



European Union Emissions Trading System (EU ETS)

How to Comply with your Greenhouse Gas Emissions Permit

Change log

Version Number	Date	Summary of changes
1	November 2010	Original
1.1	November 2010	Removed ' <i>or mobile plant</i> ' from below sentence in Section 2.3 in Appendix 3: Definition of an Operator. <i>'A regulator may not transfer a permit if it considers that the proposed transferee will not have control over the operation of the installation or mobile plant covered by the transfer.'</i>

Foreword

This guidance applies to new Phase II applications (excluding aviation activities) and existing Phase II permit holders.

It is intended to give you an overview of the European Union Emissions Trading System (EU ETS) and of your obligations under the [Greenhouse Gas Emissions Trading Scheme Regulations 2005 \(Statutory Instrument number 925/2005\)](#) (“the Regulations”).

This guidance will help you establish whether you need a permit under the Regulations, how to apply for it and, once issued with a permit (or if you already hold a permit), how to comply with the conditions in your permit.

If the Regulations apply to you, it is a legal requirement to hold a permit and to comply with the conditions of your permit. The Regulations set out the applicable offences, some of which attract criminal [sanctions](#) and others civil penalties.

[Civil penalties](#) (currently €100 per tonne CO₂) apply in the event of failure to surrender sufficient allowances to cover annual reportable emissions and **the regulators have no discretion in applying civil penalties**. The cost of non-compliance can be significant and more information on civil penalties can be found on the respective [regulator websites](#).

To address the various requirements of the Regulations, this guidance consists of four sections addressing the following questions:

1. Do I need a permit?
2. How do I get a permit?
3. I have a permit, what do I need to do?
4. Things have changed, what do I do?

Each of the above sections briefly identify the actions required and relevant timescales, which forms need to be submitted and where you can find relevant guidance and help. Links to the relevant forms, guidance and help are embedded throughout this document, and for those using a hard copy of this document, a full list of forms, documents and websites is contained in [Appendix 1](#).

Most of our guidance and links are included in the respective application forms themselves; however, more information is available in the Appendices to this document. Additionally, if you have any more questions or the links in this document do not work, please contact our [helpdesk](#).

There are four regulators in the UK, determined according to the location of your installation. The table below identifies the appropriate regulator.

Installation Location	EU ETS regulator
England and Wales	The Environment Agency (EA)
Scotland	The Scottish Environment Protection Agency (SEPA)
Northern Ireland	Northern Ireland Environment Agency (NIEA)
UK Off-shore	DECC Oil and Gas

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1 Do I need a permit?

This section gives an overview of the EU Emissions Trading System (EU ETS) and helps you to decide whether or not the Regulations apply to you.

1.1 What is the EU Emissions Trading System?

The EU ETS is one of the policies introduced across the European Union (EU) to help it meet its greenhouse gas emissions reduction target under the Kyoto Protocol. The EU has to make an eight per cent reduction on 1990 levels by the end of the first Kyoto Protocol commitment period (2008 - 2012).

The EU ETS commenced in 2005 and is the largest multi-country, multi-sector Greenhouse Gas Emission Trading System in the world. It includes about 11,000 installations (excluding aviation) accounting for about 45 per cent of EU CO₂ emissions.

The Regulations require that any person carrying out a listed activity releasing carbon dioxide, after 1 January 2005, must have a permit. The listed activities (subject to eligibility criteria) are primarily those using large amounts of energy, or generating large amounts of CO₂, i.e. combustion plant greater than 20MW (in aggregate), oil refineries, production and processing of ferrous metals, production of cement, lime, glass, ceramics and paper.

The EU ETS has three distinct operational phases:

- Phase I ran from 1 January 2005 to 31 December 2007 and was a 'learning by doing phase';
- Phase II runs from 1 January 2008 to 31 December 2012 and includes revised monitoring and reporting rules, more stringent emissions caps and additional combustion sources; and,
- Phase III, which will run from 1 January 2013 to 31 December 2020, brings major changes including harmonised allocation methodologies and additional greenhouse gases and emission sources.

Note: This guidance covers Phase II (2008 – 2012) only and excludes aviation activities.

1.2 Do the Regulations apply to me?

The Regulations apply to you if you carry out any of the following activities:

- Energy activities: combustion installations with a rated thermal input above 20MW in aggregate; mineral oil refineries; coke ovens.
- Production and processing of ferrous metals: metal ore roasting and sintering installations; production of pig iron or steel.
- Mineral industries: production of cement clinker; production of lime; manufacture of glass and glass fibre; manufacture of ceramic products.
- Other activities: production of pulp, paper and board.

A detailed list of activities can be found in Schedule 1 of the Regulations and is reproduced in [Appendix 2](#) of this document. The activities covered by the Regulations are known as “Schedule 1 activities”.

Note: Detailed guidance on the specific activities which are included, including the de-minimis rule, is provided in the Government’s [Guidance Note 1](#), which can be found on the Department of Energy and Climate Change (DECC) website.

It is a criminal offence for a person to carry out a Schedule 1 activity resulting in emissions of CO₂ without a permit.

1.3 What do I do next?

If after reading this section, [Appendix 2](#) and [Guidance Note 1](#) you discover that the Regulations apply to you, please continue to Section 2 of this document. You must apply for a permit **before** your Schedule 1 activities commence.

If there is any doubt as to whether or not the Regulations apply to you, please contact our [helpdesk](#).

2 How do I get a permit?

If you need a permit, you need to apply for it by going through the following steps and paying the associated fees (see further information below):

1. Submit an application for a permit ([ETS 1](#))
2. Submit a monitoring plan template ([ETS2.2](#))
3. Submit an application for the allocation of allowances from the Phase II New Entrant Reserve (if applicable) ([ETS3.2](#))
4. [Open a Registry account](#).

Our forms have been designed in Excel to allow them to be filled in electronically. Once completed, we would prefer you to email them to us (please send hardcopies for applications to SEPA) so that we can determine your application more efficiently. Note that the forms (spreadsheets) should be saved as an Excel 2003 or earlier version. More detailed information regarding the steps above and application process can be found below.

Note: We are developing an on-line facility (ETSWAP) for permit applications, variations and submission of reports. This system will be available for use during 2011 and more information will be posted on the regulators' respective websites in due course. This document will be updated with regards to ETSWAP once it is made available.

