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Guidance Document

Exemplar Simplified Monitoring Plan in accordance with MRR Article 13: Simple Gas-fired Combustion Installations

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This document is part of a series of documents and templates provided by the Commission services for supporting the implementation of Commission Regulation (EU) No 601/2012 of 21 June 2012 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council.

The guidance represents the views of the Commission services at the time of publication. It is not legally binding.

This guidance document takes into account the discussions within meetings of the informal Technical Working Group on EU ETS Monitoring Reporting Verification and Accreditation under WG3 of the Climate Change Committee (CCC), as well as written comments received from stakeholders and experts from Member States.

This version of the guidance document was unanimously endorsed by the Climate Change Committee by written procedure in December 2016

All guidance documents and templates can be downloaded from the documentation section of the Commission's website at the following address:
http://ec.europa.eu/clima/policies/ets/monitoring/index_en.htm.

1. Introduction

Commission Regulation (EU) No 601/2012 of 21 June 2012 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council, the MRR, includes provision for Member States to allow operators and aircraft operators to use standardised or simplified monitoring plans. This is under Article 13 of the Regulation.

The specific requirements of Article 13 are:

For that purpose, Member States may publish templates for those monitoring plans, including the description of data flow and control procedures referred to in Article 57 and Article 58, based on the templates and guidelines published by the Commission.

Before the approval of any simplified monitoring plan referred to in paragraph 1, the competent authority shall carry out a simplified risk assessment as to whether the proposed control activities and procedures for control activities are commensurate with the inherent risks and control risks identified, and justify the use of such a simplified monitoring plan.¹

The Article was included to accommodate what was considered to be good practice already being applied by Denmark in EU ETS Phase 2. However, the Member State reports submitted up until now under Article 21 of Directive 2003/87/EC reveal very little use being made of the provision in Phase 3.

Furthermore, discussions of the European Council Working Party on the Environment (WPE) on further simplifications for EU ETS, in the early part of 2016, recognised that all Member States agree on the need to look into options for simplification, and that there is scope to do so through further implementing rules, but options under Article 13 are not being fully used by competent authorities.

As a result the Commission was asked to develop an example of a simplified monitoring plan to demonstrate the scope of existing flexibility under Article 13 to reduce the burden on simple installations without compromise to the integrity of the EU ETS. In the first instance such an example has been drawn up to demonstrate possibilities for potentially the most obvious circumstance, installations allowing simple monitoring methodology in connection with gas-fired combustion.

The following explanatory notes are intended to explain further the justification for the content proposed for the exemplar simplified monitoring plan which is appended.

2. Key interpretations in connection with MRR Article 13

Before further reference to the exemplar, the following points represent important considerations relevant to application of Article 13 in general:

¹ Although Member States may require the operator or aircraft operator to carry out the simplified risk assessment itself, where appropriate.

- Allowed application of simplified or standardised monitoring plans is a decision and responsibility of individual Member States.
- Each application of a simplified or standardised monitoring plan has to be accompanied by an associated 'simplified risk assessment', justifying its use and demonstrating that control activities and procedures for control activities are appropriate for the inherent risks² and control risks³ involved.
- In effect, the simplified risk assessment defines installation or aircraft operator eligibility.
- It may be possible for a single simplified risk assessment to serve a group of similar installations or aircraft operators in certain cases.
- Application of Article 13 is not restricted to the scale of emissions of the installations or aircraft operators concerned. For example, nothing restricts application of Article 13 to just Category A installations, or installations of low emission; it is just as available to larger emitters as long as the requirements of the simplified risk assessment are met and the Member State allows the approach.
- Member States may, but do not have to publish corresponding simplified or standardised monitoring plan templates. However, such publication is likely to help relevant uptake and further reduce administrative costs (of operators, competent authorities and verifiers).
- The Article 13 reference to publishing monitoring plan templates, inclusive of '*the description of data flow and control procedures referred to in Article 57 and Article 58, based on the templates and guidelines published by the Commission*', should be interpreted proportionately. Although the specific requirements of Article 57 and Article 58 are always likely to provide a good starting point for the required simplified risk assessment, it would defeat the object and there is no need for a published simplified or standardised monitoring plan template to include references to irrelevant items. Depending on the simplified risk assessment, similar discretion is also possible regarding the wider requirements for monitoring plans set by MRR Article 12 and Annex I (and the associated Commission published templates).

