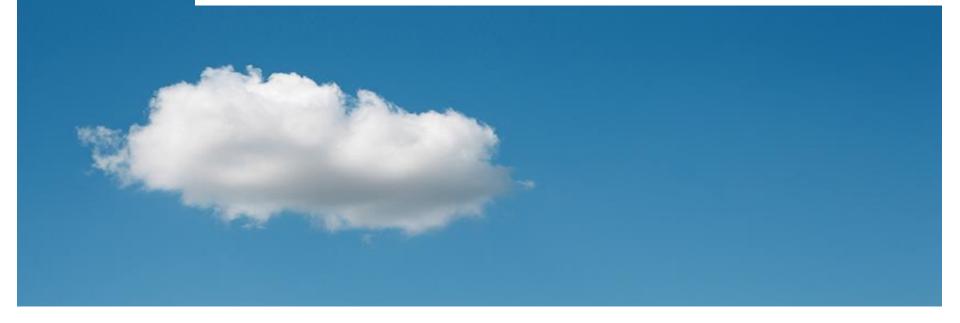


DEHStDeutsche
Emissionshandelsstelle

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Role of verifiers in identifying capacity changes/changes to the activity level and checking procedures under Art. 12 (3) MRR

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Outline

- European Legal Framework
- Limitations of the current provisions
- Implementation in Germany
- Example
- Observations / Conclusions / Questions





Starting Point – European Legal Framework

- Decision 2011/278/EU ("CIMS"): amount of allowances allocated/issued to be adjusted in cases of
 - significant capacity reductions of sub-installations (Art. 21)
 - (full) cessations of installations (Art. 22)
 - partial cessation of sub-installations (Art. 23)
- Objective of adjustments: individual allocation amount should reflect changed operation compared to the baseline/reference period
- Art. 24 (1) reporting obligation: all relevant information on effective/planned changes to capacity, activity level and operation of an installation have to be submitted to the CA by 31 December
- BUT: no verification requirement in CIMs (except significant capacity reductions)
- Monitoring & Reporting Regulation (MRR) 601/2012 / Accreditation & Verification Regulation (AVR) 600/2012 provided an option for MS to address this issue
 - Art. 12 (3) MRR: procedure to monitor the operation
 - Art. 17 (4) & Art. 27 (3) AVR: verifier obligations



Limitations of the current provisions

- No ex ante data verification
- Diverging time frames
 - Art. 24 (1) CIMs: 31 December
 - Art. 67 (1) MRR: 31 March
 - "Verification" takes part subsequently and has no impact on the quality of the data submitted by the verifier
- "Reasonable level of assurance" has not to be applied
- No precise "verification opinion" required
- Misstatements regarding allocation related data have no impact on the verification opinion pursuant to Art. 27 (1) AVR



Implementation in Germany

- § 22 German Allocation Regulation 2020 (Zuteilungsverordnung 2020):
 - Significant capacity reductions and cessations to be notified immediately
 - Additionally, all operators receiving an allocation have to submit an annual report ("information on status of operation") by 31 January of each year
- Options provided by Art 12 (3) MRR & Art 17 (4), 27 (3) o) AVR are used
- Verifier should apply a risk based approach to comply with the AVR, taking into account, inter alia, the following criteria:
 - Observable indications for an significant capacity reduction or a partial cessation, e.g.
 - physical changes to an installation,
 - remarkable decreases in production or emissions
 - Minor changes of the activity levels which are far from exceeding relevant thresholds and there is no reasonable doubt

Umwelt 6

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Subinstallations that can not lead to a partial cessation as laid down in Art. 23 (1)
 CIMs (at least 30 % of the installations allocation amount or 50.000 allowances)
 doesn't need to be checked in depth

Example

An operator notified a reduction of the **activity level of a sub-installation**; **emissions and production data decreased correspondingly**; **no physical change** to the installation has been implemented. What do we expect from the verifier, if the reported reduction amounts to...

...48 %

- Verifier has to assess, whether the procedure approved in line with Art. 12
 (3) MRR has been applied correctly
- Verifier has to to carry out an assessment of the activity level with the aim to ensure that the reduction of the activity level doesn't exceed the 50 %-threshold
- If there are **any doubts** regarding the correctness of the notified activity level the Verifier has **to highlight this in the VR** in line with Art. 27 (3) (o) AVR

...20 %

- Verifier has to assess, whether the procedure approved in line with Art. 12
 (3) MRR has been applied correctly
- Verifier does not need to carry out an in-depth assessment of the activity level notified



Observations / Conclusions / Questions

- Drawing the options provided by MRR & AVR to involve Verifiers in the assessment of actual/planned operational changes of installations was, at least, helpful – in several cases
 - VRs contain useful hints/indications for the CA to reassess whether a partial cessation or a significant capacity reduction took place / could have taken place
 - Operator submitted revised data (revised "information on status of operation")
 regarding partial cessations or significant after the verifier has carried out his
 assessment
 - Operators and Verifiers aggreed voluntarily on an ex-ante verification of the data to be submitted to the CA
- However, deficiencies remain and should be addressed during the revision of the CIMs.
- What are your experiences?
- Would you think, it would be helfpful, if...
 - an ex-ante verification of the information on changes to the activity level, capacity and operation of installations would be required?
 - reporting deadlines in CIMs and MRR would be the same?





Thank you for your attention!

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