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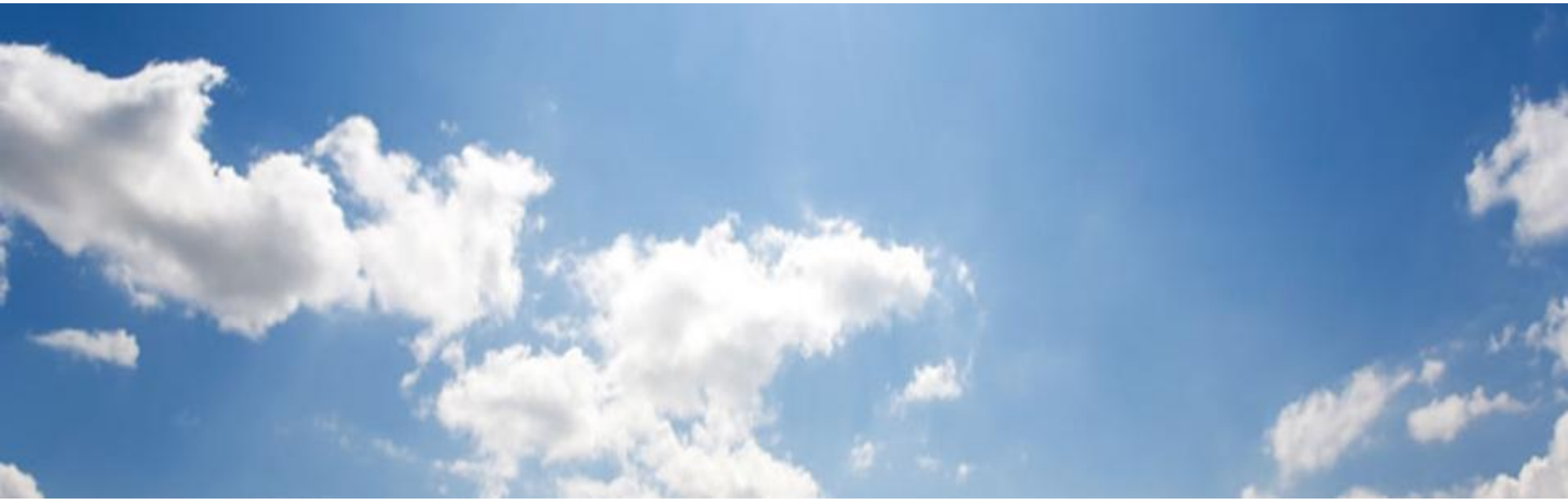

Practice with EU Monitoring & Reporting Regulation

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Lessons learnt

Overview

- Time
- Scope & boundaries
- Methods to determine emissions data
- Use of IT
- Common deficiencies on operators side
- Challenges for competent authorities
- Dissuasive sanctions

Time

… a repeatedly underrated factor

- Care instead of skimpy bills
- Preparation of (electronic) forms
- Training of operators
  - how to implement in practice, provide information, and fill in forms
  - by guidance, info sessions and permanent helpdesk
- Training of validating inspectors
- Preparation and validation of monitoring plans

Scope and boundaries

Cost-benefit, gaps & limitation of power

- Effort disproportional higher for installations with low emissions

  ... and room for simplifications limited

⇨ Need for support by authority increases

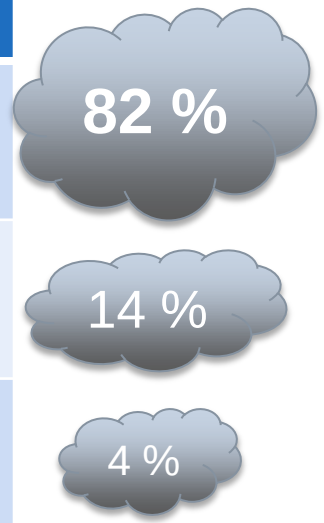
- How to handle transfers of carbon compounds or emitted CO?

- Suppliers are outside authorities' power under the EU ETS

Scope and boundaries

Setting of priorities

Installations	Number in Germany	Total annual emissions amount
> 500 kt $CO_{2(Äq)}$	**180**	**400 Mio. t $CO_{2(Äq)}$**
> 50 kt $CO_{2(Äq)}$	450	67 Mio. t $CO_{2(Äq)}$
< 50 kt $CO_{2(Äq)}$	1.400 - 1.450	20 Mio. t $CO_{2(Äq)}$



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Methods to determine emissions data

How accurate and reliable should data be?

