



10th EU ETS Compliance Conference

Report on break-out session # 1

**Further update of the MRR and technical
implementation aspects**

Irene Vergara



Break-out session # 1 –

A. Overview of the existing changes in the MRR

- *Review of the new regulation (into force on 1/1/2021).*
- *Except: article 76 (entered into force from 1/1/2019)*
 - CORSIA related provisions
 - regulation amendments due to the Schaefer Kalk ECJ ruling on transfer of CO₂ for production of precipitated calcium carbonate (PCC).

Updating MP based on revision of MRR?:

- *MS explained that they will review MPs prior to Phase 4 so to include also the REG REV II*



Break-out session # 1 –

B. Use of biomass in Phase IV (i)

- Links between RED II and ETS: this constitutes a "supporting scheme" and financial support (EF=0 or acceptance of biomass fraction)

- RED II:

- new definition of biomass (biofuels, bioliquids, biomass fuels)
- 2 additional preconditions for acceptance of biomass fraction compared to Phase III:
 - Criteria associated with a source stream (sustainability, GHG saving)
 - Criteria associated with the installation (efficiency depending on the rated thermal input threshold, date of in-operation)
- **Proposed checks to see the fulfilments of the RED II criteria**



Break-out session # 1 –

B. Use of biomass in Phase IV (ii)

- Different examples of application of the criteria in existing installations (from very difficult to simple) >

OPEN QUESTIONS:

- Definition of RED II installation (technical unit of an ETS installation) vs ETS installation
- What does mean electricity from biomass?

There are many installations that can be affected from the application of the RED II Criteria (E.g.: paper sector, cement production, etc.) >

Clear guidance needed (comments received from MS, and discussions with DG ENERGY before a next draft).



Break-out session # 1 –

C. Use of biogas from the grid in Phase IV (i)

- Biogas >

- Upgraded to match the quality of the fossil natural gas in the grid: mainly methane (CH₄).
- Distributed along with fossil natural gas in the gas grid (it is mixed).
- Practically impossible to track the biogas on the grid (the physical flow), so Member States often allow operators to use (various kinds of) certificates as proof of burning biogas from the grid.

- QUESTIONS:

- **How to document the biogas purchased?**
- **How to avoid double counting?**
- **Which updates of the MRR (and AVR) are needed?**



Break-out session # 1 –

C. Use of biogas from the grid in Phase IV (ii)

- *RED II apply (articles 29-31), still pending clarification*

- *Options to document fulfilling sustainability and GHG emissions saving criteria:*
 - Certificates from voluntary schemes & the use the database of RED II (art. 28) to keep track certificates (although intended to be used only for transport sector).

 - Guarantees or Origin (RED II: to cover biogas – to be used in ETS)
 - Registry, mutual recognition and if used, it is cancelled



Break-out session # 1 –

C. Use of biogas from the grid in Phase IV (iii)

OPEN QUESTIONS:

- Risks of double counting
- Cross border (production and consumption)
- Definition of “the grid”
- When biogas is imported from another Member State through the grid, a conversion to local NCV is necessary
- Requirements for documentation

DIFFERENT APPROACHES BETWEEN MEMBER STATES

(Only few has biogas from the grid)

- Need clear guidelines although certain flexibility to allow different approaches, specially in relation to Guarantees or Origin (not design to achieve targets)



Break-out session # 1 –

D. Future changes in MRR

Inclusion of the RED II in MRR

- biomass fuels new definition, different definition of the “installation”, sustainability criteria for solid biomass, efficiency requirements, GHG emission saving criteria, recycled carbon fuels, guarantee of origin for biogas)

Transferred CO₂ / CCU

- changes introduced in the MMR, studies on CCU and different options on CCU are explored (list of products where CO₂ is chemically bound, etc.)

2019 IPCC Guidelines Refinement

- how and when to introduce them into EU ETS?

CORSIA requirements

- consolidated templates MP and AER

IT / DECLARE

- future EU ETS reporting tool developed by the EC)

Miscellaneous

- update Annex II section 5, Urea, GWP values from IPCC AR5, update of templates, update guidance documents)



Break-out session # 1 –

D. Future changes in MRR

MONITORING PLAN TEMPLATE UPDATE FOR PHASE IV:

- MRR & AVR adopted next May
- MP TEMPLATE in July (and at least one month for translation)

UPDATE GUIDELINES DOCUMENTS

- Next in the priority list

THE TIMING IS A CHALLENGE



Conclusions break-out session #1

- *Difficult technical issues that need further and clear guidance towards Phase 4*
- *Member states with different approaches / circumstances so there is also a need for some flexibility*
- *Work in progress through TF, TWG MRVA*