The "operator" of an installation carrying out a Schedule 1 activity must apply for a permit and the application must be made before the Schedule 1 activities commence. Guidance on the meaning of "operator" can be found in [Appendix 3](#) of this document.

An application charge is payable by operators at the time of applying for a new permit. There are also on-going, subsistence charges to cover regulator costs. Your regulator will inform you of the associated fees during the application process and more information regarding our fees can be found under '[charges](#)' in Appendix 2.

The statutory determination period of a permit application is two months from full receipt of the application (permit application form, a description of the monitoring and reporting measures **and the fee**). An extension to this determination period can only be by agreement in writing with the applicant. This assumes that no further information is required in determining the permit application.

Detailed guidance for off-shore installations, with regards to what is discussed in this section, can be found here:

- [Guidance notes \(Off-shore\)](#)

Remember to carefully read the forms described below and associated guidance to ensure that you provide all the necessary information.

2.1 Submit an application for a permit ([ETS 1](#))

Form ETS1 should be completed by operators of Schedule 1 activities which emit, or plan to emit specified greenhouse gases (currently CO₂ only) as of 1 January 2005.

This form must be accompanied by form ETS 2.2 (a monitoring and reporting plan).

2.2 Submit a monitoring plan template ([ETS2.2](#))

The monitoring and reporting plan template must also be completed and submitted together with form ETS1 by all applicants as part of the permit application.

Once approved, the monitoring plan will form part of a greenhouse gas emissions permit issued under the Regulations. A completed template will satisfy the requirement to describe the measures planned to monitor and report specified emissions, in accordance with [Commission Decision 2007/589/EC, establishing guidelines for the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/7/EC of the European Parliament and of the Council](#) as amended from time to time (“the Monitoring and Reporting Decision”).

More detailed information and guidance with regards to completing the ETS2.2 can be found in the following:

- [Exemplar Monitoring Plan 1](#)
- [Exemplar Monitoring Plan 2 \(gas power\)](#)
- [Exemplar Monitoring Plan 3 \(coal power station\)](#)
- [Guide to the Revised Guidelines for Monitoring and Reporting \(MRG 2007\)](#)
- [Guidance on uncertainty assessment MRG2](#)
- [Monitoring and Reporting Guidance \(Off-shore\)](#)
- [Metering Guidance \(Phase II\) for Offshore Oil & Gas Production Facilities](#)

2.3 Submit an application for the allocation of allowances from the Phase II New Entrant Reserve (if applicable) ([ETS3.2](#))

Form ETS 3.2 may also be completed if the applicant is an eligible new entrant and wishes to claim allowances from the New Entrant Reserve (NER).

The Government has set aside a number of allowances from the total Phase II allocation into a NER to be made available to eligible new entrants into the EU ETS. The allowances are free but there is a charge for processing the application, which is outlined in the application form.

More information on the provisions relating to the Phase II NER, including eligibility requirements, can be found in the following:

- [EU Emissions Trading Scheme: approved UK Phase II National Allocation Plan. Appendix D: new entrants and closures](#)
- [EU ETS Phase II New Entrant Application Form – Verification Opinion Statement](#)
- [EU Emissions Trading Scheme: New Entrant Reserve guidance - Phase II. Guidance on the treatment of applications from power producers and operators of Good Quality Combined Heat & Power \(GQCHP\) plants](#)

Applicants should note that the NER is of limited size and applications for the whole of the United Kingdom will be placed in a provisional queue in the order that they are received by the Environment Agency.

If you are not eligible or are unsuccessful in your application for allowances from the NER, the only other available options for securing allowances are by purchasing them on the carbon market or through an auction. More information on auctioning can be found here:

- [Auctioning](#)

2.4 Open a [Registry](#) account

To participate in the EU ETS you must have an EU ETS Registry account.

The EU ETS Registry is an online database that operates in much the same way as an internet bank account and records:

- Carbon dioxide allowance allocations for installations
- Annual verified emissions
- Transaction history of allowance transfers
- Surrenders of allowances

You must open your own account online if you started operating in January 2005 or later and have obtained or applied for a permit. To open an EU ETS Registry account you must:

- apply online at the [Registry website](#)
- nominate your Registry Authorised Representatives
- submit the required evidence of identity to the registry administrator
- have a valid email address to apply for and access your account
- make a note of the username we give to you in the last section of your application

Additional links to information about the Registry can be found in the [registry](#) section of Appendix 1 including a guide to [using Kyoto units in the European Union Emissions Trading Scheme](#).

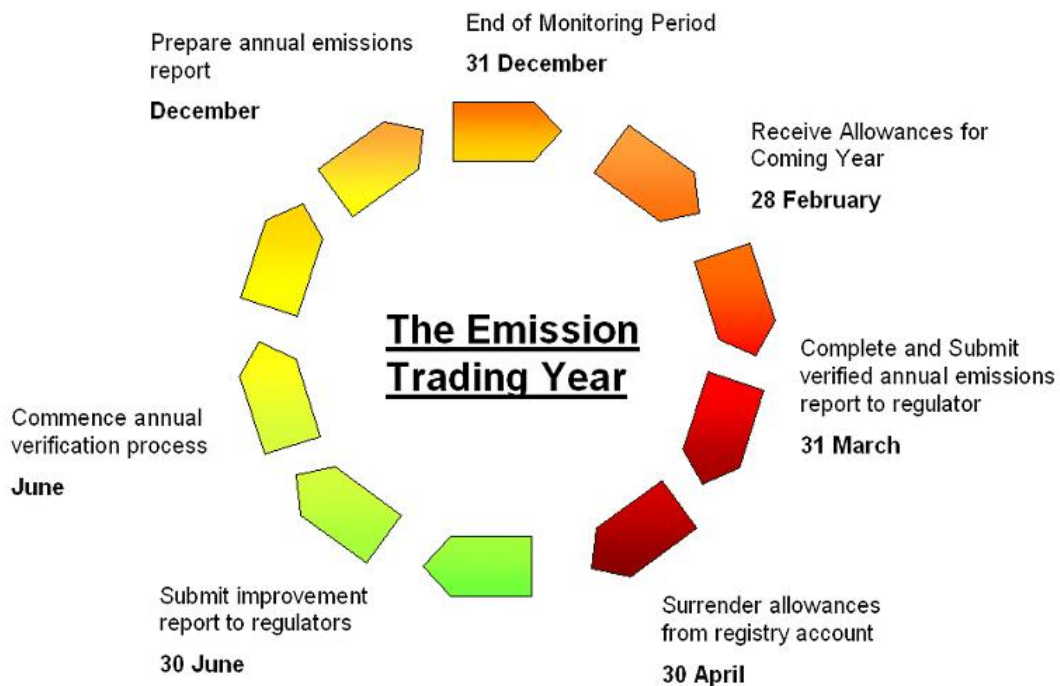
Once a permit has been issued to you, there are set activities and timescales with which you need to comply during each reporting period. This is discussed in more detail in Section 3.

