp benchmark value.

▼ v2

9.5 Grey cement clinker benchmark: is Calcium Aluminate Cement ('CAC') included?

No. It will get free allocation based on a fall-back approach.

▼ v2 (update)

9.6 Coated fine paper benchmark: what is the point in which to determine the net saleable production tonnage?

The net saleable production should be interpreted as the quantity of paper which can be theoretically sold, i.e. meeting the client specifications. As a guiding principle used in the rule books that were used to determine the value of the original benchmarks, all emission sources necessary for producing a marketable product should be included in the emission shown on the benchmarking curve. 'Marketable' should refer to a state of the product that is close to the production process, yet where clients could buy the product of the applicable product benchmark. Paper waste cut away and returned to the process should not be included in the historical activity level.

▼ v2

9.7 Vinyl chloride monomer (VCM): Error in the NIMs baseline data report template, sheet K, line 474 for the factor "VCM-F"

Cell K474 of the summary sheet contains an error that leads to an incorrect factor for VCM-F (correction factor pursuant to Article 20 of the FAR) which further leads to an unrealistically high allocation. The reason is the following incorrect formula:

Incorrect formula:

```
=IF($I469="";"";IF($K472=47;IF(ISNUMBER(INDEX(H_SpecialBM!$I$9:$I$384;MATCH(EUconst_CNTR_V
```

CM;H_SpecialBM!\$P\$9:\$P\$384;0));INDEX(H_SpecialBM!\$I\$9:\$I\$384;MATCH(EUconst_CNTR_VCM;H_SpecialBM!\$P\$9:\$P\$384;0));1);1))

Correct formula:

=IF(\$I469="";"";IF(\$K472=47;IF(ISNUMBER(INDEX(H_SpecialBM!\$Q\$9:\$Q\$384;MATCH(EUconst_CNTR_VCM;H_SpecialBM!\$P\$9:\$P\$384;0));INDEX(H_SpecialBM!\$Q\$9:\$Q\$384;MATCH(EUconst_CNTR_VCM;H_SpecialBM!\$P\$9:\$P\$384;0));1);1))

Operators do not have to be concerned that this would negatively impact their allocation as this error is easy to identify and does not prevent the operator from providing correct data in sheet H.

10 Questions on mergers and splits

(linked to the future GD10, not published yet at the time of writing)

▼ v1

10.1 How do we deal with installations that merged or split during the baseline period?

The data should be entered considering the legal situation at the time the baseline data report is submitted, i.e. as if the merger or split had taken place at the start of the baseline period or in the first year of operation.

▼ v2

10.2 Installation A sold part of its activities to a non-ETS installation in 2018. What data should installation A declare in its baseline data report?

This situation is not considered a 'split' in the context of the FAR, as it does not result in 2 installations covered each by its own greenhouse gas permit. Therefore, the operator should report its activity levels in each year of the NIMs baseline period based on the perimeter of the installation during the baseline period. The allocation will be adjusted in the coming years based on the annual activity level report and rules on activity level changes.

10.3 ETS installation A 'merged' with non-ETS installation B during the baseline period. What data should be reported in the baseline data report?

This situation is not considered a 'merger' in the context of the FAR, as the 2 former installations did not each hold a greenhouse gas permit, but should be considered a capacity extension. In terms of data, any activities carried out by the non-ETS installation B can only be taken into account as of the date of the capacity extension. Therefore, any activities of the non-ETS installation B before the capacity extension cannot be taken into account in the sub-

installations' activity levels, while as from the capacity extension onwards, activity levels will reflect the ones from A+B.