

ECRAN Climate
Emissions Trading Working Group
Advanced Technical Training Programme on the EU Monitoring
and Reporting Regulation
Istanbul, Turkey, 18-19 November 2014

THE VERIFIER PERSPECTIVE

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2. The principles of verification
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What is verification?

- an act of confirming emission figures
- impartially, independently and objectively
- done by competent persons



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Who is a verifier?

- someone you can (or have to) trust
- accredited legal person or another legal entity
- natural person otherwise authorized
- in accreditation language: verification body
- members of the body (persons): EU ETS auditors



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Principles of verification

- impartiality
- competence

- factual approach to decision making
- openness
- confidentiality



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What does a verifier actually do?

- looks at
 - annual emission report
 - monitoring plan, emission permit
 - procedures, risk analysis, uncertainty assessment
- checks relevant data
 - measurement and production data, invoices, database, lab analysis, ...
- visits the installation
- analyses data and information
- applies criteria for conclusion on emission report
- issues his own report



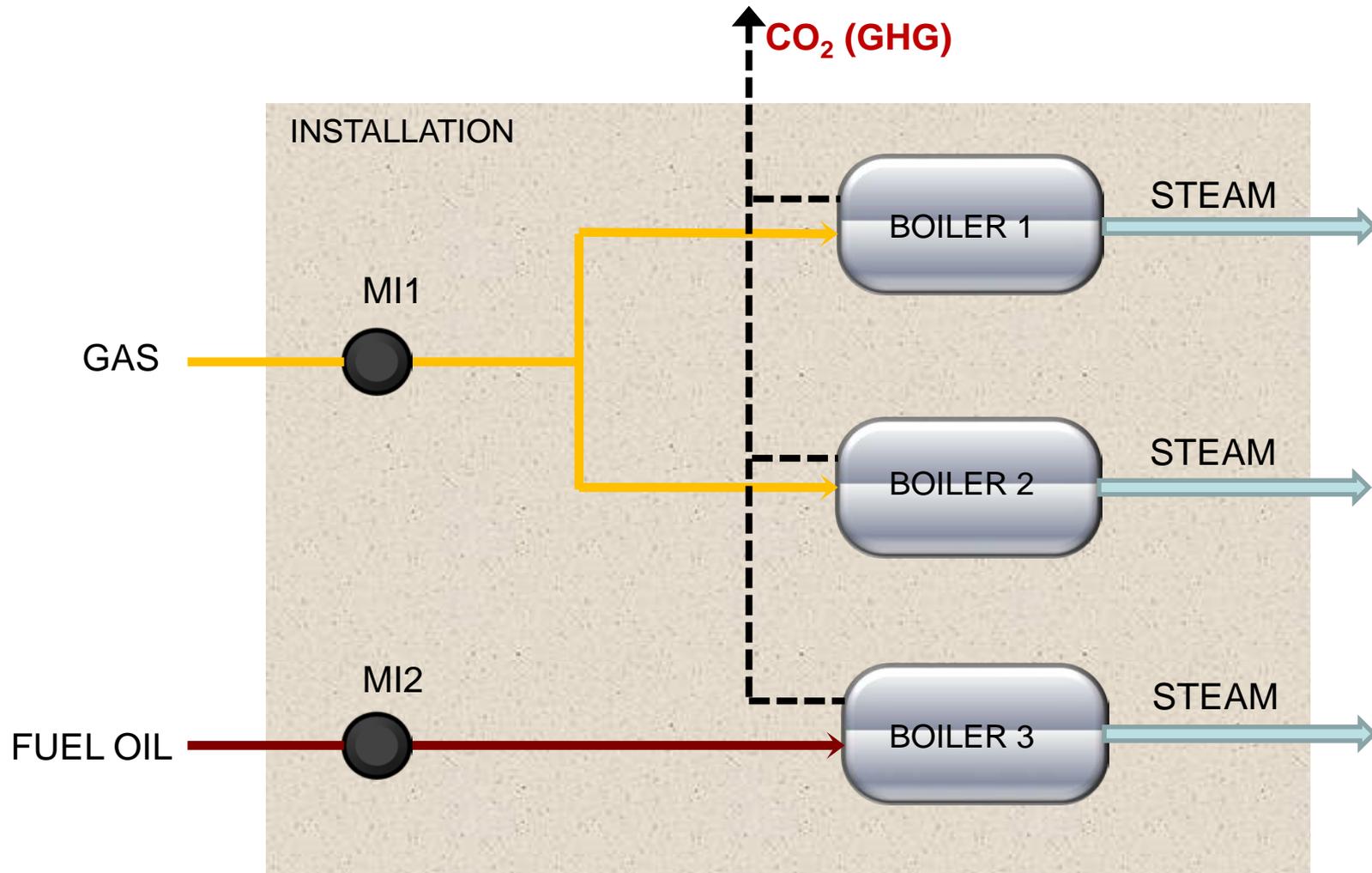
A verifier's view on the MP

- approved version?
- evidence of the approval?
- modifications during reporting period?
- correspondence with CA regarding modifications?

- MP represents the actual situation?
 - boundaries, completeness of source streams, emission sources, ...
- MP implemented?
 - correct application of approved methodology
 - procedures mentioned in MP exist



Installation – an illustration



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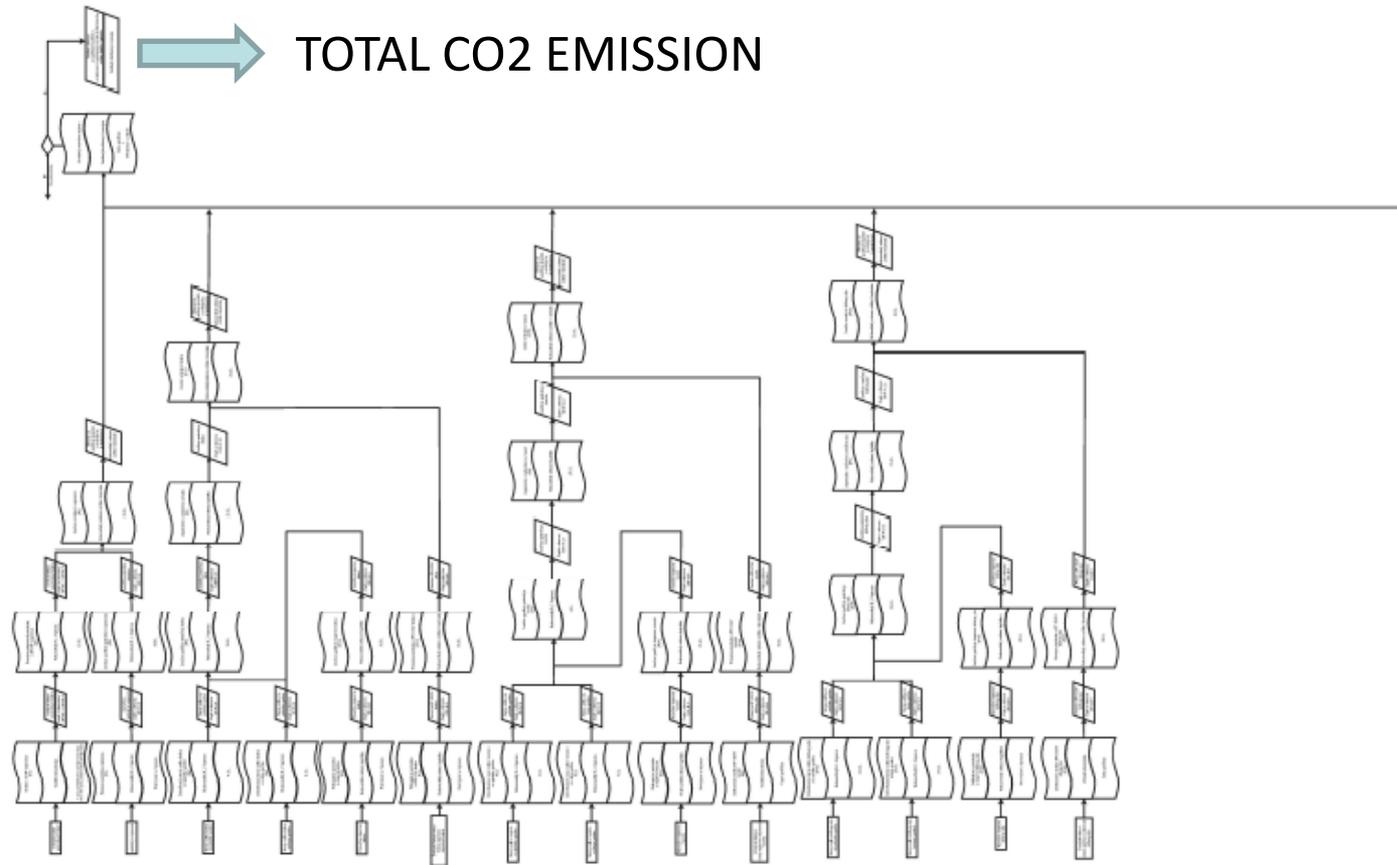
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A verifier's view on the AER

