

Effectively meeting the
challenge of MRV under revised
MRG guidelines

Dr Anne-Marie Warris
Vice Chair

UK Emissions Trading Group

Plan

- Learning lessons from year 1 and perhaps some answers
- Main differences MRG Annex I phase II with phase I
- Looking forward to phase III for MRV
- Smooth verification what are the critical issues
- Discussion

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EU ETS the positive issues

- Put a price on the emission of a ton of CO₂
- Changing the business culture within corporate Europe; the price of carbon has become one of the parameters that is part of the normal decision making process.

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EU ETS the negative issues

- The scheme is an administrative burden
- Issue rigour the same in all member states, in terms of allocation, monitoring and reporting and verification and what CA allows?
 - *Critics claim the system asks too much of the UK, too little of the EU's other heavyweights such as France and Germany*
- Is not actually and appreciably reducing emissions

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Lessons learnt – Installations

- 1st experience of verification
- Small installations not always the simplest verification
- In some countries installations had non-approved monitoring protocols
- Monitoring protocol, although approved by the CA, often not being applied
- Tasks and responsibilities not clearly communicated / defined
- Minimum tier levels (table I MRG) often not achieved
- Calibration records often missing
- Maintenance program / frequency often not followed
- Accreditation Laboratories (ISO17025 lab – NCV, EF, OF,..) not confirmed
- Sampling strategy insufficient (definition batch)
- Measurement of stock data
- Retention of documents
- Unsecured spreadsheets

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Main differences between MRG

- Materiality level reduced for large installations to 2% - consequence – more data sampling needed to meet reasonable assurance
- Realigned focus on a “source stream” rather than a “source” approach.
- Stronger emphasis on proper uncertainty analyses except for “installations with low emissions”, i.e. emitting <25,000 tonnes CO₂ per year

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Main differences between MRG

- Monitoring plan requirements introduced which are somewhat different and more stringent than what was in Section 7.1 before
- New items include need for:
 - a list of “source streams” as well as “emission sources”
 - description of the calculation/measurement based methodology to be used
 - “evidence demonstrating compliance with the uncertainty thresholds for activity data and other parameters (where applicable) for the applied tiers for each source stream”
 - a list of any non-accredited laboratories and their procedures/QA
 - a “comprehensive” description of any “fall-back” approach and related uncertainty analysis
 - Addition to the CEMS item requiring description of the corroborative calculation approach to be applied
 - Former item requiring a description of the QA and QC procedures for data management, now reads “a description of the procedures for data acquisition and handling activities and control activities as well as a description of the activities (see section 11.1-3)”

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Main differences between MRG

- de-minimis source streams (**group** of emitting 1,000 tonnes of CO₂ or <2% of total annual emissions of CO₂ up to a maximum of 20,000 tonnes CO₂/annum)
- major source streams (“**group** of source streams which do not belong to the group of minor source streams”),
- minor source streams (**group** of emitting ≤5,000 tonnes of CO₂ or <10% of total annual emissions of CO₂ up to a maximum of 100,000 tonnes CO₂/annum)
- Pure bio mass (at least 97% by mass)

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Main differences between MRG

- All emission sources and source streams from activities listed in Annex I to Directive 2003/87/EC that are to be monitored and reported **shall be listed in the permit**
- Section 13.5 (Requirements for Determination of Fuel and Material Properties) - States preference for “Use of Accredited Laboratories” ISO 17025:2005, however, provision is also included to allow “Use of Non-Accredited Laboratories”. But annual validation and inter- comparison required

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Main differences between MRG

- Section 13.6 (Sampling Methods and Frequency of Analyses) – Sets a general framework requiring representative sampling for determination of relevant emission, oxidation and conversion factors, NCVs, carbon contents, biomass fraction and composition data. Either based on meeting annual uncertainty of 1/3 of activity data or use table or get agreement from CA to difference

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Main differences between MRG

- Changes to QA/QC and verification section which introduces new terms and requirements.
- New section (16) related to small installations less the 25,000 tonnes has been added. It includes minor easing of requirements.

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Main differences between MRG

- There are other differences these are the critical ones for Annex I
- There are changes to the other Annex as well
- New annex XII dealing with measurement methods and their uncertainty

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Phase III issues related to MRV

- Making MRG into a Regulation
- Stronger regulation for no submission of verified emission reports
- Cost effective solution to provision of data to the market on actual emissions more regularly
- Impact on MRV issues of plan to include none CDM/JI projects
- EC accreditation body
- EC accreditation and verification requirements
- Trading between systems

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Other voices on phase III review

- Harmonisation – what does it mean?
- Certainty ok but for how long if things can not be changed in period?
- Aviation will that seriously affect the price of an EAU?
- Other gas can they be measured with comparable accuracy?
- Linkage to other schemes?
- Auctioning – like it from some and dislike it from others
- Allocation effect on competitiveness

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Cross border operation

- New text on this added to EA6/03
- Simply you can only use another country's accreditation if:
 1. Local CA agrees and recognises
 2. The relevant accreditation body has been told and have supervises/carried out assessment covering your country

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Learning lessons

- Good systems make a big difference
- Starting early – so collect data from 1 Jan
- Be aware of requirements – so tell CA when things fail and change
- Understand timeline
- Understand interaction and relationship with the bodies involved in MRV
- Across EU issues related to:
 - Harmonisation still an issue
 - Consistency in monitoring an issue
 - Consistency in verification an issue

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Year 2 and 3 process

Preparation before visit to site

- spreadsheet data for 2006
- improvement submissions
- GHG permit from 2005
- Monitoring methodology from 2005
- Emission report 2005 and underlying data spreadsheet
- Note 1: check what is CA policy on variation to GHG permit during year how to account for changes and when a change is applied (date of GHG permit or backdated). Remember variation start date would affect the emission report and the tiers so you will need an entry for each tier so an entry may be split over the year.

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Phase II process – what to do now

- Review MRG II for impact to your process and activities
- Develop project plan to implement changes in time for phase II starting 1 Jan 2008
- Develop monitoring plan and document to meet requirements
- Consider developing a meter matrix to track calibration etc
- Calculate your uncertainty level based on the issues affecting your monitoring system

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Phase II process – what to do now

- Review section 10 in Annex I and its impact on your processes for monitoring and reporting.
- Report any variation/changes you identify that affect your existing GHG permit to CA
- Ensure you can document compliance with amended requirements

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Discussions

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Thank you



Anne-Marie.Warris@lrqa.com

www.lrqa.com

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