EEA Technical report | No 4/2007

Application of the Emissions Trading Directive by EU Member States

Reporting year 2006

ISSN 1725–2237

European Environment Agency

Application of the Emissions Trading Directive by EU Member States

Reporting year 2006

European Environment Agency

Cover design: EEA
Layout: EEA

Luxembourg: Office for Official Publications of the European Communities, 2007

ISBN 978-92-9167-923-2
ISSN 1725–2237

European Environment Agency
Kongens Nytorv 6
1050 Copenhagen K
Denmark
Tel.: +45 33 36 71 00
Fax: +45 33 36 71 99
Web: eea.europa.eu
Enquiries: eea.europa.eu/enquiries

Contents

Tables

Acknowledgements

The European Environment Agency's Topic Centre for Air and Climate Change (ETC/ACC) compiled and summarised the national reports and provided major input to this report. The coordinating input from the ETC/ACC was provided by Jakob Graichen, Öko-Institut, Germany.

Krzysztof Olendrzynski, Instytut Ochrony Srodowiska, Poland also contributed to the report.

The EEA project managers were Jan Karlsson and Andreas Barkman.

EEA acknowledges the comments received on the draft report from the national focal points of EEA member countries and the European Commission (DG Environment). These comments have been included in the final version of the report as far as practically feasible.

Executive summary

According to Article 21 of the Emissions Trading Directive Member States shall report annually on the application of the directive. The reporting obligation will allow the European Commission to continuously follow the implementation of the directive and provide information for the European Commission's review report under Article 30 of the directive. This is particularly important for the first set of reports.

A first questionnaire was developed and provided by the European Commission to the Member States in 2005. That questionnaire was updated based on the responses for the first four months of the trading scheme. The updated questionnaire was used in 2006 to request the second set of reports covering the time period of the full trading year 2005 ([1]). Responses were sent to the European Commission. By the end of November 2006, responses had been received from all Member States except the Czech Republic and Luxembourg. The responses were assessed by the EEA and its European Topic Centre on Air and Climate Change (ETC/ACC) and compiled for this report.

The assessment of the second set of Article 21 reports (submitted in 2006) gives a more comprehensive overview of how Member States have implemented the Emissions Trading Directive. It also covers their approaches to the different administrative procedures which are necessary for running the Emissions Trading Scheme. Both similarities and differences in implementation are identified and presented in this report. This report may therefore support Member States in improving their future application of the Emissions Trading Directive by making them aware of the approaches chosen by other Member States. The main findings which can be derived from the assessment of the reports provided by the Member States are summarised below.

Main differences compared to last year's report

This report provides a more comprehensive overview of the application of the Emissions Trading Directive compared to the report published in early 2006. This is mainly due to two factors: the extended reporting period and the revised questionnaire. The first report only covered the initial four months (2005) of the trading scheme during which many Member States were still in the process of transposing and implementing the directive. Furthermore, several issues covered by the questionnaire, such as verification or the surrender of allowances, were not fully relevant for the first report. With the revision of the questionnaire the aspects to be reported under each question were clarified and Member States generally gave further details in their 2006 answers. Despite this, the overall impression and main messages have remained the same in most chapters since last year's report.

Competent authorities

The main information from the previous report concerning competent authorities remains. In most Member States more than one competent authority is involved in the national implementation of the Emissions Trading Scheme. Issuance of greenhouse gas permits and monitoring of emissions are carried out by regional or local authorities in some countries. The choice may depend on the size and the general institutional structure of the Member States. Since there are links between the different procedures, it is important to ensure avoidance of inconsistencies at national implementation level. Several Member States reported measures to avoid such problems, for example through working groups with regular meetings, the development of specific guidance notes and the establishment of an 'interpretation group' or training courses for employees of the competent authorities.

Coverage of activities and installations

The number of installations and the amount of emissions covered under the Emissions Trading Directive will change continuously during a trading period due to new entrants and closures of installations. The size of the entire Emissions Trading Scheme will therefore vary, albeit only slightly. A total of 10 075 installations were included in the Community Independent Transaction Log

([1]) The term 'reporting period', when used in this report, means the full trading year 2005.

(CITL) ([2]). One third of the combustion installations covered by the scheme have a rated thermal input between 20 and 50 Megawatt (MW). These installations are covered by the EU ETS but not by the IPPC Directive. They account for 3 % of the total EU ETS sector's emissions reported. Installations with emissions of more than 500 000 tonnes of CO_2 per year account for 7 % of the total number of installations, but are responsible for more than 80 % of total EU ETS sector's emissions. Small installations with 500 tonnes of CO_2 emissions or less per year account for more than 10 % of the installations with total emissions of 90 kt CO_2 in 2005. 160 applications to form a pool have been received from operators but only 16 pools have been formed so far.

Permits for installations

Member States apply different measures to ensure operator compliance with the requirements of their permits. Some Member States report that random spot checks will take place at the installation. In twelve Member States more than one competent authority is involved in issuing permits of installations, which may cause inconsistencies in the national implementation if the individual competent authorities interpret the national legislation differently. Different measures to avoid such problems have been reported by Member States, for example through working groups with regular meetings, the development of specific guidance notes, the establishment of an 'interpretation group' and training courses for employees of the competent authorities. In total 2 980 changes to permits were reported by Member States for 2005. The share of affected installations ranged from 0 % to 100 % across the EU. In total, about one quarter of all permits had to be updated in the first year of the trading period.

Application of monitoring and reporting guidelines'

As indicated in the first report on the application of the directive, only limited information was available on the application of the monitoring and reporting guidelines during this first reporting year. However, it is clear that there are differences in the application of the guidelines. Several Member States have included provisions for lower tiers in their national law for certain activities or parameters. In other cases not even minimum tiers are regarded as technically feasible. 55 installations in four Member States temporarily applied lower tiers than those agreed with the competent authority. Not surprisingly continuous emissions measurement is only applied in 27 installations in seven Member States.

Arrangements for verification

General aspects, such as the possibility for accreditation of independent verifiers according to national rules, are treated similarly in almost all countries. However, there are issues reported by some Member States which could be considered by other Member States as well. In eight countries verifiers have to provide recommendations for improving the monitoring plan of an installation as part of the verification procedure. Verified emission reports may be subject to additional checks by the competent authorities in order to ensure the quality of the verification process in nineteen Member States. Around 120 installations did not submit an emission report verified as satisfactory by 30 April 2006. An additional 160 installations did not submit a report at all. Most of these cases were solved within three months and caused by the late institutional set-up for verification in some Member States.

Operation of registries

The operation of registries during the first year of the trading scheme focused on the set-up of the national registries and the connection to the CITL. Many registries did not operate at the beginning of 2005. The others faced significant downtimes for planned and unforeseen reasons in the first half of 2005. In the second half of the reporting period registries were, on average, only off-line for a few minutes per month. Most Member States implemented procedures to safeguard registries. Four member States detected security threats during 2005.

Allocation, new entrants and closures

In total, just over 2 billion allowances were allocated for the first year of the trading scheme. Several Member States report issues that have caused problems during the allocations process, namely the restricted time frame to implement the directive, the availability of adequate emission data or the lack of reliable projection data. Most Member States welcome harmonisation of issues such as the treatment of new entrants, closures or small installations, and above all harmonisation of the

([2]) 'Community independent transaction log' (CITL) is the independent transaction log provided for in Article 20(1) of Directive 2003/87/EC for the purpose of recording the issue, transfer and cancellation of allowances, and established, operated and maintained in accordance with Article 5 of the Commission Regulation (EC) No 2216/2004.

definition of a combustion installation. One of the main lessons learned so far is the need to simplify the allocation process to enhance clarity of the rules and reduce the workload of authorities as well as companies. Ten Member States allocated a total of 11.9 million D to new entrants in the reporting period.

Surrender of allowances by operators

As in the first report on the application of the directive no account was closed in registries because there was no reasonable prospect of further allowances being surrendered by the operator during this reporting period in any reporting Member State.

Use of ERUs and CERs in the Community scheme

Credits from JI (ERUs) or CDM (CERs) projects were not available during the reporting period. Only ten Member States reported requiring and verifying adherence to criteria and guidelines contained in the World Commission on Dams year 2000 Final Report for the approval of hydro electric JI or CDM projects. Member States are obliged by Directive 2004/101/EC (Linking Directive) to ensure compliance with these guidelines during project approval.

Fees and charges

Most Member States recover at least some of the administrative costs of the trading scheme through fees and charges to operators and personal account holders. This is done through charges of services like the issuance of permits, issuance of allowances and the use of the registry. Additionally two countries have a general subsistence fee. Fees and charges for the same service differ substantially between Member States. This is due to different approaches to cost recovery and differences in the areas where fees are charged. In general resulting costs for operators are small compared to the value of the allowances.

Compliance and enforcement

According to Article 16 of the directive, Member States should implement effective penalties in cases of a breach of emissions trading legislation. Only a few Member States provided detailed information on penalties which are to be imposed. However, from these few examples it is obvious that the maximum fines deviate substantially between Member States for similar infringements (EUR 15 million versus EUR 3 000). In Hungary, the amount equivalent to the excess emissions will be automatically deducted from the next issuance of the allocated allowances. Three countries imposed fines for infringements of national provisions in 2005 or are in the process of doing so.

Legal nature of allowances and fiscal treatment

The legal nature of allowances is not identical in all Member States. Some Member States consider allowances to be financial instruments whose trading is supervised by the financial service authority (FSA). Other Member States consider them to be normal commodities. In the latter case, only the derivates of these allowances are viewed as financial instruments. Several Member States explain that allowances are regarded as intangible assets. In three Member States emissions are regarded as liabilities. The application of value added tax is consistent across Member States.

Access to information

Pursuant to Article 17 of the Emissions Trading Directive, decisions related to allocation of allowances and reports of emissions shall be made available to the public. Most Member States publish their national allocation plan, allocation rules and installation allocation on the Internet. Access to monitoring reports is granted upon request in most Member States; three decided to publish the full reports on the Internet while three did not provide access to the public under any circumstances.

General observations

Member States provided information on studies undertaken on the application, effects and further development of the Emissions Trading Scheme. Competitiveness issues due to the application of the Emissions Trading Directive were raised by several Member States as well. Areas identified as problematic include allocation rules, definition of combustion installations and competition with installations from outside the EU.

This report illustrates the variety of aspects which the Member States had to address in their transposition and implementation of the Emissions Trading Directive and provides a first comprehensive picture of the implementation in the Member States. It identifies several common patterns and differences. Thus, it may encourage the adaptation of administrative processes and initiate processes of learning from best practices in other Member States.

1 Introduction

Article 21 of the Emissions Trading Directive 2003/87/EC ([3]) obliges Member States to report annually on the application of this directive on the basis of a questionnaire. This report shall pay particular attention to the arrangements for the allocation of allowances, the operation of registries, the application of monitoring and reporting guidelines, verification, and issues relating to compliance with the directive and the fiscal treatment of allowances. Within three months of receiving the reports from the Member States the Commission shall publish a report on the application of the Emissions Trading Directive in the European Union (EU).

The EEA assisted the Commission in assessing the responses received and the results are presented in this report. In 2006 no responses were received from the Czech Republic and Luxembourg.

Intention of the reporting

The overall intention of annual reporting is to give an overview of how Member States have addressed the different procedures involved in implementing and running the European Union Emissions Trading Scheme (EU ETS). Learning from procedures used in other Member States may facilitate future harmonisation and improvements in the running of the EU ETS. In addition, it could help to improve the quality of monitoring data through application of common rules, which would facilitate Member States' emission reports and also improve the quality of data reported to the European Pollutant Emission Register ([4]). It might also help to improve the quality of future 'top-down' reports of the inventories according to the greenhouse gas monitoring mechanism ([5]).

Reporting process

The initial questionnaire ([6]) was developed under severe time constraints and a possible need for revision was anticipated. After the experience gained during the report covering the first four months of the trading year 2005 the questionnaire was reviewed based on the answers received and analysis undertaken. The revised questionnaire ([7]) was only adopted shortly before the due date for reporting by Member States and not all countries were able to use the new version. For this reason, information from Cyprus, Hungary, Greece and Malta is not available at the same level of detail for all issues. Furthermore, Denmark and Lithuania used a version of the revised questionnaire which was not yet final. This leads to differences in the answers provided in some chapters. The original questionnaire was based on open questions subject to interpretation by Member States. The main change in the updated version is the focus on more specific aspects for each issue. This approach leads to a more consistent overview of the situation in Member States as all countries know what aspects should be covered by the answers.

This report is based on the replies to the questionnaires received by 11 November 2006, information contained in the CITL on 31 October 2006 and the supplementary comments received from Member States in the review process. In some

([3]) Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC; (1) OJ L 275/32 EN, 25.10.2003, pp. 32–46.

([4]) Commission Decision of 17 July 2000 on the implementation of a European pollutant emission register (EPER) according to Article 15 of Council Directive 96/91/EC concerning integrated pollution prevention and control (IPPC) OJ L192/36 dated 28.07.2000.

([5]) Decision No 280/2004/EC of the European Parliament and of the Council of 11 February 2004 concerning a mechanism for monitoring Community greenhouse gas emissions and for implementing the Kyoto Protocol.

([6]) Commission Decision 2005/381/EC of 4 May 2005 establishing a questionnaire for reporting on the application of Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC OJ L126/43 EN, 19.5.2005.

([7]) Commission Decision of 23 November 2006 amending Decision 2005/381/EC establishing a questionnaire for reporting on the application of Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (notified under document number C(2006) 5546) (Text with EEA relevance) (2006/803/EC).

cases information from the replies due on 30 June 2005 was used to supplement information provided in 2006. This was done especially in cases where Member States only reported that no changes had occurred since the last report.

The report summarises the answers and tries to identify common patterns and differences in the implementation of the directive across Member States. The second reports on the application of the directive by Member States were due by 30 June 2006 covering the entire year of 2005. Many Member States submitted their replies after this deadline and replies from the Czech Republic and Luxembourg are still outstanding.

All 23 Article 21 reports submitted by 11 November 2006 have been assessed thoroughly and analysed in detail. However, several Member States did not provide answers to all questions. This is especially true for those Member States which used the original version of the questionnaire for the second report. Therefore, the numbers of answers do not add up to 23 for all questions. In such cases, either some Member States have provided no answer to this question or the answer categories are non-exclusive and overlap. However, this does not mean that the answers from certain Member States have been neglected or omitted.

Changes compared to the previous reporting period

The first report on the application of the Emissions Trading Directive by EU Member States ([8]) only covered the period up to April 2005. During that period many Member States were still in the process of transposing the directive and were not able to answer all questions. Furthermore, experience in monitoring, reporting and verification was only gained at the end of the first complete year. In contrast this second report is based on information for a full trading year and includes experiences in the reporting process of the 2005 emissions. Further differences arise from the new version of the questionnaire which is the basis of the replies by Member States. A new section on fees and charges was added while other questions were deleted. The new questionnaire specifies in a more detailed way which kind of information is requested. As a result of these changes the information provided in this year's report is not always comparable to the answers given in 2005.

([8]) European Environment Agency (2006): *Application of the Emissions Trading Directive by EU Member States*. EEA Technical report No 2/2006.

2 Competent authorities

- *In all but two Member States more than one competent authority is responsible for administrative tasks of the Emissions Trading Scheme.*
- *Approximately half of the Member States also involve regional or local authorities in the administration for granting permission of installations, monitoring, reporting and verification or other issues.*
- *Compared to the previous reporting period many Member States reported on a higher number of competent authorities. This is only partly due to a more extensive list of tasks. It can be assumed that the other reason is incomplete reporting in 2005 and not a proliferation in competent authorities.*

The administration of the Emissions Trading Directive follows the subsidiary principle and differs between Member States. As a result, it is not always clear to other Member States or the Commission which authority is responsible for which administrative task. Hence, Member States were requested to provide an overview of the entities and their responsibilities for the different administrative operations foreseen under the Emissions Trading Directive.

Typical tasks that are carried out by the competent authorities are allocation, issuance of permits, issuance of allowances, monitoring and emission reports, registries, accreditation of verifiers, compliance and enforcement, use of Certified Emission Reductions (CER) and Emission Reduction Units (ERU), administration of the new Entrants reserve (NER) and information to the public. Table 1 gives an overview of the competent authorities in each Member State responsible for these tasks.

In all Member States except Cyprus and Greece more than one competent authority is involved in the administration of the Emissions Trading Scheme. Apart from the Environment Ministries (which often are responsible for tasks such as allocation, accreditation of verifiers or administration of the new entrants reserve — NER), one or several subordinate authorities are involved. The highest number of competent authorities has been reported by France, Lithuania, Portugal, Spain and the United Kingdom, each with six authorities involved in the administration of the scheme. The second column of Table 1 gives an overview of the competent authorities of each Member State. In 13 Member States (Austria, Belgium, Finland, France, Germany, Latvia, Lithuania, Poland, Portugal, Slovakia, Spain, Sweden and the United Kingdom) regional or local authorities are responsible for the issuance of emission permits and/or for monitoring, reporting and verification (MRV) of emissions. In the United Kingdom, Defra is also responsible for opt-out applications under the national climate change agreements and the national emissions trading scheme.

Table 1 Competent authorities and their tasks ([9])

	Comptent authorities	Issuance of permits	Allocation of allow.	Issuance of allow.	Validation of monit. meth.	Verified emission reports	Accredit. of verifiers	Registry	Compliance and enforcement	Issuance of ERU	Use of CERs & ERUs	New entrants reserve	Informat. to the public	Auctioning	Opt-ins	Pooling
AT	- Bundesministerium für Land- und Forstwirtschaft, Umwelt und Wasserwirtschaft, Abteilung V/4 Immissions- und Klimaschutz (BMLFUW) - Regional or local authorities (RLA)	RLA	BMLFUW	BMLFUW	RLA	BMLFUW	BMLFUW a)	BMLFUW	RLA, BMLFUW	BMLFUW	BMLFUW	BMLFUW	BMLFUW	BMLFUW	BMLFUW	BMLFUW
BE	- DG Environment (DGE) - Belgium Regions	Belgium Regions	Belgium Regions	Belgium Regions	Belgium Regions	Belgium Regions	Belgium Regions	DGE	Belgium Regions	Belgium Regions	Belgium Regions	Belgium Regions	Belgium Regions	Belgium Regions	Belgium Regions	Belgium Regions
CY	- Ministry of Agriculture, Natural Resources and Environment (MANRE)	MAN-RE	MAN-RE	MAN-RE	MAN-RE	MAN-RE	MAN-RE	MAN-RE	MAN-RE	MAN-RE	MAN-RE	MAN-RE	MAN-RE	MAN-RE	MAN-RE	MAN-RE
CZ		No report submitted														
DK	- Energistyrelsen (ENS) - Miljøstyrelsen (MST)	ENS	ENS	MST		ENS	ENS	MST	ENS		MST	ENS	ENS, MST	ENS	ENS	ENS
EE	- Ministry of the Environment (MoE) - Estonian Environment Information Centre (EEIC)	MoE	MoE	EEIC	MoE	EEIC	MoE	EEIC	MoE, EEIC	MoE	MoE	MoE	MoE, EEIC	MoE	MoE	MoE
FI	- Energy Market Authority (EMA) - Ministry of Trade and Industry (MTI) - The National Government of Åland (NGA) - Finnish Accreditation Service (FINAS) - Ministry of the Environment (MoE)	EMA, NGA	MIT	EMA	EMA, NGA	EMA, NGA	FINAS	EMA	EMA, NGA	MoE	EMA	MTI	EMA, NGA	–	EMA	–
FR	- Ministère de l'Ecologie et du Développement Durable (MEDD) - Caisse des Dépôts et Consignations (CDC) - Préfectures de département (PREF) - Directions Régionales de l'Industrie, de la Recherche et de l'Environnement (DRIRE) - Mission Interministérielle de l'Effet de Serre (MIES) - Ministère de l'Economie et des Finances (MINEFI)	DRIRE, PREF	MEDD	CDC	MEDD, DRIRE, PREF	MEDD, DRIRE	MEDD	CDC	MEDD, DRIRE/PREF, CDC	MEDD, MINEFI	MEDD, MINEFI	MEDD	MEDD, DRIRE, MIES, CDC	–	MEDD	MEDD, CDC
DE	- Bundesministerium für Umwelt, Naturschutz und Reaktorsicherheit (BMU) - Deutsche Emissionshandelsstelle im Umweltbundesamt (DEHSt) - Local authorities (LA)	LA	BMU, DEHSt	DEHSt	LA	LA, DEHSt	LA	DEHSt	DEHSt	DEHSt	DEHSt	DEHSt	BMU, DEHSt, LA	–	–	DEHSt
EL	- Ministry of Environment, Physical Planning and Public Works, General Directorate of Environment, Directorate of Air Pollution and Noise Control (MoE)															
HU	- Ministry of Environment and Water (MEW) - National Inspectorate for Environment, Nature and Water (NIENW)	NIENW	MEW	NIENW	NIENW	NIENW		NIENW	NIENW					MEW		
IE	- Environmental Protection Agency (EPA) - Irish National Accreditation Board (INAB)b	EPA	EPA	EPA	EPA	EPA	INAB	EPA	EPA	–	EPA	EPA	EPA	EPA	EPA	EPA
IT	- Ministry for the environment and territory (MATT) - Agency for the environment and technical services (APAT) - Ministry for economic development (MSE)	MATT, MSE	MATT	MATT	MATT	MATT	MATT	APAT	MATT	–	MATT	MATT	MATT	–	MATT	MATT
LV	- Ministry of the Environment (MoE) - Regional Environmental Boards (REB) - Environment State Bureau (ESB) - Latvian Environment, Geology and Meteorology Agency (LEGMA) - Latvian National Accreditation Bureau (LATAK)	REB	MoE	MoE	REB	REB	LATAK	LEGMA	LEGMA, REB	MoE	MoE	MoE	LEGMA	Not decided	REB, LEGMA	LEGMA

([9]) For a list of the abbreviations for Member States see page 59.

