



REPUBLIKA HRVATSKA

MINISTARSTVO ZAŠTITE
OKOLIŠA I PRIRODE

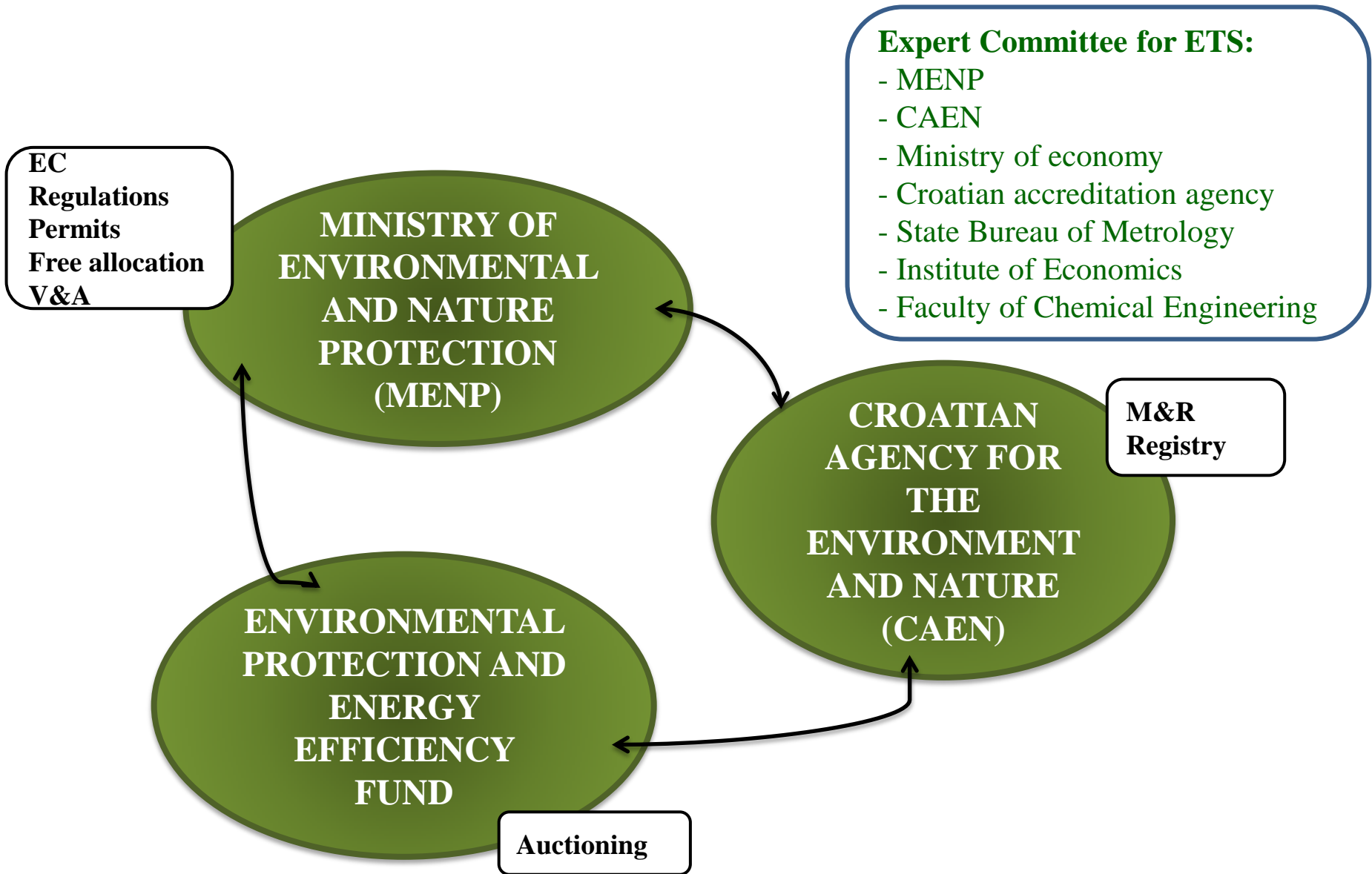
CROATIA'S ETS IMPLEMENTATION

Zagreb, 18-19 May 2016

Melita Zdilar

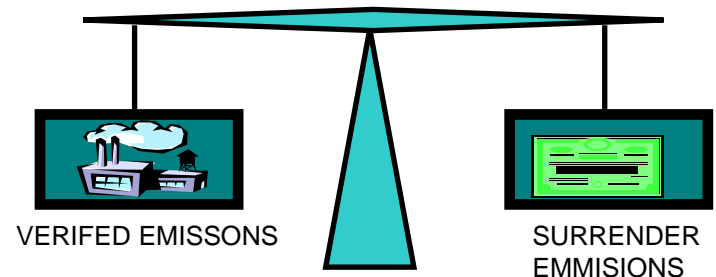
Ministry of Environmental and Nature Protection, Zagreb