Please remember that the regulator has no discretion with regards to civil penalties and the associated costs for non-compliance could be significant.

3 I have a permit, what do I need to do?

Once your permit has been issued, there are a number of requirements with which you must comply. The first step is to ensure you read the permit, including the introductory notes, to familiarise yourself with the requirements. This section provides some further detail on the routine annual reporting requirements of the permit.

The diagram below gives an overview of a typical monitoring period and associated tasks and deadlines for the various submissions with a more detailed description of what needs to be done below.



Failure to comply with a condition in your permit (other than the failure to surrender sufficient allowances) is a criminal offence.

A penalty of €100 per tonne of CO₂ will apply for failure to surrender sufficient allowances by 30 April each year to cover emissions during the previous year. Allowances will also need to be surrendered to make good any deficiency.

Guidance in relation to [civil penalties](#) can be found in [Appendix 2](#).

Detailed guidance for off-shore installations, with regards to what is discussed in this section, can be found here:

- [Guidance notes \(Off-shore\)](#)

To ensure compliance, the following deadlines and tasks must be adhered to:

3.1 1 January: Start monitoring

This is the date from which you should start monitoring your emissions for the current reporting year in accordance with the monitoring plan of your permit and the Monitoring and Reporting Guidelines.

3.2 28 February: Receive allowances

By this date you should receive the allowances allocated to your installation for the current reporting year. Your allowances will be issued to your Registry account by the registry administrator.

3.3 31 March: Submit your verified emissions report ([ETS7](#)) and enter your emissions into the Registry

This is the deadline by which you must submit your verified annual emissions report for the previous reporting year to your regulator. You must complete and submit an ETS7 form, including a verifier opinion statement (VOS).

A sufficiently completed ETS7 form and VOS will satisfy the requirement to report annual reportable emissions in accordance with and in the format required by the Monitoring and Reporting Decision.

Detailed guidance on completing the ETS7 can be found in the following:

- [Guidance to operators for completion of form ETS 7](#)
- [Annual Emissions Guidance \(Off-shore\)](#)
- [Guidance to operators for the conversion of natural gas data to standard conditions](#)

Annual verification involves an independent assessment, carried out by an accredited verifier, of the monitoring methods, information, data and calculations used to compile annual emissions reports prepared by operators of installations within the EU ETS. Verification plays a crucial role in maintaining the integrity of the trading system and ensuring a level playing field for all EU ETS installations throughout the EU.

It is your responsibility to [find a verifier](#) that is accredited for the Schedule 1 activity being reported and provide them with all the information that they require. It is good practice to appoint a verifier at least nine months before the ETS7 form and VOS need to be submitted (see 3.6 below).

The verification process should ensure that the information and data in annual emissions reports are free from material omissions, misrepresentations and errors and are reliable. Essentially, the verification involves checks to ensure that the emissions data in annual emissions reports are an accurate representation of CO₂ emissions monitored and reported in accordance with the monitoring plans approved for the installations and the Monitoring and Reporting Decision.

More information on verification and a list of accredited verifiers can be found here:

- [Monitoring, Reporting and Verification \(DECC website\)](#)
- [Guidance on annual verification for the EU Emissions Trading Scheme](#)
- [Annual Emissions Reporting Verification Q&A \(Off-shore\)](#)

You must also enter your emissions figure into the Registry so that the verifier can approve this in the account. Your verifier must log on to the Registry and confirm that the emissions entered by you are correct and the same as on the verified ETS7 and the VOS attached to the ETS7. To allow time for this it is advisable to enter the annual emissions on the Registry some days before the 31 March deadline.

3.4 30 April: Surrender allowances

By this date you must surrender allowances from your Registry account equal to your annual reportable emissions made in the previous reporting year. This is a critical requirement and is subject to a civil penalty if not complied with.

3.5 30 June: Submit your improvement reports ([ETS5](#) and/or [ETS6](#)) to your regulator

By this date, subject to the criteria below, you must submit your improvement reports to your regulator.

If you operate a [Category B](#) or [Category C](#) installation (see [Glossary](#)) and are not applying highest tiers to monitoring of all major sources, you must submit an ETS5 form. The report must justify the use of lower tier methodologies and set out your proposals for improvements aimed at achieving the use of highest tier methodologies as soon as reasonably practicable. If improvements are not proposed, you must provide justification to explain why it is either not technically feasible or would lead to unreasonably high costs to make the improvements. If highest tiers are already applied to monitoring of all major source streams and this is reflected in the monitoring plan attached to your permit, then you are not required to submit this report.

When completing ETS5 please also refer to:

- [Guide for completion of ETS5](#)
- [Guide for completion of ETS5 \(Off-shore\)](#)

Additionally, if any recommendations, non-conformities and misstatements have been identified by your verifier in their last annual verification report, then you must submit an ETS6 form by 30 June, setting out your proposed improvements to address the comments by your verifier. You should confirm where, when and how recommendations, misstatements and non-conformities have already been addressed or set out full details, including timescales of proposed action. If you do not propose to take any action in response to a verifier's recommendation, this must be justified. Misstatements and non-conformities will usually relate to specific non-compliances in the implementation of your approved monitoring plan or in your annual emissions report and should be addressed as soon as possible. This form, when fully completed, must be submitted to satisfy all these requirements.

When completing ETS6 (Off-shore only) please also refer to:

- [Guide for completion of ETS6 \(Off-shore\)](#)

3.6 June/July: Ask your verifier to commence the annual verification process

It would be beneficial for your verifier to start the verification process as soon as possible, rather than after the reporting year has ended, in order to check compliance and the first half to three quarters of the year's monitoring data. This will avoid verifiers and yourselves being overloaded during January/February each year, causing delays in completing the verification process by 31 March and potentially compromising your ability to surrender the necessary allowances by 30 April each year.

