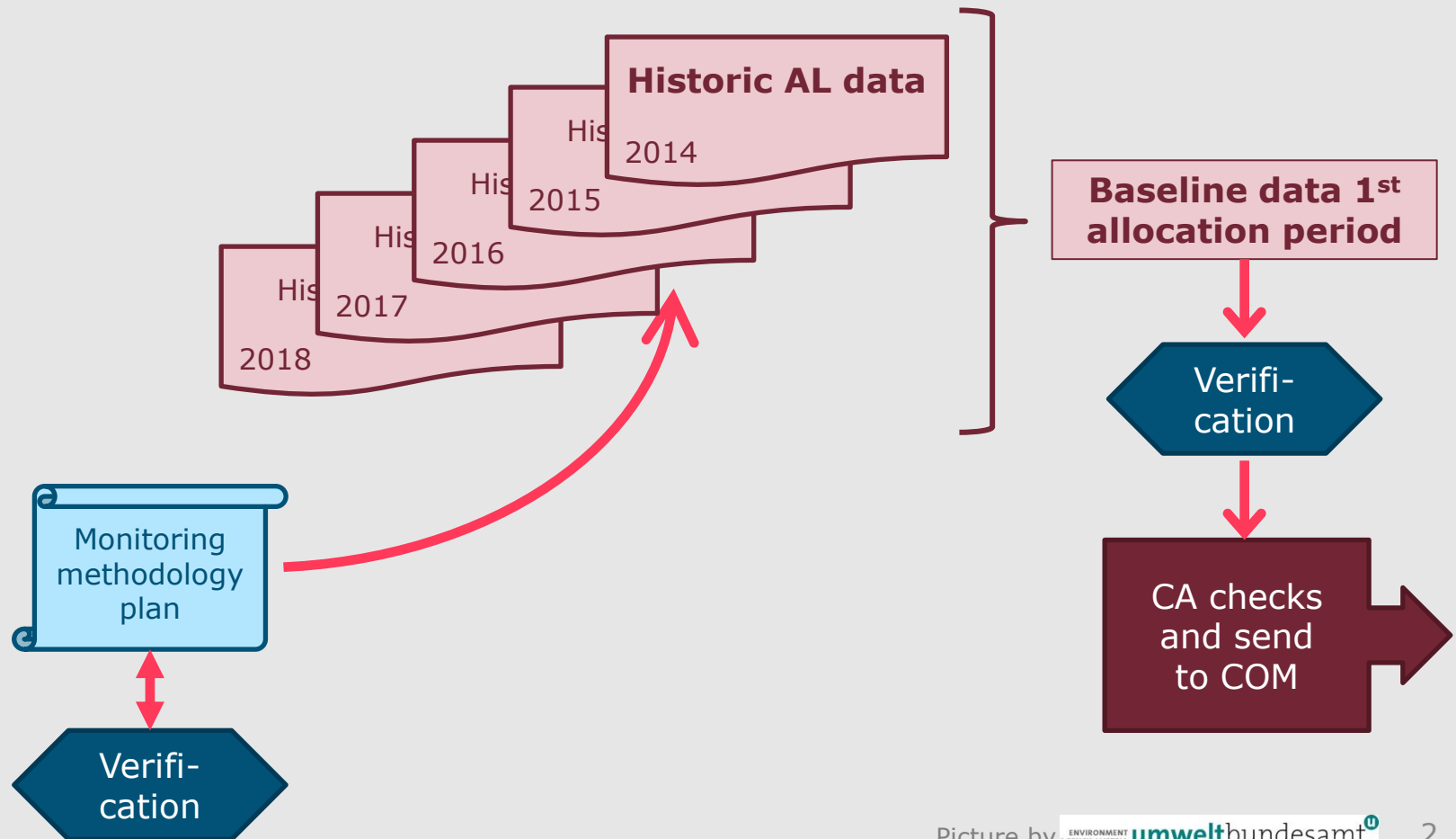


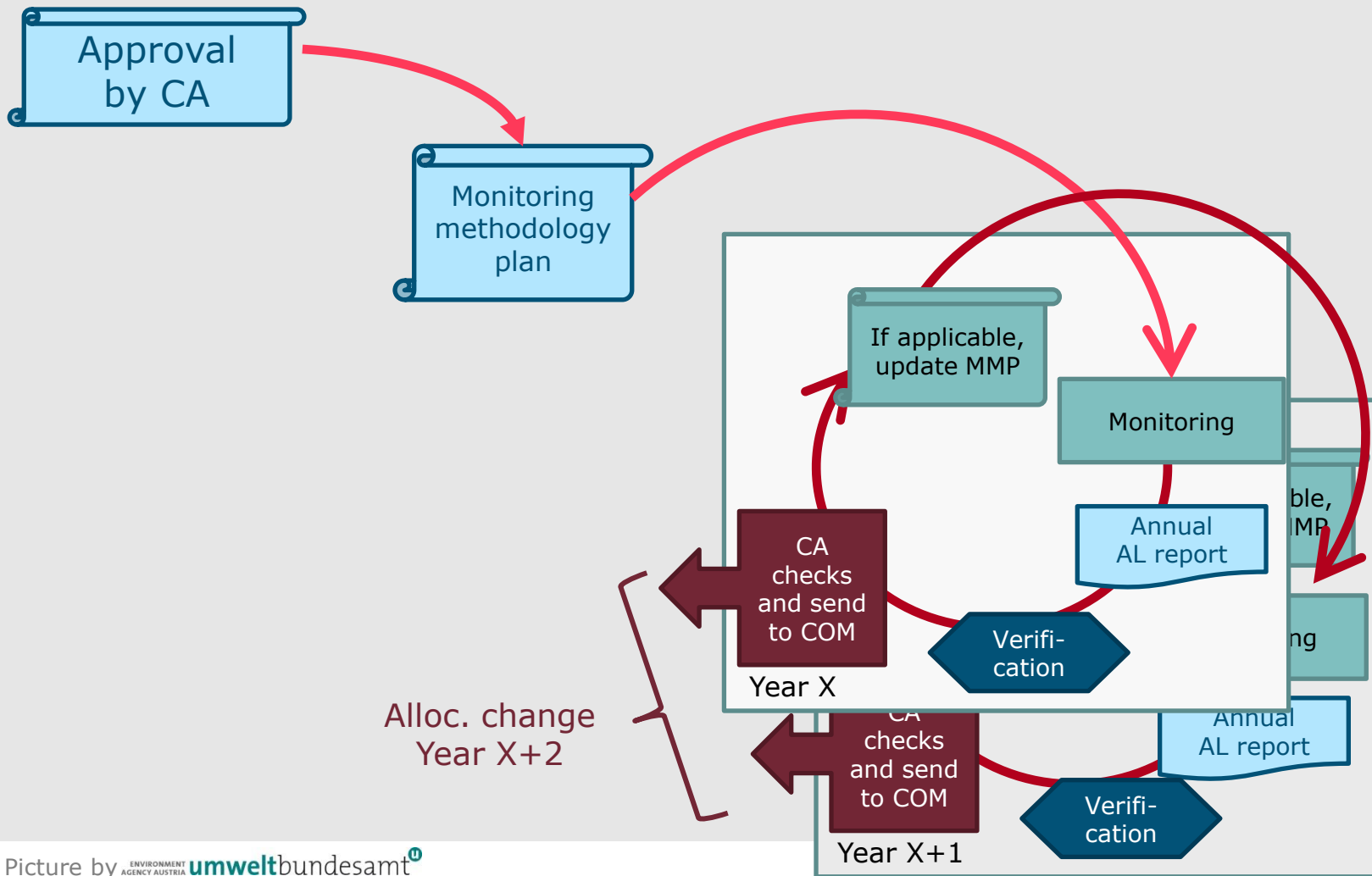
# EU ETS - Free Allocation Rules post 2020

