

FAQ on the completion of the Phase III ETS300 Baseline Data Collection Template

19th May 2011

Question 1. What deadlines do I need to comply with for the submission of historical emissions data?

Answer. The deadline for the submission of the new [ETS300 V2 form](#) is the **13th June 2011**.

The timescale has been decided on by UK Government as the ETS Directive requires member states to submit their National Implementation Measures (NIMS) by the 30th September 2011. The 13th June deadline has been set to allow us to check the data, calculate levels of free allocations and give Operators time to scrutinise the provisional allocations before submission to the European Commission (EC). If you submit verified data by the 13th June, we will guarantee that your allocation will be included in the NIMs which is the document that sets out the UK's preliminary allocations at an installation level. There can be no additions or changes to the NIMs once they have been submitted to the EC. After the date of the 13th June, we cannot guarantee that it will be included and it is therefore in your interests to achieve this deadline.

Question 2 Does the data need to be verified?

Answer. The CIMs allow competent authorities to only accept verified data. In 2010 two dates were set for providing unverified and verified data but in 2011 you must only submit verified data.

The one exception to this is where the product definition has changed but the data is unchanged (see section 6.3.3 of the Baseline Data Collection Supplementary Guidance).

Question 3. Does the new data have to be verified by a UKAS accredited verifier?

Answer. Annex V of Directive 2003/87/EC and the CIMs define a verifier as being a “competent and independent person or verification body with responsibility for performing and reporting on the verification process.”

The UK recognises that verifiers who have been accredited or approved by the United Kingdom Accreditation Service (UKAS) have demonstrated that they are independent, impartial, competent and able to carry out verifications according to relevant guidance and legislation and EA-6/03 Recognition of verifiers under the EU ETS Directive.

Question 4. How do I determine the scope of my installation for Phase III?

Answer. The information you supply in the ETS300 form should relate to the activities that will be covered in Phase III. Details of what is considered to be the same site in terms of Schedule 1 activities are defined in Section 5 of [Guidance Note 3](#). Further discussion of the definition of the installation is set out in Sections 15 and 16 of the same guidance note.

Question 5. I operate a power station that solely produces electricity and therefore am not eligible to receive any free allocation. Do I still need to complete the template?

Answer. While there are no formal requirements to provide an updated submission, we request that the form is completed up to section A3.5 and returned to us to confirm that the position has not changed since the submission you made in 2010.

Question 6. I submitted my baseline data in June 2010 and I want my installation's free allocation to be based on this, do I need to submit this new form?

Answer. If the data submitted in June 2010 are still valid and in accordance with the allocation rules, you do not have to resubmit this data on the new form. However there are certain additional data required from Operators including (energy from fuels, emissions data, and a methodology report. This data must be submitted to meet the data requirements of the allocation rules and in determining the free allocation of allowances. If the form is not submitted then installations may not be given allowance which they are entitled to. If operators want their free allocation to be based on 2005-2008 data then this needs to be highlighted in section A3.7 and, the previous data does not need to be transferred into the new form.

However, it is important that operators state that the data submitted last year is still valid and in accordance with the Commission's rules. Verifiers also need to confirm this. Any corrections needed to the data will need to be re-submitted on the updated form in full, even if this means that the corrected data results in a lower level of free allocation.

You must also satisfy your verifier that the data is correct. We will be checking operators data to ensure that it has been submitted in accordance with the rules and that operators are not receiving over (and under) allocation. In addition, preliminary allocations will be subject to public consultation prior to submission to the Commission. The Commission also have the right to reject allocations so you must ensure the data we hold is correct.

Question 7: How should I compare my 2005-2008 data to 2009-2010.

Answer. The median of the annual data for years 2005-2008 and 2009-10 (which is effectively the average) should be compared data when assessing whether to use 2005-08 or 2009-10.

Question 8. My installation commenced operation after the 1st January 2009 and has less than 2 years of data, what should I do?

Answer. In this case, the operator needs to calculate the historical activity level (HAL). The HAL of an installation is the initial installed capacity multiplied by the relevant capacity utilisation factor (RCUF). Details of the calculations can be found in section 8 of the [Baseline Data Collection Supplementary Guidance Note](#).

Question 9. There have been significant changes to my installation during the baseline years. What should I do?

Answer. For installations that have undergone significant expansion or reduction between 1st January 2005 and 30th June 2011, the methodology for the free allocation will be required to submit baseline data before the change and the installed capacity data. Calculation descriptions can be found in section 7 of the [Baseline Data Collection Supplementary Guidance Note](#).

Question 10. My installation is currently in Phase II of the EU ETS. Production at my installation increased during the benchmarking years as a result of production being rationalised to my installation from a site that closed. Can I include production from the closed installation?

Answer. The Phase III allocation rules do not include any rules for rationalisations where installations have undergone rationalisations to include data from other sites that production has been transferred from. Where an installation has increased their historical activity levels as a result of a rationalisation can only consider this increase under the significant changes rules, i.e. where a physical modification has been made to the installation resulting in an change in capacity above the set thresholds.

