



Information exchange - EU ETS

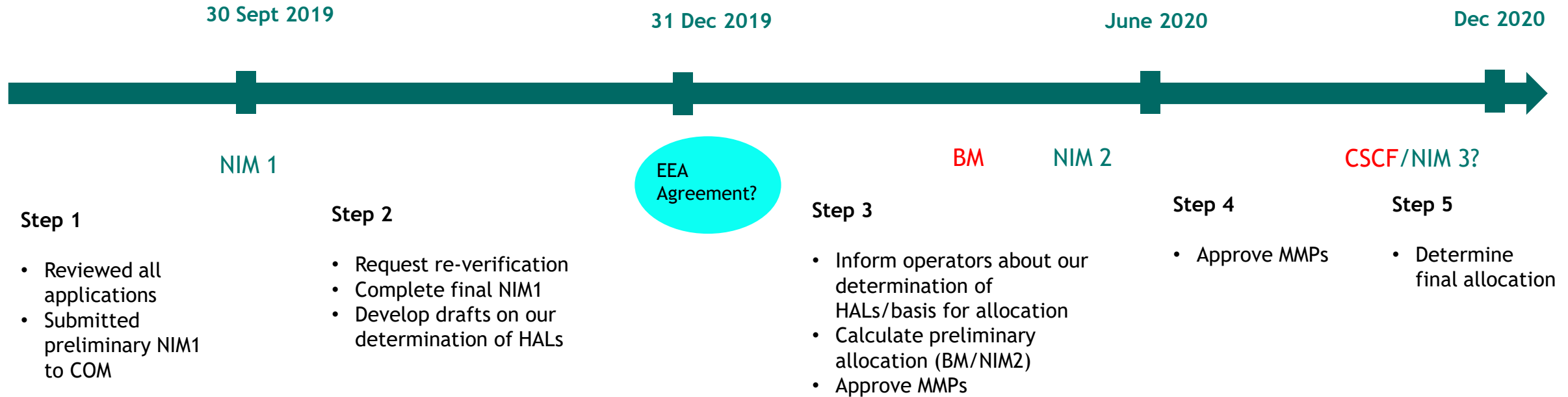
Norwegian Environment Agency 10 Oct 2019



Agenda

1. Information about the allocation process
2. Allocation applications: our findings
3. Tour de table
4. Phase IV continued - and phase III
5. Information from Norwegian Accreditation
6. AOB/End

Allocation process





Our work so far

- Reviewed 126 applications (additional 16 put on the list of incumbents in NIM1)
- Starting point: assumed that verifiers have checked underlying calculations
- Main focus: Historical activity level for sub-installations
 - FAR requirements applied correctly?
 - BDRs filled out correctly?
 - Methods understandable, reasonable, adequate?



Status NIM1

- 1) No changes compared to submitted BDRs
- 2) Made changes compared to submitted BDRs (majority of cases)

In addition: Asked for additional information/clarifications
(may lead to changes of baseline data for NIM1)

We will ask for re-verification in several cases



Re-verification

- Requests based on requirements in Article 15 of FAR (2019/331/EU):
 - NEA shall determine HAL for each sub-installation based on verified data
 - NEA shall request corrections of non-conformities/errors which impact on the determination of HAL
- Case by case evaluation: no re-verification in cases where underlying data have been verified already



Some unsolved issues – to be clarified

- **Allocation to ferroalloy installations:** definition of system boundaries for process emission sub-installation
- **Offshore and gas processing installations:** determination of energy content of flare gases (fuel BM sub-installation)
- **District heating installations:** heat produced from units without emissions-eligible or not? (district heating sub-installation)
- **In general:** how to determine relevant NACE/PRODCOM codes and a correct split between carbon leakage and non-carbon leakage sub-installations



Allocation applications: general findings

- Several findings on uncorrect interpretation of FAR requirements
 - Wrong determination of sub-installation boundaries
 - No assessment of heat loss
 - Split CL/nCL
 - Insufficient verification assessments in some cases
 - Emissions, activity data and calculation factors not consistent with already verified data for the baseline period
 - Description of methods insufficient/missing - not commented on in VR
- > validation of MMPs not thorough enough
- > should have been more findings - verified with comments/not verified?



Examples: findings BDRs

Sheet	Findings
A_InstallationData	<ul style="list-style-type: none">▪ Wrong or missing ID▪ Wrong sub-installations▪ Wrong installation/permit nr
B+C_Emissions	<ul style="list-style-type: none">▪ Calculations/factors not consistent with verified reports
D_Emissions	<ul style="list-style-type: none">▪ Emissions not consistent with verified reports- result of calc. in sheets B+C▪ Waste gas tool not used/used wrong (process sub-installation)
E_EnergyFlows	Several cases with mistakes/inconsistencies, e.g.: <ul style="list-style-type: none">▪ Negative heat balances▪ Inconsistencies in TJ produced vs. TJ consumed heat (efficiency, heat loss)▪ Split of energy CL/nCL
F_ProductBM	<ul style="list-style-type: none">▪ Mainly MMP issue - often difficult to check prod.volumes
G_Fallback	<ul style="list-style-type: none">▪ Several cases of wrong TJs as a consequence of wrong data filled out in B+C▪ Split CL/nCL sub-installations▪ HAL for process sub-installation filled in wrong, cf. sheet D
H_SpecialBM	<ul style="list-style-type: none">▪ Wrong information on composition data and/or prod.volumes



Examples: findings verification reports

Sheet	Findings
Opinion Statement, B11	Wrong/missing NACE/PRODCOM codes
Opinion Statement, B15	Wrong sub-installations HAL not consistent with BDR/not stated in VR
Opinion Statement, B87	No clear conclusion (all three options in VR)
Opinion Statement, B87 vs. Annex 1	Significant non-compliances, still approved with comments



Tour de table



Phase IV cont.- and phase III

Phase IV allocation

- We will approve all MMPs during 2020
- Requirement for annual reporting on allocation data -
- New entrants/new sub-installations for incumbents: may apply for allocation

Phase IV permits/monitoring plans

- Monitoring and reporting regulation (MRR) will be revised for phase IV
- Operators responsible for permit/monitoring plan to be in line with the MRR requirements - i.e. some will have to apply for changes

Still work for phase III

- Applications for allocation changes
- Annual emission reporting



Reporting 2018 in short

- 136 reports, 15 returned for corrections
- Status today: three reports under correction, six to be reviewed and approved by us
- One case of conservative estimate (Article 70 MRR) - no site visit performed
- CMR model (flares): improved - but still errors in some reports:
 - Assessment of sources to flares not consistent with measured values
 - Choices of light and heavy gases not in line with sources to flares stated in the reports
 - Misstatements/wrong calculations when combining data gaps with CMR model



Summing up

- We encourage you to contribute to a rapid (but thorough) re-verification process when requested by us (to the operators)
- Verification of allocation data will continue to be demanding for the coming years!
- A wish from us: supplementary comments in the VRs on main issues/concerns in your verification work for each report/installation