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CLIMA.A.3 - Monitoring, Reporting, Verification

Guidance Document

The Accreditation and Verification Regulation - Quick guide on verification for operators and aircraft operators

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This document is part of a series of documents and templates provided by the Commission services for supporting the implementation of Commission Regulation (EU) No 600/2012 of 21 June 2012 on the verification of greenhouse gas emissions reports and tonne-kilometre reports and the accreditation of verifiers pursuant to Directive 2003/87/EC of the European Parliament and of the Council.

The guidance represents the views of the Commission services at the time of publication. It is not legally binding.

This guidance document takes into account the discussions within meetings of the informal Technical Working Group on the Accreditation and Verification Regulation under WGIII of the Climate Change Committee (CCC), as well as written comments received from stakeholders and experts from Member States.

All guidance documents and templates can be downloaded from the documentation section of the Commission's website at the following address:
http://ec.europa.eu/clima/policies/ets/monitoring/index_en.htm.


Background

This quick guide is part of a suite of guidance documents developed by the Commission to explain the requirements of the EU ETS Regulation on Accreditation and Verification (AVR)¹. The suite of guidance documents consists of:

- an explanatory guidance on the articles of the AVR (EGD I), including a user manual providing an overview of the guidance documents and their interrelation with the relevant legislation;
- key guidance notes (KGN II) on specific verification and accreditation issues;
- a specific guidance (GD III) on the verification of aircraft operator's reports;
- templates for the verification report and information exchange requirements;
- exemplars consisting of filled-in templates, checklists or specific examples in the explanatory guidance or key guidance notes;
- frequently asked questions.

This quick guide outlines the AVR requirements that are relevant for operators and aircraft operators and seeks to provide them a better understanding of the verification provisions. The quick guide represents the views of the Commission services at the time of publication. It is not legally binding.

The note applies to the **verification of operator's or aircraft operator's reports**. Please note the following:

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| <ul style="list-style-type: none">▪ Wherever this note uses the term 'report' it means the operator's emissions report, the aircraft operator's emissions report or the tonne-kilometre report.▪ Wherever the note uses the term 'operator' this means that the relevant phrase is also applicable to aircraft operator unless this is specifically mentioned otherwise in the note. |  |
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1. General requirements for verification

Every operator or aircraft operator falling under the EU ETS scheme must submit a verified emissions report by 31 March of each year². The Monitoring and Reporting Regulation (MRR) and AVR require the verification to be carried out by a verifier accredited by a national accreditation body (NAB) or by a natural person verifier certified by a national certification authority (NCA). Most Member States (MS) have set up an accreditation system whereby the NAB accredits legal entities or legal persons. The number of MS that have (or will) set up a structure for certification of natural person verifiers in accordance with Article 54(2) of the AVR is expected to be very limited. However, both types of verifiers, accredited or certified, must meet the same requirements (please see the key guidance note KGN II.11 on certification).

Unless stated to the contrary, where the text in the guidance refers to responsibilities of national accreditation bodies (NABs), this should be read as analogous responsibilities of national certification authorities (NCAs).

¹ Commission Regulation (EU) No 600/2012 of 21 June 2012 on the verification of greenhouse gas emissions reports and tonne-kilometre reports and the accreditation of verifiers pursuant to Directive 2003/87/EC of the European Parliament and of the Council, OJ EU, L 181/1.

² Some MS may require operators to submit the verified annual emissions report earlier than by 31 March, but by 28 February at the earliest. Please contact your competent authority about the deadline for submitting the emissions report.

2. What to consider when contracting a verifier?

Each operator must have a contract with its own verifier and is responsible for paying the costs of the verification. When contracting a verifier, the operator should be aware that the following conditions must be met in order for the verification of the operator's report to be valid:

- The verifier must be accredited by the time³ the verification report is issued to the operator. Accreditation must be in line with the AVR and EN ISO 14065⁴.
- The verifier must be accredited for the scope of activities that the operator carries out. Annex I of the AVR outlines different scopes (categories) of accreditation which *inter alia* cover the activities specified in Annex I of the EU ETS Directive.