ORGANISATION ETS IN CROATIA



EMISSION TRADING SCHEME IN CROATIA

- It has been applied in the period from 2010 to 2012 (Phase 2).
- From 1st January 2010 till 31st December 2012 - monitoring and reporting on emissions from installations
- Since **1st January 2013** (Phase 3). - joining the EU ETS in full extension (1 July 2013 Croatia joins to EU!)
- Environmental Protection and Energy Efficiency Fund is the auctioneer for Croatia
- The Republic of Croatia has been included in the central auction platform in Leipzig



EMISSION TRADING SCHEME IN CROATIA

- 53 (59) operators of installations included in ETS (combustion, refinery, paper, cement, steel, lime, ceramics, glass, mineral wool insulation material, nitric acid and ammonia)
 - 4 electricity generators
- 5 (13) operators of installations are excluded from ETS as small operators (less than 25000 tone CO₂ annually, approved by EC)
- 1 aircraft operators

EMISSION TRADING SCHEME IN CROATIA

- What we did to be sure that all the installations are included in ETS:
 - the database of the Croatian Chamber of Commerce
 - the database of the Croatian Bureau of Statistics
 - data from Croatian PRTR (according to Regulation (EC) 166/2006 concerning the establishment of a European Pollutant Release and Transfer Register (E-PRTR))
 - call to installations published in the Official Gazette and daily newspapers

EMISSION TRADING SCHEME IN CROATIA

- What ways we used in implementation of ETS:
 - Project EC CARDS 2004 "Support for the further harmonization of Croatian legislation with the EU acquis in the field of environmental protection"
 - G2G (Government to Government) bilateral project with the Kingdom of the Netherlands „Capacity development related to climate policies in the Republic of Croatia"
 - TAIEX - the Technical Assistance and Information Exchange instrument of the European Commission

INTERNATIONAL SUPPORT

- **Project EC CARDS 2004**

- A complete list of Croatian installations that are included in the ETS, preparation of National Allocation Plan, period of implementation 21 month from second part of 2008

