



# Break-out Session for ETS2

15<sup>th</sup> Compliance Conference  
26 November 2024

# Welcome and Introduction

François Schmitt

# Contribution from the Netherlands

Paul van Baal, Sarah de Bie, Dennis Tillemans



Ministerie van Klimaat en  
Groene Groei

# Implementation of ETS2 in the Netherlands

EU ETS Compliance forum  
26 november 2024

Paul van Baal



# Timeline ETS2 implementation in Netherlands

- › December 2022: Agreement between Council and Parliament on ETS2
- › May 2023: Publication in EU Journal
- › September 2023: Government submits ETS2 implementation law to parliament
- › March 2024: ETS2 implementation law adopted
- › April 2024: Government presents new climate package, incl. opt-in
- › June 2024: Government submits opt-in request
- › September 2024: Commission adopts delegated decision approving opt-in
- › October 2024: Government adopts opt-in implementing decision
- › November 2024: ETS2 monitoring plans submitted
- › January 2025: ETS2 enters into force

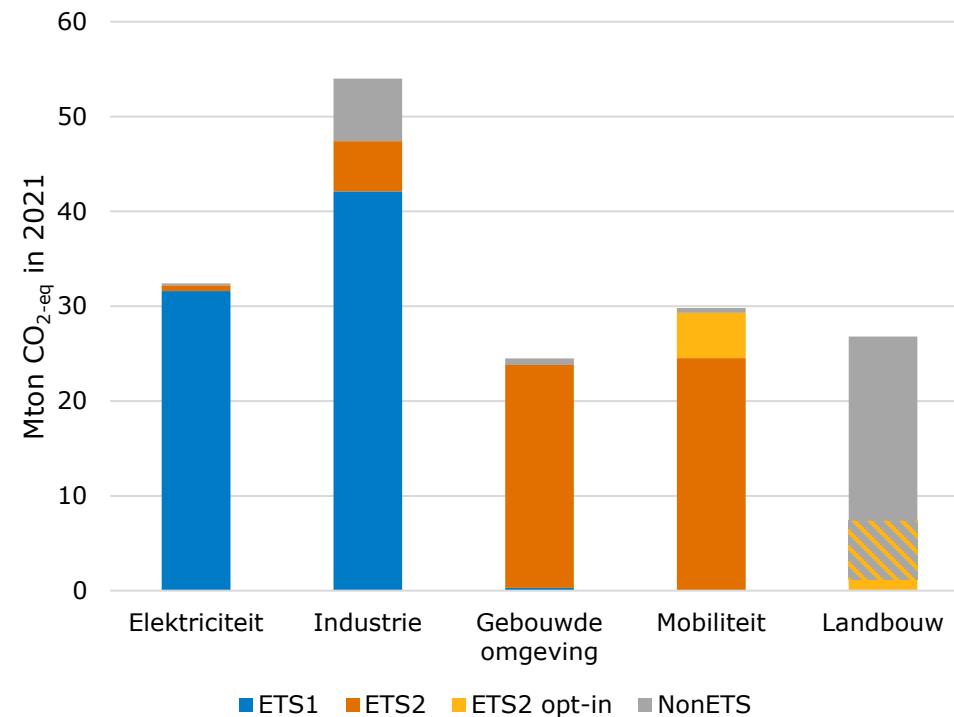


# Netherlands ETS2 scope

Netherlands unilaterally extended the ETS2 to:

- > 1A3 Transport
  - Includes: inland navigation, private water transport, railways, agriculture & forestry (mobile), other transportation
  - Excludes: maritime navigation, aviation
- > 1A4c Agriculture
  - Includes: agriculture & forestry (stationary), fishing (stationary)
    - *Pending: horticulture (government decision in spring 2025)*
  - Excludes: fishing (mobile)
- > 1A5 Non specified
  - Includes: non-operational use of fuels by the military.
- > We estimate approximately **20 million €/year** reduction in regulatory burden for energy suppliers (monitoring and reporting) and agricultural firms (ex post compensation).
- > We expect the additional financial burden to be approximately **200 million €/year**, the majority coming from the transport sector (inland navigation) and a small share from agriculture.

