

EU ETS: legislative framework and shared responsibilities



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Overview

- Key elements of emission trading:
 - Summary important CA-obligations
 - Concrete tasks for CA for each topic
- Key decisions and main challenges
- Experiences from Belgium



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Key elements of emission trading: summary important CA obligations

- Obligations for a CA in EU ETS
 - Identify ETS-installations
 - Implementation + follow-up of:
 - MRR
 - AVR
 - Allocation
 - Registry
 - Auctioning
 - Art 21 reporting
 - Inspections
 - Sanctions, ...




Key elements of emission trading: concrete tasks for CA for each topic

- Identify ETS-installations
 - Assure detection of all ETS-installations
- MRR
 - Approve monitoring plans (MP) + modifications of MP
 - Deliver GHG permits
 - Approve improvement reports
- AVR
 - Approve annual emission reports (AEM Reports)
 - Organize an accreditation system for ETS-verifiers





Key elements of emission trading: important tasks for CA for each topic

Allocation

-  Review and approve requests for free allocation (new installations, extensions) + modification of these free allocations in some cases (New entrants and closures + changes carbon leakage list)

Registry

-  Manage registry-accounts for ETS-installations (open new accounts, manage existing accounts, etc)
-  Manage free allowances on registry accounts (transfer of yearly allowances, suspend allocation, close accounts, check restitution of allowances, allow transactions between accounts, etc)




Key elements of emission trading: important tasks for CA for each topic


Auctioning

-  Receive revenues from auctioning

Art 21 reporting

-  Elaborate report with yearly member state data to COM

Inspections

-  Organise inspections







Sanctions

-  Implement sanctions in case of non-respect of ETS-requirements



Key elements of emission trading: important tasks for CA for each topic

Other additional CA-tasks (recommended, but not mandatory)

-  Participate to compliance reviews, TWG's, CCC, etc.
-  Follow-up evolutions in ETS-legislation (phase IV)
-  Circulate information to stakeholders (operators, verifiers, etc)
-  Develop IT-tools
-  Organise internal training for CA
-  Etc



Key decisions and main challenges to set up a legal framework for ETS

FIRST STEPS

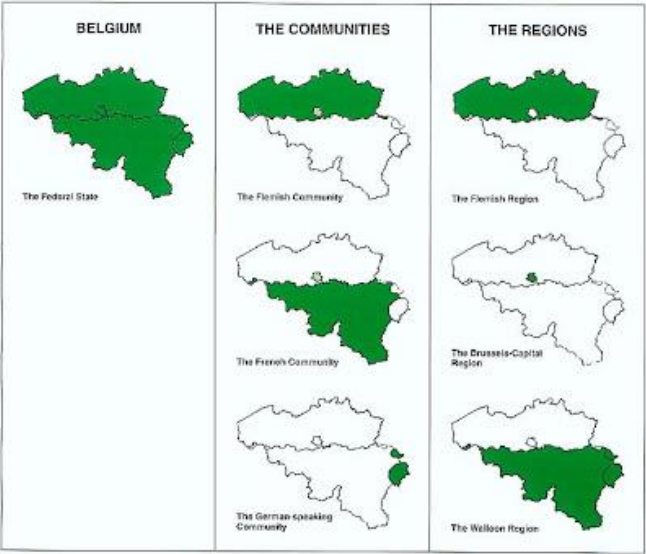
-  Define competent authorities for each topic + if shared: clarify roles + tasks
-  Transpose primary legislation
-  Develop additional legislation (allocation, MRAV, registry, etc)
-  Identify installations included in scope EU ETS



