



Main conclusions and recommendations

Compliance Review Final Results

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Compliance Conference
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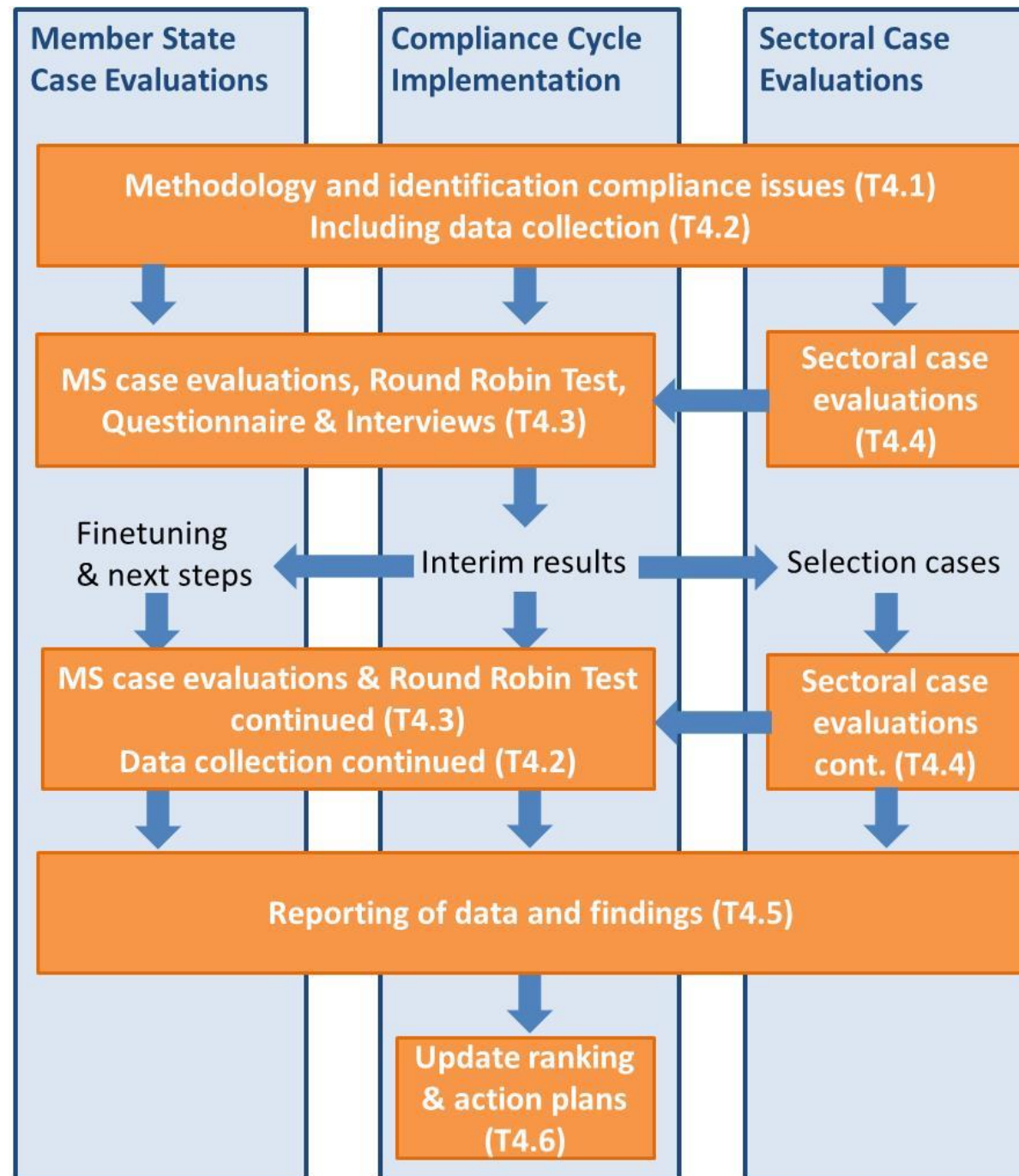
5th Compliance Cycle Evaluation

- Concrete and in-depth analysis of each MS's MRVA implementation status
- Serving several aims:
 - Seeking for opportunities to improve aspects in the compliance cycle
 - Increasing confidence in harmonised compliance cycle implementation
 - Supporting MS awareness on where they can improve implementation
 - Supporting identification of further need for support, guidance and tools
- Building on previous Compliance Review projects

Methodology CCEV 5

Key elements:

- Analysis of 2015-2016 CCEV information, Art 21 reports
- Survey to complement missing information
- Information collected from other sources
- MS case evaluations (analysing MP, AER, VR, IR of 1 installation/AO)
- Case evaluations of information exchange between NAB and CA
- Round Robin Test
- Sectoral case evaluations (12 sectors)
- Ranking table and MS-specific action plans



Ranking of MS

Quartile	Rank	CA situation overall	M&R Robustness	V&A implementation	Inspection & Enforcement	Round Robin Test Result	Total Score
1	1	1,1	1,5	1,5	1,6	1,3	1,46
1	2	1,9	1,4	1,8	1,6	2,0	1,65
1	3	1,3	1,7	1,8	1,8	1,8	1,67
1	4	1,5	2,1	2,2	2,4	2,0	2,06
1	5	2,1	2,4	1,8	2,5	1,8	2,17
1	6	2,5	1,9	2,3	2,2	2,6	2,20
1	7	2,0	2,2	1,7	3,7	1,5	2,24
2	8	1,8	2,0	2,3	3,6	1,8	2,27
2	9	3,0	2,5	1,8	2,0	2,0	2,30
2	10	2,6	1,9	2,2	3,8	3,3	2,46
2	11	2,6	2,7	2,0	2,8	2,5	2,51
2	12	2,9	2,4	1,8	2,6	4,0	2,51
2	13	2,1	2,4	1,9	3,0	5,0	2,53
2	14	2,5	2,4	2,5	2,9	2,8	2,56
2	15	2,4	2,4	2,5	2,8	4,0	2,59
3	16	3,1	2,1	2,2	3,5	3,8	2,62
3	17	2,1	2,6	2,6	3,1	3,0	2,64
3	18	2,6	2,1	2,6	4,0	4,3	2,74
3	19	2,8	2,4	2,9	2,8	5,0	2,82
3	20	3,0	2,6	2,9	2,8	5,0	2,94
3	21	3,1	2,7	2,6	3,4	4,0	2,97
3	22	2,5	2,8	3,0	2,8	5,0	2,97
3	23	3,3	2,8	2,6	3,0	4,3	2,98
4	24	3,3	3,1	2,3	3,8	2,8	3,02
4	25	3,1	2,8	2,2	4,2	4,3	3,03
4	26	2,9	3,0	2,0	3,8	4,8	3,04
4	27	2,9	3,1	2,9	2,8	4,8	3,11
4	28	2,9	3,2	2,8	3,0	5,0	3,18
4	29	2,3	3,6	2,8	2,9	5,0	3,23
4	30	2,1	3,4	3,3	3,5	5,0	3,32
4	31	3,3	3,3	2,9	4,4	4,5	3,47

- Since 2015 improvements have been made in MRVA implementation
- Regulation, guidance and templates have increased harmonisation between MS
- Some areas continue to cause interpretation problems
- Differences in approaches can mostly be found in review AER/VR and inspection and enforcement

Main conclusions on CA organisation

- MS generally improved their organisation and procedures since 2015
 - Increase of centralisation over the years
 - Improvement of coordination in MS where multiple CAs are involved in MRV activities
 - Increased use of guidance materials and tools enhancing MS awareness of rules
 - Strengthening of internal procedures and coordination and competence of staff
- CA organisation has an impact on MRV implementation
 - Type of internal coordination, training and communication between stakeholders
 - CA procedures in approval of MPs, review of AER/VR etc.
- MS have implemented tools and practices to facilitate implementation

Main conclusions on permits/MP approval

- Permitting procedures are generally national specific leading to differences between MS on how to issue/change permits, what to include in permits etc.
- MP approval procedures have strengthened over time
 - Several good practices to ensure equal treatment and proper technical trail
- All MS check the MP on completeness, internal inconsistency and compliance with MRR but level of detail in checks can differ, in particular on:
 - Evidence of non-accredited labs and unreasonable costs
 - Description of procedures and sampling plans
 - Supporting documentation such as uncertainty assessment and risk assessment

Main conclusions on monitoring/reporting

- The quality of monitoring has improved over the years: e.g.
 - Less category B and C installations not meeting highest tiers
 - Less problems encountered with submission sampling plans
 - MS tend to more actively monitor compliance with tiers
- Overall the quality of reporting has improved but there are still common issues identified across MS: e.g. missing source streams, inconsistencies with the MP
- Evaluation of MPs and AERs showed that some issues can be improved
 - Not all documents were complete: e.g. justification for meeting tiers incomplete, data gaps
 - Level of detail differs: e.g. description of procedures, installation and calculation approaches
 - Inconsistencies between documents: e.g. MP versions, source streams