Workshops for Competent Authorities

# MMP & the 1<sup>st</sup> baseline data report



# The annual free allocation compliance cycle



## The MMP – Content (5.1)

- Chapter re-iterates that the MMP is a “user manual” for installation staff, basis for verification
- MMP has to contain
  - Installation description (processes, sub-installations,...)
  - Flow chart / diagram showing material and energy flows (and measuring instruments, sampling points)
  - “**everything that has to be reported**” in baseline data report
  - **Backward**-looking methodologies for historical data as well as instructions for future monitoring (**forward**-looking)
- Too detailed or frequently changing elements should be put into procedures (no formal approval needed for updates)
- Commission has published MMP template

## Developing the MMP (step-by-step, 5.2)

- Know your installation – keep it simple
  - use existing, reliable data sources,
  - keep data flow short, have effective controls
- Think like a verifier, and be open to improvement
- Determine the relevant sub-installations
- Determine necessary data sets to be monitored
- Determine for each data set
  - Primary data sources and (where possible) corroborating data sources
  - for historic data as well as for monitoring data
- Establish the internal control system
- Do completeness checks
  - use MMP or baseline data report template as checklist

# MMP approval topics

- Approval by CA (section 5.3)
  - incl. special cases – new entrants, renunciation,...
- Different treatment of MMP before and after approval
  - Section 5.3.2 explains situations before and after MMP approval (or approval of MMP updates)
- Verification before MMP approval by CA
  - Verifier has to validate (backwards looking part of the) MMP
  - More details: GD 4
- The improvement principle (5.4)
  - Similar approach as under MRR – distinguish significant and other MMP updates – approval by CA or only notification
  - No approval, if only procedure is concerned

## Control system (5.5), avoiding and closing data gaps (5.6)

- Regarding the internal control system (consisting of a risk assessment and effective control procedures which mitigate the identified risks): Reference to MRR GD1 and GD5
- For avoiding and closing data gaps, there is more formalised than in the MRR a need to have a “corroborating data source” readily available – also used for temporary unavailability of the primary data source.
- Data gaps must be listed and justified in the baseline data report
- For conservative approaches for closing data gaps:
  - GD5 suggests a definition: *‘Conservative’ means that a set of assumptions is defined in order to ensure that no under-estimation of a sub-installation’s attributed emissions or over-estimation of its activity level occurs.*
  - Reference to the MRR GD “Making conservative estimates for emissions in accordance with Article 70 MRR”

# Monitoring rules - principles

## Annex VII section 3.2

- Use a method specified by Annex VII.
- If this is not possible:
  - Method based on EN standard
  - ISO or national standards
  - Draft standards, industry best practice, other scientifically proven methods