Netherlands total greenhouse gas emissions





— Nederlandse Emissieautoriteit  
— Dutch Emissions Authority

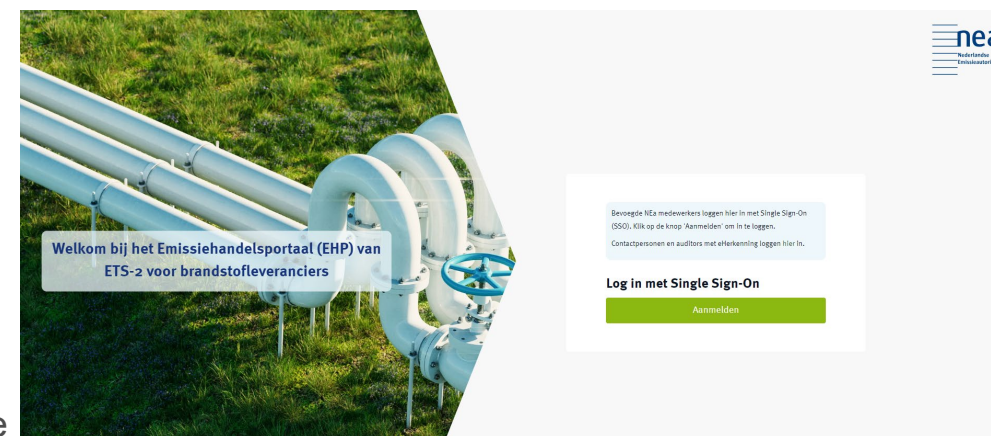
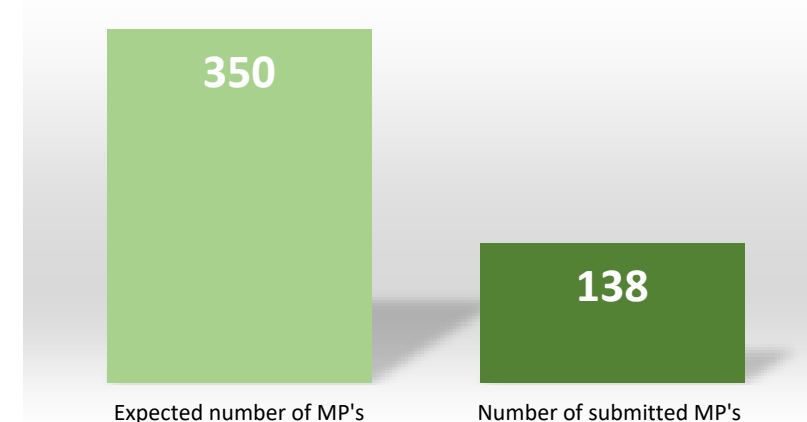
# ETS2: Lessons learned so far in The Netherlands

EU ETS Compliance Forum  
November 26th, 2024

Sarah de Bie, Dennis Tillemans

# Assessment of the MP's: Progress so far

- Number of monitoringplans submitted lower than expected after the deadline:
  - Overestimation of number of regulated entities? (based on information national tax authority and national grid operators)
  - Regulated entities late with submitting permit request? Regulated entities not aware they have an ETS2 obligation?
- Considering additional communication:
  - Presentations at specific industry associations (gas/oil/coal suppliers)
  - Provide information on common mistakes made in MP's through FAQ's and examples
- Our national IT system helps with the first checks
  - for example only monitoringplans that are completed in full can be submitted to the competent authority.
- Quality of monitoringplans submitted is lower than expected. Big gap in quality between large and smaller companies.





# Challenges and national approach

- **Scope factor**
  - Challenges: distinguish consumption in 1A4c horticulture, fishing, 1A3 maritime navigation and aviation and 1A5 operational use of fuels by military
  - National approach is scope factor by default at 1.
  - If a company supplies to one of the 3 sectors that have an opt-out → entities need to describe and provide evidence on how they estimate the volumes supplied to these sectors using one of the options described in the MRR.
- **Biomass**
  - Challenges: Regulated entities are often not an economic operator under the relevant RED scheme and therefore cannot prove REDII compliance
  - National approach (for now): regulated entities need to prove the REDII compliance and biomass fraction according to Art. 38 and 39 MRR in order to zero rate emissions.
  - In the meantime, research will be conducted on how REDII compliance can be administratively demonstrated to ensure there is a robust and verifiable system.
- **Regulated entities that only supply (1) to companies that are out of scope and/or (2) biofuels that are REDII compliant**
  - National approach: regulated entity is responsible (1) to request a permit when fuels will be used for combustion in sectors covered by ETS2 and (2) to prove REDII compliance
  - If the regulated entity seeks certainty from the CA that it does not actually need a permit → we advise submitting a permit request. In this way, we can assess the specific case and give the regulated entity an official verdict
  - In the meantime, we are looking into possible control measures to check whether all regulated entities meet their ETS2 obligations



# Questions ?

If you have any urgent question, please feel free to ask now.

