



Experiences from our review of 2016 verification reports

Emission Trading Section, Norwegian Environment Agency



Agenda

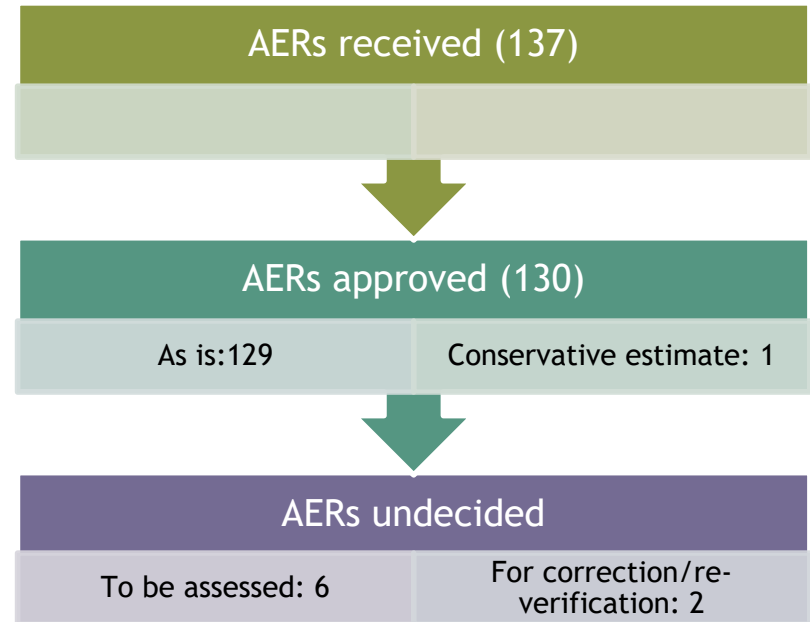
- Our role and work in 2016
- Experiences with verification 2016
- Discussion and reflections on questions from verifiers
- Update on relevant EU work

NEAs role and work in 2016/2017

- Follow up 137 installations, i.e.;
 - Approved updates of permits incl. MPs (130)
 - Approved (15)/rejected applications for site visit waivers (2)
 - Inspections (9)
 - Approved AERs (130)

Approval of verified reports 2016

- Legal requirement that Norwegian Environment Agency has to give written approval for all reports
- Checked all annual emissions reports and verified reports
 - against MP
 - against previous reporting
 - against results from inspections
 - Check of installations' use of CMR model for flares
- Common issues treated equally across sectors
- New: assessment on IR vs. update of MP for follow up of findings in VRs



Verifiers for Norwegian installations for 2016 emissions

- DNV GL Business Assurance Norway - NA
- Ecoxy - NA
- KPMG - DAkkS (DE)
- PWC - RvA (NL)
- Ernst & Young - COFRAC (FR)
- Bureau Veritas Certification Denmark - DANAK (DK)

Verification opinion statement

	2015	2016
Verified as satisfactory	73	70
Verified with comments	62	67

Review of AERs – experiences 2016

Experiences and Findings 2016 (1)

- Quality and content of VRs improving!
- Conservative approach in accordance with Art 65 of MRR considered for data gaps
- Good dialogue with verifiers

Experience and findings 2016 (2)

- Differences betw. verifiers in
 - description in VR of treatment of data gaps
 - treatment/categorisation of findings
- Reasons for data gaps often not commented on/not reported as non-conformities
- «Obvious» non-conformities not reported/mentioned in VRs (eg. stock changes, default values)
- CMR model for flares - some cases where model is used incorrectly
- Non-compliance often lacking reference to articles in MRR
- Non-conformities given for use of measurement equipment vs. invoice for natural gas
- Some findings seem to imply that verifier has not assessed all relevant documentation, eg. letters from us
- Still room for improvement: better description of findings and clear references to articles in MRR

Site visits (1)

Installations > 25 000 tonnes

- Application deadline 30. november; all applications were processed by us before the end of the year
- 17 applications for site visit waivers, two rejected

Site visits (2)

Installations < 25 000 tonnes

- Reference made in VR to criteria in majority of cases
- Some cases of Article 31 (3) not met - should have been visited
- We encourage you to contact us for clarification when unsure whether criteria are met in reporting year

Reflections on questions received from verifiers

Recap of last years questions

- Q1 Biomass source streams - documentation of sustainability criteria
- Q2 The 1 tonne rule - welding activities
- Q3 Measurement instruments outside operator's control/national metrological control
- Q4 Different requirements in MPs
- Q5 Corrections of verified emissions in the Registry
- Q6 Testing of new suppliers
- Q7 Information to operators for new installations
- Q9 Requirements for allocation competence for verification of AERs
- Q8 Data gaps - contact betw. NEA and operators

Q1 Corrections and re-verification of AERs

- NEA returns about 10 % of AERs/yr to the operators for corrections and re-verification
- Article 67 (1) of MRR: the AER shall be “verified in accordance with Regulation (EU) No 600/2012”
- EA 6/03 (8.7): “If the verification report requires revision, due to facts identified after the verification or as may be requested by the competent authority, the verifier shall implement processes to issue a revised verification report”
- Other MS same practice - will be subject to further discussion on next TF AV in October
- IT improvements?

