

# ***EU ETS Compliance: the Way Forward***

**10 - 11 September 2008 – Centre Borschette, Rue Froissart 36, Brussels, Belgium**

## ***Introduction***

The European Union Emissions Trading Scheme (EU-ETS), established by EU Directive 2003/87/EC, started on 1 January 2005. In order for the EU-ETS to be successful in the long term, i.e. beyond 2013, it is important to both strengthen and harmonise the compliance chain of CO<sub>2</sub> emissions trading. The compliance chain entails the permit application, the validation of the monitoring plan, implementation and execution of the monitoring plan, reporting of emissions in the annual emission report, verification of the emission data in the AER, inspections and if needed enforcement actions and sanctions.

This conference “*EU ETS Compliance: the Way Forward*” will be used as a tool to improve coherence, to harmonize the compliance chain among Member States and to open a communication channel with the policy-making process. The focus is on regional and, possibly, local levels, facilitating at the same time better participation from Competent Authorities and connecting compliance issues more directly with the policy making process.

Raising the profile of EU-ETS compliance will be fundamental in strengthening the credibility and transparency of the system. Member States and stakeholders need to trust that in the EU, a ton of CO<sub>2</sub> emitted is always equivalent to a ton of CO<sub>2</sub> monitored. This will be particularly important in linking to other non EU ET systems.

## ***Objectives and deliverables of the Conference***

The objectives of the conference are:

- To bring Competent Authorities (CAs) and policymakers together to exchange experience and best practices and to learn from each other
- To raise the profile of the compliance chain as the foundation for success in the EU-ETS.
- To create among Member States and regional CA's an awareness of, and commitment to, the degree of harmonisation of implementation needed to safeguard the environmental integrity of the EU-ETS
- To bring together various stakeholders involved in the compliance chain, including verifiers, accreditation bodies, NGO's and operators.

The ambition of the conference is to create the momentum for improving coherence and further harmonisation of EU-ETS compliance. Establishing the EU-ETS Compliance Forum (CF) is meant as a first step in this process. This should result in a substantial capacity building process that will ensure an overall more coherent compliance strategy at national and regional level.

The main deliverable of the Conference is a structured plan for the establishment, position, and working program of the Compliance Forum (CF)

## ***Location***

The first day of the conference is in the Albert Borschette Conference Building in Brussels and will consist primarily of expert discussion groups organized, in the form of workshops. The second day is mainly intended for political and strategic deliberation on the conclusions from day 1.

## ***Target Audience***

The conference organisation aims for an audience that includes people who have an interest in and are in a position to resolve Compliance Chain issues regarding emissions trading. The key audience consists of CAs (Competent Authorities) and policymakers (Ministries). Accreditation and verification bodies will also be represented. A number of representatives from industry and NGOs will be invited, as well as selected Commission officials.