Additionally, there will be a dedicated time at the end of the Break-out session for all remaining questions.

# Contribution from Greece

Konstantina Plakaki



# Implementation of ETS2 in Greece

15<sup>th</sup> EU ETS COMPLIANCE CONFERENCE - THE ROAD TO 2030  
AND BEYOND

26-27 November 2024, Brussels



## Content

- Current Status
- External Support and Communication
- Regulated Entities
- Monitoring Plans
- Lessons Learnt



## Current Status

### Legislation

- Amendments to the EU ETS Directive through Directive 2023/958 and Directive 2023/959 have been transposed into the national legislation
- The respective Joint Ministerial Decision ΥΠΕΝ/ΔΚΑΠΑ/86227/2245/2024 (B'4674) was published on the 9<sup>th</sup> August 2024
- No opt-ins have been introduced so far; lessons from the first year of ETS2 implementation are to be gathered and analyzed in order to decide on future potential adjustments of ETS2 in Greece

### Collaboration with other public authorities

- Key actors: Directorate of Climate Change and Air Quality of the Hellenic Ministry of Environment and Energy (YPEN) – National Competent Authority (NCA); Hellenic Ministry of National Economy and Finance (YPOIK); Customs Authorities; Petroleum Products Market Organization and Supervision Department of YPEN; Independent Authority for Public Revenue (AADE); Regulatory Authority for Energy, Waste and Water (RAAEY)
- To identify regulated entities (REs), the Greek NCA exchanges information with the abovementioned public actors overseeing relevant legislation and issuing trading permits to fuel companies



## External Support and Communication

In addition to the intergovernmental exchanges, external support by the Greek consulting company “Integrated Planning Permitting and Control” (IPPC) has been provided to identify REs and develop a methodology for maintaining the list of REs up-to-date:

- **Timeline:** 28 June – 22 October 2024
- **Consultants’ approach:**
  - Analysis of the relevant European and national legislation
  - Analysis of activities falling within the scope of ETS2 according to Annex III of the ETS Directive (Annex III of the Joint Ministerial Decision B’4674)
  - Provision of a detailed list of “energy products” to which ETS2 applies, incl. correlation of the Combined Nomenclature (CN) codes with the “Exxx” type of classification of energy products as used in the EU Regulation 2022/163
  - Analysis of the licensing records of the relevant public authorities to estimate the number of entities holding licences related to the release for consumption of “energy products” covered by the ETS2

Constant exchanges with (potential) REs; hands on support by the NCA and by consultants



## Regulated Entities

### Key data (as of 22.10.2024)

- Initial list of 277 companies that may fall within the scope of ETS2
- As a result of surveys and individual conversations, shortening of the list to 92 REs; i.e. 161 fuel companies are out of the ETS2 scope
- 24 companies identified as unclear in terms of their obligations in ETS2

