

2nd EU ETS Compliance Conference Going Forward Together

3 - 4 September 2009 - Centre Borschette, Rue Froissart 36, Brussels

Introduction

1 January 2005 was the start of the first trading period of the European Union Emissions Trading Scheme (EU-ETS), established by EU Directive 2003/87/EC. The second EU ETS trading period began on 1.1.2008. During the first 4 years of the EU ETS Operators, Verifiers, Competent Authorities and Member States gathered a wide range of practical experiences with emissions trading. However, in spite of the very successful introduction of emissions trading and the useful experiences gathered so far, major improvements can and need to be made in the practice of compliance of EU ETS. It is important, not least in view of the revised ETS directive for post-2013, to continue the efforts to strengthen and harmonise the chain of compliance processes of CO₂ emissions trading: i.e. improve the permit application, ensure a more common process and practice of monitoring plan approval, strengthen the implementation and execution of monitoring plans by operators, ensure more consistency in the reporting of emissions in the annual emission reports (AER's), improve the verifications of the emission data in the AER's, and enhance inspections and where needed encourage that similar enforcement actions and sanctions are taken by Competent Authorities.

The second Compliance Conference "**EU ETS Compliance: Going Forward Together**" will build on the experience and success of the first Compliance Conference held on 10 and 11 September 2008. The 2nd Conference will take stock of the work that has been done in the context of the ETS Compliance Forum in the past twelve months. At the same time, and in line with the overarching theme of the 2009 Conference "Going forward together" we will look to the main tasks ahead: "**How to realise the major steps towards a more harmonised and common compliance**".

The first day of the conference will consist of four workshops covering the following subjects:

- Aviation: monitoring plan approval, enforcement and sanctions
- MRG Issues: clarification on open questions and finding common solutions
- Verification Issues: what are the experiences so far and what improvements are needed
- Data collection for new sectors & new sources entering EU ETS in 2013 and their verification

On the second day, 4 September, we will start with a plenary session summarizing the outcomes of the four workshops from Day 1, followed by two plenary cross-sections sessions;

- how to design Article 21 reporting to support compliance
- e-reporting and its role in a future compliance structure

Thereafter a virtual platform will be presented that will facilitate the communication between Competent Authorities and the task forces operating under the umbrella of the Compliance Forum. Finally, the Conference Chair, will formulate the conclusions and recommendations from the conference and propose the actions/activities for the near future and the work programme 2010-2012. At around 13.00 hrs the Chair will close the 2nd Compliance Conference.

The conference will be open only to representatives of government agencies and Competent Authorities to allow a free discussion between the participants and expressing differing views.

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Objectives and deliverables of the 2nd Compliance Conference are:

- To bring Competent Authorities (CAs) and policymakers together to exchange experiences on the more pressing compliance issues of emissions trading and to highlight best practices;
- To resolve those compliance issues that have given or may give rise to a different outcome, and in order to strengthen the system, to assess would it benefit from common solutions or a more harmonized approach, such as for instance on MRG, verification, enforcement and in the validation of monitoring plans, enforcement and the application of sanctions in the aviation sector;
- To inform CAs of the activities that have been carried out over the last 12 months and to show how cooperation between the CAs can be successful and can lead to a more effective and cost-efficient compliance practice;
- To agree on the activities and actions the Compliance Forum should focus its attention on in the next 2-3 years in order to ensure that these activities and actions are carried out in a cooperative effort by the CAs so as to bring the various compliance processes and practices up to the quality level that will suffice to withstand the pressures and challenges of the third trading period.

Aim and ambition

The ambition of the conference is to build on the momentum gathered over the last 12 months on cooperation between the CAs towards improving coherence and further harmonisation of EU-ETS compliance. This 2nd compliance conference is also the result of the decision to establish the EU-ETS Compliance Forum (CF) as a platform for achieving cooperation and mutual understanding on compliance issues: its mission is to create the environment, structure, procedures and operational tools for cooperation and capacity building among the Competent Authorities and for training towards an overall more coherent compliance strategy at national and regional level.

Deliverables

The main deliverable of the Conference is a well-structured work plan for 2010-2012 for strengthening the EU ETS compliance processes and the priority actions and activities to deliver that, as well as the organization of Task Forces under the umbrella of the Compliance Forum to ensure that these actions and activities are carried out the next 2-3 years.

Location

The two day conference will be held in the Albert Borschette Conference Building in Brussels. The first day will consist primarily of expert discussion groups organized in the form of workshops. The second day will consist of three plenary, cross-section sessions and is intended to reflect on more longer term compliance issues.