3. Exemplar Simplified Monitoring Plan: Simple Gas-fired Combustion Installations (see Annex)

The exemplar proposed concerning simple gas-fired combustion installations is just one example. It should not be interpreted as the only circumstance and approach available under Article 13 or that all Member States need to apply the same approach or simplified monitoring plan. Other installation or aircraft operations may be just as eligible for consideration under Article 13; and, in contrast not all gas-fired combustion operations are as straightforward and would be unlikely to qualify. Decision on eligibility resides with individual Member States and the justification provided by the simplified risk assessment.

In fact, the exemplar now provided illustrates a circumstance that is a little more complicated than it needs to be, because in addition to a natural gas major source stream, it also considers two de-minimis source streams as well. The important considerations as far

² 'Inherent risk' as defined by MRR Article 3(9)

³ 'Control risk' as defined by MRR Article 3(10)

as Article 13 consideration is concerned in this case (with the need for maintained EU ETS integrity and a satisfactory simplified risk assessment foremost in mind) are:

- The natural gas is supplied directly from the national/regional grid transmission system and consumption can be derived from the (monthly) invoices of the gas supplier based on the supplier's metering carried out in accordance with relevant legislation for national legal metrological control for the involved commercial transaction.
- Activity data concerning the de-minimis source streams are also derived from purchase records (the invoices provided by the respective fuel suppliers).
- Associated calculation factors are standard values obtainable from the Member State's national inventory submission to the Secretariat of the United Nations Framework Convention on Climate Change.
- In all cases an Oxidation Factor equal to 1 is being applied.

It should also be recognised that in this particular exemplar Section 3 also seeks to confirm the absence of other complications that would result in the case of process emissions, biomass use, or transfers (in accordance with Article 48 or Article 49 of the MRR)⁴.

Consequently, it can be seen that for this example the risk of misstatements and non-conformance with the monitoring plan is automatically very low (satisfying the simplified risk assessment requirement of Article 13).

The exemplar is proposed with suggested segregation of responsibilities and two standard procedures with view to the requirements being universally applicable to all installations of the type specified. The intention is that inherent and control risks are so low that the procedures are sufficiently complete as written and, therefore, they and the monitoring plan could be adopted as it stand by all the operators the Member State aims to cover by the particular example. However, this does not necessarily preclude operators from developing more elaborate procedures on a bespoke basis if for some reason they want to (for example, in relation to an existing environmental management system). Choosing to do this would not affect the proposed monitoring plan, but could have implications for slightly more complicated verification.

The standard procedures stated are believed to more than satisfy the requirements of Articles 57 and 58 of the MRR in the case of this particular example, combining the individual requirements (of Article 58) where appropriate. In addition, it is suggested that need for individual operator risk assessments of inherent and control risks (in accordance with Article 58(2)(a)) is likely to be more than adequately covered by the Competent Authority's simplified risk assessment and the standard (control) procedures as written into the monitoring plan.

Clearly, an even more simplified monitoring plan could be applied to installations involving an analogous monitoring methodology for a natural gas major source stream, but only one or no de-minimis source streams. The current exemplar should not be seen as prohibiting

⁴ This particular exemplar explicitly excludes process emissions, biomass use and transfers, but that does not preclude inclusion of such issues in other simplified monitoring plans allowed under MRR Article 13 (subject to appropriate procedures and simplified risk assessment)

even more simplified monitoring plans in certain other cases as long as the integrity of EU ETS is similarly preserved.

4. Next Steps

The exemplar provided has received favourable support from Member State representatives of the ad hoc Technical Working Group on EU ETS MRVA Support and in response to presentations to the 7th EU ETS Compliance Conference held 8th and 9th November 2016 and the Climate Change Committee, 24th November 2016 (by way of precursor to seeking final endorsement by written procedure).

Irrespective of this, the document already provides exemplar content that a Member State can adopt or adapt to suit their own requirement regarding simplified monitoring plans under MRR Article 13. In any case a Member State would need to incorporate the content into their own version, involving their own competent authority identity, administrative details and sign-off. Addition of another identification feature is also highly recommended to link the particular simplified monitoring plan to the corresponding simplified risk assessment that confirms its justification.