Experiences from Belgium

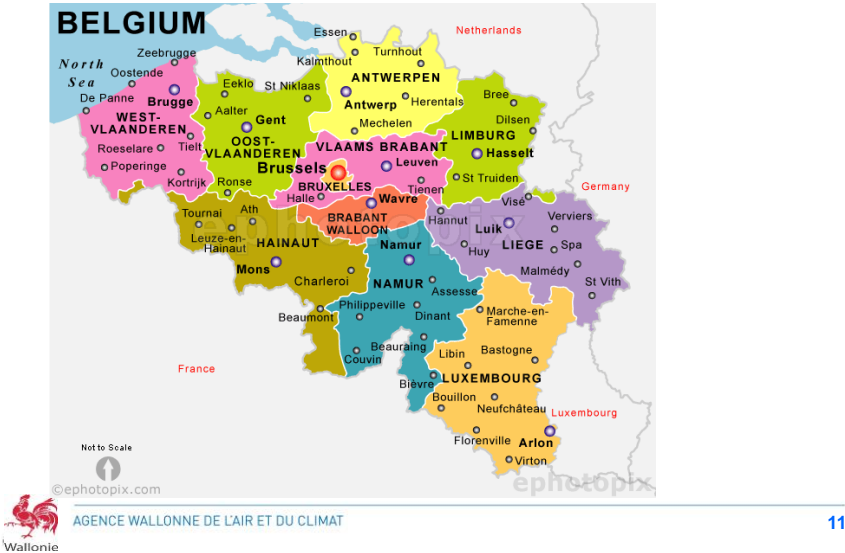


Experiences from Belgium



Experiences from Belgium

10 provinces, 589 municipalities



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Experiences from Belgium

Competences

Federal state	Regions	Communities
Finance National defense Justice Social security Foreign affairs Public health Home affairs ↑ Public interest	Environment Spatial planning Housing Mobility Infrastructure Economy Employment Agriculture Water policy Public works Energy Transport Foreign trade ... ↑ Territory	Culture Education Welfare Health Sport Language ↑ Persons

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Competent authority for climate change?

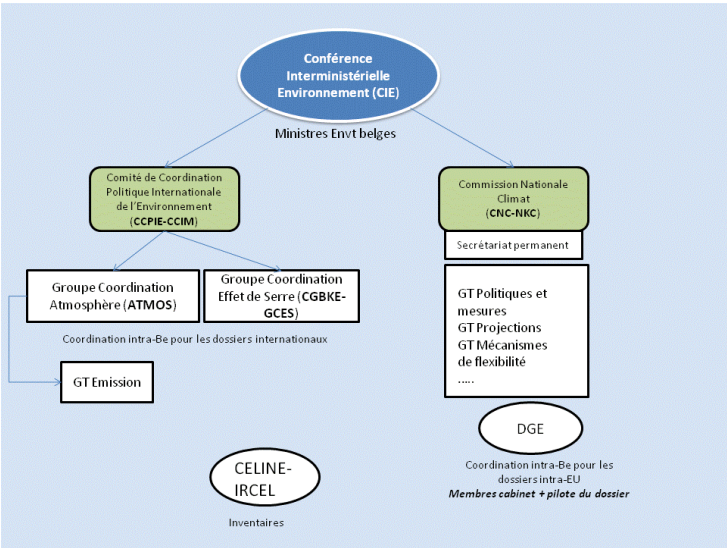
☐ Climate change exceeds limits of 'environmental issues' and is integrated in different policies (transport, energy, public health, housing, environment, taxation, etc)

⇒ Shared responsibility between federal level and regions!

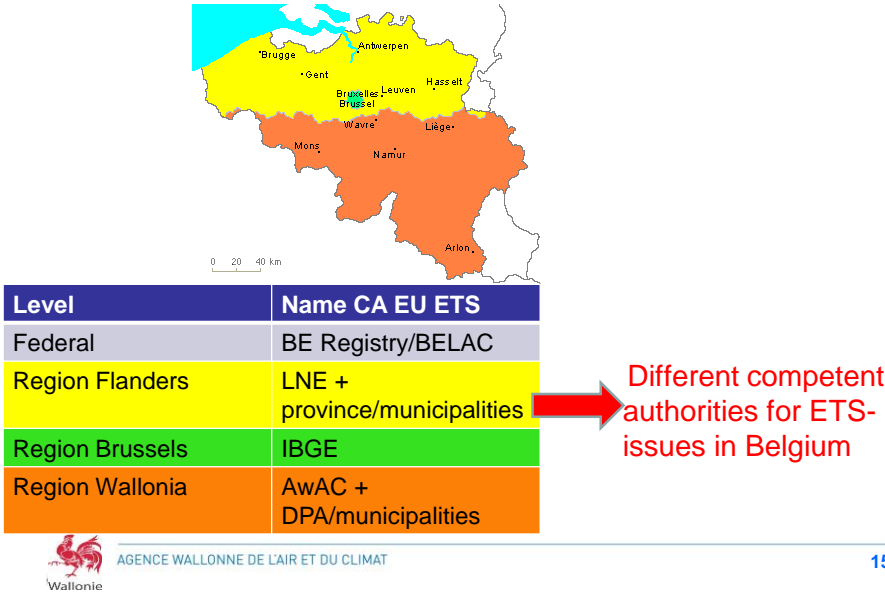
⇒ Coordination between parties, but also different 'climate plans'