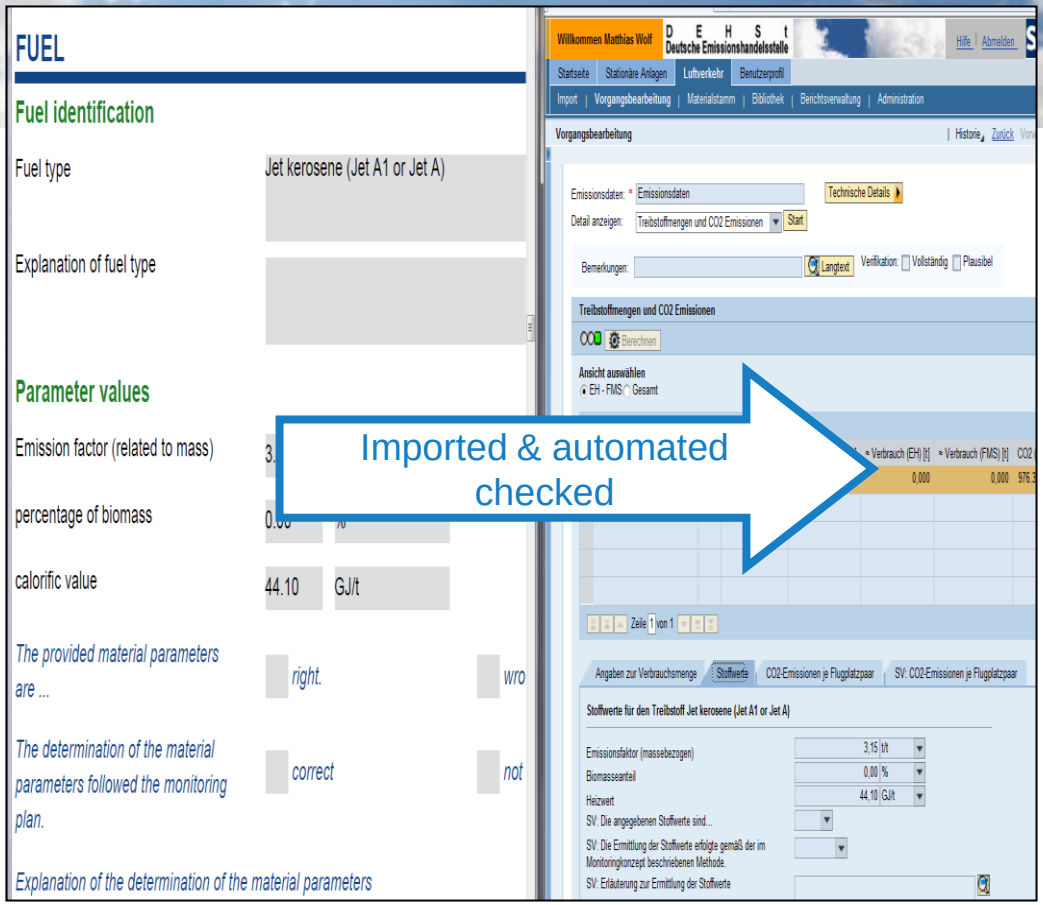
- Sufficient accuracy indispensable to ...
  - implement the polluter pays principle and
  - ensure equal treatment
- But: proof of uncertainty can be never-ending

⇨ Clear definition of steps to be undertaken for showing compliance

- Quality of measurement instruments
- Rules for sampling and analysis
- Defining (conservative) default values if sufficient data basis available

IT - Advantages

- makes it easier
- reduces the potential for errors
- allows competent authorities ...
  - to easily compare data,
  - automated screening of “suspicious” parameters,
  - error messages on miscalculations etc.



server based elecotronic format (Forms Management System, FMS)

Database

But it takes time to prepare and it does not compensate manual validation

Common deficiencies on operators side

In general

- Lowball due diligence and risks of non-compliance
- Monitoring of data just for emissions reporting
- Applying general rules and guidance to own installation
- Transparency of used operations and monitoring procedures

Common deficiencies on operators side

In detail

- Limited proof for compliance of supplier data
- Proof of achieved uncertainty of monitoring
- Representativeness of sampling
- Evidence of unreasonableness

Challenges for competent authorities

- Technical understanding
  - Production processes
  - Measuring, sampling and analysing
- Juridical Knowledge
  - Principles of administrative law
  - Principles of interpretation in application of monitoring rules
- Exercising discretion
- Harmonised enforcement
- “Template doesn’t read like a book” *(Bousema, Dutch Emissions Authority [NEa])*

Dissuasive sanctions

Vital necessity

- GHG monitoring highly based on trust in operator data
- Independent validation helps but cannot replace reliable monitoring

⇨ Sanctions needed for (unintended) breaches of duty of care

⇨ Risk of loss for operators must be higher than potential benefits

⇨ Sanction > prosecution risk x benefit x factor X

Résumé

- Learning process not finished
- Significant improvements over time
- Thoughtful reflection necessary

- GHG monitoring is not sorcery, just challenging sometimes and
- ... for those willing to comply is always a way

Thank you for your attention!

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