# EU ETS Compliance: the Way Forward

Day 1 - 10 September, 2008

9.00	Registration at the Borschette Centre, Brussels	
10.00	Opening of the Conference and outline of the programme by Day Chair: Ms Yvon Slingenberg, Head of the EU-ETS Unit - DG ENV, EU Commission	
10.15	<p><b>Workshop Session 1 - Room OB</b> <i>Validation of Monitoring Plans, Inspection and Enforcement</i></p> <p>Moderator: Hans-Jürgen Nantke (Germany) Rapporteur: Sina Wartmann (Ecofys) Task Force leader: Matthias Wolf (Germany)</p> <ol style="list-style-type: none"> <li>Opening of the workshop by the Moderator</li> <li>Presentations by presenters: Jeroen Kruijd (PwC) and representatives of Competent Authorities in Sweden, Poland and Germany</li> <li>Issues and Questions for the Panel, as formulated by the Rapporteur</li> <li>Panel discussion lead by the Moderator</li> <li>Conclusions on the activities to be developed by the Compliance Forum (CF) and elements for workplan 2008/9</li> </ol>	<p><b>Workshop Session 2 - Room OC</b> <i>Data Quality, Transparency and the Role of IT in the Compliance Chain</i></p> <p>Moderator: Ken Macken (Ireland) Rapporteur: Krzysztof Olendrzynski (Poland) Task Force: Chris Dekkers (Netherlands)</p> <ol style="list-style-type: none"> <li>Opening of the workshop by the Moderator</li> <li>Introduction Task Force objectives and discussion topics - Chris Dekkers</li> <li>Presentations by representatives from Finish EMA, German DEHSt, Environment Agency England and Wales and EEA in Copenhagen</li> <li>Issues and Questions for the Panel, as formulated by the Rapporteur</li> <li>Panel discussion lead by the Moderator</li> <li>Conclusions on the activities to be developed by the CF and the elements for workplan 2008/9</li> </ol>
12.30	Lunch	
14.00	<p><b>Workshop Session 3 - Room OB</b> <i>Verification &amp; Accreditation</i></p> <p>Moderator: Marc Alessie (Netherlands) Rapporteur: Machtelt Oudenes (PwC) Task Force leader: Marco Loprieno (EU)</p> <ol style="list-style-type: none"> <li>Opening workshop by Moderator</li> <li>Introduction Task Force objectives and discussion topics - Marco Loprieno</li> <li>Presentations by representatives from UK, PT, European Cooperation for Accreditation and SGS</li> <li>Issues and Questions for the Panel, as formulated by the Rapporteur</li> <li>Panel discussion lead by the Moderator</li> <li>Conclusions on the activities to be developed by the CF and elements for workplan 2008/9</li> </ol>	<p><b>Workshop Session 4 - Room OC</b> <i>Setting up an EU-ETS-Compliance Forum of Member State Competent Authorities</i></p> <p>Moderator: Martin Bigg (UK) Rapporteur: Alistair Ritchie (ENTEC) Task Force leaders: Martine Meerburg (NL), Mark Sinton (UK)</p> <ol style="list-style-type: none"> <li>Opening workshop by Moderator</li> <li>Presentations of objectives, deliverables and suggested approaches by representatives of UK, Netherlands, IMPEL and Denmark</li> <li>Issues and Questions for the Panel, as formulated by the Rapporteur</li> <li>Panel discussion lead by the Moderator</li> <li>Conclusions on the activities to be developed by the CF and elements for workplan 2008/9</li> </ol>
16.15	Tea break	
16.45	<p><b>Plenary session</b></p> <ul style="list-style-type: none"> <li>Plenary presentation by the four Rapporteurs of the conclusions of workshop sessions 1-4</li> <li>Discussion on the outcomes of the workshops and the issues in the presentations by the four Rapporteurs and formulation of the overall conclusions by the Day Chair.</li> <li>Decision on the content of the conclusions and recommendations as proposed during Workshop Sessions 1-4 to the plenary conference on Day 2.</li> </ul>	
17.45	Closing of Conference Day 1 by Chair	
18:00	Reception	