The verifier must be aware of the relevant legislation, standards and guidance material. This covers the MRR and AVR (and associated EC guidance) and also any relevant national legislation and guidance.

Care is required to ensure that the selected verifier is not suspended from accreditation nor that its accreditation certificate is withdrawn or its scope of accreditation is reduced. The operator can find information on the accreditation status of verifiers on the website/database of the NAB that has accredited the verifier. The NAB's website/ database includes the name, address of each verifier accredited by that NAB, the MS in which the verifier is carrying out verification, the scope of accreditation for each verifier, the date on which the accreditation certificate was granted and its expiry date and any information on administrative measures that may have been imposed upon the verifier. In general such information is accessible from the web page of the NAB as a downloadable document or a search field.

For more information please see the following sections in the suite of guidance documents

Topic	Relevant section in guidance material ⁵
Scope of Accreditation	Section 6.1 EGD I and COM AV FAQ
Administrative measures that can be imposed on verifiers	Section 6.5 EGD I and COM AV FAQ
Where to find information on the accreditation of a verifier	Section 10.8 EGD I and COM AV FAQ

3. Accreditation and monitoring of verifiers

Accreditation by the NAB and the monitoring of accredited verifiers involves a number of interconnected activities. These include assessing the verifier's management system and procedures for verification activities, visiting the verifier's premises to assess implementation of controls, as well as performing witness audits in which the NAB's assessment team accompanies the verifier's personnel during their site visit to an operator and observes how they carry out their verification activities. The NAB's assessment team take an observer role and will not interact with the operator. As only a representative selection of verifier staff and a representative part of the verifier's scope of accreditation will

³ In 2013 verifiers have to undergo an accreditation process in accordance with the new AVR requirements and operators may have to contract the verifier before all steps in the accreditation process have been completed and an accreditation certificate is issued.

⁴ Or certified in accordance with the AVR and EN ISO 14065 when the verifier is a natural person.

⁵ For further information on the guidance documentation, please visit the website of the European Commission: http://ec.europa.eu/clima/policies/ets/monitoring/documentation_en.htm

be assessed during witness audits, not all clients of that verifier will be asked to host a witness audit of verifier personnel.

After the initial accreditation process has been completed and the accreditation certificate has been issued, the competence and actual performance of the verifier is monitored through annual surveillance and further witnessing. Before the accreditation certificate expires⁶ a reassessment of the verifier will be carried out. Both the surveillance and reassessment involve assessment of documents (in particular where there are updates to ETS rules or scopes), visit(s) to verifier premises and also witness audits.

Topic	Relevant section in guidance material
Accreditation process and monitoring of verifiers	Chapter 6 of the EGD I

4. Verifier's competence and Impartiality

The verifier must meet certain competence and impartiality requirements. These are explained in Chapter V of EGD I and Key guidance note II.7 on competence of verifiers. If the operator has concerns about impartiality or competence they can make a complaint to the verifier. The verifier must have internal procedures to address these complaints. If the operator is not satisfied with the verifier's response, the operator can submit a complaint to the NAB that has accredited the verifier.

5. Timing of verification

In order to meet the required deadline for submitting operator's reports, operators are recommended to contract verifiers at an early enough stage so that verification can start in time to avoid last minute changes late in February and March when significant demands on operators, verifiers and CA could delay the production of the final operator's report and the verification report. This also allows the verifier to spot misstatement and non-compliance issues sufficiently early so that the verifier can check whether these issues have been corrected properly by the operator before the final verification report is issued. The Commission guidance recommends that the verification process starts by conducting the strategic analysis, risk analysis and initial compliance evaluations at least by September of the reporting year.