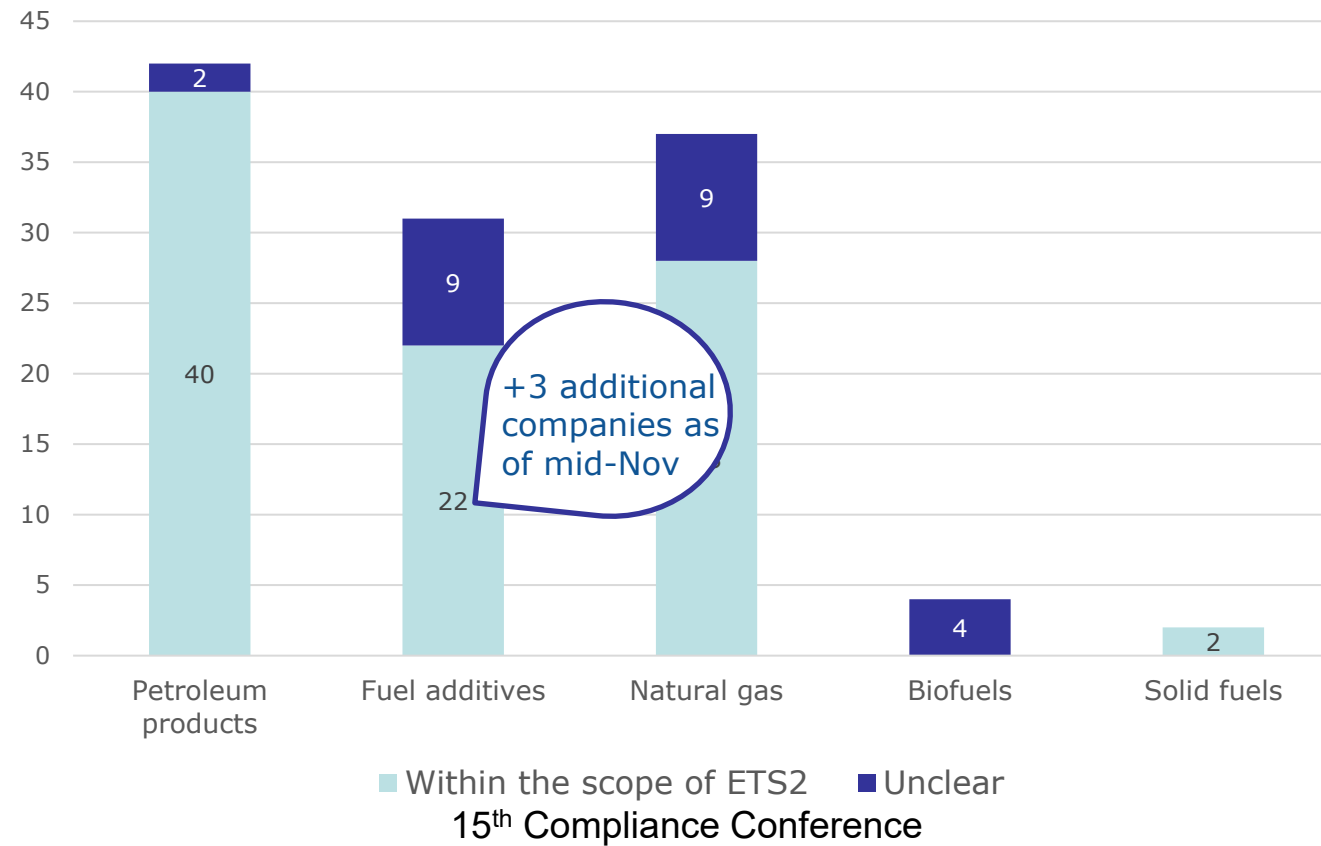
### Continuous changes and challenges:

- All companies that either fall or may fall within the scope of ETS2 (116) have been contacted by the NCA: 58 (50%) did not react, 4 provided proofs that they are out of the ETS2 scope
- All other REs are in contact with the NCA and in the process of submitting their MPs and permit applications
- Market is very dynamic, so the list of REs changes constantly: Mid-November, the NCA has been notified about 3 additional fuel companies falling within the scope of ETS2





