



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 11/X/2006
C(2006) 4765 final

COMMISSION DECISION

of 11/X/2006

concerning the temporary exclusion of two installations by the United Kingdom from the Community emissions trading scheme pursuant to Article 27 of Directive 2003/87/EC of the European Parliament and of the Council

(Only the English text is authentic)

COMMISSION DECISION

of 11/X/2006

concerning the temporary exclusion of two installations by the United Kingdom from the Community emissions trading scheme pursuant to Article 27 of Directive 2003/87/EC of the European Parliament and of the Council

(Only the English text is authentic)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC¹, and in particular Article 27 thereof,

Whereas:

- (1) The national allocation plan of the United Kingdom was notified to the Commission on 7 May 2004, completed by letter registered on 15 June 2004, and by its Decision C(2004) 2515/4 of 7 July 2004 the Commission decided that no objections should be raised to the plan provided that certain amendments were made to it by 30 September 2004. The requested amendments have been made.
- (2) The Commission approved the United Kingdom's first application for the temporary exclusion of 63 installations from the Community emission allowance trading scheme between 1 January 2005 and 31 December 2006 by Commission Decision C(2004)4240-2 of 29 October 2004.
- (3) The Commission approved the United Kingdom's application for additional 330 installations to be temporarily excluded from the Community emission allowance trading scheme between 1 January 2005 and 31 December 2007, by Commission Decision C(2005) 5714 final of 23 December 2005.
- (4) The Commission approved the United Kingdom's application for one installation to be temporarily excluded from the Community emission allowance trading scheme between 1 January 2005 and 31 December 2007 by Commission Decision C(2006)582 final of 1 March 2006.
- (5) The United Kingdom applied for a further temporary exclusion of two more installations "PTF, Victory Rd, Derby and Ansty Works, Coventry", from 1 January 2005 to 31 December 2006 from the EU Emissions Trading Scheme by a letter dated 18 April 2006.

¹ OJ L 275, 25.10.2003, p. 32., as amended by Directive 2004/101/EC, OJ L 338, 13.11.2004, p. 18.

- (6) The United Kingdom has confirmed that these installations will limit their emissions as much as would be the case if they were subject to the provisions of Directive 2003/87/EC during the relevant period, because they are participants in the United Kingdom's Climate Change Agreements which set energy efficiency improvement targets that result in limitations equivalent to those under the Community emission allowance trading scheme.
- (7) The United Kingdom has also confirmed that annual monitoring, reporting and verification requirements will be applied to these installations which are equivalent to those provided for in Annexes IV and V to Directive 2003/87/EC and Commission Decision 2004/156/EC of 29 January 2004 establishing guidelines for the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council.
- (8) The United Kingdom has furthermore confirmed that these installations will be subject to penalties at least equivalent to those referred to in Article 16(1) and (4) of Directive 2003/87/EC in the case that these installations and the sector fails to meet its respective target. In this regard the United Kingdom's ETS participants are required to pay a financial penalty of £30 for each tonne of excess emissions; the allowances allocated for the next commitment year are reduced by one allowance per tonne; the participants forego their incentive payment.
- (9) The United Kingdom will ensure that there will be no distortion of the internal market. As the two installations in respect of which the United Kingdom requested temporary exclusion collectively represent 0.016 % of total United Kingdom's emissions covered by the EU ETS and these installations will participate in the Community scheme from 1 January 2007, it is considered that their temporary exclusion until 31 December 2006 together with the exclusion of installations by Commission Decision C(2004)4240-2, C(2005) 5714, and C(2006)582 will not distort the internal market.
- (10) The United Kingdom's application for these installations to be temporarily excluded has thus been evaluated against the criteria set out in Article 27(2), and temporary exclusion of these installations from the Community scheme between 1 January 2005 and 31 December 2006 should be provided for.
- (11) The United Kingdom has, moreover, confirmed that allowances equal to the number of EU allowances allocated for the years 2005 and 2006 to the operator of these installations that have not been surrendered for the year 2005 will be surrendered by these operators and cancelled, if these installations were to be temporarily excluded from the EU ETS, thereby ensuring the total quantity of allowances is reduced consistent with these installations not participating in the Community scheme until 31 December 2006.
- (12) The measures provided for in this Decision are in accordance with the opinion of the Climate Change Committee established by Article 9 of Decision No 280/2004/EC of the European Parliament and of the Council of 11 February 2004 concerning a mechanism for monitoring Community greenhouse gas emissions and for implementing the Kyoto Protocol.²

² OJ L 49 19.02.2004, pg. 1.

HAS ADOPTED THIS DECISION:

Article 1

The two installations listed in the United Kingdom's application dated 18 April 2006 are excluded from the Community emission allowance trading scheme from 1 January 2005 to 31 December 2006 inclusive.

Article 2

The total quantity of allowances allocated by the United Kingdom to installations in the Community scheme for the period referred to in Article 11(1) of Directive 2003/87/EC shall be reduced by the number of allowances allocated to the two installations listed in the United Kingdom's application dated 18 April 2006 for the years 2005 and 2006 that have not been surrendered by 30 April 2006.

Article 3

This Decision is addressed to the United Kingdom of Great Britain and Northern Ireland.

Done at Brussels, 11/X/2006

For the Commission

Stavros DIMAS

Member of the Commission

CERTIFIED COPY
For the Secretary - General

Jordi AYET PUIGARNAU
Director of the Registry