Question 11. My company is part of a trade organisation. Can they submit data on my behalf along with other members' data?

Answer. No. An authorised representative may submit data however a submission must be made for each installation.

Question 12. Where do I obtain the correct NACE & PRODCOM codes from?

Answer. PRODCOM codes can be found on the [Commission's Website](#). Some installations such as universities, installations supplying heat for private households, hospitals etc. will not have PRODCOM codes as they do not actually produce a product. NACE (industry sector) codes can be obtained from a separate list. This is the [NACE V1.1](#) list, which can be downloaded

from the European Commission website. It is acceptable for you to insert “n/a” in the PRODCOM code cell, where no PRODCOM codes are relevant to your installation.

Question 13. My company may close the site before the start of Phase III. Do I still need to provide historic data?

Answer. You will have to be absolutely certain that the site will close before the start of Phase III if you do not intend to submit the data. It may be in the interests of the company to submit data in case the company wishes to sell the site on for continuation of production or if the decision on closure is uncertain. If data is not submitted the installation may not receive a free allocation of allowances for Phase III. If you consider that you will not be operating at the commencement of Phase III, you must contact the Environment Agency as soon as possible, and provide firm evidence to demonstrate that you will not be operational.

Question 14. My installation is intending to opt out of Phase III as it meets the criteria under Article 27 of the ETS Directive, do I still need to submit the baseline data?

Answer. Yes. Though the form gives operators the opportunity to inform us that they wish to opt out of the EU ETS in phase 3 (section A3.10), baseline data are still required for installations that opt-out of the EU ETS so as to allow the Commission to reduce the cap of allowances accordingly. Please note that filling in this section will not guarantee that you will be able to opt out of the EU ETS as the UK Government is still considering whether an opt out will be implemented and under what circumstances an operator could be opted out.

Question 15. When assessing if I meet the 35MW thermal input criteria for being considered as a small emitter, can I exclude plant <3MW in the calculation

Answer. No. The exclusion of plant with a rating of <3MW is only applicable when assessing whether you carry out an annex I activity. All combustion plant, irrespective of the thermal input, must be included when calculating if you are below the 35MW threshold criteria for being considered as a small emitter.

Question 16. I don't think a site visit should be required for my site for the verification of the data. Can I apply for a site visit waiver?

Answer. If an operator can demonstrate that the criteria listed within Annex 2 of [Guidance Note 4](#) are met then operators will not have to apply for a site waiver but, the results of the risk analysis should be stated within the verifier's opinion statement. If the criteria in Annex 2 are not met then justifications for a

site waiver must be documented and sent to us for approval before agreeing whether or not to exempt the installation from the requirement.

Question 17. Should all non-process related combustion sources e.g. canteen ovens, be included in the data submitted by an installation?

Answer. The definition of combustion activities in Phase III is different to Phase II. Combustion will mean 'any oxidation of fuels, regardless of the way in which the heat, electrical or mechanical energy produced by this process is used, and any other directly associated activities'. As such all combustion sources are covered by the EU ETS in Phase III. Further detail is set out in Section 6 of [Guidance Note 3](#).

Question 18. What NCV, emission factors and oxidation factors do I use for the fuels used in the benchmarking years 2005 to 2010 for calculating historic emissions data?

Answer. You should use the oxidation factors from the specific UK National Inventory for the year in question. Previous versions of the UK National Inventory are now available on the DECC website, on the [Monitoring, Reporting and Verification](#) webpage.

Question 19. How do I know if historic data for my installation is free from material errors or misstatements?

Answer. Any errors and/or misstatements in the data are measured in terms of materiality. This is an expression of the relative significance of any individual matter in the context of an installation's historical baseline data. A specified materiality level influences the thoroughness with which the verifier reviews the baseline data and checks supporting records for errors and misstatements. For Phase III verification, verifiers will use the same materiality levels set for annual emissions verification. Further information on materiality can be found in section 5.4 of [Guidance Note 4](#).

Question 20. We use flares at our installation, what allocation am I eligible for?

Answer. Not all types of flare are eligible for a free allocation. For more information please refer to section 6.12 of the [Supplementary Guidance Note](#).

Question 21. Should I include condensate return in the heat data that I provide?

Answer. All data on heat flows should be net heat flows i.e. the heat content in the condensate or heat medium returning to the heat supplier is subtracted.

Further guidance on this can be found in Annex II of [Guidance document 3: Data collection](#) and [Guidance Document 6: Cross Boundary Heat Flows](#).

Question 22. I have a furnace that produces a variety of products, some of which have a product benchmark and some that will have a fallback applied. What data should I supply?

Answer: In this case, you will be required to provide the production data for those products that are covered by a product benchmark and data for fallback approaches for the other products produced from the furnace. Assuming that the heat produced by the furnace is not measured then a fuel mix benchmark would need to be applied. You would be required to work out the quantity of fuel used within the furnace that relates to the production of each of the products that will be covered by the fuel mix benchmark and the quantity of process emissions. There should be no double counting of emissions between the different allocation methodologies applied. The methodology that you apply to do this should be discussed and agreed with your verifier.