## REs by fuel type (as of 22.10.2024)





## Monitoring Plans

### Statistics (as of 19.11.2024)

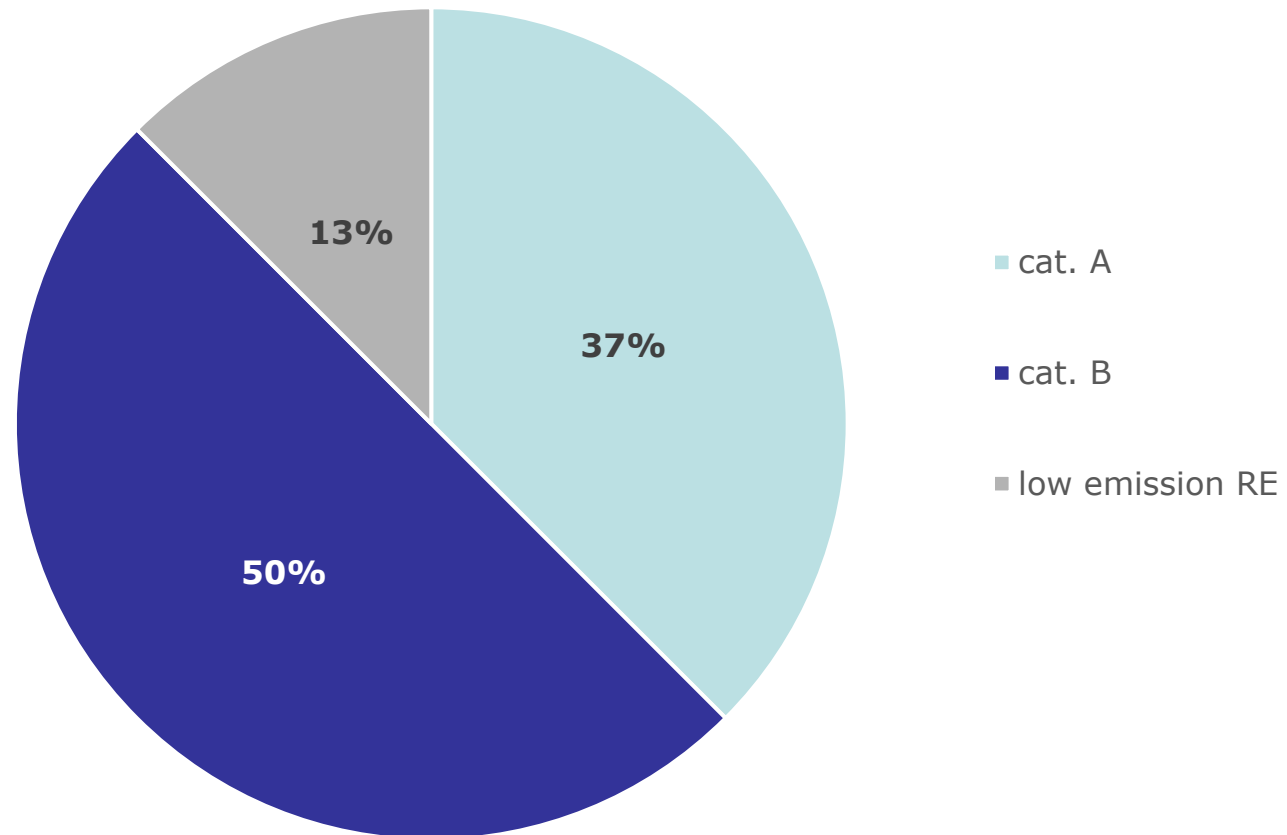
- Monitoring Plans (MPs) are currently being submitted either via EU ERT or as Excel per e-mail to the NCA
- **In ERT:** 33 MPs overall, out of which 19 are submitted to the NCA and 14 MPs are saved as draft versions
- **Excel:** 15 MPs out of which 1 MP has also been submitted via ERT
- **Total submitted to the NCA: 33 MPs**, i.e. 57% of REs that are in contact with the NCA

### Assessment - observations

- Out of 7 MPs checked, **no MPs have been approved**, i.e. there are data gaps and/or additional information required in all cases
- Identification of a **fuel as a commercial standard fuel** is a big issue: A lot of occurrences, when it is not obvious that RE is allowed to categorize fuel as such (e.g. natural gas)
- If a fuel stream is categorized wrongly – the entire MP should be changed



## No of MPs by entity category (as of 19.11.2024)



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## Lessons Learnt

- ETS2 is a new system - all stakeholders (incl. NCAs and REs) are often learning by doing
- Designation of fuels remains challenging (esp. the classification as “commercial standard fuel”) – REs may still need more guidance
- Application of the scope factor as well as the risk of double-counting need to be observed carefully during the first submission of AERs in case further adjustments in ETS2 are needed
- Exchanges between Member States as well as provision of support materials by the European Commission (Guidance documents and FAQs) are highly valuable



**Thank you!**

**Konstantina Plakaki**, [k.plakaki@prv.ypeka.gr](mailto:k.plakaki@prv.ypeka.gr) | *Directorate of Climate Change and Air Quality, Hellenic Ministry of Environment and Energy*

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# Questions ?

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# Contribution from Denmark

Peter Dalgas Carstensen



# ETS2 – Denmark.

- Peter Dalgas Carstensen, Technical Advisor.