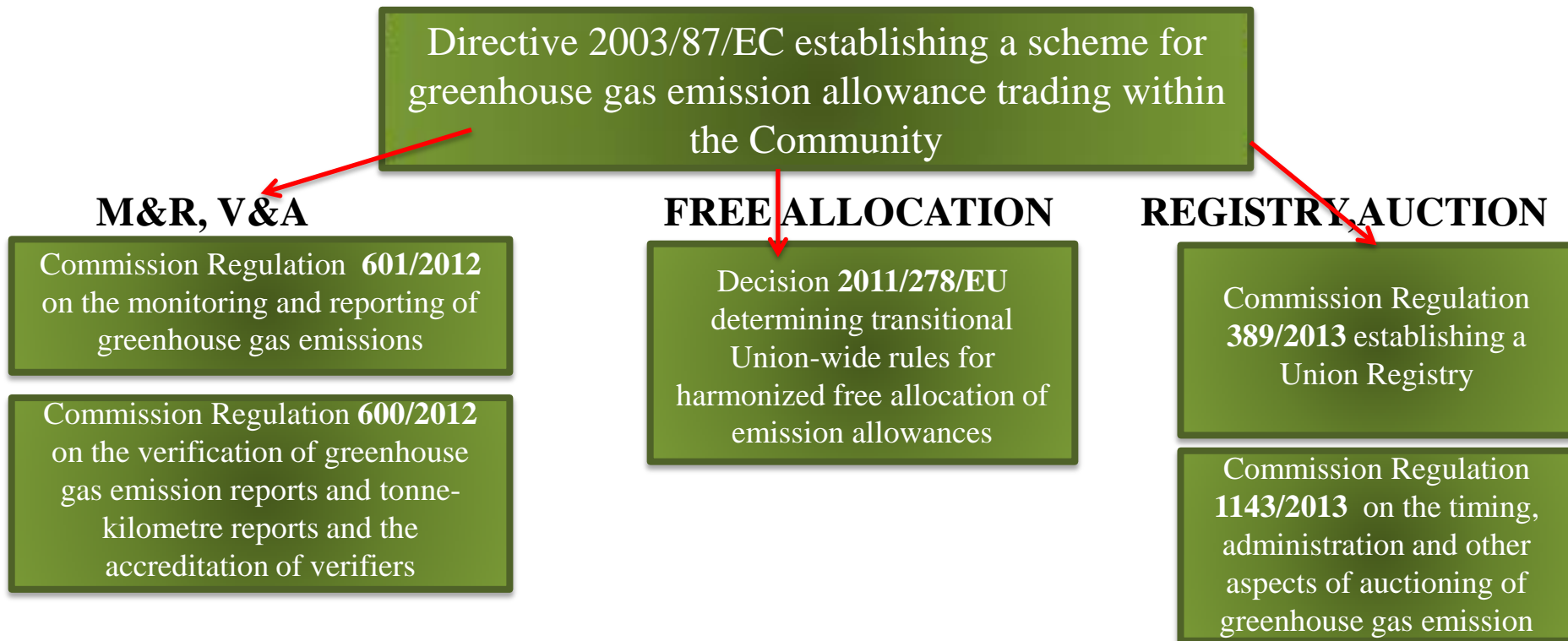
- **G2G project with the Netherlands**

- from 1 November 2008 for a period of 24 months and prolonged till the end of September 2011
- preparation of regulations, seminars on monitoring, reporting and verification for competent authorities, operators of installations and verifiers for 2nd and 3rd periods of ETS, guidance for monitoring plan, study visit on specific knowledge transfer, consultative meetings with operators, ETS help desk, Dutch and Croatian experts consultative visit to installations, etc. (16 events)

INTERNATIONAL SUPPORT

- **TAIEX**
 - 10 events on ETS during 2012 – expert missions and workshops
 - Lots of help from the EC and MS experts

EU & CROATIAN LEGAL ARRANGEMENT



- **Air protection Act (OG No. 130/11, 47/14)**
 - Regulation on trading greenhouse gas emission allowances (OG No. 69/12, 154/14)
 - Regulation on auctioning of greenhouse gas emission allowances (OG No. 19/13)
 - Ordinance on the manner of using the European Union Registry (OG No. 26/15)
 - Ordinance on the manner of free allocation of emission allowances to installations and on the monitoring, reporting and verification of reports on greenhouse gas emissions from installations and aircraft in the period beginning from 1 January 2013 (OG No. 70/15)

MONITORING AND REPORTING

Commission Regulation **601/2012**
on the monitoring and reporting of
greenhouse gas emissions



Guidances:

- General guidance for installations on monitoring and reporting
- General guidance for aircraft operators on monitoring and reporting
- Guidance for biomass issues in the EU ETS
- Guidance for uncertainty assessment
- Guidance for sampling and analysis
- Guidance for data flow activities and control system
- Guidance for Continuous Emissions Monitoring Systems (CEMS)

Templates:

- Monitoring plan for the emissions of stationary installations
- Annual emissions report of stationary source installations
- Improvement report for stationary installations

Tools:

- Unreasonable costs determination tool
- Tool for operator risk assessment

- Monitoring plans
 - lot of changes (Significant modifications)
 - continuous improvement
- Annual emission reports (deadline: 1 March !)

To ensure good monitoring and reporting:

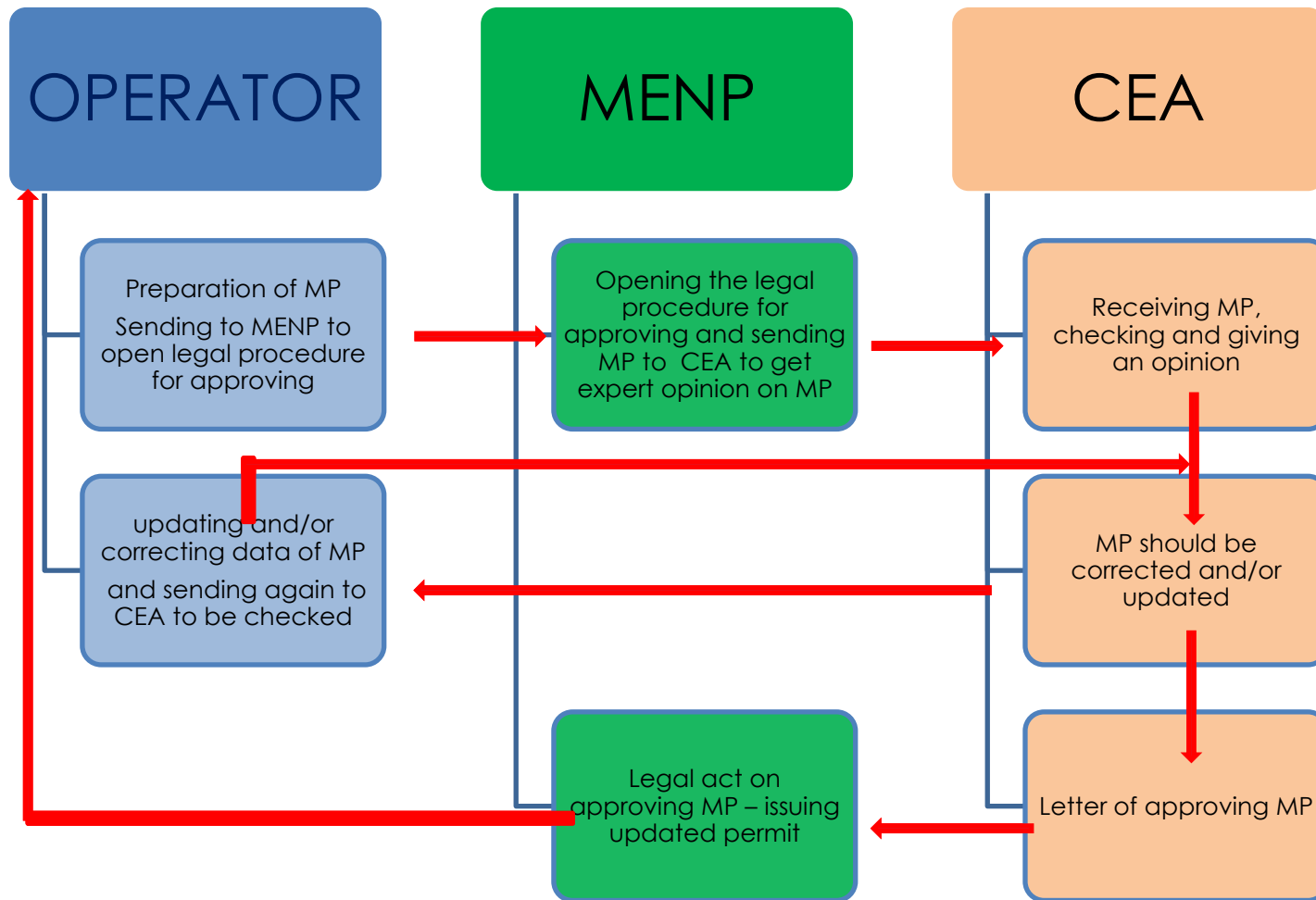
Good knowledge and continuous learning experts in Ministry and Agency

- Knowledge exchange with other MS
- Task force working groups, Compliance Forums, technical working groups

Providing support to operators:

- Information's by E-mail: ets-postrojenja@mzoip.hr , by phone, by web www.mzoip.hr
- meetings, workshops, individually consultations
- Taiex
- FAQ – web MENP and CEA

APPROVING MP



FREE ALLOCATION

Decision **2011/278/EU**
determining transitional Union-
wide rules for harmonized free
allocation of emission
allowances



Guidances:

- General guidance to the allocation methodology
- Guidance on allocation methodologies
- Data collection guidance
- Verification of NIMs Baseline Data Reports and Methodology Reports
- Verification of NIMs Baseline Data
- Guidance on carbon leakage
- Cross-boundary heat flows
- Waste gases and process emissions sub-installation
- Sector-specific guidance

Templates:

- Data collection template
- Methodology report

	Phase 3: 2013 - 2020
Free allocation:	Industry
Based on:	Historical data & benchmark (installation divided on subinstallations)
Allocations:	80% u 2013 → 30% u 2020 100% sectors with carbon leakage status 0% electricity

FREE ALLOCATION

$$\begin{aligned} &\text{Allocation} \\ &= \\ &\text{Benchmark} \\ &\times \\ &\text{Historical activity level} \\ &\times \\ &\text{Carbon leakage exposure factor} \\ &\times \\ &\text{linear factor} \end{aligned}$$

$$\text{Final allocation} = F_{\text{instal,prel.}}(k) \times \text{CSF}(k)$$

$F_{\text{instal,prel.}}(k)$: Preliminary allocation considering CL-status in year k
CSF(k): Cross-sectoral correction factor in year k (if applicable)

