



Summary of MRV Compliance Issues observed by the ECA Special Report No. 6/2015

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http://www.eca.europa.eu/Lists/ECADocuments/SR15_06/SR15_06_EN.pdf

Scope and Approach of ECA Audit

- *Whether EU ETS is managed adequately?*
 - **Appropriate framework to protect integrity of EU ETS (as a market base mechanism)**
 - Appropriate market regulation and oversight rules
 - Legal status of allowances
 - Union registry for recording/disclosing data
 - **Correct implementation in Phase II (2008-12)**
 - NAPs, surrender (allowances), system MRV, sanctions applied
- *Audit of Commission services, 5 MS visits, 2 MS desk-reviews; documentation 150 installations*
- *ECA Report addressed to the Commission and MS*

ECA Recommendations 1 – 3 (In summary)

- 1. Remaining issues in emission market regulation and oversight should be addressed by the Commission in order to further improve market integrity*
- 2. The legal status of allowances should be further clarified in order to contribute to stability and confidence*
- 3. Certain aspects of the systems for processing fundamental EU ETS information (the EU Union Registry and related procedures) should be further improved*

ECA Conclusions on Implementation

- *Insufficient harmonisation of MRV systems*
- *Gaps in COM guidance and monitoring of MS implementation and insufficient transparency regarding assessment of MS NAPs*
- *Article 21 reporting issues*
- *Low level of MS participation in consultation and coordination forums*
- *Limited role of the COM in ensuring harmonisation of key controls regarding implementation by MSs*
- *Impossible to assess the effectiveness of diverse MS sanctioning systems (and divergent practices for rules for surrendering international project credits)*

ECA Recommendation 4

The control framework at the level of the MS should be better applied to ensure weaknesses identified are taken into account for Phase III implementation

- **The Commission should:**

- (a) Consider further amendments to strengthen MRV
- (b) Require CAs to improve enforcement practices to give assurance of the quality of the control framework

- **The MS should:**

- (c) Implement coherent, effective control frameworks, including inspections for MRV
- (d) Ensure better coordination and exchange of information between CAs and NABs to improve the quality of verification
- (e) Provide Article 21 reports on time
- (f) Regularly publish reports on the implementation and results of EU ETS to encourage transparency for operators and market participants

ECA Recommendation 5

During Phase III, the level of guidance and information about the implementation of the EU ETS should be improved

- **The Commission should:**

- (a) Improve its monitoring of the implementation by MSs to identify areas where more harmonisation is imperative
- (b) Publish regularly the required Article 21(2) Report on implementation of the EU ETS, specifically addressing issues of non-harmonisation and resulting risks

- **The MS should:**

- (c) Ensure representatives of CAs regularly attend meetings and participate in exchange of information, experience and knowledge on implementation issues

ECA Recommendation 6

The implementation of sanctions should be made more transparent

- **The Commission should:**

- (a) Ensure that MS keep up-to-date information on the application of all types of penalties and make appropriate proposals and guidelines for increased transparency among relevant bodies

- **The MS should:**

- (b) Consistently apply the penalties at national level as well as the penalty foreseen in the Directive
- (c) Keep up-to-date and accurate information on penalties applied

That was Phase II - This is Phase III

- *Commission Regulation (EU) No 601/2012 (MRR)*
- *Commission Regulation (EU) No 600/2012 (AVR)*
Inc. information exchange (CAs, NABs, Verifiers)
- *Commission Implementing Decision 2014/166/EU*
Re-launch of Article 21 reporting
- *2014 MS Compliance Review and follow up*
- *Compliance Forum and Compliance Conferences*
On-going exchange of information, experience and knowledge (including on Inspection and Enforcement)
- *Note the Commission's official reply to the ECA findings included in the ECA Report (Pgs. 55-69)*



Thank you for your attention

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