12. december 2024

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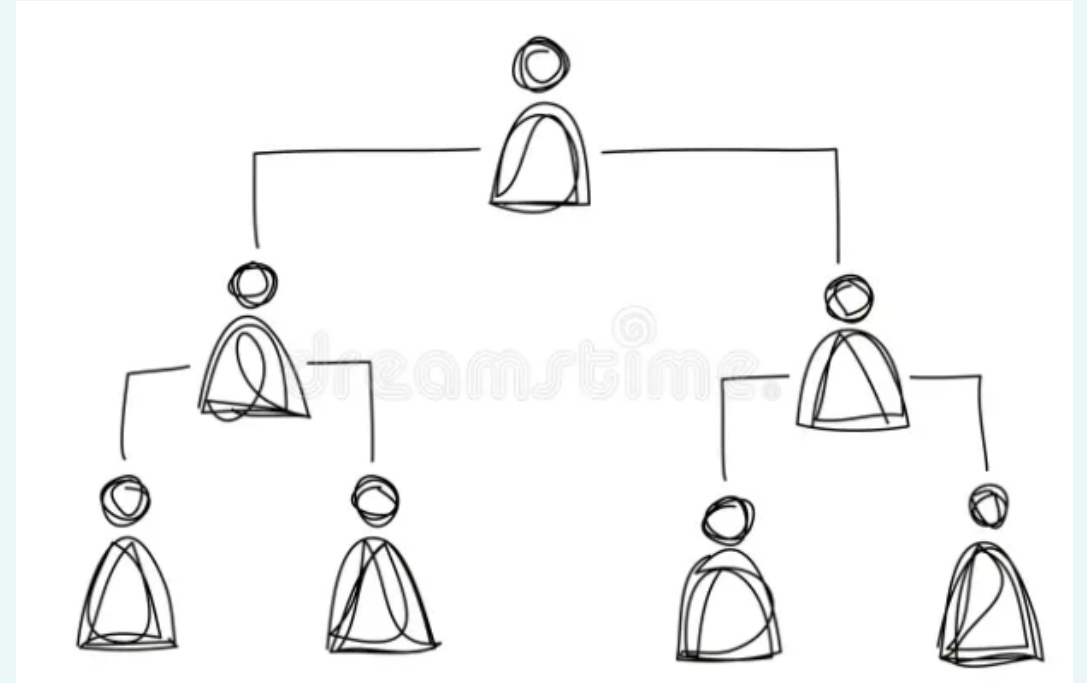