Allocation is based on four methodologies which should be applied in hierarchical order:

1. Product benchmarking (allowances/unit of production)
2. Heat benchmarking (62.3 allowances/TJ heat consumption or export)
3. Fuel benchmarking (56.1 allowances/TJ fuel consumption)
4. Process emissions approach(0.97 allowances/tCO₂ process emissions)



FREE ALLOCATION

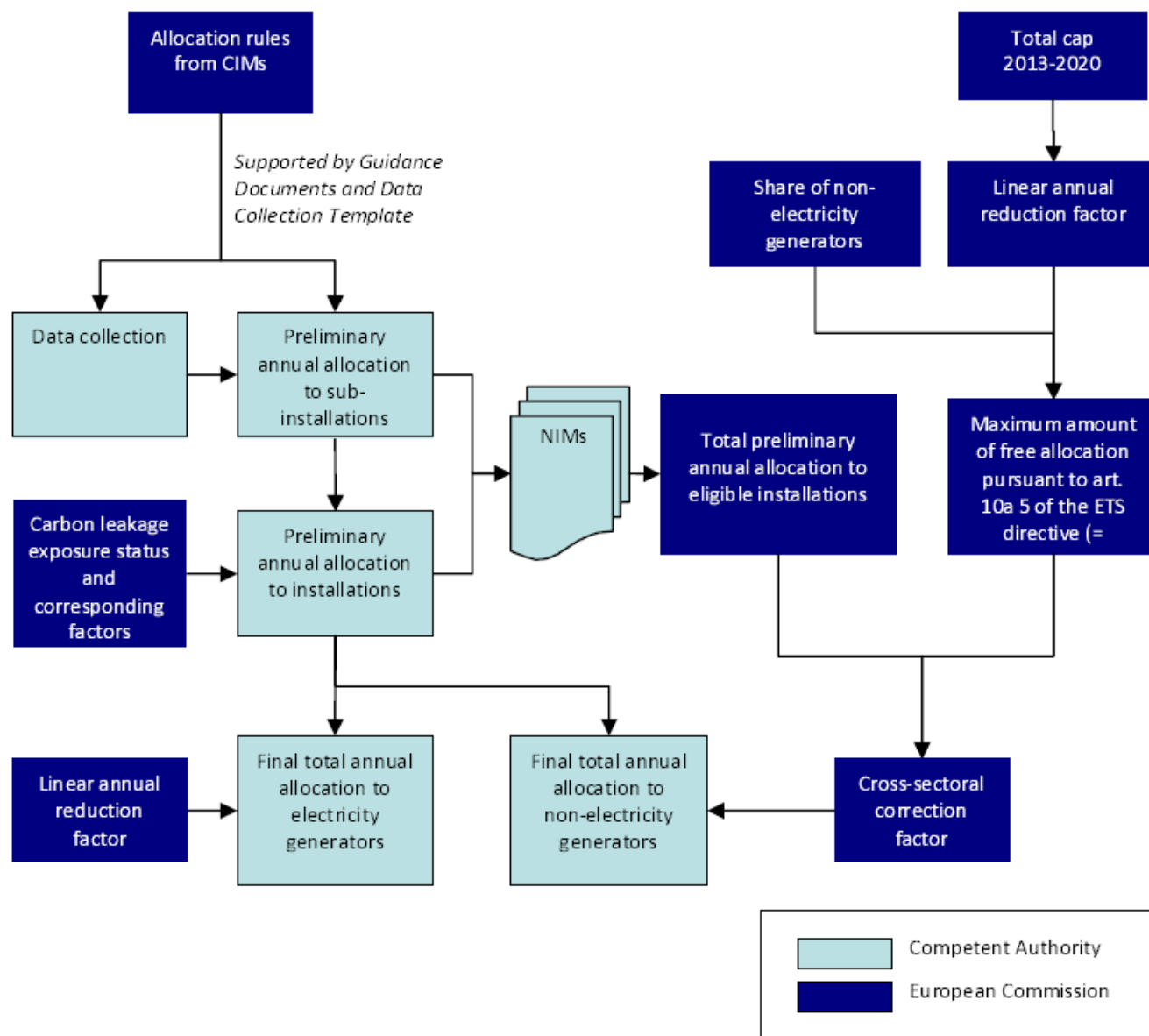


Figure 1: Process diagram of determination of final free allocation to installation