3.7 December: Start preparing your annual emissions report

You should start preparing your annual emissions report (ETS7) for the current reporting year, which must be submitted by 31 March in the following reporting year. This will give you sufficient time to complete the report early in the following January, have it verified by your verifier and rectify any errors identified prior to submission.

3.8 31 December: Complete monitoring

Complete monitoring for the current reporting year as specified in the monitoring plan of your permit.

4 Things have changed, what do I do?

Any deviations from the permit (including the approved monitoring plan) or changes in operation must be notified to the regulator in accordance with the conditions of the permit and might require a variation of your permit. Examples of some of the changes and what needs to be done are shown below.

Remember to read the forms and any associated guidance carefully and note that there are time limits associated with specific types of notification.

Detailed guidance for off-shore installations, with regards to what is discussed in this section, can be found here:

- [Guidance notes \(Off-shore\)](#)

4.1 Change in operation, temporary non-compliance and temporary closure ([ETS8](#))

Form ETS8 may be used for a number of purposes. It includes:

- notification to the regulator of any “change in operation” as required under regulation 12 of the Regulations;
- notification in relation to the requirements set out in a Notice of Determination of an application for an allocation of allowances from the New Entrant Reserve;
- notification of temporary non-compliance; and
- notification of temporary closures.

Change in Operation

Please note that you must notify the regulator **at least 14 days before** making any planned changes or as soon as possible for involuntary changes such as equipment failure.

Notifications, which will be classified as a “change in operation” may be:

- Administrative – Such as: a change to the descriptive information held in the application where it does not affect the permit - e.g. change of contact details held within the database such as names, addresses, e-mail addresses, phone numbers.
- Technical – Such as: temporary substitution of equipment for test purposes, temporary boilers, the bringing into operation of plant for which the operator has previously made an application for allocation from the NER.

If your proposed change in operation requires a change to your permit, you should apply for a variation using form ETS 9 (see below) instead of ETS8. You would still need to ensure your application is submitted before making the change in operation.

Temporary non-compliance

You must notify the regulator **within 7 days** if there is a temporary non-compliance with the conditions of your permit (including the monitoring plan) due to breakdown/replacement etc. It is considered good practice to have identified in advance (and agreed with the regulator) an alternate methodology for use in such situations (especially for major sources) so that variations to permits and monitoring can be effected quickly.

Temporary closure

An installation is considered to have closed when:

- the Schedule I activity at the installation has ceased operating; or
- the capacity of the Schedule I activity at the installation has dropped below the thresholds contained in Schedule I.

Such closures may be permanent (see ETS11 and ETS12 below) or may be considered to be temporary in which case you use form ETS8.

Temporary closures lasting 50 days or longer, as well as the proposed re-start date, must be notified to the regulator. Regulators will then use their discretion to distinguish between permanent closure and cases where a temporary period of closure has occurred during the normal course of business.

Further guidance is available in relation to temporary closures and should be read to fully understand the classification of temporary closures and notification requirements. The guidance is available here:

- [Guidance for operators on temporary closures and rationalisation](#)

4.2 Variations ([ETS9](#))

If any change is required to the permit then it is considered as a variation. This form is to be used for all applications, under regulation 14 of the Regulations, for a variation of the provisions of a permit.

Variations can be:

- **Administrative** – Such as: change of company name (but not change of legal entity), change of installation name, change of registered office address, amendment of grid reference etc.
- **Minor** – These are small amendments of the technical information which appears in the permit, such as: renaming a meter, change to the description of a meter location where there is no actual change to the position of the meter and no re-assessment of the monitoring plan, a change to the name of a release point/emission point description in Table 2 (but no actual change to the plant or other equipment).
- **Substantive** – Such as: the addition of sources/emission points, the removal of sources/emission points, moving a fuel meter to a different location, a

change in the types of fuels used on the installation/substitution of fuels, moving between tiers etc.

Further guidance on variation charges (Environment Agency only) is available here:

- [Definition of 'variation' - Charging Scheme Guidance \(Environment Agency only\)](#)

Applications for variations should be made as soon as required. You must not wait until the verification work commences.

4.3 Transfers ([ETS10](#))

This form is to be used for all applications, under regulation 15 of the Regulations, for transfer, in whole or in part, of a permit where there has been a change to the legal entity operating the installation. Any such application must be made jointly by the operator and the proposed transferee. This form comprises of two parts: Part A is to be completed by the operator and Part B is to be completed by the proposed transferee and then submitted to the regulator. Submission of this form by the operator and the proposed transferee together constitutes a joint application. Either the operator or the proposed transferee may submit the required fee.

4.4 Surrenders ([ETS11](#))

This form is to be used for all applications, under regulation 16(1) of the Regulations, for the surrender of a permit.

Operators that cease carrying out all Schedule 1 activities at an installation must apply to surrender their permit within one month of the cessation. This requirement does not apply if the closure is a temporary period of closure which has occurred during the normal course of business (see 4.1 above) or where the operator submits an application for rationalisation within one month of closure (see ETS12 below).

4.5 Retention of an allocation due to rationalisation ([ETS12](#))

This form is to be used for all applications, under regulation 24(1) of the Regulations, for retention of allowances relating to an installation that has ceased carrying out a Schedule 1 activity.

Rationalisation occurs where Schedule 1 activities at one EU ETS installation have ceased and moved to another EU ETS installation or installations (same sector and within the UK) where the permit holder remains the same. The rationalisation rules enable an operator to apply to continue to receive the allowances for the closed installation.

Additional information, including the eligibility criteria for rationalisation applications can be found here:

- [Section F1 of Appendix D to the UK National Allocation Plan](#)
- [Guidance for operators on temporary closures and rationalisation](#)

Rationalisation applications must be submitted **within 1 month** of the cessation of Schedule 1 activities and must **also be accompanied by a verification opinion**.

Note: The rationalisation provisions do not apply to the Electricity Generating Sector and therefore any applications for retention of allowances in this sector will be rejected. A verification opinion is required for all applications for retention of allowances; therefore, any applications for retention that do not include a verification opinion will not be accepted and are not considered complete until the opinion has been received by the regulator.

Glossary of terms and acronyms for EU ETS

The table below contains the basic definitions of common terms used in EU ETS.