Danish Energy Agency

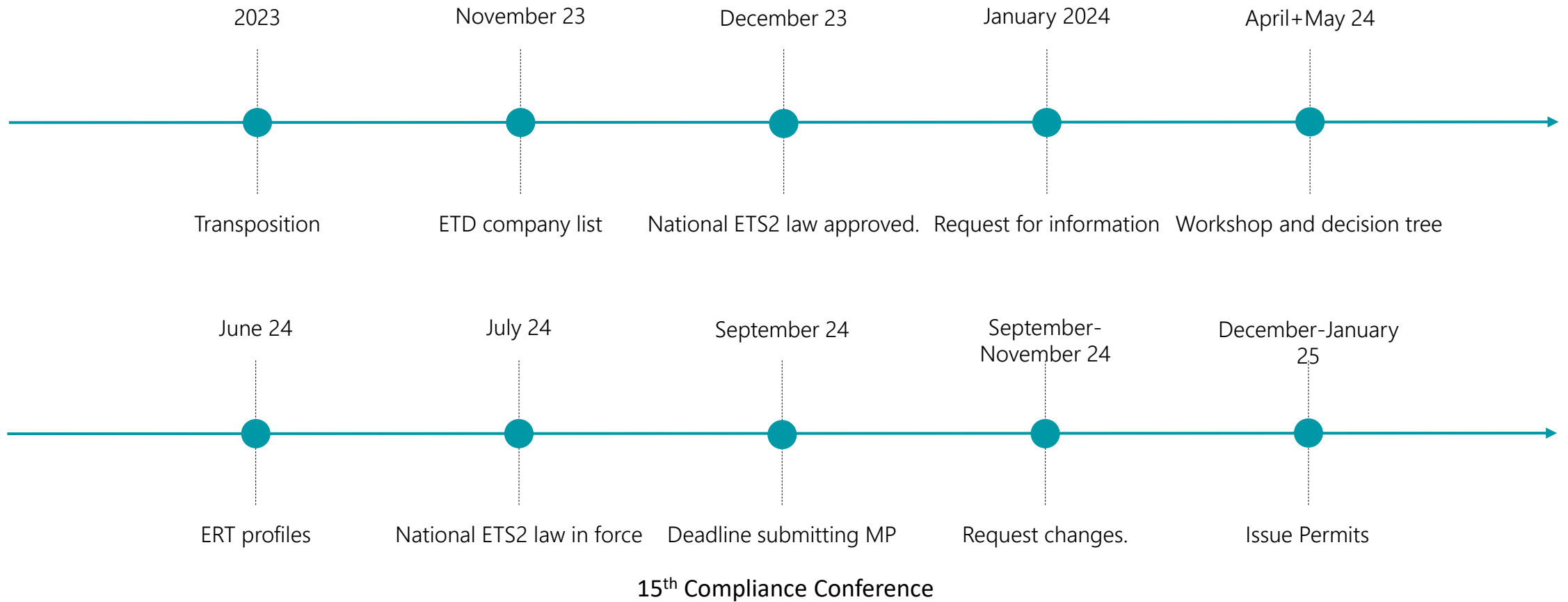


# ETS2 organisation Denmark.

- No OPT-INS for now.
- Danish Energy Agency "DEA" is CA of monitoring and reporting regulation and verification regulation.
- Danish Business Authority is CA for the registry regulation.
- The ETS team at DEA is composed of 20 people.



# Timeline ETS2



# Key take aways from the timeline.

## Key Learning points.

- Strict timeline
- ERT live in production June.
- Specific guidances and tools under development.
- ETD scope still expanding.

## Positive experiences.

- ERT!
- REs are in general very cooperative.
- Industry organisations have been very cooperative.

# Identifying Regulated entities

## National scope of ETS2

- Data exchange with ministry of taxation.
- Approx. 1900 companies registered by the ministry of taxation in fuel categories.
- 1-4 letters forwarded to these.

## Stakeholder handling

- 3 National ETS2 workshops. 200+ participants.
- 10+ Industri specific organisations.
- Decision tree guidance papers on national webpage.

## Regulated entities.

- Written/oral communication with all Companies.
- Registration of possible REs
- 147 active REs in ERT
- 85 monitoring plans submitted.

# Questions

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Danish Energy Agency

# Contribution from Germany

Kai Kellner

## State of play of EU-ETS 2 implementation in Germany



## State of play of EU-ETS 2 implementation in Germany

**Kai Kellner**

**Section V 4.2:**

**“Fuel Emissions Trading: Monitoring and Reporting of Liquid and Solid Fuels”**

15th EU ETS Compliance Conference – Breakout session ETS2 – Tuesday, 26 November 2024





# Overview

- Status of EU-ETS 2 implementation
- Administrative organisation of EU-ETS 2 implementation
- IT platform for monitoring and reporting
- Monitoring and reporting – calculation factors and scope factor
- Compensation schemes

## Status of EU-ETS 2 implementation

- **Transposition of ETS-Directive** into national law (TEHG) is still in the legislative process in Federal Parliament → further delays possible due to new federal elections in February 2025
  - July 2024: Legal draft published for public consultation
  - Includes proposal for a broad opt-in of additional sectors such as agriculture, remaining transport activities
- German national fuel ETS (nEHS) will be “transferred” into EU-ETS 2 and will continue to run with surrender obligations of allowances until end of 2026
  - **Parallel monitoring and reporting obligations** from 2024-2026 in EU-ETS 2 and nEHS for the same fuels and same regulated entities → additional administrative burden for regulated entities
  - Different reporting deadlines
  - Critical deadline for emissions reporting (30 April): poses a challenge for regulated entities in a range of cases due to overlapping deadlines with Excise Duty declaration as well as for verifiers
- **Number of regulated entities**: approximately 2000
- Preparations for EU-ETS 2 implementation and enforcement well underway

