Compliance Review

Machtelt Oudenes (SQ Consult)

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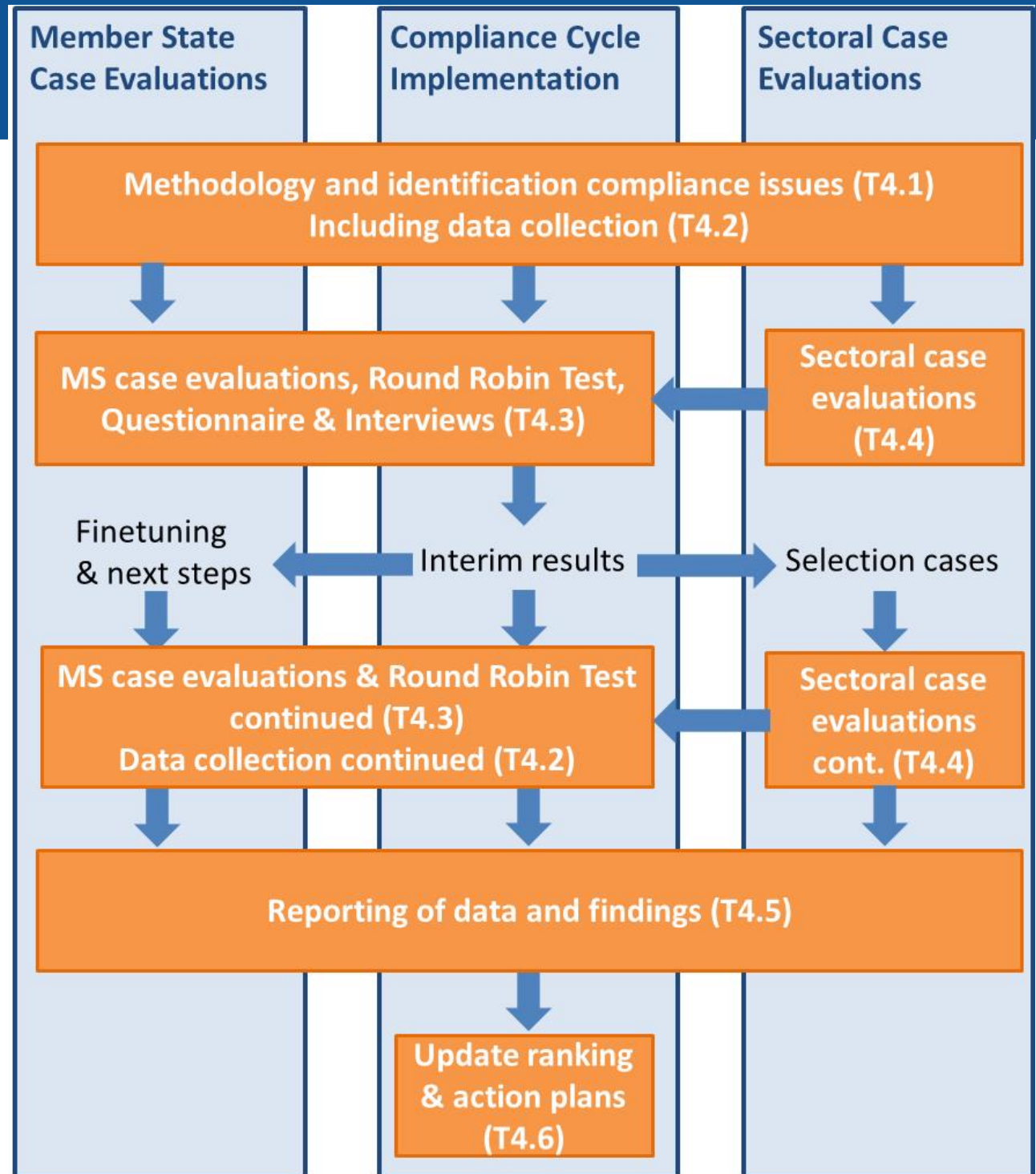Climate Action

5th Compliance Cycle Evaluation

- *Complete and in-depth analysis of each MS's MRVA implementation status*

- *Serving several aims*
  - Improvement of all aspects in the compliance cycle
  - Confidence in harmonised compliance cycle implementation
  - Support MS awareness concerning further improve efficiency
  - Support identification of further need for support and guidance
  - Provide specific tools, exemplars, etc.