General Terms	
AGI	Above Ground Installation
Allowance	An allowance to emit one tonne of carbon dioxide equivalent
CCGT	Combined Cycle Gas Turbine
CO ₂	Carbon Dioxide
tCO ₂	tonnes of CO ₂
ktCO ₂ pa	Kilotonnes of carbon dioxide per annum
CEF	Carbon Emission Factor
CCA	Climate Change Agreement
CDM	Clean Development Mechanism
Civil Penalty	Financial penalty relating to certain failures under the EU ETS
Contingency Fund	Reserve of allowances for late installations into Phase II (this fund was closed at the end of 2009)
DECC	Department of Energy and Climate Change
EMS	Environmental Management System
EA	Environment Agency
EU ETS	European Union Emissions Trading System
EVCi	Electronic Volume Conversion Instrument
EPRT	European Pollutants Release and Transfer Register
ESI	Electricity Supply Industry
GG	Greenhouse Gas
GHG	Greenhouse Gas
HFO	Heavy Fuel Oil
Installation	Stationary technical unit where one or more Schedule 1 activities are carried out plus any location on the same site where any other directly associated activities are carried out which have a technical connection with the Schedule 1 activities and which could have an effect on greenhouse gas emissions and pollution
IPCC	Intergovernmental Panel on Climate Change
IPPC	Integrated Pollution Prevention and Control
ISO	International Standards Organisation
LDZ	Local Distribution Zones (for natural gas supply)
MRG 2007	Monitoring and Reporting Decision
MRG2	Monitoring and Reporting Decision
Monitoring and Reporting Guidelines	Monitoring and Reporting Decision
Monitoring and Reporting Decision	Commission Decision 2007/589/EC establishing guidelines for the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council
M & R Plan	Monitoring and Reporting Plan - methodology for monitoring and reporting emissions of CO ₂
MWh	Mega Watt per hour
MWe	Mega Watt electrical
MWth	Mega Watt thermal
NAP	National Allocation Plan - method of allocation of free allowances (for specific country, e.g. UK NAP)
NER	New Entrant Reserve - reserve of free allowances set aside for new or extending installations
Operator	In relation to an installation, the person who has control over its operation
PAR	Primary Authorised Representative for the Registry account
Permit	Greenhouse Gas Emissions Permit (sets out conditions and monitoring and reporting requirements)
Phase I	First phase of the EU ETS, ran from 1 Jan 2005 to 31 Dec 2007
Phase II	Second phase of the EU ETS, running from 1 Jan 2008 to 31 Dec 2012
Phase III	Third phase of the EU ETS, will run from 1 Jan 2013 to 31 Dec 2020
Regulations	The Greenhouse Gas Emissions Trading Scheme Regulations 2005
SAR	Secondary Authorised Representative for Registry account

Schedule 1 activity	An activity falling within the description in Schedule 1 to the Regulations
TEC	Transmission Entry Capacity
TJ	Tera Joule
UNFCCC	United Nations Framework Convention on Climate Change
UKAS	United Kingdom Accreditation Service
Verifiers	Independent bodies accredited by UKAS to carry out EU ETS verification
Monitoring and Reporting Terms (simplified definitions)	
Activity data	Volume or mass of fuels/materials
Cat A Installation	Installations emitting less than 50,000 tonnes of carbon dioxide annually
Cat B Installation	Installations emitting 50,000 to <500,000 tonnes of carbon dioxide annually
Cat C Installation	Installations emitting more than 500,000 tonnes of carbon dioxide annually
EF	Emission Factor
NCV	Net Calorific Value
OF	Oxidation Factor
Standard conditions	means temperature of 273.15K and 101,323 pascal, defining Nm ³
Source stream (major)	major fuels or materials used on site (defined as not being minor source streams)
Source stream (minor)	group of source streams jointly emitting < 10% of total emissions (or <100,000 tonnes)
Source stream (de minimis)	group of minor source streams jointly emitting <1,000 tonnes, or < 2% of total emissions (up to max of 20,000 tonnes)
Tier	Specific element of a methodology for determining a monitoring parameter (e.g. activity data, NCV, etc.)

Appendix 1: Full list of quoted forms, guidance and web sites

The links below are listed in order of appearance in the document body.

Section	Topic	Link and additional guidance
Foreword	Regulations	http://www.decc.gov.uk/assets/decc/what%20we%20do/global%20climate%20change%20and%20energy/tackling%20climate%20change/emissions%20trading/eu_ets/legislation/1_20091023140706_e_@@_greenhousegassetsregs2005.pdf
	Sanctions	Policies
	EA	http://www.environment-agency.gov.uk/business/regulation/31851.aspx
	SEPA	http://www.sepa.org.uk/about_us/idoc.ashx?docid=48c35c8b-7a17-40da-80ed-f4637abbcf4c&version=-1
	NIEA	http://www.ni-environment.gov.uk/consultation_paper_draft_revised_enforcement_policy_mar_2009.pdf
	Off-shore	https://www.og.decc.gov.uk/environment/enforcement.htm
	Civil penalties	Policies
	EA	http://www.environment-agency.gov.uk/business/topics/pollution/103971.aspx
	SEPA	http://www.sepa.org.uk/climate_change/solutions/eu_emissions_trading_system/civil_penalties.aspx
	NIEA	http://www.ni-environment.gov.uk/pollution-home/emissionstrading/ets-details.htm
Off-shore	As per EA website.	
Regulators	Regulators	EU ETS websites
	EA	http://www.environment-agency.gov.uk/business/topics/pollution/32232.aspx
	SEPA	http://www.sepa.org.uk/climate_change/solutions/eu_emissions_trading_system.aspx
	NIEA	http://www.ni-environment.gov.uk/pollution-home/emissionstrading.htm
	Off-shore	https://www.og.decc.gov.uk/environment/euetsr.htm
Helpdesk	Helpdesk	EU ETS helpdesks
	EA	ethelp@environment-agency.gov.uk
	SEPA	emission.trading@sepa.org.uk
	NIEA	emissions.trading@doeni.gov.uk
	Off-shore	emt@decc.gsi.gov.uk
1.2	Guidance Note 1	http://www.decc.gov.uk/assets/decc/what%20we%20do/global%20climate%20change%20and%20energy/tackling%20climate%20change/emission