Our experience:

- Large number of rules, guidelines
- Only 4 experts (2 Ministry, 2 Agency)
- Operators and verifiers need to educate
- Complicated procedure

ACCREDITATION AND VERIFICATION

Commission Regulation **600/2012** on the verification of greenhouse gas emission reports and tonne-kilometre reports and the accreditation of verifiers

Before 2013: 18 verifiers, no accreditation, Ministry approvals for verifiers

During 2013: - evaluation of Croatian Accreditation Agency for Accreditation of GHG verifiers (HRN EN ISO 14065) by EA (European co-operation for accreditation)

- Accreditation of 3 GHG verifiers

After 2013: - 3 (2 from 2015) accredited HR verifiers (better knowledge, continuous improvement in Verification reports, workshops, meeting)

- working group GHG (Croatian Accreditation Agency, verifiers, Ministry, Croatian agency for the environment and nature)

- Information exchange:

Notification template - from the verifier to the National Accreditation Body/National Certification Authority (by 15 November each year)

Work programme (Article 70(1) AVR) from the National Accreditation Body/National Certification Authority to the Competent Authority (by 31 December each year)

Management report (Article 70(3) AVR) from the National Accreditation Body/National Certification Authority to the Competent Authority (by 1 June each year)

Information exchange (Article 72 AVR) from the Competent Authority to the National Accreditation Body/National Certification Authority (recommended by 30 September each year)

Start on time with accreditation – consume lot of time!!

INSPECTION AND ENFORCEMENT

EU ETS inspection

- Inspection for all environmental issues
- Started in 2013, following the Phase II
- The review of operator's procedures is not covered (it's left to verifiers)
- Inspector checks: - Compliance with the permit
 - Data from PRTR
 - Verification of AER
 - Reporting
 - Union Registry account
- 75 inspectors, just 17 were involved in inspection of ETS operators
- preparation of inspection – previous data collection (permits, PRTR, results of previous inspections, historical data,...)
- site visits – mandatory
- on site visit – so far no serious infringements regarding ETS

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INSPECTION AND ENFORCEMENT

Penalties for infringements pursuant of Regulation (EU) No 601/2012, Regulation (EU) No 600/2012 and national law

Type of infringement and Fines in euros:13.350 € - 40.000 €

- Failure to hold a monitoring plan approved by the competent authority
- Failure to monitor in accordance with the approved monitoring plan and Regulation (EU) No 601/2012
- Failure to notify changes to the monitoring plan and to update the monitoring plan
- Failure to submit a verified emissions report in due time
- The verified emissions report is found not to be in line with Regulation (EU) No 601/2012
- Failure to notify planned or effective changes to capacity, activity levels and operation of an installation by 31 December of the reporting period in accordance with Article 24 of Decision 2011/278/EU

For each of these infringements shall be fined the responsible person in the legal entity in the amount 3.350 € – 6. 670 €

CHALLENGES

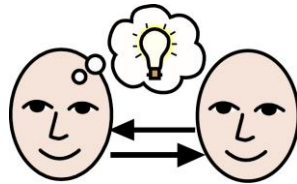
- 1. Lack of human resources**
- 2. Lack of intersectoral cooperation**
- 3. Lack of awareness on importance of climate change issues, public, entrepreneurship owners, public institutions**
- 4. Economy crises**
- 5. Lack of our knowledge**
- 6. Lack of operators' knowledge**
- 7. Parallel activities**
- 8. Lack of energy and technology experts in public institutions**
- 9. Long period is needed that employee became expert**

LESSONS LEARNT

- 1. Start as soon as possible with activities**
- 2. Determine, provide and accept technical and financial support**
- 3. Importance of team work and positive attitude**
- 4. Accurate determination of the goals and means of implementation, including technical and IT support**
- 5. Establishment of the horizontal and vertical, flexible procedures in competent authorities**
- 6. Constant involvement in EC policy developments**
- 7. Importance of the participation at the relevant meetings and workshops organized by the EC**

HOW TO MAKE THINKS EASY

1. Your questions/doubts on ETS issues always exist
2. Knowledge in ETS is like a puzzle
3. Participation on the expert meetings isn't wasting your time and money
4. Patience in communication with operators is crucial
5. Very few people understand what are you saying



Thank you for your attention!



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- **Ministry of Environmental and Nature Protection, Zagreb**