## Annex VII section 4

### Best available data sources

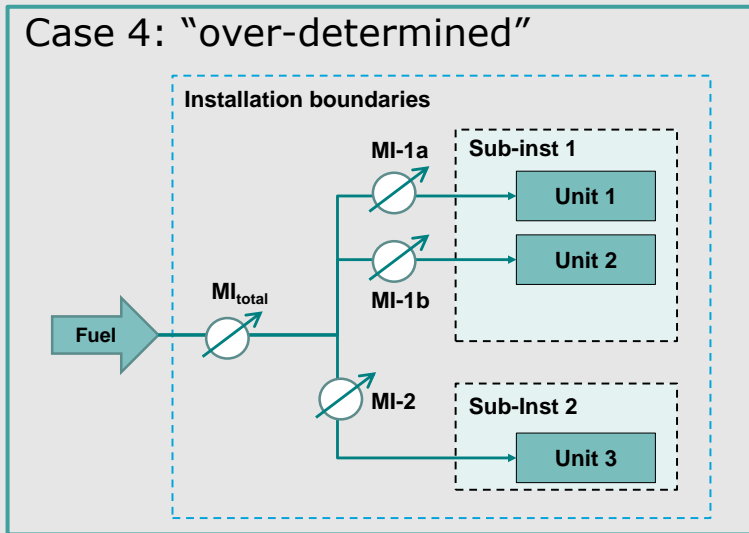
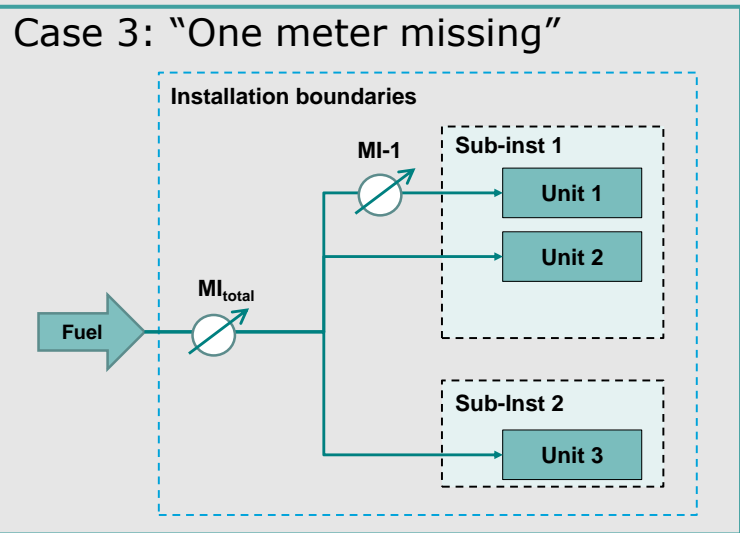
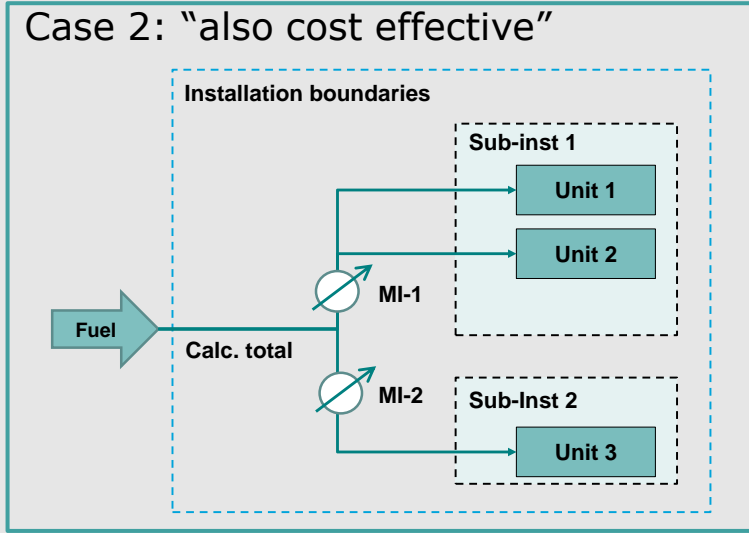
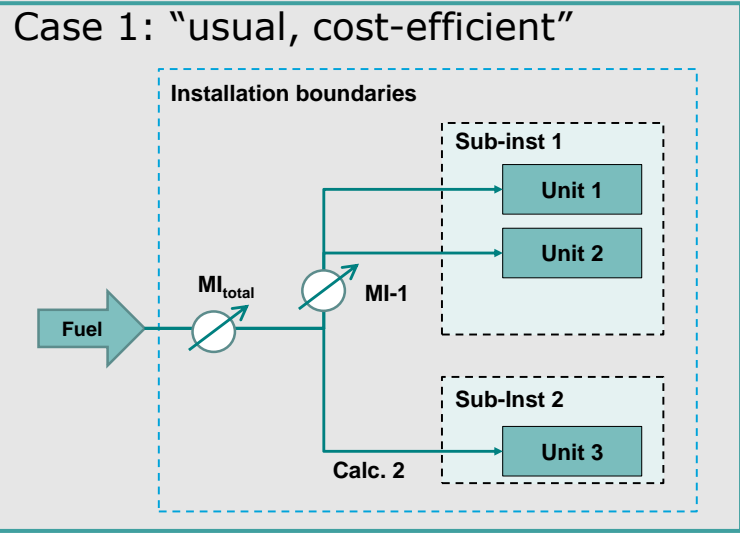
- Apply rules and hierarchy of approaches (Annex VII 4.4-4.6). Deviation needs to be justified:
  - Technical feasibility
  - Unreasonable costs
  - Uncertainty assessment