		s%20trading/eu_ets/euets_phase_2/operators_guide/guidance-note1.pdf
2	Charges	<p>Fees and charges</p> <p>EA http://www.environment-agency.gov.uk/business/regulation/38817.aspx</p> <p>SEPA http://www.sepa.org.uk/about_us/charging_schemes/current_charging_schemes.aspx</p> <p>NIEA http://www.ni-environment.gov.uk/pollution-home/emissionstrading/fees_and_charges-3.htm</p> <p>Off-shore https://www.og.decc.gov.uk/environment/euets_explanatory.doc</p>
2.1	ETS1	<p>Application for a permit</p> <p>EA http://www.environment-agency.gov.uk/static/documents/Business/ETS1.xls</p> <p>SEPA http://www.sepa.org.uk/climate_change/solutions/eu_emissions_trading_system/idoc.ashx?docid=8067ab77-0da0-4df0-80c3-6365da52d4d9&version=-1</p> <p>NIEA http://www.ni-environment.gov.uk/ets_1-2.xls</p> <p>Off-shore https://www.og.decc.gov.uk/environment/EUETS_Permit.doc</p> <p>Guidance note (Off-shore)</p> <p>https://www.og.decc.gov.uk/environment/euets_explanatory.doc</p>
2.2	ETS2.2	<p>Monitoring Plan Template</p> <p>EA http://www.environment-agency.gov.uk/static/documents/Business/ets2.xls</p> <p>SEPA http://www.sepa.org.uk/climate_change/solutions/eu_emissions_trading_system/idoc.ashx?docid=d2940094-f9bf-49db-83f1-8fa17b2f0148&version=-1</p> <p>NIEA http://www.ni-environment.gov.uk/ets_2-2.xls</p> <p>Off-shore https://www.og.decc.gov.uk/environment/MRplantemplate.xls</p> <p>Commission Decision 2007/589/EC, establishing guidelines for the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/7/EC of the European Parliament and of the Council</p> <p>http://eur-lex.europa.eu/LexUriServ/site/en/oj/2007/l_229/l_22920070831en00010085.pdf?lang= e</p> <p>Exemplar Monitoring Plan 1</p> <p>http://www.environment-agency.gov.uk/static/documents/Business/exemplar.xls</p> <p>Exemplar Monitoring Plan 2 (gas power)</p> <p>http://www.sepa.org.uk/climate_change/solutions/eu_emissions_trading_system/idoc.ashx?docid=7d1fedea-0da1-47e0-949c-ab8cc1ac6844&version=-1</p> <p>Exemplar Monitoring Plan 3 (coal power station)</p> <p>http://www.sepa.org.uk/climate_change/solutions/eu_emissions_trading_system/idoc.ashx?docid=9ab30db8-960e-48e0-979a-</p>

		<p>c4a196438d5e&version=-1</p> <p>Guide to the Revised Guidelines for Monitoring and Reporting (MRG 2007)</p> <p>http://www.environment-agency.gov.uk/static/documents/Business/mrg_07_guide_1339601.pdf</p> <p>Guidance on uncertainty assessment MRG2</p> <p>http://www.environment-agency.gov.uk/static/documents/Business/uncertainty_mrg_1807595.pdf</p> <p>Monitoring and Reporting Guidance (Off-shore)</p> <p>https://www.og.decc.gov.uk/environment/MRGuidancePhaseII.doc</p> <p>Metering Guidance (Phase II) for Offshore Oil & Gas Production Facilities</p> <p>https://www.og.decc.gov.uk/environment/MeteringGuidanceOffshoreFacilities_1207.pdf</p>
2.3	<p>ETS3.2</p> <p>EA</p> <p>SEPA</p> <p>NIEA</p> <p>Off-shore</p>	<p>Application for the allocation of allowances from the Phase II New Entrant Reserve</p> <p>http://www.environment-agency.gov.uk/static/documents/Business/ets3.2_1732654.xls</p> <p>http://www.sepa.org.uk/climate_change/solutions/eu_emissions_trading_system/idoc.ashx?docid=7d96f36b-1c1b-4d9d-9c51-e26547931562&version=-1</p> <p>http://www.ni-environment.gov.uk/ets_3-2.xls</p> <p>https://www.og.decc.gov.uk/environment/Phase_II_NER_Application_FormRev2.xls</p> <p>EU Emissions Trading Scheme: approved UK Phase II National Allocation Plan. Appendix D: new entrants and closures</p> <p>http://www.decc.gov.uk/assets/decc/what%20we%20do/global%20climate%20change%20and%20energy/tackling%20climate%20change/emissions%20trading/eu_ets/euets_phase_2/newentrants/file38391.pdf</p> <p>EU ETS Phase II New Entrant Application Form – Verification Opinion Statement</p> <p>http://www.decc.gov.uk/assets/decc/what%20we%20do/global%20climate%20change%20and%20energy/tackling%20climate%20change/emissions%20trading/eu_ets/euets_phase_2/newentrants/1_20091023135334_e@@_piinerapplinformverificationopinionstatement.xls</p> <p>EU Emissions Trading Scheme: New Entrant Reserve guidance - Phase II. Guidance on the treatment of applications from power producers and operators of Good Quality Combined Heat & Power (GQCHP) plants</p> <p>http://www.decc.gov.uk/assets/decc/what%20we%20do/global%20climate%20change%20and%20energy/tackling%20climate%20change/emissions%20trading/eu_ets/euets_phase_2/newentrants/file43861.pdf</p>
2.4	Registry	<p>Registry website</p> <p>http://emissionsregistry.environment-agency.gov.uk/</p> <p>Additional information</p>