ANNEX

Exemplar Simplified Monitoring Plan in accordance with MRR Article 13: Simple Gas-fired Combustion Installations

1. Competent Authority (to be completed by the CA/operator)

Name: []
Version No. of the Monitoring Plan []
Date []

2. Identification of the operator and installation (to be completed by the CA/operator)

Name of installation: []
Site name []
Address:
 Address Line 1: []
 Address Line 2: []
 Town/City: []
 State/Province/Region []
 Post/zip code []

Operator name: []
Primary Contact name: []
EU ETS permit number []

3. Description of the installation and activities (standard text for category of installation covered by this simplified MP)

This installation is principally a gas-fired combustion activity designated appropriate for a simplified monitoring plan in accordance with Article 13 of Commission Regulation (EU) No 601/2012 of 21 June 2012 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council, the MRR.

The activity involves one major source stream which is natural gas supplied directly from the grid transmission system. The consumption of natural gas is derived from the (*monthly*) invoices of the gas supplier. This (activity data) is based on the gas supplier's own metering carried out in accordance with relevant legislation for national legal metrological control for the involved commercial transaction.

Other sources streams are de-minimis, gasoil and propane used in very small amounts as fuels principally for emergency generation and periodic testing of equipment. The activity data (quantities) associated with these de-minimis source streams are also derived from purchase records (the invoices provided by the respective fuel suppliers).

The calculation of emissions from the installation is carried out for each source stream in compliance with Article 24 of the MRR based on the standard methodology:

$$\text{CO}_2 \text{ emissions} = \text{Activity data (quantity of fuel)} \times \text{NCV} \times \text{EF} \times \text{OF}$$

The emission factors and net calorific values (NCV) used for each source stream are in all cases relevant standard factors included in the Member State's national inventory submission to the Secretariat of the United Nations Framework Convention on Climate Change (in compliance with Article 31(1)(b) of the MRR). In all cases, the operator applies a value of 1 as the oxidation factor of the fuels (in compliance with Article 37(1) of the MRR).

CO₂ emissions are only from combustion. There are no additional process emissions of CO₂ (such as from de-NO_x controls). No biogas is involved. And, there is also no transfer of fuels out of the installation.

The specific plant and units of the installation are as outlined in the permit **(optional: to add a short/simple description here as well)**.

4. Standard Procedures

The risk of inherent and control risks is minimal due to the simplicity of the monitoring methodology and the controls associated with the external sources of data. Quality assurance of measurement equipment resides outside of the installation operator's own control. Internal review and validation of data is not relevant beyond simple double-checking of invoiced and national inventory values by the EU ETS Coordinator. Only the following management procedures are considered relevant.

Segregation of duties (data flow, control activities and management of necessary competencies)

Job Title/Post⁵	Responsibilities
Plant Manager	Responsible for ensuring EU ETS implementation in accordance with the permit and monitoring plan and for assignment of related duties (including in accordance with maintaining competent personnel)
EU ETS Coordinator (Primary contact)	Responsible for sourcing and recording ⁶ of relevant fuel consumption data and emission calculations in accordance with relevant emission factors, and for verified emissions reporting. Responsible for demonstrating appropriate documentation and implementation of all procedures

⁵ The indicated segregation does not preclude the Plant Manager and EU ETS Coordinator being one and the same individual (i.e. the roles combined and assigned to one individual)

⁶ The simplicity of the required monitoring methodology and data involved negates the need for a formal control procedure on the quality assurance of information technology, but the EU ETS coordinator must be able to demonstrate appropriate recording and maintained integrity of EU ETS data (to a competent authority inspector or verifier upon request)

Required procedures

Title	On-going evaluation of the Monitoring Plan's appropriateness
Post Responsible	EU ETS Coordinator (Primary contact)
Requirement	Regular evaluation of the appropriateness of the monitoring plan. In particular in relation to maintained status as a simple gas-fired combustion installation. Evaluations will include checking of emission sources and source streams for completeness and continued application and robustness of the monitoring methodology specified in this monitoring plan. All changes and recommendations for improvement should be advised immediately to the competent authority.

Title	Data flow management
Post Responsible	EU ETS Coordinator (Primary contact)
Requirement	Appropriate collection and retention of data required to calculate annual emissions and to facilitate verification, including in relation to necessary purchase records and required values from the Member State National Inventory. Appropriate records of the calculations and corroborative checks carried out, also to facilitate verification and further checks possible by the competent authority (taking Article 66 of the MRR into account).