# EU ETS Compliance: the Way Forward

Day 2 - 11 September, 2008

9.00	Registration at the Borschette Centre, Brussels
9.45	Opening Address by Day Chair: Ms Pia Bucella, Director Communication, Legal Affairs and Civil Protection - DG ENV EU Commission, followed by presenting aims, objectives and order of the day
10.00	<p><b>Conclusions and recommendations resulting from the four Workshops</b> <b>Presentation by Moderators of Day 1</b></p> <p><b>Objectives:</b> In this session the Moderators of the four Workshop Sessions of Day I will report how the presentations were received, which elements were taken up in the panel discussions and what views were shared by the Workshop Participants. Furthermore, the Moderators will outline the Major Issues that were identified as crucial by the Rapporteurs and to what extent their views were shared by the other experts in the audience. The Moderators will outline the Conclusions the Workshop arrived at and the Consequences these will have for the Activities and the Priorities in the Workplan 2008-2009 to be carried out by the Compliance Forum.</p> <ul style="list-style-type: none"> <li>- <u>Workshop 1 - Validation of Monitoring plans, Inspection and Enforcement</u> “How to safeguard the public domain of EU-ETS” with conclusions and recommendations for monitoring, reporting, inspections, enforcement and sanctions functions and processes.</li> <li>- <u>Workshop 2 - Data quality, Transparency, and the Role of IT in the Compliance Chain</u> “How to ensure a high data quality in EU-ETS, increased transparency &amp; use of standards and IT workflow automation in the Compliance Chain” with conclusions and recommendations.</li> <li>- <u>Workshop 3 - Verification and Accreditation</u> “How to safeguard the private domain of EU-ETS” with conclusions and recommendations for verification and accreditation.</li> <li>- <u>Workshop 4 - Setting up an EU-ETS Compliance Forum for Member State Competent Authorities</u> “How could the Compliance Forum be instrumental to strengthening the Compliance Chain” by harmonizing requirements and ensuring a similar output of EU-ETS in the Member States</li> </ul>
11.00	Coffee break
11.15	<p><b>Panel Discussion 1: Public sector</b></p> <p><b>Objectives:</b> In this session those compliance issues and questions related to EU-ETS will be discussed that are most relevant for the proper functioning of the Public Domain of emissions trading. In fact, panellists will be requested to address the functions and processes that are the competence of the Public Authorities, starting with the validation of monitoring plans, up to inspections of emission reports, enforcement and in cases of detected infringements the imposition of sanctions. Undoubtedly, the Competent Authorities in the Panel have their views on the responsibilities and performance of the private sector, and how trust in the private domain is ensured by verification and accreditation and which risks are acceptable, and which are not. Other points of discussion are what extent can Competent Authorities improve their performance by adopting best practices in other Member States, how should this be organised and whether the establishment of a Compliance Forum could assist in a more uniform and more harmonised compliance with the EU-ETS requirements? What are the consequences for the priorities and activities in the workplan 2008-2009 of the Compliance Forum?</p> <ul style="list-style-type: none"> <li>- Questions and Issues relevant for the proper functioning of the Public Sector Rapporteur: Christian Egenhofer (CEPS)</li> <li>- Panel discussion on Questions and Issues raised by the Rapporteur and the way the Compliance Forum can contribute to safeguard the Public Domain</li> <li>- Conclusions by Day Chair.</li> </ul>
12.30	Lunch

# EU ETS Compliance: the Way Forward

Day 2 - 11 September, 2008

14.00	<p><b>Panel discussion 2: Private sector</b></p> <p><b>Objectives:</b> In this session the discussion will focus on the compliance issues and questions from the perspective of private sector; what lessons can be learned from the first trading period; how the operators, verifiers, the financial sector and other stakeholders perceive the way the compliance functions are carried out today; which further improvements they would like to see, which issues they see emerging and which improvements they would recommend to be made in the second trading period; and, more importantly, which of the compliance issues they see as crucial up to 2013 and beyond.</p> <p>Where should the industry make improvements, how could the verification and the accreditation processes be enhanced and how do the industry and other stakeholders appreciate the inherent and potential risks of verifiers being paid by the industry? Where can the Competent Authorities improve their processes and what can they learn from the private sector? Undoubtedly, the private sector has its views on the responsibilities and performance of the public sector, how trust in the public domain is to be ensured, and which of the inherent risks in the public sectors should be addressed towards 2013. How could the establishment of a Compliance Forum contribute to a more uniform and harmonised compliance with EU-ETS? What should the priorities and activities for 2008-2009 be for the Compliance Forum, seen from the perspective of the private sector?</p> <ul style="list-style-type: none"> <li>- Questions and Issues relevant for the proper functioning of the Private Sector Rapporteur: Christian Egenhofer (CEPS)</li> <li>- Panel discussion around Questions and Issues raised by the Rapporteur and what would be needed to make the Compliance Forum a success.</li> <li>- Conclusions by Day Chair.</li> </ul>
15.15	<p>Tea break</p>
15.30	<p><b>Panel discussion 3: International dimension of compliance issues</b></p> <p><b>Objectives:</b> In this session the challenges of linking with other emissions trading schemes from a compliance perspective will be discussed, as well as the relevance of more uniform and harmonised compliance requirements in ET schemes that are being set up in various parts of the world. What are the crucial compliance elements and issues seen from the objective of future linking of emissions trading schemes and how should one ensure that a ton of CO<sub>2</sub> emitted and reported in one part of the world is the same as a ton of CO<sub>2</sub> emitted and reported elsewhere? The ICAP conference, held on 19-20 May 2008 in Brussels, discussed a number of issues in this field. What are the main issues, questions and answers that are outstanding and need to be solved in the next few years, and how should the Compliance Forum contribute to that discussion?</p> <ul style="list-style-type: none"> <li>- Questions and Issues on the International Compliance issues of ETS</li> <li>- Rapporteur: Christian Egenhofer</li> <li>- Panel discussion on the current Global Environment of the EU-ETS and possible Impediments to Establishing Linking with other Emissions Trading Systems</li> <li>- Conclusions by Day Chair.</li> </ul>
16.45	<p>Wrapping up and formulating the way forward and follow-up by Day Chair</p>
17.15	<p>Closing remarks: Ms Avril Doyle, EP Rapporteur on the EU ETS Review</p>
17.30	<p>Conference closes</p>