	Compten authorities	Issuance of permits	Allocation of allow.	Issuance of allow.	Validation of monit. meth.	Verified emission reports	Accredit. of verifiers	Registry	Compliance and enforcement	Issuance of ERU	Use of CERs & ERUs	New entrants reserve	Informat. to the public	Auctioning	Opt-ins	Pooling
LT	- Ministry of the Environment (MoEn) - Ministry of Economy (MoEc) - Lt. Environmental Investment Fund (LEIF) - National Accreditation Office under the MoE (NAO) - Regional Environmental Protection Departments (REPD) - State Environmental Protection Inspectorate (SEPI)	REPD	MoEn, MoEc	REPD, LEIF		REPD	NAO	LEIF	REPD, LEIF		LEIF	MoEn	MoEn, MoEc, LEIF, REPD, SEPI	LEIF	MoEn	–
LU		No report submitted														
MT	- Malta Environment and Planning Authority (MEPA) - Malta Standards Authority (MSA)	MEPA	MEPA	MEPA	MEPA	MEPA	MSA	MEPA	MEPA	MEPA	MEPA	MEPA	MEPA	MEPA	MEPA	MEPA
NL	- Dutch Emissions Authority (NEA) - Ministry for Housing, Spatial Planning and the Environment (VROM) - Ministry for Economic Affairs (EZ)	NEA	EZ, VROM	NEA	NEA	NEA	Council of Acc.	NEA	NEA	NEA	NEA	VROM, EZ, NEA	VROM, EZ, NEA	EZ, VROM	VROM, EZ, NEA	–
PL	- Council of Ministers (CoM) - Ministry of the Environment (MoE) - National Administrator (NA) - Regional or local authorities (RLA) - Polish Accreditation Centre (PAC) b)	RLA	CoM, RLA	NA	RLA	NA, RLA	PAC	NA	RLA, NA	n.a.	NA	NA	MoE, NA	n.a.	RLA	RLA
PT	- Instituto do Ambiente (IA) - Inspectorate-General for the environment and regional planning (IGAOT) - Regional or local authorities (RLA) - Presidency of the Council of Ministers (PCM) - Ministry of the environment, regional planning and regional development (MAOTDR) - Ministry of the economy and innovation (MEI)	IA, RLA	PCM	IA	IA, RA	IA, RLA	IA	IA	IA, IGAOT	n.a.	n.a.	IA	IA	PCM	PCM	MAOTDR, MEI
SK	- Ministry of the Environment of the Slovak Republic (MoE) - Regional offices of the environment (ROE) - National Registry Administrator Dexia Blanka (NREK) District office of the environment (DOE)	DOE	MoE	MoE	DOE	DOE	MoE	MoE, NREK	MoE, ROE, DOE	MoE	MoE	MoE	MoE	MoE	MoE	MoE
SI	- Ministry of Environment and Spatial Planning (MOE) - Agency for Environment (ARSO) - Slovenska Akreditacija (SA) - Inspectorate of RS for Environment and spatial Planing (Insp.)	ARSO	ARSO	ARSO	ARSO	ARSO	SA, ARSO	ARSO	Insp	Not decided yet	Not decided yet	ARSO	MOP, ARSO, Insp	MOE	MOE	MOE
ES	- Consejerías de las Comunidades Autónomas (CCAA) - Administración General del Estado (AGE) - Autoridad Nacional Designada (AND) - Oficina Española de Cambio Climático (OECC) - Comisión de Coordinación de Políticas de Cambio Climático (CCPCC) - Grupo Interministerial de Cambio Climático (GICC)	CCAA	AGE	AGE	CCAA	CCAA	CCAA	OECC	AGE, CCAA	AGE	AGE	AGE	All	AGE	AGE	AGE
SE	- Swedish Government, Ministry of Sustainable Development (lead ministry) (Gov) - Swedish Environmental Protection Agency (SweEPA) - Swedish Energy Agency (SEA) - County Administration Boards (CAB) - Swedish Board for Accreditation and Conformity Assessment (SWEDAC)	CAB	Gov (NAP), SweEPA	SEA	CAB	SweEPA	SWEDAC	SEA	SweEPA	SEA	SEA	SEA	SEA, SweEPA	–	Gov, SweEPA, SEA	–
UK	- Environment Agency (EA) - Scottish Environment Protection Agency (SEPA) - Chief Inspector – Department of Environment — Northern Ireland (DOENI) - Department of Trade and Industry (DTI) - Department for Environment, Food and Rural Affairs (Defra) - UK Accreditation Service (UKAS)	EA, SEPA, DOENI, DTI	Defra, EA	EA, SEPA, DOENI, DTI	EA, SEPA, DOENI, DTI	EA, SEPA, DOENI, DTI	UKAS	EA	EA, SEPA, DOENI, DTI	Defra	–	EA, DTI	EA, SEPA, DOENI, DTI	Defra, DTI	–	–

Note: a) Verifiers are accepted and not accredited in Austria.
b) Not a competent authority.

3 Coverage of activities and installations

- *10 075 installations were included in the Community Independent Transaction Log (CITL) at the end of October 2006. However, the total number of installations covered by the scheme is higher as not all registries were fully operational at that time.*
- *One-third of the covered combustion installations have a rated thermal input between 20 and 50 MW; these installations are responsible for about 3 % of the overall emissions.*
- *Installations with emissions of more than 500 000 tonnes of carbon dioxide (CO_2) per year account for 7 % of the total number of installation but are responsible for more than 80 % of the total emissions. Small installations with 500 tonnes of CO_2 emissions or less per year account for 0.005 % of the emissions but 11 % of the total number of installations.*
- *400 changes in the list of installations compared to the national allocation plan (NAP) Table were reported for 2005. About 80 % of the changes concerned installations entering the Emissions Trading Scheme; 20 % resulted in installations leaving the scheme.*
- *In total, 160 applications to form a pool have been received in eight Member States; in 2005, 16 pools were formed in four countries.*
- *Compared to last year's report, overall figures on the number, type and size of installations have not changed much. Despite this, figures for individual Member States show some discrepancies in both directions. The number of new entrants, closures and pools has increased substantially but is still relatively low compared to the total number of installations.*

The number of installations covered under the Emissions Trading Directive will change continuously due to new entrants or closures of installations. The size of the entire Emissions Trading Scheme will therefore vary, albeit only slightly. Data for Sections 3.1 and 3.3 is taken from the CITL. At the time of writing there were still some registries which were not fully operational and did not transmit all data to the CITL. Therefore, the number of installations which is accessible in the CITL is smaller than the total number of installations covered by the scheme. However, during the course of the trading period both figures should converge. Later, when all registries are running, the CITL will provide the most reliable and current figures on the size of the Emissions Trading Scheme. This section provides an overview of the status of issues related to the number of installations and the number of allowances allocated.

3.1 Number of installations per Annex I activity

On 31 October 2006 all national registries with the exception of Malta had connected to the CITL and transferred at least some information. Table 2 gives an overview of the number of installations and their activities. Due to the late connection of many registries to the CITL it was not possible to use the information contained in the Community Independent Transaction Log on 31 December 2005 at the end of the reporting period. Due to small changes in the number of installations between January and October 2006, the data contained in the Table does not provide an exact picture of the situation at the end of the reporting period. Additionally, not all Member States had included all installations in their registries by 31 October 2006 or had not yet crosschecked the information included in their registries.

Combustion installations (E1) constitute over 60 % of all installations. Installations for the manufacture of ceramic products account on average for 10 % of the overall number of installations and form the second largest sector. Only twelve installations in five Member States roast or sinter metal ore.

3.2 Combustion installations with a rated thermal input between 20 and 50 MW

Table 3 shows an overview of combustion installations with a rated thermal input between 20 and 50 MW. These are installations which are covered by the Emissions Trading Directive (2003/87/EC) but not by the IPPC Directive (96/61/EC).

All 23 Member States have provided adequate data on the number of such installations. They amount to 3 130 installations, roughly one third of the total

Table 2 Breakdown of the number of installations by Annex I activity ([10])

	E1	E2	E3	F1	F2	M1	M2	M3	O1, O2	Opt-in	Total
Austria	110	1	1	2	3	18	8	33	23	0	199
Belgium	207	5	0	0	26	11	11	33	12	5	310
Cyprus	3	0	0	0	0	2	0	8	0	0	13
Czech Republic	282	4	0	0	7	11	18	63	10	0	395
Denmark	349	1	0	0	1	1	2	27	3	0	384
Estonia	37	0	0	0	0	1	1	2	2	1	44
Finland	284	2	0	0	4	8	6	5	49	242	600
France	646	16	1	1	24	41	50	22	122	164	1 087
Germany	1 234	43	3	0	34	108	92	203	135	0	1 852
Greece	41	4	0	1	5	24	3	42	15	5	140
Hungary	151	1	1	2	8	7	9	50	6	0	235
Ireland	101	1	0	0	0	6	2	3	1	0	114
Italy	554	20	0	0	43	83	55	35	163	0	953
Latvia	82	0	0	0	1	1	2	6	1	3	96
Lithuania	84	1	0	0	0	2	3	8	2	0	100
Luxembourg	8	0	0	0	4	1	2	0	0	0	15
Malta a)	0	0	0	0	0	0	0	0	0	0	0
Netherlands	165	7	0	0	2	2	9	3	21	1	210
Poland a)	381	3	8	0	4	37	15	38	14	0	500
Portugal	77	2	0	0	2	12	9	114	28	0	244
Slovakia	143	1	0	0	3	10	5	11	2	0	175
Slovenia	67	0	0	0	3	5	4	10	9	0	98
Spain	250	12	1	3	27	57	60	306	111	0	827
Sweden	449	12	0	3	15	5	4	4	57	156	705
United Kingdom	694	13	3	0	7	25	11	19	6	1	779
Total	**6 399**	**149**	**18**	**12**	**223**	**478**	**381**	**1 045**	**792**	**578**	**10 075**

Note: Data taken from CITL on 31 October 2006.
a) Incomplete information due to the late set up of the national registry.

number of installations in these countries. In other words, two thirds of the installations covered by the Emissions Trading Directive are larger sources which are also covered under the IPPC Directive. Together the installations with a rated thermal input between 20 and 50 MW emitted 53.8 Mt CO_2 in 2005, which is equivalent to 2.9 % of the total CO_2 emissions covered by the trading scheme in these countries for the year 2005.

3.3 Installations and their magnitude of emissions

It has been intensively debated whether the EU ETS covers too many small installations with rather low emissions where the administrative costs substantially exceed the advantages of trading. Table 4 and Table 5 show a breakdown of installations by emissions categories. Where available verified emissions are used to categorise the installations, in cases where no verified emissions were included in the CITL, allocation figures were used instead.

The share of installations with emissions below 500 tonnes CO_2 in 2005 is 11 % on average in the EU. However, this figure varies substantially between Member States. In Finland and Sweden, where several small district heating installations with a rated thermal input of below 20 MW were opted in, more than half of all installations fall in the smallest category. However, since most of these small installations are operated by large utilities

([10]) For an explanation of the abbreviations for the Annex I activities please see p. 60. The number of opt-in installations includes installations which were not included in the notified NAP which was submitted by a Member State, even if the installation was included in the final NAP Decision by the European Commission.

Table 3 Combustion installations with a rated thermal input between 20 and 50 MW

	Installations		Emissions	
	Number	Share of national installations %	t CO_2 eq	Share of total national emmisions %
Austria	47	24	485 744	1.5
Belgium a)	108	45	1 395 656	3.5
Cyprus	0	0	0	0.0
Czech Republic	-	-	-	-
Denmark c)	237	62	1 826 000	6.9
Estonia	21	50	372 166	3.0
Finland	124	22	846 738	2.6
France b)	340	31	4 200 000	2.8
Germany b)	665	36	9 323 545	1.9
Greece b+c)	10	7	249 647	0.4
Hungary	71	30	1 103 424	4.2
Ireland	55	50	580 675	2.6
Italy	257	49	3 589 000	2.5
Latvia	33	36	657 151	23.0
Lithuania c)	35	38	323 379	4.9
Luxembourg	-	-	-	-
Malta	0	0	0	0.0
Netherlands	62	30	2 196 000	2.7
Poland	253	40	4 981 058	2.8
Portugal	29	12	918 668	2.5
Slovakia	87	50	10 983 622	43.5
Slovenia	32	33	324 769	3.7
Spain	113	14	6 582 238	3.6
Sweden	164	20	439 551	2.3
United Kingdom	387	54	2 426 374	1.0
Total	**3 130**	**34**	**53 805 405**	**2.9**

Note: a) Brussels is not included in the calculation of the shares.
b) Approximate values only.
c) The shares are calculated based on CITL data as of 31 October 2006.

which operate several installations falling under the EU ETS, they can make use of synergies in the administration, and thus prevent substantial increases in transaction costs. Only about one quarter of all installations covered had emissions above 50 kt CO_2 in 2005.

Installations with emissions of more than 500 000 tonnes of CO_2 per year are responsible for 80 % of the total emissions, while small installations with 500 tonnes of CO_2 emissions or less per year account for 0.005 % of overall emissions included in the scheme.

Spain reported that a high number of installations in the ceramics sector with low emissions which do not belong to larger companies. For these installations the administrative burden was seen as substantial, without the benefit of active participation in the market. Similar statements on various sectors were made by other Member States in the first report on the application of the Directive.

3.4 New entrants and closures

In total 17 Member States reported on 407 installations which entered or left the scheme. In Cyprus, Ireland, Lithuania, Malta, Poland, Portugal and Spain no changes to the list of installations occurred for 2005. In Greece, installations were only entered into the CITL in 2006 due to the late start of the registry. Hence, no changes occurred. 86 installations which were in the installation allocation tables of the first NAP do not take part in the scheme any more. Closures were the reason for

Table 4 Breakdown of installations by emission categories — number of installations

Emissions in kt CO_2/year	< 500	500 to 50 000	50 000 to 500 000	> 500 000	Total
			Number of installations		
Austria	10	123	51	15	199
Belgium	7	199	75	29	310
Cyprus		8	1	4	13
Czech Republic	19	278	67	31	395
Denmark	92	237	36	15	380
Estonia	3	28	10	3	44
Finland	287	217	70	17	591
France	38	759	231	52	1 080
Germany	106	1 225	359	160	1 850
Greece	1	82	32	25	140
Hungary	5	177	40	12	234
Ireland	4	77	15	13	109
Italy	20	613	219	95	947
Latvia	10	73	7	1	91
Lithuania	9	70	9	5	93
Luxembourg		5	8	2	15
Malta					
Netherlands	7	89	85	29	210
Poland	9	314	131	46	500
Portugal	20	183	28	13	244
Slovakia	3	138	28	6	175
Slovenia	4	79	11	3	97
Spain	33	498	192	87	810
Sweden	323	324	50	8	705
United Kingdom	98	466	136	70	770
Total	**1 108**	**6 262**	**1 891**	**741**	**10 002**
	11.1 %	**62.6 %**	**18.9 %**	**7.4 %**	**100.0 %**

Note: Data taken from CITL on 31 October 2006. For installations without verified emissions allocation has been taken. 73 installations are not included because no verified emissions nor allocation figures were given in the CITL.

15 cases in six Member States and 49 installations fell below the minimum thresholds for participation in seven countries. A further 21 installations in Denmark, France, Germany and Slovakia were not within the scope of the directive and had been included on the list of installations erroneously. Finally, one installation in the United Kingdom opted out. Only Germany, Slovakia and the United Kingdom reported the allocation to these installations. Altogether, 29 installations in these three Member States were allocated approximately one Mt of CO_2 for 2005.

321 installations entered the market because they started operations in the first year of the trading period or because they were overseen in the NAP for the first period. Just over 300 installations in Denmark, Estonia, Finland, Germany, Greece, Hungary, Italy, Latvia, the Netherlands, Slovenia, Sweden and the United Kingdom were reported as new entrants. These installations received a total allocation of 15.5 Mt CO_2 for 2005. One installation in Germany, four in Greece and ten in Slovakia were not identified during the drafting of the NAP and consequently were included later on. The installations in Germany and Slovakia together received approximately 0.47 Mt CO_2 for the first year. Only Greece reported on the number of unknown new entrants.

3.5 Applications to form a pool

Article 28 of the Emissions Trading Directive allows operators to form a pool of installations from the same Annex I activity in the periods 2005 to 2007

Table 5 Breakdown of installations by emission categories — emissions

Emissions in kt CO_2/ year	< 500		500 to 50 000		50,000 to 500,000		> 500 000		Total	
					kt CO_2 per year/%					
Austria	1.7	0.0 %	1 807	5.4 %	8 594	25.7 %	22 973	68.8 %	33 376	100 %
Belgium	0.7	0.0 %	3 265	5.9 %	12 686	22.9 %	39 402	71.2 %	55 354	100 %
Cyprus			159	2.9 %	360	6.6 %	4 952	90.5 %	5 471	100 %
Czech Republic	2.5	0.0 %	3 588	4.4 %	13 475	16.3 %	65 392	79.3 %	82 458	100 %
Denmark	10.8	0.0 %	2 324	8.8 %	4 791	18.1 %	19 350	73.1 %	26 476	100 %
Estonia	0.1	0.0 %	429	3.4 %	1 488	11.8 %	10 710	84.8 %	12 626	100 %
Finland	17.8	0.1 %	2 163	6.5 %	11 381	34.4 %	19 538	59.0 %	33 100	100 %
France	2.8	0.0 %	13 216	10.1 %	33 750	25.7 %	84 305	64.2 %	131 274	100 %
Germany	13.9	0.0 %	18 268	3.9 %	52 841	11.1 %	403 043	85.0 %	474 167	100 %
Greece			1 444	2.0 %	3 874	5.4 %	66 003	92.5 %	71 321	100 %
Hungary	0.3	0.0 %	2 843	10.9 %	5 859	22.5 %	17 325	66.6 %	26 028	100 %
Ireland	1.2	0.0 %	1 063	4.7 %	2 585	11.5 %	18 747	83.7 %	22 398	100 %
Italy	1.5	0.0 %	10 141	4.5 %	38 103	16.9 %	176 855	78.6 %	225 100	100 %
Latvia	1.2	0.0 %	841	29.5 %	1 393	48.8 %	619	21.7 %	2 854	100 %
Lithuania	0.8	0.0 %	841	12.7 %	1 125	17.0 %	4 637	70.2 %	6 604	100 %
Luxembourg			134	5.1 %	769	29.5 %	1 701	65.3 %	2 603	100 %
Malta		-		-		-		-		
Netherlands	0.4	0.0 %	2 393	3.0 %	11 433	14.2 %	66 525	82.8 %	80 351	100 %
Poland	1.0	0.0 %	6 069	5.2 %	17 372	14.8 %	93 594	80.0 %	117 036	100 %
Portugal	1.8	0.0 %	2 390	6.6 %	4 198	11.5 %	29 836	81.9 %	36 426	100 %
Slovakia	0.1	0.0 %	1 572	6.2 %	6 150	24.4 %	17 510	69.4 %	25 232	100 %
Slovenia	0.8	0.0 %	1 017	11.7 %	1 551	17.8 %	6 152	70.5 %	8 721	100 %
Spain	0.8	0.0 %	8 937	4.9 %	24 689	13.5 %	149 711	81.7 %	183 338	100 %
Sweden	27.4	0.1 %	2 704	13.9 %	6 304	32.4 %	10 393	53.5 %	19 428	100 %
United Kingdom	5.3	0.0 %	5 405	2.2 %	21 283	8.8 %	215 770	89.0 %	242 464	100 %
Total	**93**	**0.0 %**	**93 015**	**4.8 %**	**286 054**	**14.9%**	**1 545 042**	**80.3 %**	**1 924 204**	**100 %**

Note: Data taken from CITL on 31 October 2006.

and 2008 to 2012. Applications to form a pool were received in Belgium, Denmark, France, Germany, Hungary, Italy, Poland, Portugal and Spain (Table 6). About 60 % of all applications were made by combustion installations; this figure is consistent with the share of this sector in the trading scheme. Out of the 160 applications only 16 pools were formed in Denmark (1), France (10), Poland (2) and Portugal (3). Spain reported that one application had been withdrawn and the other had not been decided at the time of reporting. Germany reported that the applications were withdrawn by the operators. In Austria, Belgium (Flanders), Greece, Ireland, Latvia, Malta, Slovakia and the United Kingdom no applications were made. Pooling is not foreseen in the national legislation of the Netherlands, Lithuania and Sweden.

3.6 Additional remarks

Germany pointed out that the procedures for updating the list of installations are not described sufficiently in the Community legislation and need to be clarified significantly. To facilitate the procedures in the future, Germany suggested forming a better legislative basis, potentially based on discussions in the working group of registry administrators.

Denmark and the Netherlands remarked that they had applied the broad interpretation of a combustion installation in accordance with the recommendation of the Commission. The United Kingdom recognised inconsistencies and difficulties concerning the coverage of installations

and activities that had led to competitive distortions. To improve the situation Member States and the Commission have worked on a harmonised definition to be applied in the second period of the Trading Scheme.

Finland highlighted that it unilaterally included several installations with a rated thermal input of less than 20 MW if they were connected to a district heating grid where at least one installation was covered by the scheme. In Sweden all such district heating installations were unilaterally included if the aggregated rated thermal input of all installations connected to the same district heating grid exceeded 20 MW.

An opt-out was requested and granted for a number of small installations in the Netherlands on the grounds that their annual emissions was below 25 kt CO_2/year and appropriate monitoring requirements for these installations are applied.

Table 6 Applications to form a pool

		Annex I activity										Total	
		E1	**E2**	**E3**	**F1**	**F2**	**M1**	**M2**	**M3**	**O1**	**O2**	**Applicat. received**	**Pools formed**
Belgium	Applicat. received	71		2	2	13	11	8	10	1	7	125	0
	Pools formed	0		0	0	0	0	0	0	0	0		
Denmark	Applicat. received	8										8	1
	Pools formed	1											
France	Applicat. received	7				2				1		10	10
	Pools formed	7				2				1			
Germany	Applicat. received											3 a)	0
	Pools formed												
Hungary	Applicat. received	1					1					2	0
	Pools formed	0					0						
Italy	Applicat. received					1						1	0
	Pools formed					0							
Poland	Applicat. received	1					1					2	2
	Pools formed	1					1						
Portugal	Applicat. received	1					2		3		1	7	3
	Pools formed	0					1		2		0		
Spain	Applicat. received	2										2	0
	Pools formed	0											
Total	**Applicat. received**	**91**	**0**	**2**	**2**	**16**	**15**	**8**	**13**	**2**	**8**	**160**	
	Pools formed	**9**	**0**	**0**	**0**	**2**	**2**	**0**	**2**	**1**	**0**		**16**

Note: a) No disaggregation by activity given.

4 Permits for installations

- *Provisions to enforce compliance with the requirements of greenhouse gas permits seem sufficient to discourage infringements by operators in all reporting Member States.*
- *In 12 Member States more than one competent authority is involved in the issuance of permits to operators; in those countries, various measures and regulations, such as regular meetings or guidance documents, have been established to assure consistent implementation of the emissions trading legislation.*
- *In most Member States, changes to an installation or its operating mode have to be authorised by the competent authorities; smaller changes need only be notified.*
- *Almost 2 980 changes to permits occurred during the reporting period; the most frequent reasons for updates were changes in monitoring and reporting details, and changes in the identity of the operator.*
- *Compared to last year's report, information on update of permits in particular has changed. Information on specific fines and penalties is no longer included in a dedicated Chapter in this year's report (see Chapter 12).*

Greenhouse gas emission permits are the basis for emissions trading since they define the conditions with which operators have to comply when their installations are covered by the Emissions Trading Directive. Member States have implemented the respective provisions of the directive (Articles 4 to 6) differently. In order to maintain the credibility of the Emissions Trading Scheme, it is important for all market players to have a clear picture of how Member States implement these provisions. This section therefore addresses several issues related to greenhouse gas permits, such as coordination between permitting authorities, interplay with other environmental permits and changes of permits.