- *Building on previous Compliance Reviews, in particular on the 2015-2016 Review, 2016 actions plans, ranking table*

Methodology CCEV 5

Key elements:

- Analysis of 2015-2016 CCEV information, Art 21 reports
- Survey to complement missing information
- Information collected from other sources
- MS case evaluations (analysing MP, AER, VR, IR of 1 installation/AO)
- Case evaluations of information exchange between NAB and CA
- Round Robin Test
- Sectoral case evaluations (12 sectors)
- Ranking table and MS-specific action plans

Member State Case Evaluations	Compliance Cycle Implementation	Sectoral Case Evaluations
	Methodology and identification compliance issues (T4.1) Including data collection (T4.2)	
MS case evaluations, Round Robin Test, Questionnaire & Interviews (T4.3)		Sectoral case evaluations (T4.4)
Finetuning & next steps	Interim results	Selection cases
MS case evaluations & Round Robin Test continued (T4.3) Data collection continued (T4.2)		Sectoral case evaluations cont. (T4.4)
	Reporting of data and findings (T4.5)	
	Update ranking & action plans (T4.6)	

Main conclusions

- *MS generally improved their procedures/organisation since 2015:*
  - Changes in organisation and procedures/ increase of centralisation
  - Increase of awareness
  - Implementation of recommendations of 2016 action plan

- *Differences in CA organisations*
  - Size of staff varies per MS ranging from very large to small teams
  - Different approaches in coordination between personnel, communication with operators and ensuring technical trail of CA decisions

- *Correlations between CA organisation and how monitoring and reporting processes have been implemented*
  - Multiple CAs responsible for MRV require coordination
  - Limited resources can have an affect on how MRV processes are set-up
  - Training helps to increase the competence of staff, in particular in the case of changes of staff

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Main conclusions

- *In general there are improvements in the monitoring approval, AER/VR review processes and inspection*
  - Increased use of COM templates and guidance
  - Increased use of IT systems and other tools
  - More measures taken to ensure proper technical trail and equal treatment

- *Some monitoring issues continue to be complex: e.g.*
  - Uncertainty assessment and sampling plan for complex installations
  - Demonstrating sustainability of biomass
  - Role of CA vs verifiers regarding risk assessment and procedures
  - Assessing evidence of non-accredited labs (though less MS apply non-accredited labs)

- *The quality of reporting seem to be improved but there are still common issues identified across MS: e.g. missing source streams, data gaps, inconsistencies with the MP*

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Main conclusions

- *More MS have implemented clear procedures for the review of emission reports and verification reports due to COM guidance*
  - Classification of issues in verification report improved but still an issue
  - More harmonisation in type of checks but the level of detail varies
  - Some MS use risk based approach/ IT to review emission reports
  - Communication of issues to NABs can in some cases be improved

- *Improvement procedures in general work effectively, in particular if it concerns addressing issues reported by the verifier*
  - Improvement issues are not always actively monitored by the CA
  - Recommendations of improvement not always a priority

- *There is some room for improvement on verifier's competence*

- *Capacity of verifiers could in some countries be improved*

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Main conclusions

- *Information exchange between NAB and CA on a national basis generally works effectively, but could be improved across borders*

  - Timeliness and completeness of information exchange increased

  - CA more inclined to check and use information from NABs and vice versa

  - The level of checks carried out by the CA on the reports differ

  - Not always clear understanding on what is a complaint, what should be shared with the NAB and what process should be followed

  - The NAB do not always report back consistently and timely on information that has been shared by the CA

- *Improvement in information exchange expected because of new requirements in the AVR: e.g.*

  - Update of work programme by 31 January

  - Management report needs to include information on what action NAB has taken as a result of information shared by the CA