# Administrative organisation of EU-ETS 2 implementation

- Competent Authority for EU-ETS 2 is **German Emissions Trading Authority (DEHSt)** within German Environment Agency
  - EU-ETS 2 implementation can build upon existing structures and organisation from implementing nEHS
- **Administrative organisation** within DEHSt for nEHS implementation (and most likely for EU-ETS 2):
  - 2 organizational units (sections) for enforcement of monitoring and reporting,
  - 2 sections for compensation mechanisms (avoiding carbon leakage and avoiding of double counting),
  - different service sections (conceptual matters of MRV, communication & customer service, legal office, registry, economic aspects and evaluations etc.)
  - Number of employees: 120
- **Identification of regulated entities:** mostly those subject to Energy Tax, same regulated entities as in nEHS
- **Communication activities:** information event on EU-ETS 2 in September, dedicated website, first information paper (guidance document will follow), working group with stakeholders

# IT platform for monitoring and reporting

- Germany is not using COM's ETS-Reporting Tool for monitoring and reporting but its **own IT platform**
- IT platform is the same that is used for monitoring and reporting in nEHS (as well as for waste incineration in EU-ETS 1)
- **Rationale:**
  - Administrative burden for regulated entities of using two separate IT platforms in nEHS and EU-ETS 2
  - Building upon existing IT infrastructure and making use of synergies
  - Regulated entities have built up experiences and expertise in using this platform
  - Using the same platform especially during parallel MRV phase in EU-ETS 2 and nEHS is pivotal
- Principle of **“3-in-1” IT platform**
  - Taking over data from nEHS monitoring and emissions reports where possible
  - Regulated entity adds data for additional EU-ETS 2 specific monitoring and reporting requirements (e.g. scope factor, means of transportation, CRF category)

# Monitoring and reporting - Calculation factors and scope factor

## ■ Calculation Factors:

- Commercial standard fuels: tier 2a/2b for EF and UCF (standard values)
- Fuels equivalent to commercial standard fuels: In Germany, natural gas and specific coal types satisfy the requirements set out in Art. 75k(2) MRR according to **COM approval** → the same tiers for monitoring can be applied as for commercial standard fuels (tier 2a/2b)
- All other fuels: applicable tiers according to Art. 75h

## ■ Scope Factor:

- 2024-2026: Germany requires regulated entities to use default values for most fuel types according to Art. 75l(6) MRR and after **COM approval**
- Determination of default scope factors based on inventory data and data from nEHS
- All other fuel types: Determination of scope factor according to methods in Art. 75l(2) MRR or, where applicable, Art. 75l(4) MRR

Fuel type	Default scope factor
Petrol	0,99
LFO (light fuel oil)	0,98
Natural gas	0,99
Coal	0,99
HFO (heavy fuel oil)	1
Kerosene	0
Aviation fuel	0

# Compensation schemes

**Ex-post compensation** scheme will be introduced in Germany

- Where possible/discretion of MS, German existing compensation system to avoid double burden for EU-ETS 1 in nEHS will be also applied for EU-ETS 2:
  - Frequency of application: yearly
  - Method to determine the amount of emissions compensated: report based (using fuel data from EU-ETS 1 AER)

Potential **compensation system** to address the risk of **Carbon Leakage**

- Political considerations to introduce a carbon leakage compensation mechanism are ongoing
- Research project: which sectors could be covered by a national compensation mechanism?
  - How could a carbon leakage compensation system be legally implemented within the framework of EU-ETS 2?
  - Can the EU-ETS 1 carbon leakage list be applied to industries subject to CO<sub>2</sub>-costs from EU-ETS 2?
  - Would a sector extension procedure be necessary and what form could it take?

# Potential topics for further discussion in a future Task Force ETS 2

## Monitoring and reporting

- Prominent methods to determine calculation factors and fuel amounts in practice and associated challenges
- Identification of final consumers – methods to determine the scope factor in practice
- Experiences and best practices from using the Emissions Reporting Tool or Member State specific IT platforms for monitoring and reporting
- Opt-in of additional sectors – Member States' experiences with considering different sectors and preparations of the formal opt-in request to COM

## Compensation mechanisms

- Design elements and features of Member States' ex-post compensation regimes
- Avoiding carbon leakage – Member States' views on the necessity of national carbon leakage compensation mechanisms

**Umwelt**   
**Bundesamt**

**DEHSt**  
Deutsche  
Emissionshandelsstelle

**Thank you for your attention!**

**Kai Kellner**

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This presentation is based on a speech held by the German Emissions Trading Authority (DEHSt) and is not clear for publication. Check against delivery. References and quotations from the presentation must at all times be approved in written form by the DEHSt.





# Questions and Discussion

François Schmitt

# Thank you for your attention