Coordination climate change in Belgium: decision-makers



Experiences from Belgium



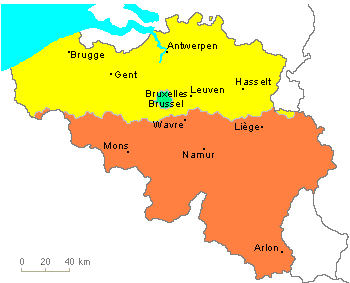
Experiences from Belgium

Active industry sectors in Belgium under EU ETS-scope (phase III):

- Production of pig iron and steel, cement, lime, glass, ceramic products, pulp and paper, nitric acid, ammonia, chemicals, carbon black, coke, hydrogen (H₂) and synthesis gas, refining of mineral oil, drying or calcination of gypsum or production of plaster boards and other gypsum products, metal ore roasting or sintering (including pelletisation), production or processing of ferrous metals and non-ferrous metals
- Combustion of fuels (> 20 MWth)

Emitted Greenhouse gases: CO₂, N₂O

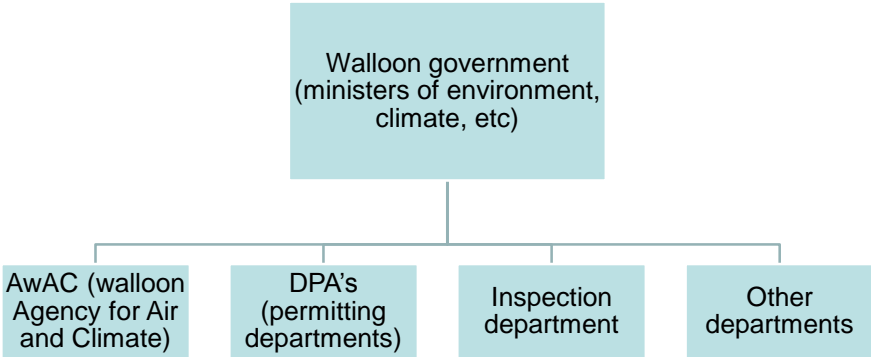
Experiences from Belgium



Region	Number of ETS-installations
Flanders	217
Brussels	3
Wallonia	104



Experiences from Belgium



1. Identifying ETS-installations

Competent authorities?

Regional competence => in Wallonia:

- Municipalities (deliver permits, including GHG authorisation)
- DPA (delivering advice on environmental permit requests to municipalities)
- AwAC (input to DPA on ETS-aspect)

Consequences

- Risk for different interpretations on scope ETS
- Different specific requirements, related to environmental permit procedures (different procedures, different data required, different evaluation process, etc.)



1. Identifying ETS-installations

! Important !

- Foresee help from AwAC for DPA's to help them detect correctly ETS-installations (ex: threshold 20 MWth)
- Exchange of information between DPA and AwAC
- Clear procedures/guidances for operators



2. MRR (monitoring reporting regulation)

Competent authority?

Regional competence (linked to permitting)

Consequences

- Risk for different interpretations of MRR
- Different specific regional requirements (different calculation factors, IT-tools, deadlines for submission, validation of monitoring plans and modification of these monitoring plans, etc)

! Important !

- Clear procedures/guidances for operators
- Exchange information between regions in technical workgroup ETS of national climate commission



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3. AVR (accreditation and verification regulation)

Competent authorities?