Topic	Relevant section in guidance material
Timeline on verification	Section 3.2 and Annex I EGD I

6. Elements to consider for the verification of 2013 emission reports

Every verifier needs to be accredited in line with the new AVR and EN ISO 14065 by the time the final verification report related to the 2013 emission report is issued to the operator. At the current point in time, it is not possible to guarantee that all verifiers that have applied for an accreditation against the new requirements will be accredited in due time⁷. Therefore the operator is recommended⁸ to:

⁶ The validity date of an accreditation certificate can differ between MS. The maximum validity is 5 years according to the AVR.

⁷ Please see the Commission's AV FAQ on the timely accreditation of verifiers in view of the verification of 2013 emissions reports .

⁸ These recommendations could also be relevant for verification in other years. A verifier's accreditation can be suspended, withdrawn or reduced in scope.

- ask the verifier for clarification on its accreditation status at the pre-contract stage, including whether accreditation has been requested for the scope of activities that are carried out by the operator;
- include a provision in the contract with the verifier on how the contract will address the situation where the verifier does not receive its accreditation certificate by the required deadline: e.g. disclosure provisions that enable the operator to commission another verifier to take over the verification and to use information and work papers from the first verifier to facilitate an efficient second verification; the contract may also include penalty clauses on the first verifier should this situation arise.

Topic	Relevant section in guidance material
Timeline of accreditation for 2013/ 2014	COM AV FAQ.

7. Contracting foreign verifiers

The operator is free to contract verifiers that are accredited by an NAB in another MS. Member States are required to accept the accreditation certificates of verifiers accredited by NABs in other Member States as long as the NAB has successfully undergone a peer evaluation in accordance with the AVR (see Article 66 of the AVR on mutual recognition and Article 64 on peer evaluation)⁹. Exactly the same requirements apply for foreign verifiers as are applied to national verifiers.

Topic	Relevant section in guidance material
Mutual recognition of foreign verifiers	Chapter 9 EGD I and COM AV FAQ

8. What requirements are relevant for an operator during the verification?

The verification process consists of a number of mandatory interconnected and interdependent steps. This means that findings arising during the verification process can result in the need to reconsider one or more earlier steps in the verification process. The following activities directly affect operators.

Pre-contract stage

Before accepting the verification engagement, the verifier will assess whether it can undertake the verification for that specific operator. In addition to checking for conflicts of interest and eligibility, an important element at this stage is to determine the time needed to properly carry out the verification. The operator needs to be aware that the verifier is required to incorporate some mandatory provisions in the contract with the operator, including requirements for:

- the operator to submit to the verifier all information that the verifier deems is relevant for the verification;
- the verifier to keep information confidential unless the verifier is required by law to make that information available: e.g. making information available to the NAB for assessment of the verifier;
- the verifier to be able to allocate additional time to the verification, if findings show that additional time is needed to properly carry out the verification activities and to deliver a final verification opinion with ‘reasonable assurance’;

⁹ Member States shall also accept the accreditation certificates of foreign verifiers accredited by a NAB that has not undergone the complete peer evaluation process before 31 December 2014 provided the conditions in Article 66(2) of the AVR are met. Please see the Commission’s AV FAQ for further information.

- the operator to allow the NAB to attend a witness audit at the operator's site for the purpose of assessing the verifier.

Topic	Relevant section in guidance material
Pre-contract stage	Section 3.2.1 EGD I and Section 3.2.1 GD III for aircraft operators

Information to be provided to the verifier during the verification

The operator is required to submit to the verifier any information that the verifier deems is relevant to complete the verification. The list of information given in Article 10 of the AVR is not exhaustive. Information to be provided by the operator includes risk assessments, procedures, spreadsheets and other data, uncertainty assessments, calibration records and certificates, fuel slips, and any records retained by the operator in accordance with Article 66 of the MRR that are relevant for the verification, etc.

Topic	Relevant section in guidance material
Information to be provided by the operator	Section 3.2.2 EGD I and Section 3.2.2 GD III for aircraft operators

Site visits at the operator's installation or aircraft operator

In principle the verifier must carry out site visits to the operator's installation or the aircraft operator as part of the verification. Only under specific conditions may a site visit be waived.