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Main conclusions

- *Differences in how inspection is carried out between MS*
  - Approaches range from pure IED inspection, IED inspection with EU ETS specific elements and tailored EU ETS inspections
  - More MS are starting to implement EU ETS specific inspection
  - Communication and coordination between CA and inspectors (if multiple CA are involved) is not always structured
  - Inspections do not always cover assessment of procedures of the operator or measurement equipment
  - Frequency of inspection varies between MS

- *Differences in how enforcement is taken up in countries because of national specific procedures*
  - Size of penalties and type of infringements varies

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Main conclusions on case evaluation

- *Most MS use Commission templates. MS templates usually meet COM templates but not in all cases*

- *Templates helped harmonise MS approaches and how installations complete MPs, AER and VR*

- *Not all documents evaluated were complete: e.g.*
  - Justification for not meeting tiers incomplete
  - Data gap sections in emission report or verification report not totally filled

- *Level of detail varied in some cases : e.g.*
  - Description of procedures in MP, description of installation/activities
  - Description of calculation approaches

- *In some cases there were inconsistencies between documents: e.g.*
  - Discrepancies on MP versions mentioned in different documents
  - Inconsistencies in source streams, sources, tiers between documents

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Main conclusions on case evaluation

- *Quality of verification reports (VR) across MS can be improved: e.g.*
  - Inconsistencies in time allocated to site visits, misclassifications
  - Level of detail in Annex I varies and is not always detailed enough
  - Inconsistencies between verification opinion statement and Annex I
  - Inconsistencies with monitoring details/ source streams listed in AER

- *Improvement report not always clear how VR issues are addressed*

- *Information exchange between NAB and CA generally considered to be useful tool for both the CA and NAB work processes*

- *Room for improvement in the information exchange templates → differences in level of detail identified in the reports*
  - Drop down boxes are not always clearly understood
  - Differences in how NAB report on dates of site visits/ assessment
  - Information in open text fields not always clear or evidence not added

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Recommendations for guidance

- *In some cases MS were not always aware where guidance on a specific topic could be found*

  - Quick guide is useful but capacity building is needed to make MS more aware of different guidance material and the application of templates

- *Some recommendations for guidance have already been taken up or are on the list of topics to be addressed: e.g.*

  - Uncertainty assessment tool

  - Change of information exchange templates

  - Clarification in guidance on information exchange between NAB and CA

- *Further recommendations*

  - Clarification on biomass in particular the relation with RED Directive

  - FAQ on sector specific issues

  - Examples on how small installations have to deal with MR requirements

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Recommendations for training

- *Some topics already taken up but continue to be relevant: e.g.*
    - Unreasonable costs, uncertainty assessment, sampling
    - Information exchange between NAB and CA/ Verification reporting

- *Issues for future training events: e.g.*
    - The role of the CA and verifier on risk assessment and procedures
    - Approval of MPs and review of AER/VR
    - How to address sector specific issues in an installation
    - Smaller topics: Biomass, dealing with non-accredited labs
    - Tailored training for verifiers, CA and NAB on several verification topics (e.g. auditing, sampling, materiality) with specific case studies

- *Round Robin considered useful for training*

- *Some MS expressed the need to have general EU ETS training for new staff that they can cascade internally in their organisation*

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Recommendations for Compliance Forum

- *Some topics already taken up by the various Task Forces: e.g.*
    - CORSIA implementation
    - Information exchange between NAB and CA
    - Some sector specific implementation issues on the MRR

- *Further issues focus mostly on specific issues: e.g.*
    - Continue to share experiences on how to complete certain templates → this can increase harmonisation across MS
    - Potential sector specific issues identified in the analysis (though some have already been discussed in the past)
    - Share experiences in verifier time allocation (in some instances inconsistencies were found in verifier's time allocation)

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Next steps

- *Bilateral calls and meetings were carried out when further information was necessary for the analysis*

- *Each MS will receive an action plan with tailored recommendations, ranking (on quartile basis) and findings*

- *Technical report with general conclusions, recommendations, sector specific issues across MS and methodology applied will be sent to MS at the end of project*

- *Final report ready in January 2020*

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Further contact on this project

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