Q2 De-minimis source streams

- *Requirements for de-minimis source streams*
 - MRR Art 26 (3): *For activity data and each calculation factor for de-minimis source streams, the operator may determine activity data and each calculation factor by using conservative estimations instead of using tiers, unless a defined tier is achievable without additional effort*
 - Application for no tier approach: the operators have to argue why it would constitute additional effort to achieve tiers - we assess the arguments/documentation of method

Q3 Verification of allocation data

- *Significant capacity changes - verification of applications for allocation*
 - Not mandatory to use verifier accredited for scope 98
 - Article 8 in CIM describes verification of allocation data
 - Application within one year after start of changed operation

Q4 Categorisation of installations and source streams – Article 19 MRR

1. Each operator shall determine the category of its installation pursuant to paragraph 2, and, where relevant, of each source stream pursuant to paragraph 3 for the purpose of monitoring emissions and determining the minimum requirements for tiers.
2. The operator shall classify each installation in one of the following categories:
 - (a) **a category A installation**, where average verified annual emissions of the trading period immediately preceding the current trading period, with the exclusion of CO₂ stemming from biomass and before subtraction of transferred CO₂, are **equal to or less than 50 000 tonnes of CO₂(e)**;
 - (b) **a category B installation**, where the average verified annual emissions of the trading period immediately preceding the current trading period, with the exclusion of CO₂ stemming from biomass and before subtraction of transferred CO₂, are **more than 50 000 tonnes of CO₂(e) and equal to or less than 500 000 tonnes of CO₂(e)**;
 - (c) **a category C installation**, where the average verified annual emissions of the trading period immediately preceding the current trading period, with the exclusion of CO₂ stemming from biomass and before subtraction of transferred CO₂, are **more than 500 000 tonnes of CO₂(e)**.
3. The operator shall classify each source stream, comparing the source stream against the sum of all absolute values of fossil CO₂ and CO₂(e) corresponding to all source streams included in calculation-based methodologies and of all emissions of emission sources monitored using measurement-based methodologies, before subtraction of transferred CO₂, in one of the following categories:
 - (a) **minor source streams**, where the source streams selected by the operator **jointly correspond to less than 5 000 tonnes of fossil CO₂ per year or to less than 10 %**, up to a total maximum contribution of **100 000 tonnes** of fossil CO₂ per year, whichever is the highest in terms of absolute value;
 - (b) **de-minimis source streams**, where the source streams selected by the operator **jointly correspond to less than 1 000 tonnes of fossil CO₂ per year or to less than 2 %**, up to a total maximum contribution of **20 000 tonnes** of fossil CO₂ per year, whichever is the highest in terms of absolute value;
 - (c) **major source streams**, where the source streams do not classify in any category referred to in points (a) and (b).
4. Where the average annual verified emissions of the trading period immediately preceding the current trading period for the installation are not available or inaccurate, the operator shall use a conservative estimate of annual average emissions, with the exclusion of CO₂ stemming from biomass and before subtraction of transferred CO₂, to determine the category of the installation.

Q5 Altinn- issues

- *Decimals - Altinn template not completely consistent with internal reporting due to different number of decimals*
- Restrictions of Altinn template: nine decimals, may be extended if necessary
- Update of Altinn template: check of stock changes up against last years report

Q6 Measurement instruments

- *How/what should verifier check concerning calibration/control of measurement instruments outside operator's control and/or national metrological control?*
 - Natural gas measurement instruments: should be included in MP, although in practice invoice from supplier
 - Other measurement instruments not under national metrological control: specified in MP how this is treated (measurement instrument table+ procedures) - gas metering
 - Operator shall provide evidence of control/calibration of measurement instruments (from supplier)

Update on relevant EU work

Meetings on MR/V issues

- TWG MR/V: Regulation Revision Project - 28 September
- TF AV - 18 October
- Webinar on sampling and analysis - handbook to be published ?
- AV Training Event x 2

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- TWG Benchmarking - 21 September
 - TF MR -12 October
 - Compliance Conference - November



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Discussion issue: information exchange between verifiers? (1)

Scenario A) Import and export of source streams

One installation exports fuel gas to another installation. These amounts are deducted from the amounts used in the exporting installation. Amounts exported = imported amounts measured at the receiving installation. How to check amounts exported?

Possible solution: The verifier for the exporting installation receives information from the verifier for the importing installation, based on the latter's site visit.

Question: Challenges/boundaries for verification?

Discussion issue: information exchange between verifiers? (2)

Scenario B) Mobile rigs

A mobile rig is used in a short period during reporting year. Other operators have used the same rig during the same reporting year.

Possible solution: If several operators use the same rig in the reporting year, the verifiers involved may exchange information received during site visit, i.e. one verifier may lean on information another verifier has retained during site visit.

Question: Challenges/boundaries for verification?