## EU ETS Compliance: the Way Forward

**Day 1 - 10 September, 2008 - morning programme**

10.15	<p><b>Workshop Session 1: Room OB</b>  <b><i>Validation of Monitoring Plans, Inspection and Enforcement</i></b></p> <p><b>Aims, objectives &amp; deliverables:</b> The workshop will focus on the requirements and procedures that need to be in place or issues to be resolved to safeguard the public domain of EU-ETS. The discussion during the workshop will concentrate on the role and responsibilities of the competent authorities in the compliance chain. The Emissions Trading Directive 2003/87 and the Monitoring &amp; Reporting Guidelines 2007 contain the basic requirements but this still leaves open a number of issues and contains flexibility with respect to the way the competent authorities carry out their tasks and responsibilities. Article 14 to 16 of the present EU-ETS directive outline the general requirements for the permitting and validation of monitoring plans, and contain inspection and enforcement by them, but only in general terms. The workshop aims at realising a common understanding on the essential elements of the validation, inspection and enforcement functions by the competent authorities needed to safeguard a comparable environmental outcome of monitoring and reporting, and a more equal approach and treatment of the 11.000 operators in the Member States that fall under the EU-ETS directive.</p> <ol style="list-style-type: none"> <li>1. Opening and introduction of the objectives of the workshop by the Moderator, Mr. Hans-Jürgen Nantke (German Emission Trading Authority, DEHSt)</li> <li>2. Presentations by       <ul style="list-style-type: none"> <li>- Mr. Jeroen Kruijd (Pricewaterhouse Coopers, PwC): outlining results of the evaluation of the EU-ETS enforcement in the Member States, similarities and differences in validation, enforcement and sanctioning</li> <li>- Mr. Fredrik Zetterlund (Swedish Environmental Protection Agency): outlining the Swedish experiences in the validation of monitoring plans, inspections, enforcement and sanctions, and ideas on how the Compliance Forum could contribute to a more harmonised approach among the Member States</li> <li>- Mr. Tomasz Karpinski (Polish Administrator of the ETS, KASHUE): speaking on the Polish experiences and ideas on how the Compliance Forum could function most effectively</li> <li>- Mr. Matthias Wolf (DEHSt): outlining the experiences in Germany and ideas and suggestions from the German DEHSt perspective for an effective Compliance Forum.</li> </ul> </li> <li>3. Introduction of the questions and issues to be addressed by the Panel as formulated by the rapporteur Ms. Sina Wartman (Ecofys)</li> <li>4. Panel Discussion on the basis of the questions and issues raised by the rapporteur and moderated by Mr. Hans- Hans-Jürgen Nantke. The Panelist are:       <ul style="list-style-type: none"> <li>- Ms. Nicoleta Rosu (Romanian Environment Protection Agency)</li> <li>- Mr. Ondrej Bores (Ministry of Environment of Czech Republic)</li> <li>- Mr. Ton Grosjean (Dutch Emissions Authority, NEA)</li> <li>- Mr. Jean-Loup Caruana (France Ministry of Ecology, Energy, Sustainable Development and Spatial Planning)</li> </ul> </li> <li>5. Outlining the Way Forward and getting conclusions by the Moderator, Mr. Hans-Jürgen Nantke</li> </ol>
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## **EU ETS Compliance: the Way Forward**