Main conclusions on review AER/VR

- Since 2015 more MS have implemented clear procedures for the review of AER/VR
→ some MS used IT, risk based approaches or tools to facilitate the review process
- Most MS do completeness/consistency checks but the share of AERs checked in detail, the level of detail of checks and approaches used to review reports can vary
- Improvements can be made on among others:
 - Identification of inconsistencies between documents and data gaps
 - Classification of misstatements, non-conformities, non-compliance
- Improvement procedures in general work effectively, in particular if it concerns addressing issues reported by the verifier
 - Improvement issues are not always actively monitored by the CA
 - Recommendations of improvement not always a priority

Main conclusions on verification

- Overall verifier capacity is adequate for the number of reports to be verified but it varies between countries
 - Mutual acceptance of verifiers has improved capacity
 - Limited capacity in complex and rare sectors which require highly experienced verifiers
 - Minor fluctuations in capacity over the years
- Commission guidance has improved the quality of verification and increased verifier's awareness of rules but improvements are needed in among others:
 - Consistency in time allocation and application of materiality
 - Classification of outstanding issues
 - Verification reporting (the detail of descriptions and consistency within the VR and between documents)

Main conclusions on information exchange

- Information exchange between NAB and CA on a national basis generally works effectively, but could be improved across borders
 - Timeliness and completeness of information exchange increased
 - CA and NABs more inclined to check and use information that is shared
 - The level of detail of information in the reports differ in some cases
 - Not always clear understanding on what should be shared with the NAB
 - NABs do not always report back consistently and timely on information shared by CA
- Improvement expected because of new AVR requirements: e.g.
 - Update of work programme by 31 January
 - Management report needs to include information on what action NAB has taken as a result of information shared by the CA

Main conclusions on inspection/enforcement

Increase of tailored EU ETS inspections since 2015

- Inspections ranges from tailored EU ETS inspections, IED inspections with EU ETS elements and pure IED inspections
- 6 MS do not carry out inspections but rely on verifiers to check implementation of MPs
- Communication and coordination between CAs and inspectors is not always structured
- Inspections do not always cover assessment of procedures or measurement systems
- Frequency of inspection varies between MS

Enforcement

- Differences in how enforcement is taken up because of national specific procedures

Recommendations on guidance

- More clear instructions on where to find particular guidance
 - Transforming quick guides in an electronic roadmap on the EC website
 - Creating a roadmap to specific MRVA issues
- Some issues remain challenging and could benefit from additional guidance
 - Uncertainty assessment, sustainability of biomass, sector specific issues
 - Application of materiality and sampling, verification reporting
 - Level of detail in information exchange between NAB and CA, what information to share, what constitutes a complaint
 - CORSIA implementation and MRV of annual activity level data
 - Update of EU ETS handbook

Recommendations on training

- Topics of some previous training events could still be relevant for future event
 - Uncertainty assessment and sampling plan
 - Classification of outstanding issues, application of materiality, verifier's sampling and assessment
- Suggestions for future training events
 - The role of CA and verifier on risk assessment and procedures
 - How to approve certain elements in MPs and how to review AER/VR
 - How to deal with sector specific issues within installation and how to deal with small installations
 - Smaller topics: Biomass, dealing with non-accredited labs, CORSIA implementation, the scope of installation boundaries, transfer of CO₂
 - Tailored training for verifiers, CA and NAB on several verification topics with specific case studies on auditing and sampling, application of materiality, time allocation, how to report in the VR
 - Annual activity level data
 - EU ETS training for new staff

Recommendations Compliance Forum

- Some areas for improvement on MRR and AVR implementation are on the TF's workplan
- A logbook of issues discussed in TF meetings can help track down earlier discussions and common interpretations
- Coordination between TF already occurs but can be strengthened on some specific topics where TFs overlap
- Report highlights topics that could benefit from being discussed in TF → further information exchange is encouraged as it can enhance harmonisation and improve the quality and effectiveness of MRVA procedures

Report

- Final report was published in summer 2020
- Report includes main conclusions and recommendations on MRVA implementation. It also highlights good practices from MS
- MS specific recommendations are incorporated in the MS action plans which were only distributed to the MS itself
- The report can be found on:
https://ec.europa.eu/clima/sites/clima/files/ets/monitoring/docs/report_5th_compliance_en.pdf

Questions for discussion

- What are the three main priorities for future trainings organised by the Commission?
- Currently training events are a main instrument to support the competence of CA, NABs and verifiers. Is this the preferred way or are other options preferred?
 - Should tools such as a Round Robin test or a peer review be used more frequently in MRV capacity building?
- What type of capacity building would be suitable to ensure more harmonised approaches on inspection?
- How can the quality of verification be further strengthened?

Thank you for your attention



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