4.1 Measures to ensure operator compliance with the requirements of their permits

Articles 4 to 6 of the Emissions Trading Directive deal with the greenhouse gas emissions permit. Pursuant to Article 4, Member States have to ensure that no installation listed in Annex I of the directive emits greenhouse gases unless the operator holds the respective permit. Article 5 describes which information operators have to submit in their application for such a permit. Finally, Article 6 provides the conditions under which the competent authority may grant the permit; the operator has to demonstrate that he or she is able to monitor and report the greenhouse gas emissions of his or her installation.

Most reporting Member States listed at least five measures which can be used to enforce compliance by operators with their permits. Blocking of operator holding accounts, spot or routine checks, naming and shaming of operators and the provision of reporting formats are the most common measures in the EU. Authorities or verifiers in twelve Member States have the right to estimate emissions conservatively for an installation if no emission report is submitted by the operator. In Belgium (Flanders), Finland, France, Hungary, Ireland, Italy, Lithuania, Poland, Portugal, Sweden, Slovenia and the United Kingdom permits might be withdrawn and operation of an installation suspended in severe cases of non-compliance. An additional soft measure applied in 16 Member States is regular meetings with industry and associations to discuss issues relevant for compliance.

In Finland, France, Ireland, Portugal, Sweden, Slovenia and the United Kingdom all of the measures listed above are available if necessary. In addition to these provisions operators might also be fined or imprisoned for certain infringements in most Member States (see Section 12.1). Portugal reported that tools and machinery involved in an infringement might be forfeited to the state, e.g. an installation operating without a permit may be confiscated. Additionally, operators can lose their eligibility for public grants and benefits. It can be concluded that provisions to enforce compliance with the requirements of greenhouse gas permits are sufficient to discourage infringements by operators in all reporting Member States. Cyprus, Hungary and Malta used the old reporting format and did not provide detailed information on this question.

4.2 Coordination of permitting procedures in the case of more than one competent authority

Regarding the coordination of different competent authorities involved in the issuance of greenhouse gas emission permits, Cyprus, Denmark, Greece, Hungary, Ireland, Italy, Malta, the Netherlands, Portugal and Slovenia stated that only one competent authority is doing so. With the exception of Finland all Member States with more than one competent authority involved in the permitting procedures reported on measures to coordinate activities. In Austria, Belgium (Brussels), Estonia, Germany, France, Lithuania, Poland, Slovakia, Spain and the United Kingdom cooperation between the concerned competent authorities is regulated by law or regulation. With the exception of Austria, Lithuania and Poland these countries as well as Sweden and the other Belgian regions also set up commissions or working groups to ensure consistency. In Germany the different authorities act only in their specific field defined by law. That means that for example the greenhouse gas emission permit is issued by the regional authority.

Specific guidance notes to promote consistent implementation of emissions trading law have been elaborated in eight countries. Five Member States set up their own interpretation groups to discuss ambiguous issues; six have one central authority to coordinate administrative acts and provide training courses.

Austria reports that the coordination works well in practice. The only area for improving coordination identified in the first year of the trading scheme was the standards for permitting. In Finland the issuance of greenhouse gas permits is done by a separate competent authority for the autonomous region of Åland; all other permits as well as the issuance of allowances and the registry for all installations are dealt with by the Energy Market Authority. Portugal has implemented several measures to ensure consistency with other bodies although only one competent authority is involved in the permitting procedures; this has been done as the implementation of the scheme relies on these other bodies.

4.3 Interplay of the permitting procedure under the IPPC and the EU ETS Directive

Basically, the integrated pollution prevention and control (IPPC) Directive (96/91/EC) requires the definition of both energy efficiency requirements and emission or concentration limits for pollutant emissions from all sources with a rated thermal input higher than 50 MW. These requirements could restrict emissions trading. For example, operators of large sources might be obliged to reduce their emissions (in order to comply with the IPPC Directive) when it could be more economically efficient to increase emissions further and buy additional allowances instead. Article 26 of the Emissions Trading Directive therefore amends the IPPC Directive so that permits shall not include CO_2 emission limits for installations which are covered by the EU ETS. Where necessary, the competent authorities shall amend the permit as appropriate. In this regard, twelve Member States and two Belgian regions stated that national law, which transposes the Emissions Trading Directive, ensures that no emission or concentration limits for CO_2 are applied to emissions trading installations.

Regarding the permitting procedure which is required under both directives, seven Member States apply an integrated permit procedure (Austria, Belgium (Flanders and Wallonia), Germany, Estonia, France, Lithuania and Portugal): Italy will do so in future. The other Member States establish separate permit procedures for each of the directives. In Germany, Lithuania and France operators only need one permit for both directives. With the exception of Denmark and Italy all countries with separate permitting procedures established other ways to coordinate the processes. In many countries granting a permit under the Emission Trading Schemes requires a valid IPPC permit or vice versa. In twelve Member States IPPC regulators will inform ETS regulators if an installation needs a permit for the trading scheme as well. In Poland both permits are issued by one authority.

In the Netherlands permits under the national nitrogen oxide trading scheme are combined with the permits under the CO_2 trading scheme. Cyprus, Hungary and Malta used the old reporting format and did not provide detailed information on this question.

4.4 Legal provision for the update of permits

According to Article 7 of the Emissions Trading Directive, operators have to inform the competent authority of any extension or other planned changes in the nature or functionality of an installation. Where appropriate the competent authority shall update the permit. In the case of changes in the identity of the operator, the competent authority shall update the permit and include the name and address of the new operator.

All reporting Member States except Estonia require changes in an installation type, its operating mode and its monitoring methodology to be authorised. In the Netherlands this is limited to changes which affect CO_2 emissions by more than 5 %. Changes have to be notified in advance to the authorities in almost all countries; Germany and Italy specified that this has to be done at least one month prior to the change. In cases where changes are deemed less significant they are just recorded and no further action is taken. Operators in 14 Member States have to notify closures within one month. In case of breaches of these regulations penalties may be imposed in fifteen countries.

In Belgium (Brussels, Flanders), Denmark, Estonia, Finland, France, Italy, Latvia, Lithuania, Poland, Portugal, Slovakia, Slovenia, Spain and the United Kingdom changes in the identity of the operator require an update of the permit; in the Netherlands only the monitoring plan needs updating in these cases. Changes in the identity of the operator do not result in an update of the permit in Austria, Belgium (Wallonia), Germany, Ireland and Sweden since the permit refers to the installation and not to the operator.

Cyprus, Hungary and Malta used the old reporting format and did not provide detailed information on this question.

4.5 Number of updated permits

Twentytwo Member States reported on the number of permits which were changed in 2005 (Table 7).

In Cyprus, Lithuania and Malta no permits needed updating in the first year of the trading scheme. Due to the specific conditions of permits in Germany changes can only be expected from 2006 onward. Greece did not provide any information on updates of permits.

Denmark reported that about 40 % of its 380 permits issued were updated during the first year. Reasons for the updates included changes in capacity or fuels used and the identification of errors and omissions in the monitoring plan by verifiers. Ireland decided to incorporate the verified capacity of an installation in the permit, which resulted in the update of 108 out of the 109 permits. Minor changes and corrections were included in the update and not reported upon separately. The United Kingdom has an annual improvement review and the large number of changes reported is in part a reflection of this process.

Together Member States reported a total of approximately 2 980 changes to greenhouse gas permits. It has to be noted that this number is higher than the total number of permits updated, as many updates involved more than one change. Changes occurring most often concerned monitoring and reporting details as well as changes in the name of an operator or installation. The number of changes per country correlates closely with the number of installations. In Ireland and Italy the total number of changes exceeds the number of installations. Other countries with high shares of permits updated in 2005 are Latvia (79 %), Spain (63 %) and the United Kingdom (48 %).

Overall, approximately one quarter of all greenhouse gas emission permits needed updating in the first year of the Trading Scheme which is a considerable administrative burden to operators and competent authorities. One of the reasons for the high share might be errors or omissions in permits identified in the first monitoring, reporting and verification cycle. It has to be assessed in future reports whether the number of updates remains at this level.

Table 7 Number of permits updated in 2005 by categories of changes

	Revoked	Surrendered	Transferred	Increase of capacity	Decrease of capacity	Changes to monitoring and reporting	Change in name of installation or operator	Non-significant amend-ment	Notification without update of permit	Other	Total updates a)
Austria			Unknown					12 b)	n.a.		
Belgium			1	4	2	25	9		2		
Cyprus											0
Czech Republic											
Denmark			5–10								40 % of all permits
Estonia			1								1
Finland	10		14	n.a.	n.a.	83	n.a.	n.a.	n.a.		
France		37					70	46			
Germany											0
Greece	Not reported										
Hungary						11	5			5 h)	
Ireland				3		n.a.	2	i.e.	i.e	108	
Italy		c)	82 d)	2		327	639 e)	n.a.	e)		357
Latvia						50	24				74
Lithuania											0
Luxembourg											
Malta											0
Netherlands	5 f)	n.a.	n.a.	3	n.a.			Unknown	50 g)		
Poland			2			108		10		6	126
Portugal						1			1		1
Slovakia							12				
Slovenia				13	4	2	11	3	5		38
Spain	12	246		79		91	27	10	37	15 i)	517
Sweden			37	8		54	6	1	20		
United Kingdom	1	26	23	57	1	185	35	17	28		374

Note: n.a. = not applicable; i.e. included elsewhere.
a) Not all Member States provided the total number of changes.
b) Known cases.
c) Included under change in name.
d) 76 not formalised in 2005.
e) There is a difference between the total number of permits updated in decision 65 and the number presented. Italy assumes that some of the updates were included under 'Change in name of institution or operator'.
f) Permit will be revoked in 2007; not yet legally possible.
g) 43 changes of monitoring and reporting details; 7 changes of operator or installation name.
h) Change of capacity.
i) Date of start of operation, fuels used, activity and other types of changes.

5 Application of the monitoring and reporting guidelines

- *As for the previous reporting period (January–April 2005) only limited information on the tiers applied by installations of the Emission Trading Scheme was available.*
- *There are still several monitoring parameters for which minimum tiers are deemed to not be technically feasible in several Member States; these include accreditation of laboratories, according to ISO 17025, as well as the determination of calorific values and oxidation factors.*
- *Seven Member States reported application of continuous emissions measurement.*
- *Most of the Member States submitted information on coordination of ETS reporting with other reporting obligations (UN FCCC, EPER, IPPC, NEC, LCP, EMEP) and use of ETS for public statistics, domestic trading schemes and regional covenants.*
- *Compared to the previous reporting period Member States submitted many more data and information on CO_2 transfer, biomass combustion and use in processes and use of waste as fuel and input material.*

Monitoring, reporting of emissions by operators and verification play a fundamental role in any emissions trading scheme. The plant inventory reports and the verified emission reports are crucial as they determine the amount of allowances which have to be surrendered for each year and thereby establish whether an operator is able to sell excess allowances or, for compliance reasons, needs to buy missing allowances or acquire equivalent carbon credits. The monitoring methods to be used are normally specified in the greenhouse gas emission permits and are determined on the basis of the monitoring and reporting guidelines ([11]) (MRG) by the relevant competent authorities in each Member State.

Only a consistent application of these guidelines ensures a level playing field for all companies irrespective of location. In this section of the questionnaire, Member States are asked to provide information on adopted national legislation, approaches and methods (tiers) used to monitor emissions, temporary derogations and deviations from the monitoring methodologies and other specific issues like continuous emissions measurement, CO_2 transfer and the use of waste and biomass. One subsection is devoted to the coordination of emission reporting with other reporting requirements, both national (like national statistics or voluntary covenants) and international, e.g. UNFCCC, EMEP/UN ECE, EPER, IPPC, LCP, and NEC.

5.1 Transposition of the monitoring and reporting guidelines

Fourteen Member States (Austria, Belgium, Germany, Estonia, Spain, Finland, France, Italy, Latvia, Malta, the Netherlands, Poland, Portugal and Sweden) have transposed MRG into their national legislation in form of either government ordinances or parliamentary laws/acts. Several other countries indicated that the respective competent authorities — federal or local — approve the monitoring and reporting plans (M&R plan). The M&R plan then becomes part of an installation's permit and therefore is a legally binding requirement upon the operator (Denmark, France and the United Kingdom). Slovenia and Slovakia informed that the MRG apply directly and therefore no further national legislation with respect to monitoring and reporting has been adopted. A few Member States did not answer this question as they used the 2005 version of the Article 21 questionnaire which did not include the question on transposition of the MRG into the national law (Cyprus, Lithuania, Hungary and Malta).

Several Member States provided in their national laws some exceptions and (temporary) derogations from the MRG (Table 8): the Netherlands and Slovakia clearly indicated that no derogations have been allowed.): the Netherlands and Slovakia clearly indicated that no derogations have been allowed.

([11]) Commission Decision 2004/156/EC of 29 January 2004 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, O.J. L 59/1 EN 26.2.2004.

Table 8 Exceptions and temporary derogations from the monitoring and reporting guidelines in Member States

	Exceptions and (temporary) derogations from the MRG	Member States
1	Characteristics of fuel or input material can be specified by the provider.	AT, SE
2	Energy-balance method is allowable for biomass.	AT, SE
3	Material streams should be used rather than source approach.	AT
4	Standard characteristics are allowed for standardized fuels.	AT, DE, SE
5	For commercial liquid and gaseous fuels (heavy fuel oil, natural gas, LPG, petroleum coke, gas oil, light fuel oil, gasoline, lamp oil, kerosene, ethane, propane and butane), it is allowable in all the cases to adopt a tier 2 for net calorific value and emission factors.	BE
6	Operator of an installation may define all the necessary information data (activity data, net calorific value, emission factor and oxidation factor/conversion factor) needed for calculations of the emissions provided that the accuracy (uncertainty) of the system the operator is using is at least the one demanded by the tier for that specific installation; operator may, if he wants to, use an independent testing laboratory.	FI
7	For installations with only one type of solid fuel the 'energy-balance method', i.e. a method where the amount of fuel and net calorific value of the fuel is being measured constantly directly from the boiler by measuring the energy output of the boiler and the energy losses through the stack and through the walls of the boiler, has been accepted by the national decree provided that at least the minimum uncertainty requirement of the tier to that specific installation is reached.	FI
8	National emission factors (Tier 2a) are accepted on the grounds of cost efficiency instead of Tier 3 for installations using fuels which have been proven to be of uniform quality; the national emission factors do not include the oxidation factor; similar special ruling referring oxidation factors.	FI
9	Standard oxidation factors need to be used unless one can demonstrate that plant specific OFs are more accurate.	DE
10	The plant labs are not obliged to be accredited in accordance with the standard EN ISO 17025. However, equipments used in plant labs should be at least periodically calibrated by an independent lab approved by Member State (BE, FI, SE); labs are obliged to apply Quality Standards in Finland and Sweden.	BE, FI, SE
11	Lower tier methods are allowed for the following emission or oxidation factor (FR): • activity M1 (cement), emissions > 500 kt CO_2; the emission factors can be evaluated by a method of level 1 instead of 2 (14 installations — 9.43 Mt CO_2eq). • activity E1, emissions between 50 et 500 kt CO_2; the oxidation factors, for solid fuels, can be evaluated by a method of level 1 instead of 2 (254 installations — 25.21 MtCO_2). • activity E1 (electricity production), emissions > 500 kt CO_2; the emission factors can be evaluated by a method of level 1 instead of 2 (19 installations — 32.78 Mt CO_2eq).	FR
12	Lower tiers are allowed for the activity data related to combustion of gaseous fuels compared to 2004/156/EC; in particular, tier 2a/2b and 3a/3b are allowed respectively for B and C category, instead of 3a/3b and 4a/4b; this derogation will be valid until 31 December 2006.	IT
13	In some specific cases and only during the first commitment period, lower tiers (by one level only) can be applied than those given in MRG. Such a possibility has to be regulated in a GHG permit.	PL

5.2 Tiers used in the monitoring methodologies for the major emitting installations

Twenty Member States (Austria, Belgium, Cyprus, Germany, Denmark, Estonia, Spain, Finland, France, Ireland, Latvia, Lithuania, Malta, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Sweden and the United Kingdom) provided detailed information on the tiers used for those installations that contribute cumulatively to 50 % of the total emissions included in the trading scheme in their country. The type of information required by the questionnaire is listed in Table 9.

The total number of installations for which detailed values have been submitted from those 20 Member States is 221 (Table 10). The number of installations per country varies between 1 (Estonia), 2 (Slovenia) to 27 (Spain and Germany). Information was only required for emission sources within these installations with annual emissions above 25 kt CO_2. However, Belgium, Estonia, Finland, Spain, France, Lithuania, Latvia, Sweden and Slovakia also included emission source with related annual emissions below that threshold. For Belgium and Finland various biofuels have been added.

Austria reported that data provided in the questionnaire have not been subject to detailed scrutiny. In the case of the Netherlands, annual emissions are given per facility (site). Only the sources or source streams that do not meet the required tiers are summed up. The information about the tiers is included in the validated monitoring plans by the operators. There is no national database with required and achieved tiers per facility and source (stream). For that reason, information about all permits, installations, sources and variables is hard to supply.

Table 9 Information required for the largest installations in each Member State

Installation	Permit ID code Installation ID code Main Annex I activity Total annual emissions Annex I activity
Emission source	Fuel or activity type Related emissions Activity data
Tier chosen	Emission factor Net calorific value Oxidation factor
Values and Units	Emission factor Net calorific value Oxidation factor

Table 10 Number of installations contributing to 50 % of the total emissions included in ETS

Austria	9
Belgium	16
Cyprus	13
Denmark	7
Estonia	1
Finland	12
France	25
Germany	27
Ireland	5
Latvia	18
Lithuania	5
Malta	2
Netherlands	5
Poland	12
Portugal	5
Slovak Republic	5
Slovenia	2
Spain	27
Sweden	8
United Kingdom	17
Total	**221**

5.3 Accepted tiers below the minimum tiers specified in Table 1 in section 4.2.2.1.4 of Annex I to Decision 2004/156/EC

Eleven Member States (Austria, Belgium (Wallonia and Brussels), Germany, Spain, Finland, Ireland, Latvia, Lithuania, Slovenia, Sweden, United Kingdom) reported that lower tiers than those included in the MRG were applied during the reporting period. Of 627 installations for which data were provided, 451 are located in Germany. In addition to installation specific information (permit/installation IDs, activity), the data submitted includes total emissions, affected monitoring parameter, minimum and applied tiers, reason for lower tiers and the time period during which the lower tier may be applied.

Austria reported that data provided in the questionnaire have not been subject to detailed scrutiny. The submitted data refer to major sources only. The values of CO_2 emissions refer to emissions for the particular parameter. Information on biofuels or minor sources is not given in case of data from Finland. For Italian data, values reported as 'total annual emissions' refer to emissions of the whole

plant, while the emissions of the sources monitored with a lower tier than the minimum specified in Decision 2004/156/EC add up to less than half the total.

In the Netherlands, tiers below the minimum tiers have only been accepted for some of the more complex installations emitting above 500 kt CO_2 annually. None of the A and B category installations have been allowed to deviate from the minimum tiers. Portugal reported that it is not able to report the required information in the 2006 report but hopes to be able to answer this question in next year's report. Data submitted by Sweden does not include data for installations that are allowed to apply tiers below the minimum tiers based on the general derogations specified in the national regulations. These exceptions apply to minor source streams and pure biomass among others. Denmark and Slovakia clearly indicated that there are no installations with tiers below the minimum ones.

5.4 Installations that temporarily applied different tier methods than those agreed with the competent authority

Ireland, Spain, Sweden and the United Kingdom provided detailed data on 55 installations that temporarily applied different tiers than those agreed with the competent authority (Table 12). In addition to installation specific data (permit/installation IDs, activity) the information includes total emissions, affected monitoring parameter, approved and temporarily applied tiers, reason for change and time period during which the lower tier may be applied. The reasons for change of the agreed tier include missing monitoring data, meter failure, calibration or maintenance, other malfunctions and changes in installations.

Denmark reported that it was not possible to respond to this question by the required deadline as it would require an evaluation of all monitoring plans. In Italy, the limited number of cases reported is due to the fact that permit holders had been allowed to monitor emissions observing at least tier 1 of Annex I to Decision 2004/156/EC until October 2005.

Austria, Belgium, Estonia, Finland, Hungary, Latvia, the Netherlands, Portugal, Slovenia and Slovakia reported that there are no such installations in their countries.

Table 11 Number of installations for which it has not been feasible to use the minimum tiers listed in Decision 2004/156/EC

Austria	20
Belgium	13
Finland	9
Germany	451
Ireland	9
Latvia	2
Lithuania	2
Slovenia	1
Spain	1
Sweden	5
United Kingdom	114
Total	**627**

Table 12 Number of installations that temporarily applied different tiers than those agreed with the competent authority

Ireland	1
Spain	5
Sweden	16
United Kingdom	33
Total	**55**

5.5 Application of continuous emissions measurement

Nineteen Member States submitted information on the application of continuous emissions measurement (Table 13). There are at least 27 installations in five Member States that apply continuous emission measurement (CEM). In 12 Member States, all installations in the EU ETS apply fuel use or other activity-data based approach for estimating CO_2 emissions and do not measure emissions directly. Among the installations applying CEM, nine installations are combustion installations with a rated thermal input exceeding 20 MW (E1), while 16 are mineral oil refineries (E2). One installation operates in each of the following: ceramics (M3) and paper and board (O_2) industry. Among the 27 installations, three installations emit less than 50 kt CO_2 annually, five installations emit between 50–500 kt CO_2, while 19 emit more than 500 kt CO_2. Five Member States did not answer this question in their reports.