Question 23. I am completing the ETS300 form and have heat production data which does not meet the required threshold for materiality. Is it acceptable to use the heat production data or should I revert to fuel mix data?

Answer. Operators are required to follow the hierarchy set out in the allocation rules, so if heat data is available, this should be used. Where there are issues with missing data and inaccuracies, operators may use other data to fill in missing data gaps. Where heat data is not available but measurable heat is produced, operators must still use the heat sub-installation, but instead can provide fuel data as a proxy and you should also provide a measured efficiency for the heat production. Guidance Document 3 from the Commission provides more information on how to derive the efficiency factor.

Question 24. We are a new installation that is being constructed at the moment and will be commencing operations after the baseline period but before the commencement of Phase III, and we do not currently hold a Greenhouse Gas permit. Do we need to complete the form?

Answer: No, you do not need to complete the form. You will need to apply for a permit prior to carrying out the activity and if you wish to receive free allowances, you will need to apply to the Phase III NER. The Commission have not yet supplied information on how the NER will be operated in Phase III.

Please note that if this will also involve carrying out an activity under Phase II, you must apply to your regulator for a permit prior to the commencement of the activity.

Question 25. How should operators and verifiers deal with missing data, whether this is for one day, one month or longer, and how do we handle this in terms of assessing materiality?

Answer. Where there is missing data, an estimate of the data should be determined using sound professional judgment. This can include using performance trends to determine the missing data, or comparisons with similar periods in previous months or years that are considered representative of the same period. In terms of assessing the materiality, an assessment needs to be made on the contribution made to the overall installation, and how that data impacts on the annual data. This can only be assessed when compared to more complete data, and once it is known how much data is missing. Note that in some cases, estimation of missing data may have no net effect on materiality.

Question 26. An operator has an incomplete data set for a period of a year or more due to not monitoring certain fuel types? They have no way of estimating consumption? How should this be managed?

Answer. Where there are data gaps, this missing data should be filled through conservative estimations, meaning estimations that would not lead to overestimate the allocation, providing then for the highest achievable accuracy. Any estimations made will need to be explained and justified in the methodology report.

Question 27. We cannot split heat data or fuel data between the different products we manufacture as they are produced on the same production processes and they are not separately monitored to enable us to break the data down on product by product basis. What should we do?

Answer. Where possible, heat or fuel data should be split down to product level. Where this is not possible, the main product manufactured should be listed, with the additional ones added into the additional cells, with comments in the comments box clearly indicated that these are also produced but the data cannot be split accurately. PRODCOM codes for heat and fuel data are mainly used for the purposes of determining whether the products are subject to carbon leakage

Question 28. We operate a thermal oxidiser. Which benchmark methodology should be used to account for the emissions?

Answer. The allocations for thermal oxidisers should follow the same allocation hierarchy. If they are not used as part of the benchmarked product process or produce measurable heat and you are considering the fuel sub-installation, you need to ensure it meets the criteria set out in Table 1 of the Commission's Guidance Document GD2- Allocation methodologies.

Question 29. We are not able to separate out fuel use between the different types of plant on site, therefore can we just list them as "various".

Answer. Where possible, fuel data should be split down to the same type of plant (e.g furnaces), however, if this is not possible, you may group them, however you should still detail what the different plant is (i.e heaters, ovens, dryers). It is not acceptable to state 'various' or 'installation'. You should also avoid using specific plant identifiers which do not describe what the unit is.

Please ensure that combustion plant that produce heat that is or could be measured, are detailed on the heat sub-installation worksheet.

Question 30. Do I have to complete the total emissions data and energy from fuels tab in the ETS300 if I only produce products with a product benchmark?

Answer. No- if your installation only produces products which have a product benchmark, then you do not need to complete the total emissions data, emissions from fuels or process emissions sections of the template. We request that it is provided where possible though, as it assists in sense checking production data.

If you are providing data for heat, fuel or sub-installations, then you must complete the sections in the total emissions data and energy from fuels tab.

Question 31. In the ETS300 that I submitted in 2010, I supplied data in the process emissions section of the form, which I understand is no longer appropriate and needs to be removed. What should I do

Answer. If there is only some information that is incorrect in that section which is incorrect, then that section can be amended and re-submitted (along with any other information required by this data collection). If all data you submitted in one section of the form (e.g the process emissions section) is incorrect and needs to be removed, we request that you re-submit your form to include only the data that is correct and eligible to free allocation. This ensures that it is clear which data should be used to calculate your free allocation.

Question 32. Where can I find links to the Commission Guidance documents that have been referred to in the supplementary guidance.

Answer. The Commission guidance is found using the following link to their website:

http://ec.europa.eu/clima/documentation/ets/benchmarking_en.htm

End

This FAQ will be updated on a regular basis to include any additional frequently asked questions.