# From installation data to sub-installations (6.3)

- Split without meters (Annex VII 3.2, point 1):
  - Split based on use time of physical units
  - Split based on other suitable, correlated parameters:
    - Production ratios
    - Ratios of free reaction enthalpies
    - Other methodologies based on sound science
- Direct metering (Annex VII 3.2, point 2):
  - Differential metering
  - Reconciliation factor

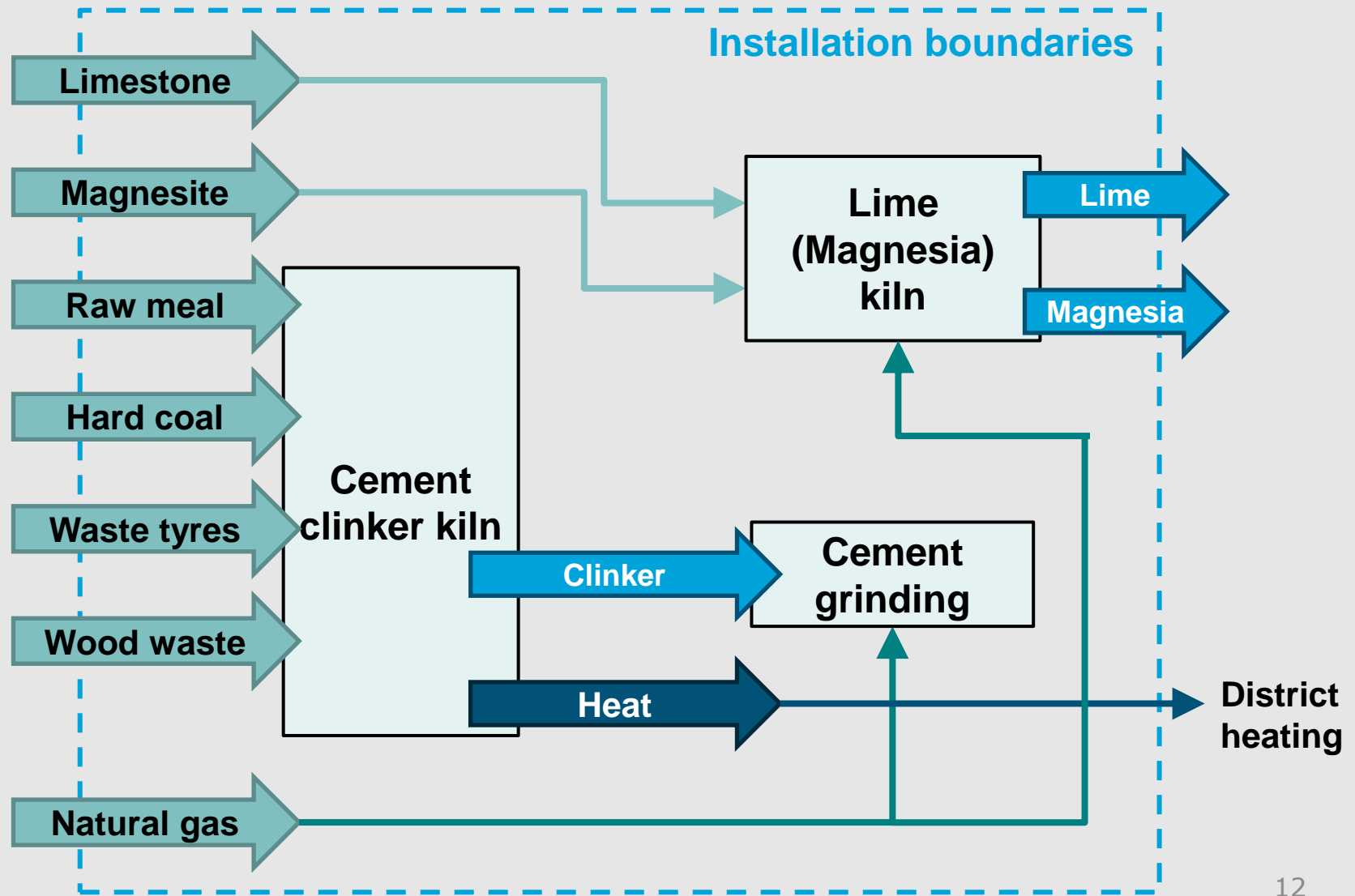
# Metering for split into sub-installations