Table 13 Number of installations applying continuous emissions measurement

	E1			E2		M3	O2	
	< 50 kt	50-500 kt	> 500 kt	50-500 kt	> 500 kt	50-500 kt	50-500 kt	Total
Finland					1			1
Germany	1			1	6			8
Poland			1					1
Slovak Republic							1	1
Spain	2	2	3		1			8
Sweden						1		1
United Kingdom					7			7
Total	**3**	**2**	**4**	**1**	**15**	**1**	**1**	**27**

5.6 Carbon dioxide transfer

Most Member States did not provide any information on CO_2 transfer outside plant boundaries. Eleven Member States (Belgium, Spain, Germany, Finland, Hungary, Italy, the Netherlands, Poland, Sweden, Slovenia and the United Kingdom) submitted detailed data summarised in Table 14. In total, data on CO_2 transfer from 54 installations were provided. 32 installations are in energy industries, ten installations are in pulp and paper industry, nine are in ferrous metal production and three in the mineral industry. The total CO_2 transferred from those 54 installations was 31 392.9 kt CO_2. Most of this CO_2 was transferred by installations in the United Kingdom, Germany, Hungary, Sweden and Spain. The CO_2 transferred outside the plant boundaries are mainly used for combustion and electricity generation (coke oven, blast furnace and other combustible gases), carbonation of beverages, for precipitating calcium hydroxide into calcium carbonate and as component of natural gas in gaseous or liquefied form. Germany indicated that 7.8 Mt CO_2-transfers reported by operators may correspond to no more than one third of the actual quantity. Obviously operators did not yet deliver information about carbon dioxide transfers as a matter of routine. However, with more information and experiences of a proper CO_2 reporting, the data quality is supposed to increase in the following reporting year.

According to the information provided by Member States, CO_2 is not transferred by any installation covered by the trading scheme in Estonia, Ireland, Latvia and Malta. Integrated steel mills in Austria account for CO_2 transfer in their mass balance approach. Portugal indicated that information on CO_2 transfer is not available yet.

In last year's Article 21 report, there was no data on CO_2 transfer reported by Member States.

5.7 Biomass combusted or employed in industrial processes

Seventeen Member States (Austria, Cyprus, Denmark, Germany, Estonia, Spain, Finland, Hungary, Ireland, Italy, Lithuania, Latvia, Poland, Sweden, Slovenia, Slovakia and United Kingdom) submitted detailed data on biomass combusted or employed in industrial processes (Table 15). In total, over 1 850 500 TJ of biomass was combusted in those Member States. The largest amounts were combusted in Sweden (702 746 TJ), Slovakia (353 661 TJ) and Finland (226 018 TJ). Combustion occurred mainly in energy industries (Sweden) and pulp and paper industries (Germany, Italy, Finland, Sweden, Slovakia). The total reported biomass employed in industrial processes amounted to 14 440 kt. Here, the largest contributions exceeding 1 000 kt came from Austria, Hungary, Italy, Poland and the United Kingdom. Data on used biogas were submitted by only eight Member States (Austria, Estonia, Spain, Ireland, Latvia, Poland, Sweden and the United Kingdom). The largest amounts of biogas were reported by Austria (over 38 Mm^3), Spain and the United Kingdom (both over 11 Mm^3). In Austria the values refer to biogas only. In cases of mixtures of fossil fuels and biomass, only the biomass content is accounted for. The numbers on biomass used in Austria suggest a kind of 'double counting': as the energy content (TJ) reported here refers to the same biomass as reported under biomass employed (t or m^3). Other Member States did not provide information on distinction between biomass used for combustion and for processes. The total amount reported by the eight Member States was 68 212 054 Mm^3.

Finland did not report the biomass fraction of mixed fuels. Lithuania did not disaggregate the total amount of biomass employed to activity types. In Belgium, France, the Netherlands and Portugal information on biomass combustion and use is not yet available.

Table 14 CO_2 transferred from installations

	Main Annex I activity	Number of installations	CO_2 transferred (kt CO_2)	Use of transferred CO_2
Belgium	F1	1	3.6	Fl: blast furnace gas for electricity generation
	F2	1	1 099.0	W: blast furnace gas to power plants included in ETS (E1)
Finland	E1	1	0.3	Precipitated calcium carbonate (PCC)
	E2	1	39.4	CO_2 is liquefied and forwarded to gas supplier
	M1	1	1.2	Precipitated calcium carbonate
	O1 and O2	8	192.1	Precipitated calcium carbonate
Germany	E1	5	65.5	No data
	E2	2	108.2	No data
	E3	1	3.2	Combustion
	E3/F2	5	7 271.9	Combuston
	F2	1	351.1	Combustion
Hungary	E1	2		
	E3	1	3 331.3	Various
	F2	1		
	O2	1		
Italy	E1	5	5.4	Various
	E2	2	494.0	Component of fuels
Netherlands	E1	1	31.0	Greenhouse industry
Poland	M1	2	751.7	Food processing, substrate for chemical industry
Slovenia	E1	1	2.1	Selling
Spain	E1	2	23.1	Carbonation of beverages
	F2	1	1 370.6	CO_2 in combustible gases to plants outside ETS
Sweden	F1	3	21.3	Mixed gas and coke oven gas for combustion
	F2	1	2 310.8	Carbon content in ore-pellets
	O2	1	6.0	Gas from lime kiln used for making precipitated calcium carbonate
United Kingdom				Diesel house recovered as waste
	E1	3	13 910.0	Precipitated calcium carbonate
				As component of natural gas supplied to national grid
Total		**54**	**31 392.9**	

Table 15 Biomass combusted or employed

	Main Annex I activity	Biomass combusted (TJ)	Biomass employed (t)	Biomass employed (m^3)
Austria	E1	22 882	2 717 681	25 133 644
	M1	1 543	106 629	
	M3	876	152 316	
	O1	14 693	1 789 439	8 673 490
	O2	3 934	396 792	4 868 915
Cyprus	M1		2 173	
Denmark	E1	25 600		
	M1	1 500		
Estonia	E1		244 831	
	O2		57 618	487 148
Finland	E1	59 268		
	E2		3 150	
	M1	121		
	M3	75		
	O1 and O2	166 422		
	opt-in	132		
Germany	E1	36 910	0	
	E3/F2	0	513 582	
	F2	0	1 107	
	M1	8 018	0	
	M2	0	426	
	M3	409	357 867	
	O1	24 426	0	
	O2	1 759	0	
Hungary	E1	13 449	1 166 749	
	M1	180	9 931	
	M3	8	102 828	
	O1	228	24 810	
Ireland	E1	5 458	303 104	2 668 000
Italy	E1	41 515	2 157 562	
	M1	113 614	53 413	
	M3		2 904	
	O2	112 101	119	
Latvia	E1			224 499
	M3			2 734
Lithuania			229 328	
Poland	E1	17 737	402 917	0
	M1	321	354 227	0
	M2	0	35	0
	M3	3 057	10 885	4 658
	O2	11 439	0	3 408 263
Slovakia	M3	45 077		
	O1	97 912		
	O2	210 672		
Slovenia	E1	1 039		
	M1	176		
	M3	70	167	
	O2	2 340		

Table 15 Biomass combusted or employed — cont.

	Main Annex I activity	Biomass combusted (TJ)	Biomass employed (t)	Biomass employed (m^3)
Spain	E1	7 049	5 852	2 082 970
	E2		21 756	
	M1	80 343	76 618	
	M3	2 351	59 231	9 506 202
	O1	7 054	293 835	
	O2	2 190		
Sweden	E1	495 993		
	M1	757	33 500	
	M3	407		2 335
	O1	123 728		
	O2	81 861		
United Kingdom	E1	3 012	2 753 205	11 149 196
	O2	293	33 331	
Total		**1 850 000**	**14 439 918**	**68 212 054**

5.8 Waste used as fuel or input material

Fifteen Member States (Austria, Denmark, Germany, Spain, Finland, Hungary, Ireland, Italy, Lithuania, Latvia, Poland, Sweden, Slovenia, Slovakia and the United Kingdom) submitted detailed data on the use of waste as fuel or input material (Table 16). In total, over 12 488 kt of solid or liquid waste was used/ deployed in those countries. In addition 1 463 Mm^3 of waste in gaseous state was used in Italy. Most of the used waste and residues came from the pulp and paper industry, metal production, secondary fuels, tars, used tyres, solvents and the timber industry. In addition to a description of the waste type (e.g. used paper) some Member States provided EWC codes from the European List of Wastes. The largest contributions in terms of waste amount came from Germany, Austria, Poland, Denmark, Finland, Italy, Sweden and the United Kingdom. In each of these six Member States the amount of waste used exceeded 200 kt annually.

The used waste generated over 5.9 Mt of fossil CO_2 emissions and another 1.9 Mt of CO_2 from biomass. The largest contributions came from Germany, the United Kingdom, Poland, Austria, Spain, Finland and Sweden. Biomass based CO_2 emissions were reported by Austria and Hungary. Hungary did not provide data on waste amounts per type but reported resulting CO_2 emissions as a percentage of the national total. Italy did not provide estimates for waste related CO_2 emissions but gave data on energy amount (247 060 TJ) of used wastes.

Belgium, France, the Netherlands and Portugal indicated that information on waste used as fuel or input material is not yet available. These Member States hope to submit this information in the following reports. Denmark reported that it was not possible to divide waste into different types and only gave a national total. Italy reported data that had been collected within the emissions report for 2005 among biomass memo items and does not include the fossil part of the waste. For this reason quantities reported are underestimated since wastes represent the input material of many industrial processes. Lithuania provided only aggregated 2004 data for hazardous and medical wastes and informed that detailed 2005 data will be available in December 2006. Estonia and Malta clearly indicated that waste was not used as fuel in ETS installations.

It should be stressed that the reporting on used waste seems to be incomplete in some MS, which might be due to either incomplete information provided by operators or due to national definitions. For example, in Austria, the biggest contributions are wood wastes which could be reported as 'biomass' by other MS, and iron scrap used for steel making, which is also consumed in large amounts in other MS.

In last year's Article 21 report, there was almost no quantitative data on waste use reported by Member States.

5.9 Coordination of ETS reporting with other emission reporting requirements

Eighteen Member States (Austria, Belgium, Germany, Denmark, Estonia, Spain, Finland, France, Ireland, Italy, Latvia, the Netherlands, Poland, Portugal, Sweden, Slovenia, Slovakia and the United Kingdom) submitted information on coordination of EU ETS reporting requirements with other reporting obligations (Table 17). Austria, Belgium (partially), Finland (partially), Denmark, Estonia, France, Ireland, (partially) Latvia, Slovenia, Slovakia and the United Kingdom coordinated reporting requirements under the Emissions Trading Directive with other reporting requirements or are planning and preparing to do so. Austria plans to use ETS data for reporting to the UNFCCC and Decision 280/2004/EC, the European Pollutant Emission Register (EPER, Commission Decision 2000/479/EC) and Large Combustion Plants Directive (LCP, Directive 2001/80/EC), while ETS data are already used for public statistics purposes. In Belgium, installation level emission data were (partially) used for reporting under the UNFCCC, EPER, Integrated Pollution Prevention and Control Directive (IPPC, Directive 96/61/EC), National Emission Ceilings Directive (NEC, Directive 2001/81/EC), regional covenants and were used partially by statistical offices.

Denmark coordinated ETS reporting with voluntary covenants and public statistics while Estonia only with the latter. Finland used ETS data for UNFCCC reporting and in public statistics. It plans to coordinate ETS reporting with a number of other international reporting obligations (EPER, IPPC, LCP, NEC, EMEP). France, Latvia, Slovenia and the United Kingdom (in part) coordinated ETS reporting with UNFCCC, EPER, IPPC, NEC (without Latvia) and LCP reporting. Slovakia coordinated ETS data with UNFCCC and public statistics. Only Slovenia and the United Kingdom reported that they coordinated ETS with NEC reporting.

Germany evaluated possibilities to use the data from emission reports for the preparation of national inventory reports under the UNFCCC; Italy with public statistics. The Netherlands coordinated ETS with the domestic trading scheme and public statistics. Sweden used ETS data in public statistics.

Several Member States reported that monitoring reports will be submitted electronically by operators to facilitate the reporting of plant-level data for various purposes and obligations.

Table 16 Waste used or deployed

	Quantity used/ deployed (t)	Quantity used/ deployed m³	CO_2 Emissions (t CO_2)	CO_2 Emissions (t CO_2) (biomass)	Quantity used/ deployed (TJ)
Austria	3 061 178	0	402 202	1 864 670	0
Denmark	398 000	0	33 000	0	0
Finland	404 460	0	192 379	0	0
Germany	5 252 225	0	3 886 140	0	0
Hungary	0	0	0	57 510	0
Ireland	5 090	0	13 298	0	0
Italy	853 945	1 462 676	0	0	247 060
Latvia	12 569	0	32 022	0	0
Lithuania	3 097	0	0	0	0
Poland	1 413 031	0	430 021	0	0
Slovakia	39 470	0	64 965	0	0
Slovenia	23 082	0	30 569	0	0
Spain	123 043	0	180 378	0	0
Sweden	664 890	39	105 923	0	0
United Kingdom	234 450	0	572 227	0	0
Total	**12 488 530**	**1 462 715**	**5 943 124**	**1 922 180**	**247 060**

Table 17 Coordination of ETS reporting with other reporting requirements

	Other requirements	UNFCCC	EPER	IPPC	NEC	LCP	EMEP	Voluntary covenants	Other trading schemes	Use by statistical office
Austria	Yes, planned	Planned	Yes, planned	No	No	Yes, planned	No	No	No	Yes
Belgium	Yes, in part	Yes, in part	Yes, in part	Yes, in part	Yes, in part	Yes, in part	Yes, in part	Yes	No	Yes, in part
Germany	No	Evaluated	No	No	No	No	No	No	No	No
Denmark	Yes	-	No	No	No	No	No	Yes	No	Yes
Estonia	Yes	No	No	No	No	No	No	No	No	Yes
Spain	No	-	No	No	No	No	No	No	No	No
Finland	Yes, partially	Yes	Yes, in future	Yes, in future	Yes, in future	Yes, in future	Yes, in future	No	No	Yes
France	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No
Ireland	No, cross checking	Yes	No, cross checking	No	No	No	No	N/A	N/A	ETS data are public
Italy	No	Yes	No	No	No	No	No	No	No	evaluated
Latvia	Yes	Yes	Yes	Yes	No	Yes	No	No	No	Yes
Netherlands	No		No	No	No	No	No	No	Yes	Yes
Poland	No	No	No	No	No	No	No	No	No	Yes
Portugal	No	No	No	No	No	No	No	No	No	Not checked
Sweden	No	-	No	No	No	No	No	No	No	Yes
Slovenia	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes
Slovakia	Yes	Yes	No	No	No	No	No	No	No	Yes
United Kingdom	Yes	Yes	Yes	Yes, in part	Yes	Yes, in part	Yes	N/A	No	Yes

6 Arrangements for verification

- *In all reporting Member States, with the exception of Estonia and one Belgian region, independent verifiers can be accredited or accepted according to national rules.*

- *Nineteen Member States reported that verified emission reports may be subject to additional checks to ensure the quality of the verification process. Additional checks were undertaken in all of these countries with one exception.*

- *Sixteen Member States have developed verification guidance and one more is in the process of doing so.*

- *Approximately 120 installations did not submit an emission report verified as satisfactory by 30 April 2006. An additional 160 installations did not submit a report at all. Most of these cases were solved within three months and delays were caused by the late institutional setup for verification in some Member States.*

- *Compared to the previous reporting period the information provided this time is much more comprehensive due to the new questionnaire. Member States used 2005 to finalise their verification framework, e.g. ten out of the eleven Member States which reported on the ongoing preparation of verification guidance in the previous report have now done so.*

As operators would profit from monitoring reports which underestimate actual emissions and to align monitoring made at different installations, verification of these reports is required. The Emissions Trading Directive and the monitoring and reporting guidelines only regulate some fundamental requirements and aspects of the verification process. Details are left to individual Member States. This section provides some overview of the verification framework, elaborated guidance documents and provisions for the accreditation of verifiers already accredited in another Member State.

6.1 Verification framework and the role of competent authorities

Independent verifiers are accredited or accepted by accreditation bodies in accordance with national rules in almost all Member States. The only exceptions are Estonia and Belgium (Flanders), where only one verifier is accepted. In Hungary different approval procedures for individual and institutional verifiers have been implemented. Individual verifiers are only permitted to conduct verification activities for small or medium-sized installations mainly combusting liquid or gaseous fuels.

In Austria, the verifier has to be notified *ex-ante* to the competent authority for approval. In Austria and in Belgium (Wallonia) the competent authority has the right to appoint a different verifier if it has substantial doubts about the independence of a verifier.

In Austria, Belgium, France, Ireland, Italy, Portugal, Slovakia and the United Kingdom verifiers must recommend improvements on monitoring and reporting procedures to operators. Verifiers operating in Germany and Finland are encouraged to do so but are under no legal obligation.

6.2 Verification guidance documents and supervision of verifiers

Most Member States have implemented standards and procedures to ensure and improve the quality of the verification process. Sixteen Member States (Austria, Belgium, Germany, Denmark, Spain, Finland, Hungary, Ireland, Italy, Latvia, Lithuania, the Netherlands, Poland, Sweden, Slovenia and the United Kingdom) developed specific national verification guidance. Out of these, all Member States except Austria, Belgium (Brussels, Wallonia) and Spain based their rules and procedures on the criteria for the accreditation contained in the guidelines of the European Cooperation for Accreditation (EA) or the related EN 45011. Only Estonia, France, Portugal and Slovakia decided not to develop national guidance, while Cyprus is in the process of doing so. Greece did not provide information on this issue.

In nineteen reporting Member States the competent authority or another agency may check verified emissions reports. This figure includes Denmark which has decided to accept all verified reports without further evaluation if the declaration of verification is satisfactory. Cyprus, Greece, Hungary and Malta used the old format and did not report on this aspect. In all Member States except Finland, France, Poland, Sweden and Belgium (Wallonia) authorities also have the right to adjust the verified emission reports if deemed unsatisfactory. Austria, Cyprus, Greece, Hungary and Malta did not give any information on this. The competent authority in the United Kingdom estimates emissions only for installations where the verification opinion statement is 'not verified'.

The work of the verifiers is supervised through spot checks, training courses or other quality assurance and quality control procedures in fifteen Member States. France indicated that this will be done in the future whereas Denmark, Latvia and Slovakia have no such plans. Cyprus, Greece, Hungary and Malta used the old questionnaire and did not report on this question.

6.3 Procedures of accreditation and mutual recognition of accreditation

Four Member States (Austria, Italy, Latvia, Sweden) reported that all verifiers had to be accredited or accepted through the national process independent of prior accreditation. Austria explained that this was necessary as verifiers were not accredited but only accepted under national legislation. In Belgium (Brussels), Cyprus, Denmark, Finland, Hungary, Ireland, Malta, the Netherlands, Poland and Slovenia verifiers already accredited in another Member State were not subject to an additional accreditation process.

Seven Member States (Germany, Greece, Spain, France, Lithuania, Slovakia and the United Kingdom) reported that verifiers worked without additional accreditation, if prior accreditation was in accordance with the national legislation in those seven Member States. In the United Kingdom, such verifiers are subject to an additional on-site audit by UKAS. Some countries (France, Lithuania and the United Kingdom) referred to EA accreditation guidance as basic requirement. Simplified procedures for verifiers already accredited in another Member State were in place in Belgium (Wallonia) and Poland. Foreign verifiers are not currently accepted for the verification process in Portugal; no independent verifiers can be accredited in Belgium (Flanders) and Estonia.

Austria, Belgium (Brussels), Denmark, Finland, France, Greece, Ireland, Lithuania, the Netherlands, Poland, Sweden, Slovenia, Slovakia and the United Kingdom require knowledge of the national language and relevant national legal provisions from verifiers accredited in other Member States. In Germany and Latvia knowledge of the legal provisions is sufficient whereas general legislation in Spain requires the use of official languages in administrative proceedings. No explicit provisions are included in Italy and Belgium (Wallonia). Cyprus, Hungary and Malta did not report on this question. In Belgium (Flanders), Estonia and Portugal foreign verifiers cannot gain accreditation.

6.4 Emission reports for 2005

Operators have to submit an emission report verified as satisfactory by 31 March of each year to the competent authority. Some operators were not able to comply with this requirement for 2005 as they either lacked the necessary verification statement or did not submit a report at all. In total approximately 3 % of all installations were in breach of their reporting requirements on 1 April. Most of these cases were caused by the late implementation of verification procedures not leaving enough time to meet the deadlines.

In twelve Member States (Austria, Belgium (Brussels, Flanders), Germany, Estonia, Greece, Finland, France, Hungary, Poland, Portugal, Slovenia, Slovakia) all emission reports for 2005 were considered satisfactory by 31 March 2006. In nine Member States at least one emission report was not considered satisfactory by that deadline (Table 18) ([12]).

Only Denmark and Spain saw a need to correct emissions as reported by operators. Hungary reported that all emission reports were verified as satisfactory within three months after the deadline which had been postponed by a government decision. In Poland many reports were submitted late due to the delay in the implementation of the trading scheme. In the Netherlands all reports were already considered satisfactory by 30 April.

([12]) Germany reported that, at the end of 2006, approximately 5 % of all 2005 emission reports were not considered satisfactory by the competent authority after a more detailed review of the submissions by operators. The verification statements were incorrect in these cases.

The large number of installations with outstanding verification statements in Lithuania was due to delays in the accreditation process.

Belgium (Wallonia), Cyprus and Malta did not give information on this issue.

Apart from the lack of a positive verification statement some operators did not supply an emission report at all. This occurred in ten Member States (Table 19). Poland reported that most installations did not submit a report in time due to the late implementation of the trading scheme. In eight countries (Austria, Belgium (Flanders), Estonia, Finland, France, Latvia, Slovenia, Slovakia) all operators submitted reports on time.

Belgium, Denmark, Ireland, Italy, the Netherlands and Sweden sent reminders and formal warnings on sanctions to installations which did not supply a report by 31 March. Germany evaluates fines for installations in breach of their reporting requirements. The Italian competent authority initiated an emission estimation process for these installations which together received about 1 % of the total national allocation. In Spain only one operator did not submit an emission report. The affected installation was closed in January 2005 and the GHG emission permit revoked.

Only in Germany, Ireland, Portugal, Spain and the United Kingdom did competent authorities block allowances in the operator holding accounts for installations without an emission report. The Netherlands explained that all outstanding reports were verified and submitted before 30 April and such a step was not necessary. Cyprus and Greece did not respond to this question.

Considering that 2005 was the first year operators had to submit verified emission reports it can be concluded that the total number of reports

Table 18 Emission reports not considered satisfactory by 31 March 2006

	Number of installations	Emissions reported	Allowances surrendered t CO_2	Correction of verified emissions by CA
Austria	None			
Belgium a)	None			
Cyprus				
Czech Republic				
Denmark	5	377 950	392 715	392 714
Estonia	None			
Finland	None			
France	None			
Germany	None			
Greece	None			
Hungary	None			
Ireland	1	25 401	27 970	
Italy	3	33 127		
Latvia	1	68		
Lithuania	69	5 043 974	5 043 674	
Luxembourg				
Malta				
Netherlands	4	8 039 350	8 039 350	
Poland				
Portugal	None			
Slovakia	None			
Slovenia	None			
Spain	2	1 766		1 766
Sweden	20	61 861	69 126	
United Kingdom	12	1 115 425	1 120 896	2 256

Note: a) Information for Brussels and Flanders only.