- complete?
 - in line with MRR (content)?
 - in line with GHG permit and approved MP?
 - data free from material misstatements?
 - improved performance (data flow, control, procedures) possible?
-
- collecting evidence for statements in AER
 - report from previous year
 - implementation of previous recommendations



Dataflow



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Steps in the verification process

- pre-contractual activities
- strategic analysis
- risk analysis
- verification plan
- verification (plan implementation)
- independent review
- issuing a verification report



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Reasonable assurance

- emission report has to be free from material misstatements
- level of assurance – degree of assurance, in this case provided by verifier
- reasonable level – high but not absolute level
- meaning: „we are confident enough there are no material mistakes in report”



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Materiality

- material – significant
- how significant – misstated emissions over the certain level
- materiality level defined for installation categories
 - 5 % for category A and B
 - 2 % for category C (over 500.000 t CO₂eq/year)
- not related necessarily to figures
- material misstatements?
 - reason for negative verifier's opinion



Risk analysis

- risks have to be identified by both an operator and a verifier !
(but verifiers are the bottom line)
- inherent risk and control risk
- analysis by verifiers – verification depends on its results
- causes of error, magnitude of risk, impact
- identifying incidents that lead to misstatements



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Risk analysis – an example

Process/Activity	Incident	Type of risk	Inherent Risk				Inherent Risk x Control Risk				
			P	I	Risk		Control Measure(s)	P	I	Risk	
					Value	Level				Value	Level
Main gas flow meter	Gross failure	Activity data lost or inaccurate	3	4	500,0	HIGH	Fuel supplier contract → high availability; cross check with invoices/production data (see procedure on how to close data gaps)	2	2	5,0	LOW
	Meter malfunction	Activity data lost or inaccurate	3	3	100,0	MED	Fuel supplier contract → high availability; procedure for corrective action part of EN ISO 9001	1	3	5,0	LOW
	Missing calibrations	Activity data incorrect (drift or other inaccuracies)	4	3	200,0	HIGH	Fuel supplier contract → high availability; quality assurance procedure for maintenance part of EN ISO 9001	1	3	5,0	LOW
	Display error or misreading	Activity data incorrect	3	3	100,0	MED	Cross check with production data; values reviewed by a 2nd person	1	2	2,5	LOW
	Invoices wrong		3	4	500,0	HIGH	Shift manager reads gas meter on 1 Jan each year (at 11:30), compares with invoices; compare invoices with other months and previous years	1	3	5,0	LOW
	Not appropriate for the operating conditions or not appropriately installed		3	2	50,0	MED	Checklist comparing conditions applied and manufacturer's specification; personnel regularly educated (see procedure for managing O&M and ETS personnel)	1	2	2,5	LOW
	Electronic volume converter malfunction		3	2	50,0	MED	Fuel supplier contract → high availability; proxy data available (see procedure on how to close data gaps)	2	2	5,0	LOW



Drafting the verification report

- contains main conclusion - statement
 - satisfactory
 - not satisfactory (material misstatements, limited scope, insufficient clarity)
- content is prescribed – examples:
 - criteria used
 - emissions (aggregated and per activity)
 - verification team members
- contains description of misstatements and non-conformities



The verifier perspective – final thoughts

- serious commitment
 - investing time and money
 - building expertise
- responsibility
 - social – acting in the public interest
 - financial – contracts, liability coverage
- accreditation – confirmation of seriousness
 - quality system required – procedures, responsibilities, workflows, ...
 - personnel competence regularly challenged
 - comprehensive documentation – reports, evidence



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More questions ...



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