	EA SEPA NIEA	http://www.environment-agency.gov.uk/business/topics/pollution/32250.aspx http://www.sepa.org.uk/climate_change/solutions/eu_emissions_trading_system/eu_and_uk_registry.aspx http://www.ni-environment.gov.uk/pollution-home/emissionstrading/emissions_trading_registry.htm Using Kyoto units in the European Union Emissions Trading Scheme http://www.environment-agency.gov.uk/static/documents/Business/2008-11-12_Guide_to_Allowances_and_Kyoto_Units.pdf
3	Guidance note (Off-shore)	https://www.og.decc.gov.uk/environment/euets_explanatory.doc
3.3	ETS7	Annual emissions reporting form EA http://www.environment-agency.gov.uk/static/documents/Business/ETS7_2010.xls SEPA http://www.sepa.org.uk/climate_change/solutions/eu_emissions_trading_system/idoc.ashx?docid=8c51d21f-ca1b-4b4e-b1f6-8ec566adea23&version=-1 NIEA http://www.ni-environment.gov.uk/ets_7-2.xls Off-shore https://www.og.decc.gov.uk/environment/ETS7AnnualEmissionsReporting.xls Guidance to operators for completion of form ETS 7 http://www.sepa.org.uk/climate_change/solutions/eu_emissions_trading_scheme/idoc.ashx?docid=1fba1f17-b0bf-44b3-86b1-6d65750c36d2&version=-1 Annual Emissions Guidance (Off-shore) https://www.og.decc.gov.uk/environment/ETS7Guidance_31_01_06.doc Guidance to operators for the conversion of natural gas data to standard conditions http://www.environment-agency.gov.uk/static/documents/Business/ETS7_Gas_Corrections_Guidance.pdf Find a verifier on the UKAS (United Kingdom Accreditation Service) website http://www.ukas.com/about-accreditation/accredited-bodies/certification-body-schedules-GHG.asp Monitoring, Reporting and Verification (DECC website) http://www.decc.gov.uk/en/content/cms/what_we_do/change_energy/tackling_clima/emissions/eu_ets/euets_phase_ii/monitoring/monitoring.aspx Guidance on annual verification for the EU Emissions Trading Scheme http://www.decc.gov.uk/assets/decc/what%20we%20do/global%20climate%20change%20and%20energy/tackling%20climate%20change/emissions%20trading/eu_ets/euets_phase_2/monitoring/annverifguide.pdf

		<p>Annual Emissions Reporting Verification Q&A (Off-shore)</p> <p>https://www.og.decc.gov.uk/environment/EUETSVerificationQA.doc</p>
3.5	<p>ETS5</p> <p>EA</p> <p>SEPA</p> <p>NIEA</p> <p>Off-shore</p>	<p>Annual improvements form</p> <p>http://www.environment-agency.gov.uk/static/documents/Leisure/ETS5_annual_improvements_for_m.xls</p> <p>http://www.sepa.org.uk/climate_change/solutions/eu_emissions_trading_system/idoc.ashx?docid=aa4898d3-2740-4550-af6a-b24858e4dc3c&version=-1</p> <p>http://www.ni-environment.gov.uk/ets_5-2.xls</p> <p>https://www.og.decc.gov.uk/environment/ETS5-6_Form_13_02_08.xls</p> <p>Guide for completion of ETS5</p> <p>http://www.environment-agency.gov.uk/static/documents/Business/guidance_1373049.pdf</p> <p>Guide for completion of ETS5 (Off-shore)</p> <p>https://www.og.decc.gov.uk/environment/ETS5_Guidance_14_02_07.doc</p>
	<p>ETS6</p> <p>EA</p> <p>SEPA</p> <p>NIEA</p> <p>Off-shore</p>	<p>Verifiers recommended improvements form</p> <p>http://www.environment-agency.gov.uk/static/documents/Business/280508_1297878.xls</p> <p>http://www.sepa.org.uk/climate_change/solutions/eu_emissions_trading_system/idoc.ashx?docid=1cf385ed-d0a0-43fd-809a-1fb49503c238&version=-1</p> <p>http://www.ni-environment.gov.uk/ets_6.xls</p> <p>https://www.og.decc.gov.uk/environment/ETS5-6_Form_13_02_08.xls</p> <p>Guide for completion of ETS6 (Off-shore)</p> <p>https://www.og.decc.gov.uk/environment/ETS5_Guidance_14_02_07.doc</p>
4	Guidance note (Off-shore)	https://www.og.decc.gov.uk/environment/euets_explanatory.doc
4.1	<p>ETS8</p> <p>EA</p> <p>SEPA</p> <p>NIEA</p>	<p>Notification of change form</p> <p>http://www.environment-agency.gov.uk/static/documents/Business/ets8_1297909_1297909.xls</p> <p>http://www.sepa.org.uk/climate_change/solutions/eu_emissions_trading_system/idoc.ashx?docid=5e683db9-2eb2-434e-9de8-06358d4cd4ea&version=-1</p> <p>http://www.ni-environment.gov.uk/ets_8-2.xls</p> <p>Guidance for operators on temporary closures and rationalisation</p> <p>http://www.environment-agency.gov.uk/static/documents/Business/Guidance_for_operators_on_temporary_closures.pdf</p>
4.2	<p>ETS9</p> <p>EA</p>	<p>Permit variation form</p> <p>http://www.environment-</p>

	<p>SEPA http://www.sepa.org.uk/static/documents/Business/ETS9_1297914.xls</p> <p>http://www.sepa.org.uk/climate_change/solutions/eu_emissions_trading_system/idoc.ashx?docid=e0126bd7-0d39-4d31-9aa8-ba6724a0d13a&version=-1</p> <p>NIEA http://www.ni-environment.gov.uk/ets_9-2.xls</p> <p>Definition of 'variation' - Charging Scheme Guidance (Environment Agency only)</p> <p>http://www.environment-agency.gov.uk/static/documents/Leisure/Variation_charging_scheme_guidance.pdf</p>
4.3	<p>ETS10</p> <p>EA http://www.environment-agency.gov.uk/static/documents/Leisure/ETS10.xls</p> <p>SEPA http://www.sepa.org.uk/climate_change/solutions/eu_emissions_trading_system/idoc.ashx?docid=c070ac94-e3b3-4769-bb6f-2dccb1c5368d&version=-1</p> <p>NIEA http://www.ni-environment.gov.uk/ets_10-3.xls</p> <p>Permit transfer application form</p>
4.4	<p>ETS11</p> <p>EA http://www.environment-agency.gov.uk/static/documents/Leisure/ETS11.xls</p> <p>SEPA http://www.sepa.org.uk/climate_change/solutions/eu_emissions_trading_system/idoc.ashx?docid=af9ea9e6-4f05-460f-85fe-3ff184d5fa74&version=-1</p> <p>NIEA http://www.ni-environment.gov.uk/ets_11-2.xls</p> <p>Permit surrender application form</p>
4.5	<p>ETS12</p> <p>EA http://www.environment-agency.gov.uk/static/documents/Leisure/ETS12.xls</p> <p>SEPA http://www.sepa.org.uk/climate_change/solutions/eu_emissions_trading_system/idoc.ashx?docid=31c5805c-9397-49ec-a659-0d4e644fab2c&version=-1</p> <p>NIEA http://www.ni-environment.gov.uk/ets_12-2.xls</p> <p>Application for retention of allowances form</p> <p>Section F1 of Appendix D to the UK National Allocation Plan</p> <p>http://www.decc.gov.uk/assets/decc/what%20we%20do/global%20climate%20change%20and%20energy/tackling%20climate%20change/emissions%20trading/eu_ets/euets_phase_2/phase_2_nap/nap-appendix-d-newentrantsandclosures.pdf</p> <p>Guidance for operators on temporary closures and rationalisation</p> <p>http://www.environment-agency.gov.uk/static/documents/Business/Guidance_for_operators_on_temporary_closures.pdf</p>