Table 19 Installations without an emission report by 31 March 2006

	< 50 000 t CO_2e			50 000 to 500 000 t CO_2e			> 500 000 t CO_2e		
	Number of reports not provided	Allocation t CO_2	Allow-ances blocked t CO_2	Number of reports not provided	Allocation t CO_2	Allow-ances blocked t CO_2	Number of reports not provided	Allocation t CO_2	Allow-ances blocked t CO_2
E1	105	1 384 303	156 120	8	833 488		3	5 984 279	
E2				1	58 395		1	2 493 052	
E3									
F1									
F2	3	54 192							
M1	2	46 418	46 418						
M2	2	57 708	109 416						
M3	15	150 376	95 743	2	121 782				
O1	1	15 735		1	115 396				
O2	12	222 446		3	258 486				
Total	**140**	**1 931 178**	**407 697**	**15**	**1 387 547**	**0**	**4**	**8 477 331**	**0**

outstanding or not verified by the set deadline was rather low. It can be expected that this number will decrease further as more experience is gained by operators, verifiers and competent authorities.

Most of the competent authorities carried out independent checks on verified reports. The only exceptions were Belgium (Flanders), Denmark and Estonia; Cyprus, Greece and Lithuania did not report on this question.

The checks undertaken varied substantially across Member States. All reports were checked in Hungary, Ireland, Latvia, Portugal and Slovakia. In Austria an outlier analysis of all reports was followed by a detailed assessment of a quarter of all installations. Apart from checking all verification statements Germany also checked all reports of installations with annual emissions over 1 Mt CO_2. Spanish authorities evaluated 311 reports which included site visits, analysis of completeness and documentation and the steps taken by the verifier. In Finland 60 working reports of verifiers were selected randomly for thorough analysis. Reports verified with comments were assessed in France (41 reports) and the United Kingdom (386 reports). In the Netherlands, emission reports were compared with NAP data and reports under the national NO_X trading scheme. Sweden checked the completeness of all reports and analysed 40 in more detail. The reviews in Italy and Slovenia (10 installations) have not yet been finalised.

These checks have not yet resulted in a correction of verified emissions by the registry administrator. In Ireland, verified emissions for approximately eight installations will be corrected by a total amount in the region of 909 t CO_2, final clarifications are still awaited from a few operators. In Italy one request is under assessment and the Netherlands identified some installations which will be investigated in more detail first.

6.5 Additional remarks

On 21 June 410 installations covering 90 % of total emissions had submitted verified emission reports in Poland. Spain reported that due to a lack of accredited verifiers for the CO_2 ([13]) trading scheme in 2005 verifiers under the Eco-Management and Audit Scheme were allowed to verify emissions in the CO_2 trading scheme. The United Kingdom organised a three-day course on requirements for assessment of verification bodies with participation of 19 delegates from twelve Member States.

([13]) Regulation (EC) No 761/2001; OJ L 114, 24.4.2001, p. 1. Regulation as last amended by Commission Regulation (EC) No 196/2006 (OJ L 32, 4.2.2006, p. 4).

7 Operation of registries

- *Twentyone Member States elaborated specific terms and conditions for the use of their national registries.*
- *Procedures and standards to safeguard registries and their data have been implemented in 17 Member States. Only four Member States detected security threats in 2005.*
- *Many registries were not operating at the beginning of 2005. Those operating faced significant downtimes for planned and unforeseen reasons in the first half of the year. In the second half of 2005 registries were on average only off-line a few minutes per month.*
- *In the previous reporting period very limited information on the operation of the registries was available due to the late start of many registries. This has improved in this report but several registries only went on-line in late 2005 if at all. As a consequence, this chapter still only provides a preliminary overview of the operation of the registries.*

Registries provide the necessary infrastructure for tracking emission rights, transferring allowances between market players and surrendering emission rights. To ensure smooth operation, specifications for registries are laid down in detail in the registries regulation ([14]). This section of the questionnaire therefore focuses on issues related to the daily operation of registries, such as terms and conditions as well as technical aspects like malfunctions or security alerts.

7.1 Terms, conditions and identity checks of account holders

Operators as well as individuals can open accounts in the national registries. With the exception of Sweden, all Member States elaborated on the specific terms and conditions for the use of their national registries, which have to be signed or accepted by account holders. The terms and conditions vary from two pages (e.g. Denmark) to over 20 pages (e.g. Austria, United Kingdom).

Thirteen Member States (Austria, Belgium, Germany, Denmark, Estonia, Spain, Finland, France, Italy, Poland, Portugal, Slovenia, Slovakia) implemented different identity checks for operator holding accounts and personal holding accounts. The procedures for both types are the same in Cyprus, Denmark, Ireland, Lithuania, Latvia, the Netherlands and the United Kingdom. In six countries (Germany, Estonia, Ireland, Sweden, Slovenia, Slovakia) national residents applying for a personal holding account have to identify themselves in person either to the registry administrator or to a third person such as a notary. In most other countries it is sufficient for applicants to provide a (certified) copy of their passport or identity card. In all but three Member States (Denmark, Estonia, Latvia) applications for operator holding accounts need to be further substantiated by a copy from the company register. In Sweden this obligation is limited to foreign participants. In 19 countries requests for the opening of operator holding accounts have to be backed by documentation proving the right to represent the company. This is not necessary in Denmark and Latvia; Hungary did not report on this issue. Denmark explained that both documents were already a requirement for applying for a CO_2 emission permit and not requested for a second time when opening an operator holding account.

Most Member States do not differentiate between national residents and residents of other countries in their rules for the opening of an account. In Estonia only applicants living outside the country need to identify themselves in person. In Germany these applicants have to identify themselves at a German consulate. In Austria applications for personal holding accounts residing outside the European

([14]) Commission Regulation of 21 December 2004 for a standardised and secured system of registries pursuant to Directive 2003/87/EC of the European Parliament and of the Council and Decision No 280/2004/EC of the European Parliament and of the Council OJ L 386/1 dated 29.12.2004.

Economic Area need to legalise their documents in an Austrian consulate. For operator holding accounts the identity has to be verified by the respective national administration.

Greece reported that the registry was not operational in 2005 and did not provide any further details.

7.2 Security alerts, downtime and registry upgrades

National registries and the community independent transaction log are connected to the internet to exchange information on transactions and to enable account holders to access their accounts. Special routines, standards and procedures have been implemented in almost all Member States to protect the registries and accounts from unauthorised access and data manipulation. Greece, Hungary, Malta, Poland and Slovakia did not report on this question.

Four countries discovered attempts to breach the security of the registry or vulnerabilities of the software requiring action. Denmark and France reported on specific problems of the software used. In Denmark an account holder was able to access a different account than his own. The registry was taken off-line for 22.5 hours in order to resolve the problem. In France a detected anomaly required changes in the setting of a backup server. Italy reported on general threats to any system connected to the internet. The firewall was subject to around 50–300 unauthorised log in attempts per day and regular port scanning activities were identified. Belgium did not elaborate on the security threats discovered.

Most registries experienced scheduled or unscheduled downtime. Initial problems were experienced with many registries in the first months of 2005. Operations improved by the end of the year. The average cumulated downtime for all registries operating dropped from 650 hours per month in the first half of 2005 to approximately 23 hours per month in the second half. The figures do not take into account the late start of operations for many registries.

Scheduled and unscheduled downtime ranged between zero and approximately 500 minutes/month each in the first year. Unforeseen downtime was highest in the Netherlands with a total of over 100 hours in 2005 followed by Denmark with 82 hours. In the Netherlands the registry system was an additional 65 hours off-line due to planned work; in Italy 105 hours. Sweden reported even higher scheduled downtime in the first months before and just after the system went on-line. The registry has not been unavailable since then. In the United Kingdom, no information on downtime is available.

The registry software used in most Member States (Seringas, GRETA) is scheduled for upgrades in collaboration with the French Caisse des Dépôts et Consignations (CDC) and the UK Department for Environment Food and Rural Affairs (Defra) respectively, who supply the registry software. Reasons given for upgrades, apart from complying with the registry specifications, were: increased user-friendliness and enhanced functionality. A major update planned for late 2006 in most countries is due to the forthcoming connection to the independent transaction log operated by the UNFCCC secretariat. This requires modifications in the Member States' registries. Only Belgium, Finland, Germany and Slovenia allotted regular time slots for system works. Most other registries post a notice a few days in advance of planned work to inform users about potential access problems to the system.

8 Arrangements for the allocation of allowances, new entrants and closures

- *Most Member States welcome harmonisation of allocation rules, such as the definition of a combustion installation, treatment of new entrants and closures.*
- *One of the main lessons learned was the need to simplify the allocation process to enhance clarity of the rules and reduce the workload of authorities as well as companies.*
- *Ten Member States allocated a combined total of approximately 11.9 million EUA to new entrants in the reporting period.*
- *Only three Member States (Denmark, Hungary, Ireland) intend to auction allowances; no auction was carried out in 2005.*
- *Compared to the previous reporting period less information has been reported by Member States. This is mainly due to the fact that the lessons learned and improvements for future allocation rounds were already reported in last year's questionnaire and no changes occurred. In contrast, more information on the new entrants reserve is available.*

The development of the NAP and the allocation of allowances are the core of the directive's implementation. These decisions may influence the competitive positions and profits of the companies covered by the scheme and are therefore often controversial. Hence, it is very important to have a clear picture about how this process was carried out in each Member State and which results have been achieved. This section addresses relevant issues related to allocation. It covers the experience gained with the accomplished allocation process and suggestions made for future processes, allocation to new entrants, closures of installations and auctioning.

8.1 The allocation process: experiences gained and main lessons learned

Many Member States already reported on this issue in the first report on the application of the directive and have only added new findings since then. Others, especially those which had not yet finalised their first allocation in early 2005, answered in more detail. Only the aspects included in this year's questionnaire are presented in this section. Despite the heterogeneity of the answers some major findings can be identified that are common to several Member States or are interesting for all Member States.

Five countries reported of practical problems with the allocations to new entrants. Allocations to known new entrants will no longer be included in future Flemish NAP due to uncertainty on the start of operations. Denmark commented that adequate *ex-ante* allocation rules can be difficult in some cases, e.g. for installations with very few operational hours. In the Netherlands allocation to new entrants coincided with the allocation to incumbents for 2006. To avoid peaks in the workload, future allocations to new entrants will be done shortly after a decision has been taken. The Portuguese new entrants reserve was not operational in 2005 but adequate procedures were implemented in April 2006. In Spain the administration of the reserve proved more difficult than expected and a better definition of new entrant is needed for future allocation plans.

The workload and complexity of the allocation process was raised by several Member States. The German special rules led to 58 different combinations of allocation rules. As a result distributional effects between installations were much higher than the impact of the absolute reduction due to the national cap. According to the Finnish constitution the basics of allocation have to be included in a law requiring several hearings of individual operators. This resulted in a huge workload affecting the timeliness of the notification of the second NAP. France had to develop a second allocation plan with a second public consultation process for the first period after the initial one had been rejected due to an interpretation of the definition of combustion installation. Lithuania suggested that allocation rules be simplified in future NAP to facilitate their assessment. Poland reported that the lack of historical CO_2 emission data for individual installations was the most difficult aspect in the allocation process. In Spain conflicting environmental and economic interests made it hard to comply with all criteria established in the directive. Sweden commented on the general lack of time and difficulties with the interpretation of some provisions. The UK central government had difficulties to cope with the data collection and management in the allocation process and decided to delegate the task to

its regulators in the future. Only Cyprus and Malta reported that no major difficulties were encountered in the process of allocating emission rights to its thirteen or two installations.

Estonia, Ireland, Italy, Sweden and the United Kingdom highlighted the need for transparency, exchange of information and capacity building.

8.2 Allocation process: suggestions for the improvement

Many Member States argued for more harmonisation of some aspects of the allocation. Denmark, France, Germany, Ireland, Lithuania and the United Kingdom called for greater harmonisation of allocation rules to new entrants giving companies incentives to invest in low carbon technologies without distorting competition. France and United Kingdom suggested EU-wide benchmarks as a way forward; Lithuania requested that the European Commission define uniform rules as soon as possible. Belgium (Flanders), Germany, Spain, and the United Kingdom also argued for a uniform approach for allocation to existing installations, possibly based on EU-wide benchmarks. In addition the United Kingdom favours full auctioning in all EU Member States.

Germany, Ireland, Lithuania and the Netherlands called for clear and precise definitions of installations and the scope of the directive to ensure uniform coverage in all Member States. According to Lithuania these rules should be included in legally binding documents and not only in recommendations and guidance papers. Germany also requested a harmonised treatment of small emitters. The Netherlands suggested changing the scope of the directive to include fewer installations but more CO_2 emissions.

Other issues were raised by few or only one country. The lack of transparency in the NAP assessment and the basis for NAP Decisions of the Commission was criticised by Hungary, Italy and Poland. France and the United Kingdom saw a need to increase long-term certainty for operators as an incentive for enhanced investments in low carbon technologies. Finland suggested that Member States should be allowed to preliminarily notify national allocation plans without installation allocation and commented on the bureaucratic procedure of opt-in applications. Poland would like to exclude installations with annual emissions below 5 000 t CO_2/year from energy use or 10 000 t CO_2/year from industrial processes to reduce the burden to operators and the authorities. Portugal suggested that more information from national registries should be available from the CITL.

8.3 New entrants reserve

Table 20 gives an overview of the number of allowances (EUA) remaining in the new entrants reserve (NER) at the end of 2005 ([15]).

Denmark, Estonia, Finland, France, Germany, Italy, Latvia, the Netherlands, Sweden and the United Kingdom allocated in total approximately 11.9 million EUA to new entrants from the NER for 2005. Figures from Denmark, Germany, Latvia and the United Kingdom include the allocation to new entrants for the rest of the first trading period. This might be one of the reasons why the remaining reserve is below 60 % in two of these countries. Allocation in Germany took place in 2006 but is included here as the new entrants started operations during the reporting period. The remaining allowances in the German reserve include back flows from closed installations and installations falling out of the scope of the directive. France reported that the allowances taken from the NER were used to compensate operators for which the competent authority determined that the initial allocation was underestimated. For more detail on the number of new entrants and their activities see Section 3.4.

8.4 Auctioning

Pursuant to Article 10 of the Emissions Trading Directive, 95 % of the allowances must be allocated free of charge in the first trading period. Correspondingly, only 5 % of the allowances can be sold or auctioned. Only Denmark, Hungary and Ireland reported that they plan to make use of this provision by auctioning 5 %, 2.5 % and 0.75 % respectively of their total amount of allowances ([16]). However, none of the reporting countries carried out auctions, and thus did not sell any allowances in 2005. In Hungary the general rules for auctioning have been decided in a government

([15]) Some Member States used other reporting periods than 1 January–31 December 2005 in answering this question. For the analysis it has been assumed that all information relates to 2005 only.

([16]) DEHSt (Deutsche Emissionshandelsstelle), Implementation of Emissions Trading in the EU: National Allocation Plans of all EU states. Brief fact sheets of EU member state allocation plans.

Table 20 Number and share of allowances remaining in the new entrants reserve at the end of 2005

	Number of allowances left	Share of allowances remaining in the NER
	1 000 EUA	%
Austria	990	100
Belgium a)	9 157	100
Cyprus	120	100
Czech Republic		
Denmark	2 250	75
Estonia	541	95
Finland	1 641	66
France	14 600	97
Germany	6 534	56
Greece b)	9 860	100
Hungary		
Ireland	1 451	100
Italy	39 576	85
Latvia	1 517	97
Lithuania	1 840	100
Luxembourg		
Malta		100
Netherlands	7 270	97
Poland	2 472	100
Portugal	2 800	100
Slovakia	25	
Slovenia	200	100
Spain	3 358	100
Sweden	1 956	95
United Kingdom	7 800	25

Note: a) Federal Government and Flanders only.
b) The number of allowances left in the NER was taken from last year's report.

decree. Auctions will take place on an electronic trading platform and be open to all members of the European Economic Area. Rules are still under development in Latvia. Denmark set aside about 5 million allowances for sale or auctioning during the first trading period.

8.5 Treatment of allowances that had been allocated but were not issued

Several approaches exist across Member States for the treatment of allowances of installations which closed down or left the scope of the directive due to partial closures. Eight Member States explained that no installations were closed during the reporting period. Belgium (Wallonia), Denmark, Germany, Finland, France, Hungary, Italy, Portugal, Spain and the United Kingdom reported that remaining allowances would go to the new entrants' reserve. Poland will cancel any allowances from the day production ceases. In the Netherlands and Sweden operators receive full allocation for the whole trading period even if an installation is closed down, since this can be a measure to reduce greenhouse gas emissions. Four installations were closed down in Hungary in 2005. The allowances from three of them were transferred to a new installation; units from the last installation went into the NER. In Austria, three installations included in the allocation plan did not enter the scheme due to closure and activities outside the scope of the directive. They received no allowances and the further treatment of the emission rights is still under evaluation.

8.6 Additional remarks

A few Member States reported on their plans for the allowances remaining in the new entrants' reserve at the end of the trading period. Belgium (Wallonia), Greece and Hungary intend to auction these allowances; Denmark and Slovenia will cancel them. In Latvia the Cabinet of Ministers has the right to act as appropriate in 2007; Finland has not yet elected an option.

Poland reported no installations received allowances in 2005 due to the delay in the implementation of the scheme.

9 Surrender of allowances by operators

- *No accounts were closed in registries because there was no reasonable prospect of further allowances being surrendered by the installation's operator during this reporting period in any reporting Member State.*

- *Compared to the previous reporting period some Member States reported on specific problems related to the surrender of allowances and the status of installations in the CITL as non-compliant.*

In some cases a Member State might need to close an operator holding account even if it has a negative balance because there is no reasonable prospect of further allowances being surrendered. This can happen if an operator has to file for bankruptcy and has fewer EUA in the account than needed to cover the emissions of the affected installations. No such instances occurred during 2005.

Four countries reported of other issues concerning the surrender of allowances. Eleven German installations for which an operator account existed on 30 April 2006 are listed as 'non compliant' in the community independent transaction log despite the fact that they do not fall under the scope of the directive and do not participate in the trading scheme. In Finland operators had the possibility to surrender allowances until 2 May because the last day of April was a Sunday and 1 May a public holiday. Finland intends to change legislation in the near future to ensure that operators have to submit allowances no later than 30 April. In Italy the registry was not operational in 2005 and the first half of 2006. Allowances for the first two years of the trading scheme were not issued to all operators in time and the deadline for surrendering allowances for 2005 has been postponed to 15 September 2006. The Polish registry administrator surrendered allowances on behalf of operators for 2005 because the national registry was not operational.

10 Use of ERUs and CERs in the Community scheme ([17])

No Emission Reduction Unites (ERUs) or Certified Emission Reductions (CERs) were reported as having been used by operators for the reporting period.

- *Ten Member States require and verify adherence to the criteria and guidelines contained in the World Commission on Dams (WCD) year 2000 Final Report for the approval of hydro-electric JI or CDM projects.*
- *Compared to the previous reporting period three additional Member States have included a legal obligation to project participants to adhere to the WCD guidelines.*

The first certified emission reduction units (CERs) were issued by the Executive Board of the Clean Development Mechanism (CDM) on 20 October 2005. Emission reduction units (ERUs) from Joint Implementation (JI) projects will only be issued after the start of the first commitment period of the Kyoto Protocol in 2008. For technical reasons operators had no opportunity to use project based mechanisms for fulfilling their obligations for 2005. No EUA had to be cancelled because of JI or CDM projects reducing directly or indirectly the emission levels of installations under the EU Emission Trading Scheme.

10.1 Eligibility of project based mechanisms

Directive 2004/101/EC (Linking Directive) amending Directive 2003/87/EC (Emissions Trading) does not allow CERs and ERUs generated from nuclear facilities or land use, land-use change and forestry projects in the emissions trading system. Additionally Member States have the possibility to restrict the use of specific project types if so desired.

Only a few Member States reported on limitations to the type of project based mechanisms allowed in their countries. Germany reports that credits from unilateral projects are not accepted. Latvian operators are not allowed to use project based mechanisms in the first trading period. In Austria legislation foresees the possibility to exclude projects reducing non-CO_2 greenhouse gases if other Member States do so as well.

10.2 Provisions for large hydro-electric power production JI or CDM projects

Directive 2004/101/EC (Linking Directive) requires relevant international criteria and guidelines including those contained in the World Commission on Dams (WCD) year 2000 Final Report to be respected during the development of hydro-electric power production projects with a generating capacity exceeding 20 MW. Only approximately half of the Member States reported on the transposition and enforcement of this requirement. Belgium (Flanders), Germany, Denmark, Finland, France, Ireland, Latvia, the Netherlands, Spain and the United Kingdom included a legal obligation for project participants to adhere to the WCD guidelines. In a similar group of Member States (Austria, Belgium (Flanders, Wallonia), Germany, Denmark, Finland, France, Latvia, the Netherlands, Sweden) the Designated National Authorities or another agency verifies that the WCD guidelines are adhered to. In Austria, Belgium (Wallonia), Italy, Poland and Sweden there is no legal requirement to project participants to adhere to the guidelines. Italy and Poland stated that this is not checked. Greece has not yet transposed this part of the directive; all other Member States did not report on this issue.

Only two countries reported on other relevant international criteria and guidelines. Swedish companies have agreed to adhere to OECD guidelines as well but no specific requirements or verification is planned by the government. Finland stated that for all JI/CDM projects relevant UNFCCC decisions have to be adhered to.

Slovakia has decided not to issue any ERUs for hydro-electric power production projects with a generating capacity exceeding 20 MW. No such projects exist or are planned in Estonia and Lithuania.

([17]) ERUs = Emission Reduction Units (ERUs). CERs = Certified Emission Reductions.

11 Fees and charges

- *Most Member States recover at least some of the administrative costs of the Trading Scheme through fees and charges to operators and personal account holders. This is carried out through charges of services like the issuance of permits, issuance of allowances or the use of the registry. Additionally, two countries have a general subsistence fee.*

- *Fees and charges for the same service differ substantially between Member States. This is due to different approaches to cost recovery and differences in the areas where fees are charged. In general, resulting costs for operators are small compared to the value of the allowances.*

- *In the previous reporting period only information on the costs for using registries was included in the questionnaire. This chapter provides a much more comprehensive overview of most fees and charges in Member States.*

Implementing and operating an emissions trading scheme requires capable administration. Tasks include the issuance of permits, operating of registries, allocation of allowances and the management of new entrant reserves. Member States have chosen different paths to finance their administrations. The following section gives an overview of fees and charges operators have to pay for the issuance and update of permits, the allocation of allowances and the use of registries. No final picture on total administrative costs for operators can be drawn because some Member States also impose other charges to operators.