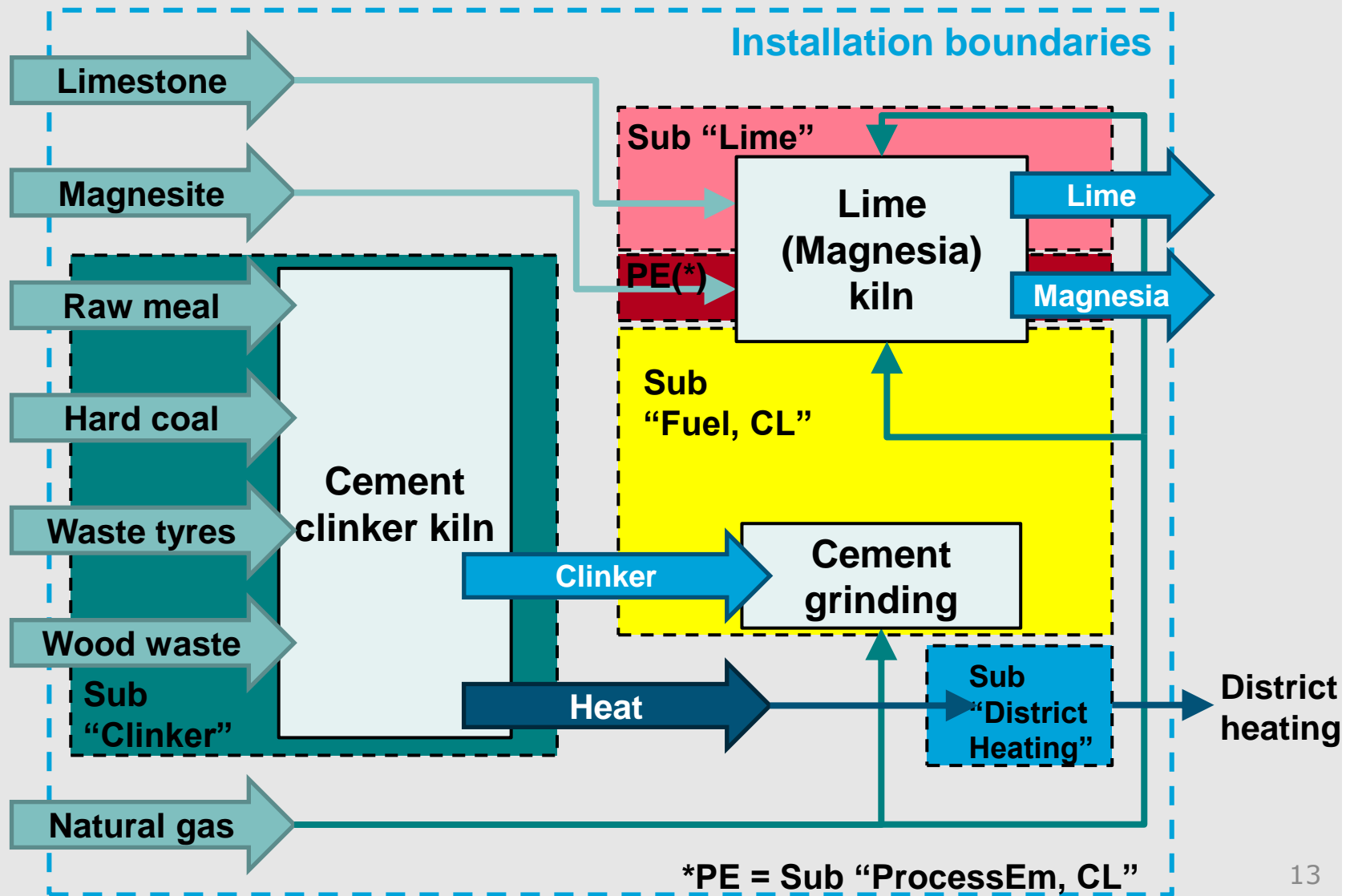


## Sub-installations: Example (4.5)