EU ETS Compliance: Going forward together

Day I - Thursday 3 September 2009

9.00	Registration at the Borschette Centre, Brussels	
10.00	<p>Introduction and brief outline of the programme by the Conference Chair: Ms Yvon Slingenberg, Head of the EU-ETS Unit - DG ENV, EU Commission</p> <p>Welcoming Address by dep. Director-General DG Environment: Jos Delbeke (tbc)</p>	
	<p>10.15 - 12.45 hrs</p> <p>Workshop Session I</p> <p>Aviation: Monitoring plan approval, enforcement and sanctions</p> <p>Objective: provide an overview of the Aviation Implementation Task Force (AITF III) key issues and outputs and to quickly move on to issues and experiences post AITF III. The focus will be on the identification of differences in approach between the CA's/MS and consider their merits but more importantly the key concerns. In all cases, we will debate and strive to reach a common solution. Any future work activities and CA involvement is also to be identified.</p> <p>Organization of the discussion and issues:</p> <p>Validation of Monitoring plans Presentations by reps from UK, Malta, Poland Reflections by Netherlands reps.</p> <p>Enforcement & Sanctions Presentations by Spain, CZ Republic, Latvia Reflections by France reps</p> <p>Moderator : Martin Bigg (UK) Rapporteur : Howard Leberman (UK)</p>	<p>10.15 - 12.45 and from 13.45 - 17.00 hrs</p> <p>Workshop Session II</p> <p>MRG Issues: clarifications on open questions and resolving them</p> <p>Objective: discuss and try to resolve a range of open questions in the interpretation of the MRG as identified and addressed by the competent authorities (CA) in the Member States (MS). Where further clarification is needed, this will be explored in order to find common solutions or - if this is not possible during the workshop session - agreement on which further action is needed and how to come to those commonly shared solutions.</p> <p>Organization of the discussion and issues: The issues and questions brought to the Workshop organizers will be discussed step by step in an order suggested by the organisers. Each item will be briefly introduced and the problem analysed (legal gaps, contradictions in the MRG etc.) and possible solutions presented. The moderator will ask the CA representative who raised the issue to provide further explanation if needed. The discussion on each question aims at reaching a concrete conclusion or solution, or if no immediate solution is found, agreement which follow-up activities would be needed towards solving the issue.</p> <p>Moderators: - Marc Allessie (Neth) - morning session - Krzysztof Olendrzynski (PL) - afternoon session</p> <p>Rapporteurs: - Matthias Wolf and Doris Tharan (Ger)</p>
12.45 hrs Lunch offered by the Netherlands (VROM)		

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Day I - Thursday 3 September 2009

<p style="text-align: center;">13.45 - 17.00 hrs</p> <p>Workshop Session III</p> <p>Verification Issues: what are the experiences so far and what improvements are needed</p> <p>Objective: discuss and exchange views on the experiences that regulators in a number of MS to date have with the way the verifications of emissions reports have been carried out in their own country, to see where and which deficiencies they discovered and discuss openly what the reasons for those deficiencies are and how these could be countered.</p> <p>Organization of the discussion and issues: The Workshop will consist of an interactive sequence of very short, to the point type of presentations by the presenters invited and directly responded to by the counterpart presenter from the other MS/CA. This is then repeated 3-4 times, followed by discussions with all participants of the Workshop. To be more precise: the MS/CA reps. will be asked to give a short presentation of the experiences (3-4 slides) with verification practices in his/her country outlining where verifications encountered problems, the sort of problems and their seriousness, and outlining which improvements could or should be made, whereupon the other MS/CA representative will comment, present his views and respond which problems he/she had encountered in his/her organization. The following question & answer combinations have been proposed:</p> <ul style="list-style-type: none"> - Germany - UK - Netherlands - Poland - France - Rumania - Finland - tbc <p>The moderator will rank and prioritise the various issues towards resolving these issues or, if these issues can't be resolved during the workshop, propose a follow-up actions towards their resolution, for instance suggest that a Task Force under the Forum be formed to work on solutions in a FAQ report to be made available to the MS/CA's.</p> <p>Moderator : Haydn Jones (UK) Rapporteur : Ana Maria Banalescu (Ro)</p>	<p style="text-align: center;">10.15 - 12.45 and from 13.45 - 17.00 hrs</p> <p>Workshop Session IV</p> <p>Data collection on new sectors and sources and their verification</p> <p>Objective: agree on a strategy how to collect the data needed for new sectors & new sources and extensions of the directive and to ensure that these data are verified in a satisfactory way and compliant to the ETS directive requirements.</p> <p>Organization of the discussion and issues: Two or three countries that have already made headway with this topic have been invited to present their progress and outline which issues they still struggle with. The workshop organizers will present in a template the issues and questions that have been forwarded to the organizers before the conference and the workshop attendees will be asked to complete the inventory. Workshop participants will be divided into small, mixed break-out groups (< 10 pp from different MS). Each of the break-out groups will be assigned a number of issues for which they are invited to find proper solutions or improved solutions for what was already presented (if they are not deemed perfect yet) and to try to come up with solutions for the other issues identified during the workshop.</p> <p>The ARENA method will be used: The participants are invited to approach suggested solutions from a basically positive angle and make suggestions for further improvement rather than criticize. If more than one solution is brought forward, each of them in turn is discussed and improved. The break-out groups will then report back to the workshop group. The workshop session will be concluded with conclusions shared by the whole group as to the usefulness of the solutions that the group developed (i.e. perfect, useful, needs further work, doubtful). The workshop will assess which actions are needed for a direct follow-up.</p> <p>Moderators:</p> <ul style="list-style-type: none"> - Julia Williams-Jacobse (Neth) - morning - Enno Harders (Ger) -afternoon session <p>Rapporteurs:</p> <ul style="list-style-type: none"> - Tomas Velghe (Bel)
<p>17.00 hrs closure of Day I followed by cocktail offered by the UK - EA</p>	