11.1 Issuance and update of permits

In eight Member States operators are charged fees for the issuance and update of greenhouse gas emissions permits; eight countries decided not to do so (Table 21). In Austria the costs are normally below EUR 100. The United Kingdom charges the highest fees but only applicable for issuances and updates of permits requested after 1 February 2005. The fees vary with the size of an installation and the kind of update required. In Portugal the size of an installation determines the applicable fees. Costs in Finland depend on the type of installation. Only two out of the 17 Spanish autonomous communities charged fees in 2005; two more intend to do so in 2006. In Poland operators have to pay a nominal fee of EUR 20 for the issuance. In the transposition of the Emission Trading Directive Italy has decided to charge fees for the issuance and update of permits which will be determined in a separate legislative provision at a later stage.

11.2 Issuance of allowances

Only four Member States charge fees for the issuance of allowances to operators. Twelve countries did not charge fees for the issuance of allowances in 2005 (Table 22). Italy and Spain have decided to charge operators in the future.

While Austrian operators only pay a token fee of EUR 6.50 for the installation allocation decision, costs in the three other countries depend on the individual allocation and can be substantial. In Germany fees consist of a fixed amount and a variable sum depending on the number of allowances granted. The latter decreases from EUR 0.035/EUA for the first 150 00 allowances to EUR 0.015/EUA for the quantity of allowances exceeding 15 million. Very small installations with an allocation of below 3 000 EUA are exempt from the fees. A typical installation with an allocation of 1.5 million EUA for the first trading period would have to pay approximately EUR 50 000. Spanish operators were not charged fees for the issuance in 2005; they will be charged 0.45 ct/EUA with a maximum of EUR 12 000/year for 2006 and 2007. Denmark charges 2 ct/EUA.

11.3 Use of the registry

The use of the registry is free of charge in Cyprus, Estonia, Italy and Malta only. In 19 Member States fees are charged and often differentiated between opening fees and annual maintenance charges, and between operators and individuals (Table 23). In Austria, Denmark, France, Greece, Hungary and Slovakia the maintenance fee for operators depends on the allocation received by an installation. In Finland the fee varies with the number of allowances

Table 21 Overview of fees charged for the issuance and update of permits

	Fees	Issuance of permit	Update of permit
Austria	Yes	Normally less than EUR 100	Normally less than EUR 100
Belgium	No	-	-
Cyprus			
Czech Republic			
Denmark	No	-	-
Estonia	No	-	-
Finland a)	Yes	EUR 250–2 500	EUR 100
France	No	-	-
Germany	Yes	Depending on state	Depending on state
Greece			
Hungary			
Ireland	No	-	-
Italy	No	-	-
Latvia	No	-	-
Lithuania			
Luxembourg			
Malta			
Netherlands	No	-	-
Poland	Yes	EUR 20	
Portugal a)	Yes	EUR 300–1 200	EUR 175–700
Slovakia			
Slovenia	Yes	Not specified	Not specified
Spain b)	Yes	EUR 0/270/777	EUR 0/311
Sweden	No	-	-
United Kingdom a)	Yes	EUR 1 800–8 130	EUR 355–1 150

Note: All fees were converted to euro for this table.
a) Depending on installation size or type.
b) Depending on region.

held and applies to operators and individuals alike. Compared to the value of the allowances held fees are small for most operators in all countries. Only in some Member States could minimum maintenance costs be considered high for very small installations.

The maintenance costs in Denmark only apply to allowances received free of charge. In Spain the use of the registry was free of charge in 2005. The figures included in the Table only apply for 2006 onwards. In the United Kingdom operators have to pay an annual subsistence fee which is also used to finance the operation of the registry. Changes or additions of authorised representatives cost EUR 70. The generation of a new password and unblocking access to a registry costs EUR 40 in Slovakia. Latvia reports that it charges fees for the right to transfer allowances out of an account. The fee has to be paid once per trading period and depend on the average annual allocation. It starts at EUR 504 per transaction for installations with an allocation below 10 000 EUA per year. Operators of installations which received at least 150 000 EUA per year and owners of personal holding accounts have to pay EUR 4 030 per trading period. Surrender of allowances is free of charge.

Total fees for creating and maintaining a personal holding account for the first trading period are below EUR 500 in most Member States. In Austria, Belgium and Lithuania individuals have to pay between EUR 1 000 and EUR 1 500 for the three-year period; depending on the allowances held costs could rise up to EUR 3 000 in Finland. The costs for owning and using a personal holding account are highest in Latvia with EUR 4 366 per trading period. These are very moderate figures for investment banks, trading firms or other companies who need to open accounts for their transactions.

11.4 Additional remarks

Table 22 Overview of accumulated fees charged for the issuance of allowances during the first trading period

	Fees	Minimum — EUR	Maximum — EUR
Austria	Yes	6.50	6.50
Belgium	No	-	-
Cyprus			
Czech Republic			
Denmark	Yes	0.02 per EUA	0.02 per EUA
Estonia	No	-	-
Finland	No	-	-
France	No	-	-
Germany	Yes	0	9 600 + 0.035 to 0.015 per EUA
Greece			
Hungary			
Ireland	No	-	-
Italy	No	-	-
Latvia	No	-	-
Lithuania			
Luxembourg			
Malta			
Netherlands	No	-	-
Poland	No	-	-
Portugal	No	-	-
Slovakia			
Slovenia			
Spaina	Yes	0.0045 per EUA	24 000
Sweden	No	-	-
United Kingdom	No	-	-

Note: All fees were converted to euro for this table
a) Only charged for 2006 and 2007 allocation.

Mainly through the charges for the issuance of allowances Germany expects to raise about EUR 44 million during the first trading period. Administrative costs are estimated at EUR 43.5 million for the three years. Approximately 60 % of the revenue is used for staff, 25 % for the use of Italy and the registry in the EU ETS and 15 % for material expenses.

Denmark and the United Kingdom charge a subsistence fee to operators. In Denmark this is limited to operators who received free quotas under the allowances act who have to pay approximately EUR 3 125/year. In the United Kingdom the charge depends on the emissions of an installation, the total number of installations included in the scheme and the year. Absolute values vary from EUR 2 500 to EUR 12 850. Total income generated from operators and registry account holders by the Environment Agency in 2005 was EUR 1 782 000. The income was used to fund staff working on permits, monitoring plans, annual emission reports, Registry administration New Entrant Reserve Management and development of all the tools and procedures necessary for operation of the scheme.

Austria and Finland reported that verifiers are charged for the accreditation or acceptance. Italy intends to do so in the future.

Table 23 Overview of the fees charged for opening and maintaining accounts in national registries

	Operator holding account			Person holding account		
	Opening fee		Maintenance	Opening fee		Maintenance
	EUR	Due a)	EUR/a	EUR	Due a)	EUR/a
Austria	0	n.a.	1 077–12 580	0	n.a.	378
Belgium	Yes		450	Yes		450
Cyprus	0	n.a.	0	0	n.a.	0
Czech Republic						
Denmark	0	n.a.	0.02 per EUA	27.6	on	27.6
Estonia	0	n.a.	0	0	n.a.	0
Finland	50	on	50–1 000	50	on	50–1 000
France	150		75 + 0.00835 per EUA	150		75
Germany	200	tp	0	200	tp	0
Greece			100–300			
Hungary			73–2 215			
Ireland	150			150		150
Italy	0	n.a.	0	0	n.a.	0
Latvia b)	0	n.a.	0	336		0
Lithuania	1 000			1 000		
Luxembourg						
Malta	Under preparation			Under preparation		
Netherlands	50	tp	0	50	tp	0
Poland	120	tp	0	120	tp	0
Portugal c)	0	n.a.	800	0	n.a.	125
Slovakia	0	n.a.	200 + 0.0065 per EUA	0	n.a.	200
Slovenia	100		100	50		50
Spain	0	n.a.	100	100	an	100
Sweden	0	n.a.	0	54	on	54
United Kingdom	250	on	0	250	on	0

Note: All fees were converted to euro for this table.
a) Opening fee is due annually (an), once (on), per trading period (tp) or not applicable (n.a.). If left empty the relevant period was not reported.
b) In addition to the opening fee an activation fee has to be paid once per trading period for the right to transfer allowances out of an account. For operators the fee depends on the average allocation and varies between EUR 504 and 4 030. For personal holding accounts the activation fee is EUR 4 030 per period.
c) VAT not included.

12 Issues related to compliance with the directive

- *Penalties for infringements of national provisions deviate substantially across Member States. The same breach of an obligation is fined less than EUR 3 000 in Latvia and up to EUR 15 million in Ireland (on indictment). In addition operators might get prison sentences in five countries.*
- *Three Member States imposed fines for infringements of national provisions in 2005 or are in the process of doing so; in fifteen countries there was no need to do so.*
- *Danish and Portuguese authorities identified operators in breach of their obligation to surrender sufficient allowances by 30 April 2006 for the previous year.*
- *Compared to the previous reporting period a more detailed picture on the legal provisions with regard to penalties in Member States is available this time.*

Operators of installations covered by the EU ETS must comply with the national legislation implementing the directive. However, this can only be assured if adequate penalties are applied in case of contravention. The minimum penalties relating to excess emissions are provided in Article 16 of the directive. Breaches of other administrative provision are regulated by the Member States. The following sections provide a synopsis of these legal provisions and a summary of the application of penalties.

12.1 Legal provisions with regard to penalties

Most Member States reported on legal provisions and penalties for infringements of national provisions. Out of these, sixteen gave details on fines and imprisonment for specific cases (Table 24). Generally, the financial and penal sanctions vary substantially between Member States. While maximum fines for installations operating without a permit are around EUR 3 000 in Estonia and Latvia, they can rise to be as high as EUR 2 million in Spain and EUR 15 million in Ireland. There is no maximum fine in the United Kingdom. In five countries operators may also be sentenced to prison; in Sweden the maximum sentence is one year while French and British courts may imprison operators for up to two years. In Wallonia the prison sentence can be as high as three years. For convictions on indictment of up to ten years might be made in Ireland. Infringements of monitoring and reporting obligations as well as omissions to notify changes to installations have similar penalties in most countries.

Some Member States also impose fines for other infractions of national provisions. Austrian operators who do not provide the information required for opening an operator holding account in the national registry can be fined up to EUR 15 000. In Germany false information in the application for a greenhouse gas emissions permit, the application for allowances and other duties of disclosure can cost up to EUR 50 000. In Finland operators are not allowed to transfer allowances if no verified emission report has been submitted by 31 March. In Hungary sanctions include fines, temporary closure of an installation or parts thereof, withdrawal of emission permits and the blocking of registry accounts. Furthermore, Hungary will deduct the excess emissions from next year's issuance of allowances in addition to the penalties set out in the Emissions Trading Directive. Operating without a permit and excess emissions incur fines in Lithuania and Poland.

Operators providing false historical data in their allocation application have to pay EUR 10 per t CO_2 misstated in Italy. The same breach is punishable with up to one year of prison in Sweden.

Spain differentiates between very serious, serious and slight infringements. Very serious infringements may be fined with a penalty of up to EUR 2 million while serious or slight infringements could receive fines of EUR 200 000 or EUR 20 000 respectively. In addition to financial penalties, the installations of Spanish operators who infringe obligations of the emissions trading law may be totally or partly closed for a period up to two for very serious and up to one year for serious breaches. Other options include revoking a greenhouse gas emission permit, temporary closure of an installation and the naming and shaming of the responsible operator. In the United Kingdom various offences including use of false or misleading information is punishable by two years in prison and an unrestricted fine. Operators in Slovakia face fines up to EUR 13 000 for failures to submit emission reports and surrender allowances on time.

Table 24 Overview of penalties for infringements of national provisions

	Operation without permit				Infringements of monitoring and reporting obligations				Omissions to notify changes			
	Fines (EUR)		Prison (months)		Fines (EUR)		Prison (months)		Fines (EUR)		Prison (months)	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Austria		35 000				7 000				5 000		
Belgium a)	3	62 500	0	36	3	62 500	0	36	3	62 500	0	12
Cyprus												
Czech Republic												
Denmark												
Estonia	1 150	3 195			1 150	3 195			1 150	3 195		
Finland												
France	0	150 000	0	24	0	75 000	0	6	0	75 000	0	6
Germany	5	50 000		0		0		0	5	50 000		0
Greece												
Hungary												
Ireland b)	0	15 000 000	0	120	0	15 000 000	0	120	0	15 000 000	0	120
Italy	EUR 40/t CO_2 emitted								EUR 40/t CO_2 emitted c)			
Latvia	142	2 846			71	1 423			71	1 423		
Lithuania												
Luxembourg												
Malta												
Netherlands		35 000				7 000				5 000		
Poland	EUR 40/t CO_2 emitted					No penalty				No penalty		
Portugal d)	1 500	44 890			1 500	44 890			1 500	44 890		
Slovakia		13 025				13 025				13 025		
Slovenia	1 250	375 000			1 250	375 000			1 250	375 000		
Spain	50 001	2 000 000			50 001	2 000 000			50 001	2 000 000		
Sweden e)				12				12				12
United Kingdom	0	Unlimited	0	24	0	Unlimited	0	24	0	Unlimited	0	24

Note: Denmark, Finland, Greece, Hungary, Lithuania and Poland reported on national provisions but did not give details on the fines. For more details see text.
a) Brussels: EUR 2.5–25 000 and 8–12 months imprisonment for all three types of infringements if prosecuted by the attorney general or an administrative fine of EUR 625–62 500. Flanders: EUR 2.5–12 500 and one week to one year imprisonment for all three types of infringements. Wallonia: Fines range from EUR 2.5–25 000 and one week to three years imprisonment for operating without permit or infringements of reporting obligations. For omission of notifying changes up to EUR 12 500 may be charged.
b) Maximum fines applicable for convictions on indictment only. For summary convictions maximum fines are EUR 3 000 and/or 12 months of imprisonment.
c) Only for emissions caused by the changes.
d) Information on imprisonment not available.
e) Detailed information is only available after court trials took place.

12.2 Penalties imposed for infringements of national provisions

Only Spain reported that penalties were or will be imposed for infringements of national provisions in 2005. Proceedings are ongoing due to installations operating without a permit, non-compliance with permit conditions and the failure to submit information to the competent authorities. The penalty to be imposed has not yet been determined in any case.

Austria, Belgium (Flanders), Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Latvia, Malta, the Netherlands, Poland, Sweden and the United Kingdom reported that no penalties have been imposed so far.

12.3 Operators for which excess emission penalties were imposed

According to Article 16(3) of the directive operators which did not surrender sufficient allowances by 30 April for the preceding year shall pay a fine of EUR 40 for each tonne of carbon dioxide that emissions exceed surrendered emission rights. In addition the names of these operators shall be published. Starting with the second trading period in 2008 the fine will rise to EUR 100 per tonne.

Danish and Portuguese authorities identified operators in breach of their obligation to surrender sufficient allowances. In Germany, Spain and the United Kingdom several operators failed to surrender sufficient allowances but investigations were still ongoing and very few fines had been imposed at the time of reporting. The United Kingdom issued four civil penalties on 6 December 2006.

Austria, Belgium (Flanders and Wallonia), Cyprus, Estonia, Finland, France, Hungary, Greece, Ireland, Malta, Lithuania, Latvia, the Netherlands, Poland, Sweden and Slovenia reported that there were no cases of operators in non-compliance.

12.4 Additional remarks

Finland reported that a number of new installations which received their greenhouse gas emission permits only in late spring 2006 were given extra time to verify emissions and surrender allowances without penalties.

13 The legal nature of allowances and fiscal treatment

- *For the purpose of accounting, allowances are regarded (intangible) assets in eleven Member States; in three countries emissions are additionally regarded as liabilities.*
- *For the purpose of financial legislation, some Member States consider allowances to be commodities which do not fall under the responsibility of the financial services authority (FSA). However, futures or other derivates of these commodities are regarded as financial instruments and their transactions are supervised by the FSA. In other Member States the allowance itself is considered to be a financial instrument.*
- *In all Member States transactions of allowances are subject to value added tax (VAT), except the issuance free of charge.*
- *Profits and losses from transactions in allowances are subject to income or corporate tax. No Member State established separate rules for allowances; the same regulations as for all other profits and losses are applied.*
- *No major changes occurred compared to the previous reporting period.*

CO_2 allowances are often called a new 'currency' for the use of environmental services. Accordingly, they have to be clearly defined and integrated into already existing financial legislation and institutions. The sections below describe how Member States defined allowances from the perspective of accounting and financial legislation, and how the allowances will be treated under their fiscal law.

13.1 Legal status of allowances

In Austria, Finland, France, Germany, Italy, Portugal and Spain allowances are treated as commodities for the purpose of financial regulation. They are considered as assets in Cyprus, Denmark, Hungary, Poland and Slovakia; the Netherlands and Sweden regard allowances as financial instruments which are supervised by the financial service authority (FSA). Spot trading of commodities does not fall under the responsibility of the FSA. Futures and other derivates of these commodities are, however, considered as financial instruments whose transactions are supervised by the FSA in several Member States. The status of allowances for financial regulation has not been determined in Estonia, Greece and Slovenia. In Ireland the status depends on the kind of contract.

Eleven Member States stated that for the purpose of accounting, allowances are to be regarded as (intangible) assets. Italy and Portugal report that emissions have to be recorded as liabilities offsetting the assets. The United Kingdom recommends its operators to do so until international financial reporting standards have been adopted. Belgium, Finland, Germany, Poland, Portugal, Slovakia and Spain have adopted specific accounting rules for allowances. In Slovenia an explanatory note has been published by the government.

13.2 Taxation of allowances

Regarding value added tax (VAT) a common approach is used by all reporting Member States. Transactions of allowances are regarded as a supply of service and therefore subject to VAT with the respective rates. Issuances of allowances free of charge, in contrast, are not subject to VAT.

Most Member States have not reported whether allowances allocated for payment would be subject to VAT because allocation is free of charge only. In Denmark, Italy, Poland, Slovenia and Spain VAT would be applicable if allowances were sold or auctioned.

The treatment of profits and losses from transactions of allowances are subject to income or corporate tax at the respective rates in all Member States. The profits or losses are to be calculated as the difference between the acquisition and the sale price of the allowances. Special tax rates for incomes from transfers of allowances have not been introduced in any country. Swedish companies can choose whether they value allowances at fair value or the acquisition cost as long as it is used consistently for the entire stock of allowances and by all companies that are related to each other.

13.3 Additional remarks

In Hungary the allowances are treated as treasury assets until their allocation, after which they become fully transferable. Greece reported that standard provision for double taxation applies to transactions between different countries.

14 Access to information pursuant to Article 17

- *Most Member States publish their national allocation plan, allocation rules and installation allocation on the Internet.*
- *Monitoring reports are generally available upon request only. In three Member State these reports will be published on the Internet. Access is not possible at all in three countries.*
- *Information on project mechanisms in which a Member State participates or authorises private or public entities to participate is published on the Internet in thirteen countries.*
- *The general picture on access to information has not changed compared to the previous reporting period but more details have been reported by Member States.*

Article 17 of the Emissions Trading Directive, as amended by the Linking Directive, requires that decisions relating to the allocation of allowances, information on project activities in which a Member State participates or authorises private or public entities to participate, and the reports of emissions required under the greenhouse gas emissions permit be made available to the public. Access to this information is easiest if available on the Internet. An alternative is inclusion in official journals. An assessment by third parties is hardest if data is only available upon request, normally at the competent authority.

14.1 Availability of information

Almost all Member States publish their allocation rules, installation allocation and information required by Annex XVI of the Registries Regulation on the internet and/or official journals (Table 25). Only in Estonia are allocation rules not published; in Belgium (Brussels) access is upon request only. These two together with Finland, Poland and Slovakia are also the only countries which do not include this information in official journals. Installation allocation figures are available to the public in all Member States. With the exception of Spain, they are published on the Internet and in eleven Member States in journals. Records of changes to the list of installations are published in fifteen Member States and two of the Belgian regions; they are available upon request only in four countries and one region. Information on verified emissions, surrendered allowances, transactions and account holders as specified in Annex XVI of the Registries Regulation is generally available in 18 Member States. In Belgium (Flanders) and France access to this information is available only upon request only. Hungary and Belgium (Brussels) did not report on this issue.

Data which give more detailed information on specific installations are often accessible as well but with more restrictions. In Estonia, Finland, Italy, Latvia and Portugal the greenhouse gas emission permits are available to the public through the Internet. Access is also granted if not deemed commercially sensitive in Belgium, France, Germany, Lithuania, the Netherlands, Slovakia, Slovenia, Sweden and the United Kingdom but data not generally published. Only Austria, Poland and Spain do not allow third parties to assess greenhouse gas emission permits. Verified emission reports are not generally accessible in most Member States. Only Estonia, Latvia and Portugal upload the reports on the Internet. In ten countries interested persons can apply for the right to access the data; in Italy and Spain it is not possible to view the reports at all.

Information on project mechanisms in which a Member State participates or authorises private or public entities to participate is published on the Internet in twelve countries. In Belgium (Brussels), France, and Italy this information is available upon request only. Portugal, Sweden and the United Kingdom report that this does not yet apply to them.

Malta and Cyprus did not specify which kind of information is available by which means. The level of details provided is lower for Member States which used the old questionnaire.

14.2 Additional remarks

Several Member States commented that Directive 2003/4 ([18]) on public access to environmental information and national transpositions can be used

([18]) OJ L 41, 14.2.2003, p. 26.