**Day 1 - 10 September, 2008 - morning programme**

10.15	<p><b>Workshop Session 2: Room OC</b></p> <p><b><i>Data Quality, Transparency and the Role of IT in the Compliance Chain</i></b></p> <p><b>Aims, objectives &amp; deliverables:</b> With the revised MRG 2007 the conditions have been set to develop and use IT tools that can handle in an effective way the complex and large streams of information involved in the EU-ETS compliance chain processes. The use of these IT tools will enhance the quality and the transparency of the data being transferred.</p> <p>The workshop aims at:</p> <ul style="list-style-type: none"><li>- providing information on the latest developments in the field of IT tools and workflow automation in the Member States;</li><li>- diffusing best practices on IT among the Member States (MS) and regional Competent Authorities;</li><li>- outlining the need for an IT language (XETL) to allow easy access and proper communication between different IT systems, and;</li><li>- informing on the recent developments of horizontal activities such as SEIS and INSPIRE, and establishing links between automation of EU-ETS processes with the INSPIRE and SEIS processes and pilots.</li></ul> <p>The workshop will provide the latest information on the development of this XETL language as well as demonstrate the urgency for development of an electronic monitoring plan for the Aviation Industry.</p> <ol style="list-style-type: none"><li>1. Opening the workshop by the Moderator, Mr. Ken Macken (Environmental Protection Agency, Ireland)</li><li>2. Introduction of the objectives of the workshop by Mr. Chris Dekkers (The Netherlands)</li><li>3. Presentations by<ul style="list-style-type: none"><li>- Mr. Jarno Ilme (EMA/Finland): Finnish approach of EU-ETS workflow automation, what should be done, what is involved and what is needed for automatic data transfer and data quality?</li><li>- Mr. Thomas Bigalke (German Emission Authority (DEHSt): the need for a common EU-ETS dataset implemented as an xml-schema: what is already there and what is still needed for full development of XETL?</li><li>- Mr. Ormonde Joel: Workflow Automation developed by the Environment Agency for England and Wales specifically geared towards Monitoring Plans for Aviation and ETSWAP</li><li>- Mr. Andreas Barkmann: overview of the different monitoring and reporting requirements in EU-legislation, the discussions on SEIS and INSPIRE, the monitoring mechanisms and the streamlining project of the Commission</li></ul></li><li>4. Introduction of the questions to be addressed by the Panel by the Rapporteur Mr. Krzysztof Olendrzyński (Institute of Environmental Protection/Kashue, Poland)</li><li>5. Panel Discussion on the basis of the questions and issues raised by the rapporteur and moderated by Mr. Ken Macken. The panelists are:<ul style="list-style-type: none"><li>- Mr. Hugo de Groof - (European Commission)</li><li>- Mr. Pawel Figat (Kashue /Poland)</li><li>- Mr. Luc Larmuseau - (Det Norske Veritas(DNV), Antwerp)</li><li>- Mr. Johan Pype - (Energy and Industrial Solutions, Tractebel Engineering, Brussels)</li></ul></li><li>6. Outlining the Way Forward and conclusions by the Moderator, Mr. Ken Macken</li></ol>
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## EU ETS Compliance: the Way Forward