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Day II - Friday 4 September 2009

8.45	Opening by Conference Chair: Ms Yvon Slingenberg, Head EU-ETS Unit - DG ENV-Commission, by summarizing aims, objectives and order of the 2nd conference day
9.00	Conclusions and recommendations resulting from the four Workshops Objective: In short presentations the Moderators/Rapporteurs of the four Workshop Sessions of Day I will report and summarize the objectives of the workshop, key discussion points, the outcomes and conclusions and the way forward including any future work programmes <ul style="list-style-type: none">- Workshop I - Aviation: Monitoring plans approval, enforcement and sanctions- Workshop II - MRG Issues: Exploring and resolving open questions- Workshop III - Verification issues: what are the experiences so far and what improvements are needed- Workshop IV - Data collection of new sectors and sources and their verification Discussion & conclusions on actions & activities for the 2010-2012 work programme
10.15	Art. 21 reporting & coordinated compliance strategy Objective: Three approaches will be presented on how the Art. 21 Report could become the corner stone of a comprehensive compliance strategy and how this could be expanded with an mechanism for information transfer and capacity building among different EU ETS national and regional Competent Authorities. The triggering element will be to focus on the compliance part of the Art 21 Report and activate a peer-review mechanism among Member States (MS). The first step would be to start <on a voluntary basis> a country review process on the basis of the Art 21 questionnaire responses for three volunteering MS. This could be carried out by teams of experts from different MS/CA's, followed by a discussion of the findings, recommendations and conclusions from these country reviews. Thereupon the MS and the Commission could agree on the next steps, i.e. restructuring the questionnaire to provide the answers towards the objectives listed above. Presenters: <ul style="list-style-type: none">- Marco Loprieno - CION: Rethinking the strategic role of Article 21 in the EU ETS Compliance: a basis for a peer review in the EU ETS?- Krzysztof Olendrzynski - KASHUE PL: The experience of Peer Review under the UNFCCC and what would be the lesson for the EU ETS- Niels-Christian Dalstrup - DANAK, DK: The experience of Peer Review under the European Cooperation for Accreditation (EA) and what would be the lesson for the EU ETS Discussion followed by conclusions on actions for the 2010-2012 work programme
11.15	Coffee break

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11.45	<p>E-Reporting and how efficient information exchange can be used for effective and more harmonized compliance</p> <p>Objective: provide the CA's/MS with information, knowledge and ideas and demonstrate how they can make best use of the E-reporting language developed in the Commission project. Discussion will focus on the options that come into play for MS/Cas to set up an automated data exchange system within their own organization through the use of the XETL reporting Language and to what extent this will facilitate the data handling and compliance between the regulators, the operators and the verifiers. In addition, how this "language" will facilitate data exchange between the CA (MS) and Commission. A number of MS have E-reporting and automatic data exchange systems in operation. Other MS however only partially automated their data handling whereas a third group of MS has no experience yet with the advantages of automated data exchange for EU ETS compliance purposes. This plenary session will present and discuss the current status and practice of automated data exchange systems and a perspective for future developments. This will include a framework that builds on the E-reporting language and MS experiences and an outline what would be technically feasible and could be realized in the next few years.</p> <p>Presenters:</p> <ul style="list-style-type: none">- Hubert Fallmann, initiator of the E-reporting project: Why is a data exchange format needed in view of the new monitoring& reporting requirements and the verification regulations on the basis of the revised directive (article 14(4) 2009/29/EC), as well as in view of amending article 21 questionnaire and other future developments?- Jeroen Kruid - PWC/Innofactor: Objectives and results of the Electronic Monitoring and Reporting project with focus on what a data exchange system (XML-system) is, how it is used and what would be required from MS (CA) to install such a data exchange system (XETL) together with perspectives for the future with regard to the development of data exchange systems. <p>Discussion Panel: representatives from UK, Slovakia and Finland give their reactions and views and outline their vision for future actions</p> <p>Discussion followed by conclusions on actions for the 2010-2012 work programme</p>
12.45	<p>Introduction of the virtual Compliance Forum Communication Platform</p> <p>Objective: The German Emission Trading Authority (DEHSt) together with the Dutch NEa will outline their ideas on how a communication platform could be set up that would allow the CA's and MS to exchange experiences and know-how. They will demonstrate how the use of such a "virtual workspace" would allow staff from the CA's/MS to participate more effectively in task forces that may be formed within the Compliance Forum structure, share documents within those task forces and provide comments to the members of those task forces in an efficient way.</p>
13.00	<p>The Conference Chair, Ms. Yvon Slingenber</p> <p>Wrapping up and formulating the conclusions and recommendations from the conference as well as summarizing the actions and activities for 2010-2012 followed by a formal closure of the 2nd Compliance Conference</p>
13.30	<p>Lunch offered by the German Emissions Authority (DEHSt)</p>