Shared competence :

- **Federal level:** national accreditation body for accreditation of Belgian verifiers + mutual agreement with other NAB's for accepting verifiers from abroad
- **Regional level:** assessment of verified annual emission reports

Consequences

- Risk for different interpretations of AVR
- Different specific regional requirements (different templates for verifier reports, IT-tools, deadlines for submission and validation of verified AEM reports)



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3. AVR (accreditation and verification regulation)

! Important !

- Clear procedures/guidances for operators and verifiers
- Exchange information between regions in technical workgroup ETS of national climate commission (CNC)
- Exchange information between regions and different NAB's



4. Allocation

Competent authorities?

Shared competence :

- **Federal level:** management allocation of allowances (transactions) on registry accounts
- **Regional level:** assessment of allocation requests (NIM's + NEC) + input to national registry for allocation matters (suspension/...)

Consequences

- Risk for different interpretations of allocation rules in 3 regions
- Different specific regional requirements (different IT-tools, validation process of allocation requests)



4. Allocation

! Important !

- Clear procedures/guidances for operators and verifiers
- Exchange information between regions and national registry
- Exchange information between regions and different NAB's
- Exchange information between regions in technical workgroup ETS of national climate commission (CNC)



5. Registry

Competent authorities?

Shared competence :

- **Federal level:** management of national registry (Belgian EU ETS registry) (open, close accounts, allocation of free allowances, check restitution of allowances, cancellation of allowances, helpdesk, development of extra software)
- **Regional level:** deliver required input to the national registry (required for suspension, allocation of allowances, opening and closure of accounts, etc)



5. Registry

! Important !

- Cooperation agreement between federal level and 3 regions, defining roles and tasks
- Internal procedures, validated by regions regarding requirements (required data, format, deadlines) for exchange information between regions and national registry
- Clear procedures/guidances for operators
- Exchange information in WG registry of national climate commission (CNC)



6. Auctioning

Competent authority?

Federal competence (linked to national registry)

! Important !

Cooperation agreement between different parties to define distribution key for distribution revenues auctioning between different levels



7. Art. 21 reporting

Competent authority?

National competence, executed by the regional level + federal level:
Each region + registry + NAB delivers regional data + 1 region (Wallonia) elaborates 1 global report with consolidated data for BE

! Important !

- Written procedure between different parties to define role and tasks and required input of the 3 regions for the art 21 reporting (required data, format deadlines), validated by the 3 regions



8. Inspections

Competent authority?

Regional competence

Consequences

Different inspection strategy (priority, type of installations inspected, frequency of inspection, etc) in the 3 regions



9. Sanctions

Competent authority?

Regional competence

Consequences

Different sanctions in the 3 regions



10. Other ETS-tasks for CA:

- Tranpose primary legislation + develop additional (regional) legislation (walloon decree ETS)
- Participate to the elaboration of the cooperation agreements (register, burden sharing phase II, etc)
- Participate to compliance reviews, TWG's (benchmarks, MRR, AVR, etc), CCC, etc.
- Follow-up ETS-legislation (phase III, phase IV) + international negotiations
- Organise workshops for stakeholders (operators, verifiers, etc)
- Develop IT-tools for ETS-reporting
- Organise internal training for CA

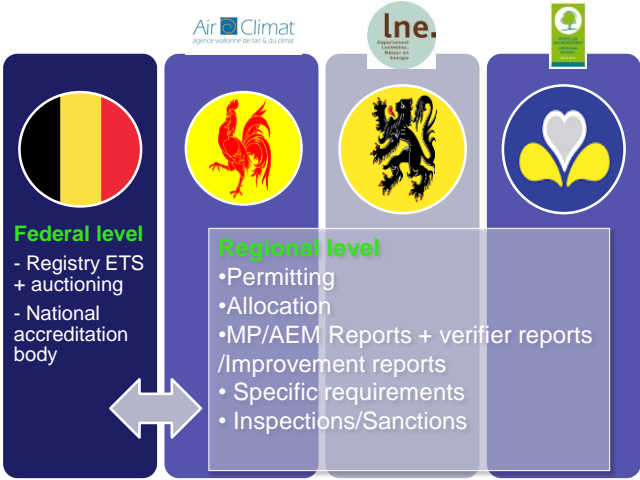
Competent authority?

Regional competence



Experiences from Belgium

Summary ETS-organisation in Belgium



Thank you for your attention!



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