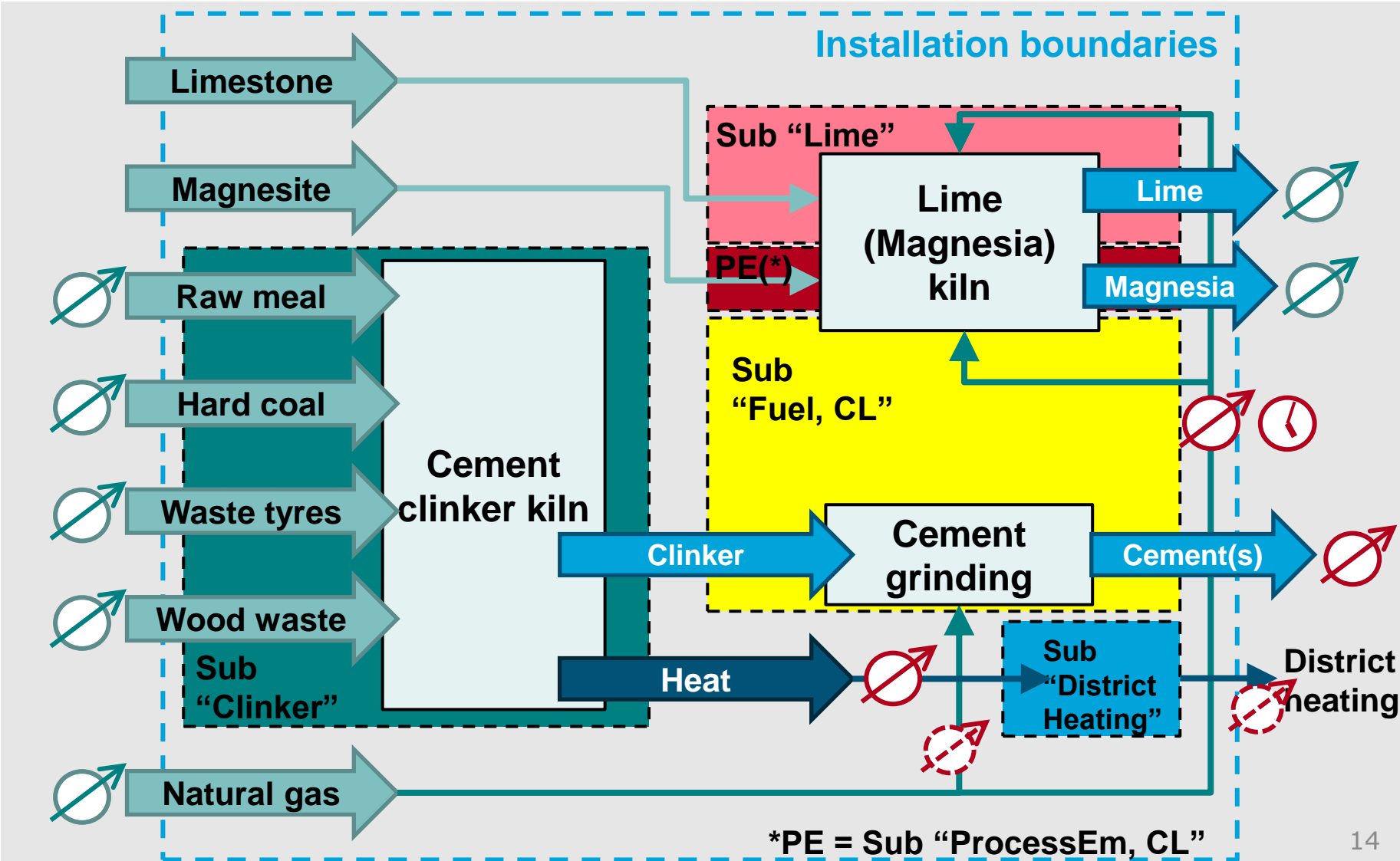
An installation has the following structure:

- A kiln for cement clinker production
  - waste heat from the exhaust gas is supplied to a district heating network
- A cement grinding plant
  - With a directly fired dryer for some raw materials
- A kiln for lime production, in which during some months of the year magnesite is burnt instead of lime





# Metering needs



- Data sets included in MP (Activity data & Factors)
- Additional data sets
- Optional metering
- metering according to time period

# Selecting the most accurate data source

GD 5 section 6.6 explains:

- The selection process (Annex VII section 4.3)
- The hierarchy of approaches (Annex VII section 4.4 – 4.6)
- Technical feasibility (Annex VII section 4.1)
- Unreasonable costs (Annex VII section 4.2)
- Simplified uncertainty assessment (→ MRR GD 4)

# Hierarchy of approaches (1) – Quantities of fuels and materials

- Best: Approved with MP
- Best: Instruments under MID<sup>1</sup>, NAWI<sup>2</sup>, NLMC<sup>3</sup>
- Other instruments under the operators control
- Other instruments not under the operator's control
- Indirect determination methods  
(implicitly: same preferences as bullet points above)
- "Other methods"

<sup>1</sup>Measurement Instruments Directive

<sup>2</sup>Non-Automatic Weighing Instruments Directive

<sup>3</sup>National Legal Metrological Control



## Hierarchy of approaches (2) – Quantification of energy flows

- Best: Instruments under NLMC
- Other instruments under the operators control
- Other instruments not under the operator's control
- Indirect determination methods  
(implicitly: same preferences as bullet points above)
- Using a proxy based on efficiency (method 3 of VII 7.2)
- "Other methods"

For uncertainty assessment all parameters needed for determining net heat flow have to be considered

## Hierarchy of approaches (3) – Properties of materials

- Best: Approved with MP (for “calculation factors”)
- Best: Laboratory analyses (Annex VII 6.1 = in accordance with MRR Art. 32 to 35, i.e. in accredited Lab etc.)
- Simplified analyses (Annex VII 6.2 = industry best practice etc.)
- Constant values “type II” (like MRR tier 2)
- Constant values “type I” (like MRR tier 1)

## Hierarchy of approaches (4) – Sources for historical data

Not FAR rules, but guidance provided by GD5:

- Documents or electronic data (invoices etc.) in context of commercial transactions between independent trade partners
- Other documentation which has undergone audits (e.g. for taxation)
- Internal documents (e.g. for cost attribution) undergone 4-eyes controls
- Other internal documentation not undergone internal control activities

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