Table 25 Access to information by the

	Allocation rules			NAP table			Changes to list of inst.			Verified emission reports			Project activities			GHG emissions permit			Annex XVI RegReg		
	Info available to public	Available in WWW	Available in OJ	Info available to public	Available in WWW	Available in OJ	Info available to public	Available in WWW	Available in OJ	Info available to public	Available in WWW	Available in OJ	Info available to public	Available in WWW	Available in OJ	Info available to public	Available in WWW	Available in OJ	Info available to public	Available in WWW	Available in OJ
Austria	y	+	+	y	+		ur			ur			y	+		n			y	+	
Belgium a)	ur y y y	n y y y	n y y n	y y y y	y y y y	n y y y	ur n y y	n y y y	n n n y	ur n ur y	n y n y	n n n n	ur n nd nd	n n n n	n n n n	ur n ur ur	n n n n	n n n n	n y y ur	n y y n	n n n n
Cyprus																					
Czech Republic																					
Denmark	y	+	+	y	+			+					y	+					y	+	
Estonia	n			y	+		y	+		y	+		y	+		y	+		y	+	
Finland	y	+		y	+		ur			ur			y	+		y	+		y	+	
France	y	+	+	y	+	+	y	+	+	ur			ur			ur			ur	+	
Germany	y	+	+	y	+		y	+		ur			y			ur			y	+	
Greece	y	+		y	+		y	+					y	+							
Hungary	y	+	+	y	+	+	y	+	+	ur			y	+					y		
Ireland	y	+	+	y	+	+	y			y			na			y	+		y	+	
Italy	y	+	+	y	+	+	y	+	+	n			ur			y	+	+	y		
Latvia	y	+	+	y	+	+	y	+		y	+		y	+	+	y	+		y	+	
Lithuania	y	+	+	y	+	+	y	+	+				y	+		ur			y	+	
Luxembourg																					
Malta																					
Netherlands	y	+	+	y	+	+	y	+	+	ur			y	+		ur			y	+	
Poland	y	+		y	+	+	y		+	n			y	+		n			y	+	
Portugal	y	+	+	y	+	+	y	+		y	+		na			y	+		y	+	
Slovakia	y	+		y	+		ur			ur			y	+		ur			y	+	
Slovenia	y	+	+	y	+	+	y	+	+	ur			y	+		ur			y	+	
Spain	y	+	+	y			y			n						n			y	+	
Sweden	y	+	+	y	+		ur			ur			na			ur			y	+	
United Kingdom	y	+	+	y	+		y	+		ur			na			ur			y	+	

Note: a) Information is provided in the order Brussels, Federal Government, Flanders and Wallonia.
Abbreviations used: y = yes; n = no; ur = upon request; nd = not yet decided; na = not available and + = available in WWW and/or OJ.

to access data held in the competent authorities. Information can only be withheld by authorities for reasons such as public interest and commercially sensitive information.

In the United Kingdom regulations were amended to ensure that verified annual emissions reports prepared by operators can be used in the development of the national greenhouse gas inventory and the energy statistics.

15 General observations

- *Several Member States initiated studies on the effects of the Emissions Trading Scheme and its extension after 2007.*
- *Competitiveness issues due to the application of the Emissions Trading Directive were raised by several Member States. Areas identified as problematic include allocation rules, definition of combustion installations and competition with installations from outside of the EU.*
- *Apart from the information on studies conducted by Member States the other observations and concerns raised for this report were similar to those included in last year's version.*

15.1 Public studies on the Emissions Trading Scheme

Seven Member States reported on public studies undertaken or initiated in 2005. The focus in Finland lay on the impact of the trading scheme on the energy sector and the economy as a whole; Spain analysed the compliance in 2005. The Netherlands and Slovenia reported that studies have been initiated but not finalised.

Three Member States gave more detail on the research conducted. In Germany a comparison of the most important aspects of all first national allocation plans in a common and structured format has been compiled ([19]). Secondly an analysis on the inclusion of the transport sector in the Emissions Trading Scheme has been published ([20]). Sweden commissioned studies on early experiences with the implementation of the trading scheme ([21]) , the financial power market in Sweden and the Nordic countries with a special focus on emission allowances ([22]) , the inter-linkages between the power, carbon and fuel markets ([23]) , national allocation plans ([24]) and benchmarks for the allocation in the energy sector for the second trading period ([25]), amongst others. The United Kingdom initiated several studies on the second national allocation plan including analysis of energy saving opportunities in the in the industrial sector, inclusion of non-CO_2 gases in the trading scheme, use of benchmarks, treatment of combined heat and power and the classification of sectors ([26]). A report due to be published shortly presents the findings on the administrative burdens on operators in ensuring compliance with the administrative requirements of the EU ETS. The report estimates the cost of compliance at about EUR 0.02 to EUR 0.03 per tonne of CO_2. For small installations costs can rise up to EUR 2 per tonne of CO_2.

15.2 Burden to operators and authorities

Several Member States expressed concerns over the burden imposed by the Emission Trading Directive on operators and authorities. This was seen as a problem especially for operators of small installations. Spain also commented that the time frame for verification, submission of verified emission reports and the surrender of allowances was too short for the complexity of the task and suggested to discuss the deadlines in the revision of the trading scheme.

15.3 Competitiveness of installations in the emissions trading scheme

Member States proposed increased harmonisation on several issues. This was partly to reduce the burden on national authorities, but mainly to avoid distortion of competition due to differences in the transposition of the directive. Areas identified in need of further harmonisation include the allocation to new and/or existing installations and the scope of the directive even after the work done in the last year. Spain commented that verified emissions in 2005 indicated that many installations received

([19]) http://www.dehst.de/cln_007/nn_593634/SharedDocs/Downloads/EN/ETS/EU__NAP__Vergleich.html.
([20]) http://www.umweltbundesamt.de/uba-infomedien/mysql_medien.php?anfrage=Kennummer&Suchwort =2969.
([21]) http://www.statskontoret.se/upload/Publikationer/2004/2004140.pdf.
([22]) http://www.stem.se/WEB/STEMFe01e.nsf/V_Media00/C12570D10037720FC12571290039AEED/$.
([23]) http://www.stem.se/web/biblshop.nsf/FilAtkomst/ER2005_35summary.pdf/$FILE/ ER2005_35summary.pdf?OpenElement.
([24]) http://www.stem.se/web/biblshop.nsf/FilAtkomst/ER2005_2w.pdf/$FILE/ER2005_2w.pdf?OpenElement.
([25]) http://www.stem.se/WEB/STEMFe01e.nsf/V_Media00/C12570D10037720FC125701C00441A1A/$file/ riktmärkesrapport1_050415slutlig.pdf.
([26]) http://www.defra.gov.uk/environment/climatechange/trading/eu/phase2/index.htm#research.

more allowances than necessary and requested the Commission to assess carefully in the allocation plans for the second trading period whether discrimination between similar installations in different countries is likely to occur. Italy expressed its concern that European operators might be at a disadvantage on the global market due to the scheme, especially in the light of more stringent caps for the next trading period.

15.4 Other concerns in Member States

Malta and Cyprus expressed concerns about their status as non-Annex I countries under the Kyoto Protocol. As such, they will not be able to issue assigned amount units (AAU) while the directive requires that transfers of EUA to another Member State will involve corresponding adjustments of AAU under the Kyoto Protocol in the second trading period. It is still unclear how this will be solved in the second trading period of the EU ETS.

The United Kingdom stressed that the integrity of the Emission Trading Scheme depends on consistent implementation across the Member States. It sees a crucial role for the European Commission in controlling and ensuring consistency, and requested more information on how this will be achieved in the light of the responses to the questionnaire mandated by Article 21 of the directive.

The accidental release of verified emission figures by the CITL in 2005 was criticised by the United Kingdom. The release of price sensitive data should be coordinated in future to provide all market participants with a clear and equal access to information. The United Kingdom also requested that the Commission also releases information on the allocation to new entrants to give a better picture on the extent of surpluses and deficits in the scheme.

Austria highlighted that allowances left in the new entrants reserve at the end of the trading period cannot be used for fulfilling national obligations under the Kyoto Protocol because no conversion of EU allowances in Kyoto allowances is foreseen in the Registry Regulation.

Poland expressed its view that Member States which have no problems in fulfilling their emission reduction obligations under the Kyoto Protocol should be treated differently in the assessment of the total cap included in the national allocation plan. Poland also suggested that removal units from land use, land use change and forestry should be included in the trading scheme as has been done for units from CDM and JI projects. Furthermore, Poland suggested the introduction of *ex-post* procedures and restricting the sale of allowance to those not used by an operator due to efficiency improvements. This would give operators an enhanced incentive to modernise their plant and prevent allowances from closed installations to enter the market.

Abbreviations

MS	Member States	IT	Italy
AT	Austria	LV	Latvia
BE	Belgium	LT	Lithuania
CY	Cyprus	LU	Luxembourg
CZ	Czech Republic	MT	Malta
DK	Denmark	NL	The Netherlands
EE	Estonia	PL	Poland
FI	Finland	PT	Portugal
FR	France	SK	Slovak Republic
DE	Germany	SI	Slovenia
GR	Greece	ES	Spain
HU	Hungary	SE	Sweden
IE	Ireland	UK	The United Kingdom

Annex I — categories

	Energy activities
E1	Combustion installations with a rated thermal input exceeding 20 MW (excepting hazardous or municipal waste installations)
E2	Mineral oil refineries
E3	Coke ovens
	Production and processing of ferrous metals
F1	Metal ore (including sulphide ore) roasting or sintering installations
F2	Installations for the production of pig iron or steel (primary or secondary fusion) including continuous casting, with a capacity exceeding 2,5 tonnes per hour
	Mineral industry
M1	Installations for the production of cement clinker in rotary kilns with a production capacity exceeding 500 tonnes per day or lime in rotary kilns with a production capacity exceeding 50 tonnes per day or in other furnaces with a production capacity exceeding 50 tonnes per day
M2	Installations for the manufacture of glass including glass fibre with a melting capacity exceeding 20 tonnes per day
M3	Installations for the manufacture of ceramic products by firing, in particular roofing tiles, bricks, refractory bricks, tiles, stoneware or porcelain, with a production capacity exceeding 75 tonnes per day, and/or with a kiln capacity exceeding 4 m^3 and with a setting density per kiln exceeding 300 kg/m^3
	Other activities
	Industrial plants for the production of
O1	(a) pulp from timber or other fibrous materials
O2	(b) paper and board with a production capacity exceeding 20 tonnes per day

Annex II — Article 21 questionnaire (part 1 and 2)

See the following pages.

ANNEX

'*ANNEX*

PART 1

QUESTIONNAIRE ON THE IMPLEMENTATION OF DIRECTIVE 2003/87/EC

1. **Details of institution submitting the report**

1. Name of contact person:

2. Official title of contact person:

3. Name and department of organisation:

4. Address:

5. International telephone number:

6. International fax number:

7. E-mail:

2. **Competent authorities**

Questions 2.1 and 2.2 are to be answered in the report due by 30 June 2007 and in subsequent reports if changes were made during the reporting period.

2.1. Please state the name and the abbreviation of the competent authorities which are involved in the implementation of the emissions trading scheme in your country.

In answering this question, use the table below. Add further rows if necessary.

Name	Abbreviation	Contact details

2.2. Please indicate which competent authority is responsible for each of the tasks listed in the table below using their abbreviations.

Please indicate the abbreviation of the competent authority which is in charge of the following tasks:	
Issuance of permits	
Allocation of allowances	
Issuance of allowances	
Validation of monitoring methodology	

Receiving and supervising verified emission reports	
Accreditation of verifiers	
Registry	
Compliance and enforcement	
Issuance of ERU as a host country	
Approval of the use of CERs & ERUs for compliance	
Administration of new entrants reserve	
Information to the public	
Auctioning	
Administration of opt-ins	
Administration of pooling	
Other (please specify): _____	

3. **Coverage of activities and installations**

3.1. How many of the combustion installations have a rated thermal input that exceeds 20 MW but is below 50 MW on 31 December of the reporting year? In total, how many CO_2 equivalents were emitted by these installations in the reporting period?

In answering this question, use the table below.

	Number	Share in total number of installations or emissions
Number of installations with a rated thermal input that exceeds 20 MW but is below 50 MW		
CO_2 equivalents emitted by those installations		

3.2. What changes occurred during the reporting period in comparison with the national allocation plan table (NAP Table) as entered into the Community Independent Transaction Log on 1 January of the reporting year (new entrants, closures, installations falling below the capacity thresholds)?

In answering this question, use Table 1 of Part 2 of this Annex.

3.3. Did the competent authority receive any application(s) during the reporting period from operators who wish to form a pool pursuant to Article 28 of Directive 2003/87/EC (ET Directive)? If yes, to which activity listed in Annex I to Directive 2003/87/EC (hereinafter — "Annex I activity") did the application refer to and was the pool formed?

In answering this question, use the table below.

	Main Annex I activity [a]	Number of applications received	Number of pools formed
	Energy activities		
E1	Combustion installations with a rated thermal input exceeding 20 MW (except hazardous or municipal waste installations)		
E2	Mineral oil refineries		
E3	Coke ovens		
	Production and processing of ferrous metals		
F1	Metal ore (including sulphide ore) roasting or sintering installations		
F2	Installations for the production of pig iron or steel (primary or secondary fusion) including continuous casting, with a capacity exceeding 2.5 tonnes per hour		
	Mineral industry		
M1	Installations for the production of cement clinker in rotary kilns with a production capacity exceeding 500 tonnes per day or lime in rotary kilns with a production capacity exceeding 50 tonnes per day or in other furnaces with a production capacity exceeding 50 tonnes per day		
M2	Installations for the manufacture of glass including glass fibre with a melting capacity exceeding 20 tonnes per day		
M3	Installations for the manufacture of ceramic products by firing, in particular roofing tiles, bricks, refractory bricks, tiles, stoneware or porcelain, with a production capacity exceeding 75 tonnes per day, and/or with a kiln capacity exceeding 4 m^3 and with a setting density per kiln exceeding 300 kg/m^3		
	Other activities		
	Industrial plants for the production of		
O1	(a) pulp from timber or other fibrous materials		
O2	(b) paper and board with a production capacity exceeding 20 tonnes per day		

[a] If an installation carries out more than one activity, please only count the installation once under its main Annex I activity.

3.4. Is there any other relevant information concerning the coverage of installations and activities in your country? If so, please specify.

4. The issue of permits for installations

Questions 4.1 to 4.4 are to be answered in the report due by 30 June 2007 and in subsequent reports if changes were made during the reporting period.

4.1. What measures have been taken to ensure that operators comply with the requirements of their greenhouse gas emissions permits?

Note: Fines or penalties which might be imposed in case of infringements must not be reported here but under section 11.

In answering this question, use the table below. Add further rows if necessary.

Which of the following measures are applied in your country (add explanatory text if necessary)?	
The account will be blocked in case of irregularities	Yes/No
Selling will be prohibited in case of irregularities	Yes/No
Withdrawal of permit; suspension of the installation	Yes/No
Spot or routine checks or inspections by the administration	Yes/No
Conservative emission estimates in case of missing emission reports	Yes/No
Verification bodies check compliance with the conditions of the permit	Yes/No
Regular meetings with industry & associations to discuss relevant issues	Yes/No
Provision of specific reporting formats and guidance	Yes/No
Naming and shaming of non-compliant operators	Yes/No
Other (please specify): _____	

4.2. Where more than one competent authority is involved, how does national legislation ensure that the conditions of and the procedures for the issuance of permits are fully coordinated? How does this coordination work in practice?

In answering this question, use the table below. Add further rows if necessary.

Which of the following statements applies to your country (add explanatory text if necessary)?	
More than one competent authority	Yes/No
If yes, please answer the following questions:	
Cooperation explicitly regulated by a law or a regulation	Yes/No
Commission or working group or coordination with regular meetings established	Yes/No
Guidance note for implementation of the national emissions trading law	Yes/No
Interpretation group to clarify ambiguous issues	Yes/No
Coordination of administrative acts by one central authority	Yes/No
Training courses to ensure consistent implementation	Yes/No
Other (please specify): _____	

4.3. In cases where installations carry out activities listed in Annex I to Council Directive 96/61/EC [1] (IPPC Directive) what measures have been taken to ensure that conditions and procedure for the issue of a greenhouse gas emissions permit are coordinated with those for the permit provided for in that Directive? Have the requirements laid down in Articles 5, 6 and 7 of Directive 2003/87/EC been integrated into the procedures provided for in Directive 96/61/EC? If so, how was this integration performed?

In answering this question, use the table below. Add further rows if necessary.

Which of the following statements applies to your country (add explanatory text if necessary)?	
Requirements laid down in Articles 5-7 of Directive 2003/87/EC have been transposed by national legislation	Yes/No
Law which transposes the IPPC Directive does not include emission or concentration limits for CO_2	Yes/No
Integrated permitting procedure under the IPPC Directive and the ET Directive	Yes/No
Separate permits for IPPC and ET Directive	Yes/No
Granting of an IPPC permit requires a valid emissions trading scheme (ETS) permit	Yes/No
Granting of an ETS permit requires a valid IPPC permit	Yes/No
IPPC regulators will check whether ETS permit is necessary and inform ETS regulators	Yes/No
Other (please specify): _____	

4.4. What are the legislative provisions, procedures and practice concerning updating of permit conditions by the competent authority pursuant to Article 7 of Directive 2003/87/EC?

In answering this question, use the table below. Add further rows if necessary.

Please refer to the legal provision which transposes Article 7 of Directive 2003/87/EC	
Which of the following provisions, procedures and practices apply to your country (add explanatory text if necessary)?	
Authorisation for changes in the installation type or operating mode required	Yes/No
Authorisation for changes in the monitoring methodology required	Yes/No
Changes have to be notified in advance	Yes/No
Closures have to be notified immediately	Yes/No

[1] OJ L 257, 10.10.1996, p. 26. Directive as last amended by Regulation (EC) No 166/2006 of the European Parliament and of the Council (OJ L 33, 4.2.2006, p. 1).

Penalty in case of non-compliance with request to update monitoring methodology	Yes/No
Change of the operator requires an update of permit	Yes/No
Less significant changes are just recorded	Yes/No
Other (please specify): _____	

4.5. How many permits were updated during the reporting period because of a change in the nature or functioning, or extension, of installations made by operators as specified in Article 7 of Directive 2003/87/EC? Please provide for each category (capacity increase, capacity decrease, change in process type, etc.) how many permits were updated.

In answering this question, use the table below. Add further rows if necessary.

Please state the number of changes in each category:

Total changes	
Revoked	
Surrendered	
Transferred	
Increase of capacity	
Decrease of capacity	
Changes to monitoring and reporting details	
Change in name of installation or operator	
Non-significant amendment	
Notification of changes without update of permit	
Other (please specify): _____	

4.6. Is there any other relevant information concerning the issue of permits for installations in your country? If so, please specify.

5. Application of the monitoring and reporting guidelines

Question 5.1 is to be answered in the report due by 30 June 2007, the first report of each trading period and in subsequent reports if changes were made during the reporting period.

5.1. What legal acts have been adopted in your country in order to implement monitoring and reporting guidelines? Are general derogations from the monitoring and reporting guidelines allowed by the legislation of your country, e.g. for specific fuels or activities? If so, please specify.

5.2. Which tiers were used in the monitoring methodologies for the major emitting installations (cf. Commission Decision 2004/156/EC [2])?

In answering this question, use Table 2 of Part 2 of this Annex. The information required in Table 2 need only be given for the largest installations covered by the ET Directive which contribute cumulatively to 50 % of the total emissions included in the trading scheme. No information needs to be reported for sources within these installations with annual emissions below 25 kt CO_2 eq.

5.3. If tiers below the minimum tiers specified in Table 1 in section 4.2.2.1.4 of Annex I to Decision 2004/156/EC have been accepted in the monitoring methodology, please indicate for each installation for which this situation occurred the coverage of emissions, the activity, the tier category (activity data, net calorific value, emission factor, oxidation factor or conversion factor) and the monitoring approach/tier agreed in the permit.

In answering this question, use Table 3 of Part 2 of this Annex. The information required in Table 3 needs only to be given for installations not reported under question 5.2. General derogations provided for in the national legislation must be reported under question 5.1.

5.4. Which installations temporarily applied different tier methods than those agreed with the competent authority?

In answering this question, use Table 4 of Part 2 of this Annex.

5.5. In how many installations was continuous emissions measurement applied? Please indicate the number of installations per Annex I activity and within each activity per subcategory based on reported annual emissions (less than 50 kt, 50-500 kt and over 500 kt).

In answering this question, use Table 5 of Part 2 of this Annex.

5.6. How much CO_2 was transferred from installations? Please indicate the number of tonnes of CO_2 transferred pursuant to section 4.2.2.1.2 of Annex I to Decision 2004/156/EC and the number of installations that transferred CO_2 for each activity listed in Annex I to Directive 2003/87/EC.

In answering this question, use the table below.

Main Annex I activity	Number of installations	CO_2 transferred (kt CO_2)	Use of transferred CO_2
E1			
E2			
E3			
F1			
F2			
M1			
M2			
M3			
O1			
O2			

[2] OJ L 59, 26.2.2004, p. 1.

5.7. How much biomass was combusted or employed in processes? Please indicate the quantity of biomass as defined in paragraph 2(d) of Annex I to Decision 2004/156/EC combusted (TJ) or employed (t or m^3) for each activity listed in Annex I to Directive 2003/87/EC.

In answering this question, use the table below.

Main Annex I activity	Biomass combusted (TJ)	Biomass employed (t)	Biomass employed (m^3)
E1			
E2			
E3			
F1			
F2			
M1			
M2			
M3			
O1			
O2			

5.8. What was the total quantity of waste used as fuel or input material per waste type? What was the total quantity of resulting CO_2 emissions per waste type?

In answering this question, use the table below. Add further rows if necessary.

Waste type ([3])	Quantity used/deployed (t)	Quantity used/deployed (m^3)	CO_2 Emissions (t CO_2)

5.9. Please submit sample monitoring and reporting documents from some temporarily excluded installations, if applicable.

Question 5.10 is to be answered in the report due by 30 June 2007 and in subsequent reports if changes were made during the reporting period:

([3]) The waste types should be reported using the classification of the "European List of Wastes" (Commission Decision 2000/532/EC of 3 May 2000 replacing Decision 94/3/EC establishing a list of wastes pursuant to Article 1(a) of Council Directive 75/442/EEC on waste and Council Decision 94/904/EC of 22 December 1994 establishing a list of hazardous waste pursuant to Article 1(4) of Council Directive 91/689/EEC on hazardous waste.

5.10. What measures have been taken to coordinate reporting requirements with any existing reporting requirements in order to minimise the reporting burden on businesses?

In answering this question, use the table below. Add further rows if necessary.

Which of the following statements applies to your country (add explanatory text if necessary)?	
ETS reporting requirements are coordinated with other reporting requirements	Yes/No
Coordination with greenhouse gas inventory compilation under UNFCCC ([4]) and Decision 280/2004/EC	
Coordination with EPER ([5])	Yes/No
Coordination with IPPC	Yes/No
Coordination with NEC ([6])	Yes/No
Coordination with LCP ([7])	Yes/No
Coordination with EMEP ([8])	Yes/No
Coordination with voluntary covenants	Yes/No
Coordination with other trading schemes (please specify)	Yes/No
ET data can be used by statistical office	Yes/No
Other (please specify): _____	

5.11. What procedures or measures have been implemented to improve monitoring and reporting by operators?

5.12. Is there any other relevant information concerning the application of the monitoring and reporting guidelines in your country? If so, please specify.

6. **Arrangements for verification**

Question 6.1 is to be answered in the report due by 30 June 2007 and in subsequent reports if changes were made during the reporting period.