Day 1 - 10 September, 2008 - afternoon programme

14.00	<p><b>Workshop Session 3 - Room OB</b></p> <p><b>Verification &amp; Accreditation</b></p> <p><b>Aims, objectives &amp; deliverables:</b> For the EU ETS market to function properly it is equally important to ensure trust in the public domain as in the private domain, i.e. the domain in which operators, verifiers and accreditation bodies operate. To enhance this trust, the private domain has to be well defined, well structured and uniformly regulated. More harmonisation is needed to overcome the differences in the verification and accreditation processes and requirements throughout Europe.</p> <p>The workshop aims at:</p> <ul style="list-style-type: none"> <li>- presenting the work that has recently been done on harmonising the verification and accreditation processes within EU-ETS.</li> <li>- agreeing on elements of a common strategic guidance at EU level for verification and accreditation. A summary of the draft guidance will provide input to the workshop.</li> <li>- raising awareness and exchanging information on Member States' best practices. The objective is to confirm best practices mentioned in a summary prepared for this workshop and to collect additional best practices that are missing from the summary;</li> <li>- agreeing on the steps that need to be taken with respect to verification and accreditation in 2008 and 2009 as well as the period from 2010 and beyond.</li> </ul> <p>The workshop will provide confirmation of the strategic aspects of ETS accreditation and verification which will be taken into account when developing a guidance at EU level for verification and accreditation. It will also identify which Member States' best practices should be developed further and what measures should be taken to achieve this. Furthermore, the workshop provides input to the strategic approach for 2008-2009 and beyond. This includes recommendations on what needs to be done to prepare all parties for the introduction of the proposed accreditation regulation and the development of the verification and accreditation regulation pursuant to article 15 of the proposed revision of the EU ETS Directive.</p> <p>Opening the workshop by the Moderator, Mr. Marc Alessie (Dutch Emissions Authority)</p> <ol style="list-style-type: none"> <li>1. Introduction of the Objectives of the Workshop and results of the Technical Working Group by Mr. Marco Loprieno (DG Environment, European Commission)</li> <li>2. Presentations by: <ul style="list-style-type: none"> <li>- Mr. Rob Gemmill (Environment Agency for England and Wales): "Continuous Improvement Process in ETS MRV"</li> <li>- Mr. João Bolina (Portuguese Ministry of Environment): "Man-day verification table"</li> <li>- Mr. Daniel Pierre (European Cooperation for Accreditation): "Impact of the Accreditation Regulation on the EU ETS"</li> </ul> </li> <li>3. Introduction of the Questions to be addressed by the Panel by the Rapporteur Ms. Machtelt Oudenes (PricewaterhouseCoopers, The Netherlands)</li> <li>4. Panel Discussion on the basis of the Questions and Issues raised by the Rapporteur and moderated by Mr. Marc Alessie. The panelists are: <ul style="list-style-type: none"> <li>- Mr. Wolfgang Seidel (DEHSt): "position of a non EA member"</li> <li>- Ms. Lucy Candlin - : (Future Perfect) "verifier competence issues"</li> </ul> </li> </ol> <p>Mr. Saviour Vassallo (Maltese Ministry of Environment): "inclusion of new sectors such as aviation"</p> <ul style="list-style-type: none"> <li>- Mr. Francisco Zamarron (DNV): verifier's point of view</li> <li>- Mr. Dop Schoen (ExxonMobil): industry's point of view</li> </ul> <ol style="list-style-type: none"> <li>5. Outlining the Way Forward and conclusions by the Moderator, Mr. Marc Alessie</li> </ol>
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## EU ETS Compliance: the Way Forward

### Day 1 - 10 September, 2008 - afternoon programme

14.00

#### Workshop Session 4 - Room OC

##### *Setting up an EU-ETS Compliance Forum of Member State Competent Authorities*

**Aims, objective & deliverables:** The aim of this workshop is to strengthen and harmonise the compliance chain by establishing the Compliance Forum, as an organisational framework for improved exchange of information between Competent Authorities, agreeing on Best Practices, producing guidance, and working together on capacity building. In this workshop we will identify the opportunities and benefits that a Compliance Forum could provide. Furthermore we will learn from experiences of developing and using similar forums. In the conclusions we will try to achieve agreement on the practical realisation of the Compliance Forum and of the format that the Forum could take.

1. Opening and introduction to the objectives of the workshop by the Moderator, Mr. Martin Bigg (Environment Agency for England and Wales)
2. Presentations by
  - Mr. Andrew Hitchings (Environment Agency): outlining the need to strengthen and harmonise the compliance chain, and how a compliance forum could achieve these objectives.
  - Ms Martine Meerburg (Dutch Emissions Authority): outlining the possible activities of a compliance forum and the way this can be organised.
  - Ms Susanne Petersen (Danish Energy Agency): outlining her experience of the registry administrator's forum and the benefits that the forum provides.
  - Ms Nancy Isarin (Ambiendura): outlining the experiences on working together on enforcement of the waste shipment regulation. What can we learn from a similar forum of competent authorities?
3. Introduction of the questions and issues to be addressed by the Panel as formulated by the rapporteur Mr. Alistair Ritchie (ENTEC, UK).
4. Panel Discussion on the basis of the questions and issues raised by the rapporteur and moderated by Mr. Martin Bigg. The Panelists are:
  - Ms. Yvon Slingenbergh - tbc (European Commission)
  - Ms. Maria Martin (Environmental Protection Agency, Ireland)
  - Mr. Jürgen Bardenhagen (Niedersachsen, Germany)
  - Mihaela Vaslaban (Ministry of Environment and Sustainable Development, Romania)
  - Representative from Spanish Region - tbc
5. Outlining the Way Forward and getting conclusions by the Moderator, Mr. Martin Bigg