Appendix 2: Activities and specified emissions

1. Energy Activities	
1.1 Activities of combustion installations with a rated thermal input exceeding 20 megawatts (excluding hazardous or municipal waste installations).	Carbon dioxide
1.2 Activities of mineral oil refineries.	Carbon dioxide
1.3 Activities of coke ovens.	Carbon dioxide
2. Production and processing of ferrous metals	
2.1 Activities of metal ore (including sulphide ore) roasting and sintering installations.	Carbon dioxide
2.2 Activities of installations for the production of pig iron or steel (primary or secondary fusion), including continuous casting, with a capacity of more than 2.5 tonnes per hour.	Carbon dioxide
3. Mineral Industries	
3.1 Activities of installations for the production of cement clinker in rotary kilns with a production capacity of more than 500 tonnes per day.	Carbon dioxide
3.2 Activities of installations for the production of lime in rotary kilns or other furnaces with a production capacity of more than 50 tonnes per day.	Carbon dioxide
3.3 Activities of installations for the manufacture of glass including glass fibre where the melting capacity of the plant is more than 20 tonnes per day.	Carbon dioxide
3.4 Activities of installations for the manufacture of ceramic products (including roofing tiles, bricks, refractory bricks, tiles, stoneware or porcelain) by firing in kilns where— (i) the kiln production capacity is more than 75 tonnes per day; and (ii) the kiln capacity is more than 4m ³ and the setting density is more than 300 kg/m ³ .	Carbon dioxide
4. Other activities	
4.1 Activities of industrial plants for the production of pulp from timber or other fibrous materials.	Carbon dioxide
4.2 Activities of industrial plants for the production of paper and board with a production capacity of more than 20 tonnes per day.	Carbon dioxide

Appendix 3: Definition of an Operator

1. INTRODUCTION

- 1.1. This note provides guidance on understanding the meaning of “Operator” for the purposes of the Regulations.

2. THE DEFINITION OF OPERATOR

- 2.1. “Operator” is defined by the Greenhouse Gas Emissions Trading Scheme Regulations as: “*in relation to an installation, the person who has control over its operation*” (see Regulation 2(1)).
- 2.2. This concept of “Operator” is further expanded by the Greenhouse Gas Emissions Trading Scheme Regulations.
 - a) Prior to an installation being put into operation the person who will have control over its operation is also treated as the Operator.
 - b) After an installation has ceased to be in operation the person who holds the applicable permit is treated as the Operator.
(See Regulation 2(2)(a) and (b)).
- 2.3. A permit may not be granted if the regulator considers that the applicant will not be the person who will have control over the operation of the installation concerned. A regulator may not transfer a permit if it considers that the proposed transferee will not have control over the operation of the installation covered by the transfer. Enforcement notices can only be served on an Operator. A regulator may however revoke a permit where the holder of the permit has ceased to be the Operator of the installation covered by the permit.

3. WHAT DOES CONTROL MEAN?

- 3.1. The central issue is whether the applicant is able to exercise control over the operation of the installation. An Operator must also have the authority and ability to ensure that the permit is complied with.
- 3.2. A potential applicant should consider the following factors (this list is not exclusive and other relevant factors may be taken into account).

Does the Operator/proposed Operator have the authority and ability to:

- manage site operations through having day-to-day control of plant operation including the manner and rate of operation;
 - ensure that permit conditions are effectively complied with;
 - Control, monitor and report emissions of carbon dioxide
 - Be responsible for trading in Allowances so that at the end of a reporting period they can balance allowances against reported emissions.
- 3.3. The Operator might normally be expected to be the owner of the technical unit in which the activity is carried on. There may be some circumstances in which actual control of some or all of the schedule 1 activities is not in the hands of the owner (being contracted out, for example). In such cases, it would be the person with actual control who is “the operator” and who should make the application.

- 3.4. Operations are often contracted out (particularly heat and power plants) and there is a wide range of possible arrangements from a plant that is wholly owned and operated by the contractor at one extreme to another extreme where the contractor only provides maintenance. In the former case the contractor should apply, in the latter the client should apply. There may also be complex leasing arrangements between client, contractor and in some cases third parties which the client and contractor will need to take account of in deciding who is best described as "the Operator".
- 3.5. An applicant may argue that it is the Operator of an installation because it has entered into a contract with a contractor such that the Applicant Company retains control through the contract over all of the operations. Whilst each case should be considered on its merits, the Regulators consider such arrangements might undermine the intention of the Greenhouse Gas Emissions Trading Scheme Regulations that the permit holder should be in actual control of operations at an installation. The regulators would have no way of knowing whether any such contracts remained in place and considers that they cannot monitor such commercial arrangements between operating companies and contractors. In most cases where a company has contracted out the operation of an installation the contractor rather than the contractee will be the Operator. An exception would be where the contractor provides the majority of the staff and perhaps equipment for the installation, but the contractee retains the senior staff providing primary management and operational responsibility, and thus maintains control.
- 3.6. In the case of a new installation or a modified existing installation a turnkey contractor may build the installation or modification and carry out commissioning before handing over the installation to an operating company. The turnkey contractor can only carry on schedule 1 activities in the installation under the ETS Regulations if it either holds the permit itself or if it operates the installation as a sub-contractor to the exact instruction of a permit holding operating company.
- 3.7. Where the Greenhouse Gas Emissions Trading Scheme Regulations installation is also permitted under Part 1 of the Environment Protection Act 1990 or under the PPC Regulations 2003 then the Operator identified in those permits would normally also be the Operator under the Greenhouse Gas Emissions Trading Scheme Regulations.