6.1. Please describe the framework for verification of emissions, in particular the role of the competent authorities and other verifiers and any special requirements for verifiers already accredited in another country. Please submit documents setting out the accreditation criteria for verifiers as well as any verification guidance provided for accredited verifiers and documents setting out the mechanisms for supervision and quality assurance for verifiers, if available.

([4]) United Nations Framework Convention on Climate Change.
([5]) European Pollutant Emission Register (Commission Decision 2000/479/EC of 17 July 2000), (OJ L 192, 28.7.2000, p. 36).
([6]) National Emissions Ceilings (Directive 2001/81/EC), (OJ L 309, 27.11.2001, p. 22).
([7]) Large Combustion Plants (Directive 2001/80/EC), (OJ L 309, 27.11.2001, p. 1).
([8]) Co-operative Programme for Monitoring and Evaluation of the Long-range Transmission of Air pollutants in Europe.

In answering this question, use the table below. Add further rows if necessary.

Which of the following statements apply to your country (add explanatory text if necessary)?	
Independent verifiers can be accredited according to national criteria (if so, please provide relevant documents or Internet link)	Yes/No
National guidance for verification developed (if so, please provide relevant documents or Internet link)	Yes/No
Are national rules and procedures for verification based on EN 45011 and EA-6/01 ([9])	Yes/No
Verifiers are required to recommend improvements to installation's monitoring	Yes/No
Competent authority or other agency has a right to check verified emission reports	Yes/No
Competent authority or other agency has a right to adjust the verified emission report if deemed unsatisfactory	Yes/No
Competent authority or other agency supervises verifiers (including spot checks, training, quality assurance and quality control procedures)	Yes/No
Competent authority has a right to appoint a verifier to an installation	Yes/No
Verifiers accredited in another Member State are subject to another accreditation process	— No — No, only formal requirements (registration, etc) — No for verifiers accredited in a Member State which applies similar criteria — Yes, simplified requirements — Yes, full accreditation required (if so, please briefly justify)
Knowledge of language and/or national laws/regulations required for verifiers accredited in another Member State	Yes/No
Special QA/QC procedures in place at CA for verifiers accredited in another Member State	Yes/No
Other (please specify): _____	

6.2. Did any operator provide an emission report for the reporting period not considered satisfactory by 31 March? If so, please provide a list of the installations concerned and the reasons why no positive verification statement was given.

In answering this question, use Table 6 of Part 2 of this Annex. Cases where operators did not provide any emission report must be reported under question 6.3.

6.3. For how many installations were no emission reports for the reporting period provided by 31 March? Please indicate the number of installations, allocated allowances and allowances blocked in the operators' holding accounts per Annex I activity and within each activity per subcategory based on reported annual emissions (less than 50 kt, 50-500 kt and over 500 kt).

([9]) European Co-operation for Accreditation's (EA) Guidance on the application of EN 45011.

In answering this question, use Table 7 of Part 2 of this Annex.

6.4. Which measures were undertaken in cases where operators did not provide an emission report by 31 March of the reporting period?

6.5. Did the competent authority carry out any independent checks on verified reports? If yes, please describe how additional checks were undertaken and/or how many reports were checked.

6.6. Did the competent authority instruct the registry administrator to correct the annual verified emissions for the previous year for any installation(s) to ensure compliance with the detailed requirements established by the Member State pursuant to Annex V to Directive 2003/87/EC?

Indicate any corrections in Table 6 of Part 2.

6.7. Is there any other relevant information concerning the arrangements for verification in your country? If so, please specify.

7. **Operation of registries**

Question 7.1 is to be answered in the report due by 30 June 2007 and in subsequent reports if changes were made during the reporting period:

7.1. Please provide any terms and conditions required to be signed by account holders and provide a description of the identity check of persons undertaken before creating holding accounts (cf. Commission Regulation (EC) No 2216/2004 ([10])).

In answering this question, use the table below.

Please provide the link to your registry	
Which of the following statements apply to your country (add explanatory text if necessary)?	
Specific terms and conditions elaborated which account holders have to sign (if yes, please provide relevant documents or links)	Yes/No
Different identity checks applied for operators and individuals	Yes/No
Personal presence required for ID checks for residents in Member State ([11])	Operators/Individuals/Both/No
ID check through written procedure only for residents ([12])	Operators/Individuals/Both/No
Personal presence required for ID checks for residents of other countries ([13])	Operators/Individuals/Both/No
ID check through written procedure only for residents in other countries ([14])	Operators/Individuals/Both/No
Copy of company register or similar documentation required for opening of operator holding account?	Yes/No
Documentation showing right to represent company required for opening of operator holding account?	Yes/No
Other (please specify): _____	

([10]) OJ L 386, 29.12.2004, p. 1.
([11]) This includes ID checks by third parties like post offices or notary where the applicant has to present himself in person.
([12]) This includes electronic procedures.
([13]) This includes ID checks by third parties like embassies where the applicant has to present himself in person.
([14]) This includes electronic procedures.

7.2. Please provide a summary of all security alerts relevant to the national registry which have occurred during the reporting period, how they were addressed and the time taken for resolution.

In answering this question, use the table below. Add further rows if necessary.

Which of the following statements apply to your country (add explanatory text if necessary)?

General procedures in place to prevent occurrence of security alerts	Yes/No
Security alerts relevant to national registries occurred during the reporting period	Yes/No

If yes, please fill out the following table

Type of security alert	Number of occurrences	Action taken	Time needed for resolution

7.3. Please state how many minutes for each month of the reporting period the national registry was unavailable to its users (a) due to scheduled downtime, and (b) due to unforeseen problems.

In answering this question, use the table below.

Month	Scheduled downtime [minutes]	Unscheduled downtime [minutes]
January		
February		
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

7.4. Please list and provide details on each upgrade to the national registry scheduled for the next reporting period.

In answering this question, use the table below. Add further rows if necessary.

Which of the following statements apply to your country (add explanatory text if necessary)?	
Regular time slots allocated for maintenance and upgrading of registry (if so, please provide dates)	Yes/No
Registry will be upgraded together with upgrade of software system used	Yes/No

Please provide details for all upgrades scheduled for the next reporting period	
Date	Purpose

7.5. Is there any other relevant information concerning the operation of registries in your country? If so, please specify.

8. **Arrangements for the allocation of allowances — new entrants — closures**

Questions 8.1 and 8.2 are to be answered in the first report after each notification and allocation procedure laid down in Articles 9 and 11 of Directive 2003/87/EC.

8.1. Looking back at the completed allocation process, please describe the main lessons learnt by your authorities, and how you think they will influence your approach to the next allocation process.

8.2. Do you have any suggestions for the improvement of future notification and allocation processes for the Community as a whole?

8.3. How many allowances were allocated to the new entrants listed in Table 1, if any? Please give the installation identification code for the new entrant and the transaction identification code associated with the allocation of allowances.

In answering this question, use Table 1 of Part 2 of this Annex.

8.4. How many allowances were left in any new entrants reserve at the end of the reporting period, and what share do they represent of the original reserve?

In answering this question, use the table below.

Number of allowances left in the new entrants reserve at the end of the reporting period (31 December each year)	
Share of allowances remaining in the new entrants reserve, in percent	

8.5. If your Member State allocates allowances other than for free, please explain how such allocation is made (e.g. way in which auctioning is undertaken)?

8.6. If auctioning was used as an allocation method, who was allowed to participate in the auction?

In answering this question, use the table below.

National operators only	Yes/No
National registry account holders only	Yes/No
All Community operators	Yes/No
All bidders with an account in a Community registry	Yes/No
Other (please specify): _____	

8.7. If auctioning was used as an allocation method, how many auctions were held during the reporting period, how many allowances were auctioned during each auction, what share do they represent of the total quantity of allowances for the trading period and what was the price per allowance at each auction?

In answering this question, use the table below.

Was auctioning used as an allocation method?	Yes/No
If yes, please answer the following questions.	
Number of auctions held during the reporting period (1 January to 31 December)	
Number of allowances auctioned (each auction separately)	
Clearing price of auction (each auction separately)	

8.8. If auctioning was used as an allocation method, what use was made of allowances not purchased at the auction(s)?

8.9. If auctioning was used as an allocation method, what were the revenues used for?

8.10. How were allowances treated that had been allocated but were not issued to installations that closed during the reporting period?

Question 8.11 is to be answered in the first report following the end of the trading periods set out in Article 11(1) and (2) of Directive 2003/87/EC.

8.11. Were allowances remaining in the new entrants' reserve at the end of the trading period cancelled or auctioned?

8.12. Is there any other relevant information concerning the arrangements for allocation, new entrants and closures in your country? If so, please specify.

9. **Surrender of allowances by operators**

9.1. In all cases where an account in the registry was closed because there was no reasonable prospect of further allowances being surrendered by the installation's operator, please describe why there was no reasonable further prospect and state the amount of outstanding allowances ([15]).

In answering this question, use the table below. Add further rows if necessary.

Reason for closure of account	Quantity of outstanding allowances (kt CO_2 eq)

9.2. Is there any other relevant information concerning the surrender of allowances by operators in your country? If so, please specify.

10. **Use of emission reduction units (ERUS) and certified emission reductions (CERS) in the community scheme**

Question 10.1 is to be answered annually starting with the report submitted in 2006 as regards CERs and starting with the report submitted in 2009 as regards ERUs:

10.1. Have ERUs and CERs been issued for which an equal number of allowances had to be cancelled pursuant to Article 11(b)(3) or (4) of Directive 2003/87/EC because the Joint Implementation (JI) or Clean Development Mechanism (CDM) project activities reduce or limit directly or indirectly the emission level of installations falling under the scope of that Directive? If so, please provide the sum of allowances cancelled and the total number of operators concerned separately for cancellation pursuant to Article 11(b)(3) and (4) of that Directive.

In answering this question, use the table below.

	Quantity of allowances cancelled	Number of operators affected
cancellation pursuant to Article 11(b)(3)		
cancellation pursuant to Article 11(b)(4)		

Questions 10.2 and 10.3 are to be answered in the report due by 30 June 2007 and in subsequent reports if changes were made during the reporting period:

10.2. Which CERs and ERUs may be used for compliance in your Member State? Please state any project category excluded except those which are already excluded pursuant to Article 11(a)(3) of Directive 2003/87/EC (CERs and ERUs from nuclear or from land use, land use change and forestry project activities).

In answering this question, use the table below.

CERs and ERUs from all project categories can be used	Yes/No
CERs and ERUs from certain project categories are excluded (if yes, please specify)	Yes/No

([15]) If the amount of outstanding allowances is not known please provide an estimate of outstanding allowances based on the last verified emission report, remaining allowances in the account and other information available to the Competent Authority.

10.3. What measures have been taken to ensure that relevant international criteria and guidelines, including those contained in the year 2000 Final Report of the World Commission on Dams (WCD), will be respected during the development of hydroelectric power production projects with a generating capacity exceeding 20MW?

In answering this question, use the table below. Add further rows if necessary.

Which of the following statements apply to your country (add explanatory text as necessary):	
Project participants are legally obliged to adhere to the WCD guidelines	Yes/No
Adherence to WCD guidelines is verified (if so, please provide relevant authority, e.g. competent authority or Designated National Authority)	Yes/No
Other international criteria and guidelines have to be respected during the development of large hydroelectric power projects (if so, please provide relevant documents or links)	Yes/No
Other (please specify):	

10.4. Is there any other relevant information concerning the use of ERUs and CERs in the Community scheme in your country? If so, please specify.

11. **Fees and charges**

Questions 11.1 to 11.4 are only to be answered in the report due by 30 June 2007 and in subsequent reports if changes were made during the reporting period:

11.1. Are fees charged to operators for the issuance and update of permits? If so, please provide details on the fees charged, total proceeds and the use of the proceeds.

11.2. What fees are charged to operators for the issuance of allowances? If so, please provide details on the fees charged, total proceeds and the use of the proceeds.

11.3. What fees are charged for the use of the registry if any? Please give details.

In answering this question, use the table below?

Which of the following statements apply to your country (add explanatory text as necessary)?	
Fees are charged for the use of the registry	Operators: Yes/No Individuals: Yes/No
Different fees in place for operators and individuals	Yes/No
Fee for opening an account ([16])	Operators: … EUR once/per trading period Individuals: … EUR once/per trading period
Annual fee for maintaining account ([17])	Operators: … EUR per year Individuals: … EUR per year
Other (please specify):	

([16]) Indicate the relevant period as well (once/per trading period).
([17]) If fees depend on allocation please provide minimum and maximum fees if applicable and the relevant formula.

11.4. Is there any other relevant information concerning fees and charges in the Community scheme in your country? If so, please specify.

12. Issues related to compliance with the ET directive

Question 12.1 is to be answered in the report due by 30 June 2007 and in subsequent reports if changes were made during the reporting period:

12.1. Please state the relevant national provisions and the penalties for infringements of national provisions pursuant to Article 16(1) of the ET Directive.

In answering this question, use the table below. Add further rows if necessary.

Kind of infringement	Relevant national provision	Fines (EUR)		Imprisonment (months)	
		min	max	min	max
Operation without permit					
Infringements of monitoring and reporting obligations					
Omission to notify changes to the installation					
Other (please specify)					

12.2. Where penalties were imposed pursuant to Article 16(1) of the ET Directive for infringements of national provisions, please state the relevant national provisions, briefly describe the infringement and give the penalties imposed.

In answering this question, use the table below. Add further rows if necessary.

		Penalty imposed	
Infringement	National provision	Fines (EUR)	Imprisonment (months)

12.3. Please provide the names of operators for which excess emission penalties were imposed pursuant to Article 16(3) of the ET Directive.

In answering this question, it is sufficient to provide a reference to the publication of the names under Article 16(2) of the ET Directive.

12.4. Is there any other relevant information related to compliance with the ET Directive in your country? If so, please specify.

13. The legal nature of allowances and fiscal treatment

Questions 13.1 to 13.8 are only to be answered in the report due by 30 June 2007 and in subsequent reports if changes were made during the reporting period:

13.1. What is the legal nature of an allowance (commodity/financial instrument) for the purpose of financial regulation?

13.2. What is the legal status given to allowances and emissions for the purposes of accounting?

13.3. Were any specific accounting rules established or adopted for allowances? If yes, please describe them briefly.

13.4. Are transactions of allowances subject to VAT?

13.5. Is the issuance of allowances subject to VAT?

13.6. If your Member State allocates allowances for payment, is VAT due on the transaction?

13.7. Are profits or losses from transactions of allowances subject to a specific income tax (e.g. specific tariffs)?

13.8. Is there any other relevant information concerning the legal nature of allowances and their fiscal treatment in your country? If so, please specify.

14. **Access to information pursuant to article 17 of the ET Directive**

14.1. Where are decisions relating to the allocation of allowances, information on project activities in which a Member State participates or authorises private or public entities to participate, and reports of emissions required under the greenhouse gas emissions permit and held by the competent authority made available to the public?

In answering this question, use the table below:

Type of information	Information available to public	If information is available, at which location?		
		Internet ([18])	Official Publication ([19])	Other (please specify)
Allocation rules	Yes/No/on request only			
NAP table	Yes/No/on request only			
Changes to list of installations	Yes/No/on request only			
Verified emission reports	Yes/No/on request only			
Project activities	Yes/No/on request only			
Greenhouse gas emissions permit	Yes/No/on request only			
Information required by Annex XVI to Regulation (EC) No 2216/2004	Yes/No/on request only			
Other (please specify):				

14.2. Is there any other relevant information concerning the access to information pursuant to Article 17 of the ET Directive in your country? If so, please specify.

15. **Other observations**

15.1. Were public studies on the implementation and the further development of the European emissions trading scheme undertaken in your country? If so, please provide the document, reference or internet link together with a very brief outline of the study.

15.2. Are there any particular implementation issues that give rise to concerns in your country? If so, please specify.

([18]) Please provide web address.
([19]) Please provide the title.

PART 2

Table 1

Changes to list of installations

Member State:

Reporting period:

A	B	C	D	E	F	G	H	I	J
Installation		Operator					Allowances allocated or issued [d]		
Permit ID Code	Installation ID Code	Name	Main Annex I activity [a]	Other Annex I activities [a]	Main non-Annex I activity [b]	Change compared with installations included in NAP [c]	Quantity	Year(s)	Transaction identification code [e]

[a] The same installation can carry out activities falling under different subheadings. All relevant activities should be indicated. Please use the codes for Annex I activities listed in the Table to question 3.3.
[b] The main activity at an installation can be other than an Annex I activity. Please fill in where relevant.
[c] Please indicate "new entrant", "closure" or "falling below capacity thresholds".
[d] For new entrants, please indicate the years for which the quantity of allowances was allocated. For closures, please indicate allowances issued during the remaining trading period, if applicable.
[e] For new entrants, please indicate the code associated with the allocation of the allowances.

Table 2

Monitoring methods applied (only for installations contributing cumulatively to 50 % of the total emissions included in the trading scheme. No information needs to be reported for sources within these installations with annual emissions below 25 kt CO_2 eq.)

Member State:

Reporting period:

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	Installation			Emission source			Tier chosen [e]				Values				
Permit ID code	Installation ID code	Main Annex I activity [a]	Total annual emissions [b] t CO_2	Annex I activity [c]	Fuel or activity type [d]	Related emissions [b] t CO_2	Activity data Tier	Emission factor Tier	Net calorific value Tier	Oxidation factor Tier	Emission factor Value	Emission factor Unit [f]	Net calorific value Value	Net calorific value Unit [g]	Oxidation factor %

[a] The same installation can carry out activities falling under different subheadings. The main Annex I activity should be indicated. Please use the codes for Annex I activities listed in the Table to question 3.3.
[b] Verified emissions if available, otherwise emissions as reported by the operator.
[c] The same installation can carry out activities falling under different subheadings. For each fuel or activity type the Annex I activity should be indicated. Please use the codes for Annex I activities listed in Table 1.
[d] Hard coal, natural gas, steel, lime, etc. Please use a separate line for each fuel or activity if more than one fuel or activity is carried out in the same installation.
[e] Only to be filled out if emissions are calculated.
[f] kg CO_2/kWh, t CO_2/kg, etc.
[g] kJ/kg, kJ/m^3, etc.

Table 3

Monitoring methods applied for installations for which it has not been feasible to use the minimum tiers specified in Table 1 of Section 4.2.2.1.4 of Decision 2004/156/EC

Member State:

Reporting period:

A	B	C	D	E	F	G	H	I
	Installation		Total annual emissions	Affected monitoring parameter [b]	Minimum tier according to MRG	Tier applied	Reason for lower tier [c]	Lower tier permitted until [d]
Permit ID Code	Installation ID Code	Annex I activity [a]	t CO_2		Tier	Tier		Month/year

[a] The same installation can carry out activities falling under different subheadings. The main activity should be indicated. Please use the codes for Annex I activities listed in the Table to question 3.3.

[b] Please use the following notation keys: activity data (AD), net calorific value (NCV), emission factor (EF), composition data (CD), oxidation factor (OF), conversion factor (CF). If several values in an installation are affected, fill out one row per value.

[c] Please use the following notation keys: technically not feasible, unreasonable high costs, other (please specify).

[d] If the lower tier is permitted for a limited time only, please provide the date. Otherwise leave empty.

Table 4

Temporary change of monitoring method

Member State:

Reporting period:

A	B	C	D	E	F	G	H	I	J
Installation		Annex I Activity [a]	Total annual emissions	Affected monitoring parameter [b]	Original method approved	Temporary method applied	Reason for temporary change [c]	Period of temporary suspension until restoration of appropriate tier method	
Permit ID Code	Installation ID Code		t CO_2		Tier	Tier		Beginning Month/year	End month/year

[a] The same installation can carry out activities falling under different subheadings. The main activity should be indicated. Please use the codes for Annex I activi-ties listed in the Table to question 3.3.

[b] Please use the following notation keys: Activity Data (AD), Net Calorific Value (NCV), Emission Factor (EF), Composition Data (CD), Oxidation Factor (OF), Conversion Factor (CF); if several values in an installation are affected, fill out one row per value.

[c] Please use the following notation keys: Failure in measurement devices (FMD), temporary lack of data (TLD), changes in installation, fuel type etc. (CIF), other (please specify).

Table 5

Number of installations applying continuous emission measurement

Member State:

Reporting year:

A	B	C	D
Main Annex I activity [a]	< 50 000 t CO_2e	50 000 to 500 000 t CO_2 e	> 500 000 t CO_2 e
E1			
E2			
E3			
F1			
F2			
M1			
M2			
M3			
O1			
O2			

[a] Please refer to the Table under question 3.3 for a description of the Annex I activity codes. If an installation carries out more than one activity, it should only be counted once under its main Annex I activity.

Table 6

Emissions reports under Article 14(3) of the ET Directive not validated as satisfactory

Member State:

Reporting year:

A	B	C	D	E	F	G
Installation		Emissions reported from installations	Allowances surrendered	Allowances blocked in operator holding account	Reason for no positive verification statement [a]	Correction of verified emissions by competent authority
Permit ID Code	Installation ID Code	t CO_2	t CO_2	t CO_2		t CO_2

[a] Please use the following notation keys: reported data is not free of inconsistencies and material misstatements (NFI), collection of data has not been carried out in accordance with the applicable scientific standards (NASS), relevant records of installation are not complete and/or consistent (RNC), verifier was not provided with access to all sites and information related to the subject of verification (VNA), no report was produced (NR), other (please specify).

Table 7

Installations for which no emission reports were provided by 31 March of the reporting period

Member State:

Reporting period:

A	B	C	D	E	F	G	H	I	J
		< 50 000 t CO_2 e			50 000 to 500 000 t CO_2 e			> 500 000 t CO_2 e	
Main Annex I activity [a]	Number of emission reports not provided	Allocation t CO_2	Allowances blocked in operator holding accounts t CO_2	Number of emission reports not provided	Allocation t CO_2	Allowances blocked in operator holding accounts t CO_2	Number of emission reports not provided	Allocation t CO_2	Allowances blocked in operator holding accounts t CO_2
E1									
E2									
E3									
F1									
F2									
M1									
M2									
M3									
O1									
O2									

[a] Please refer to the Table to question 3.3 for a description of the Annex I activity codes. If an installation carries out more than one activity, it should only be counted once under its main Annex I activity.'

European Environment Agency

Application of the Emissions Trading Directive
by EU Member States
Reporting year 2006
2007 — 86 pp. — 21 x 29.7 cm

ISBN 978-92-9167-923-2

TH-AK-07-007-EN-N

European Environment Agency
Kongens Nytorv 6
1050 Copenhagen K
Denmark

Tel.: +45 33 36 71 00
Fax: +45 33 36 71 99

Web: eea.europa.eu
Enquiries: eea.europa.eu/enquiries

European Environment Agency