Site visits for installations

For installations emitting more than 25,000 tonnes of CO_{2(e)} per year the operator must submit an application for approval to the competent authority (CA); this must be supported by the verifier assessment of the verification risks of not conducting a site visit and the verifier's risk analysis of the inherent and control risks.

Please note that if the verifier's risk analysis (as updated by verification findings) subsequently shows that the risks are higher than originally anticipated and a site visit is necessary, this site visit must then be carried out even though the CA has previously approved the waive of the site visit at an earlier stage of the verification process.

Please also note that a site visit is required for the verification of 2013 emission reports since a monitoring plan for the third trading period constitutes a significant modification mentioned in Article 31(3) (c) of the AVR.

Site visits for aircraft operators

It should be noted that the AVR provides a specific definition of 'site' for the purpose of verifying the emissions or tonne-kilometre report of an aircraft operator. The requirements on site visits and waive of site visits are different for aviation. Site visits for small emitters can be waived provided the requirements of Article 32(1) of the AVR have been met. This also applies to the verification of 2013 emission reports of small emitters.

Topic	Relevant section in guidance material
Site visits and waive of site visits	Section 3.2.7 EGD I and Key guidance note (KGN II.5) on site visits for installations Section 3.2.7 GD III for aircraft operators COM AV FAQ

Addressing misstatements and non-conformities

If the verifier identifies misstatements, non-conformities or non-compliance with the MRR, this must be reported to the operator who is required to correct them. In some cases it will be necessary for the operator to notify or gain approval from the CA (e.g. updating the monitoring plan, approval of a significant change to the monitoring plan, correcting a situation where the operator is not in line with the MRR, etc.). If misstatements, non-conformities or non-compliance with the MRR are not corrected before issuing the verification report to the operator, the verifier must report this in the verification report.

Topic	Relevant section in guidance material
Addressing misstatements, non-conformities and non-compliance with the MRR	Section 3.2.8 and 3.2.9 EGD I and Section 3.2.8 and 3.2.9 GD III for aircraft operators Key guidance note (KGN II.1) on scope of verification

9. Verification report

The verifier must provide a verification report to the operator which includes information on whether the operator's report can be verified as satisfactory; and also containing a list of relevant findings from the verification. The operator must submit this verification report together with the operator's report to the CA by the 31 March¹⁰. The Commission has developed a verification report template which contains the specific elements that the verifier must report on and uses the appropriate formal language of opinion statements consistent with what the market place would expect. Please note that the CA may also require the verifier to report MS specific information or other additional information.

Topic	Relevant section in guidance material
Verification report	Section 3.2.13 EGD I and Section 3.2.13 GD III for aircraft operators Key guidance note (KGN II.6) on the verification report Verification report template

10. Further actions as a result of verification report

Depending on the type of verification opinion statement received, the operator may have to undertake follow-up actions: e.g. submit an improvement report on how it is proposed to address outstanding misstatements and non-conformities. If the verification opinion statement states that the emission report cannot be verified as satisfactory, the CA must make a conservative estimate of emissions in accordance with Article 70 of the MRR.

Topic	Relevant section in guidance material
Follow-up actions as a result of the verification report	Section 3.3 EGD I and Section 3.3 GD III for aircraft operators Key guidance note (KGN II.6) on verification report Section 5.7 of MRR Guidance Document no. 1 for installations Section 6.6 of MRR Guidance Document no. 2 for aircraft operators

¹⁰ Some MS may require operators to submit the verified annual emission report earlier than by 31 March, but by 28 February at the earliest. Please contact your competent authority about the deadline for submitting the emissions report.

11. Verification of installations with low emissions and small emitters

The required steps in the verification process must be carried out regardless of the size of the installation or the aircraft operator. However the level of detail of verification activities to be conducted depends on the verifier's risk analysis. If the inherent and control risks are low, the verification activities may be simpler. Chapter IV of EGD I, Chapter VI of GD III and the Quick guide for small emitters in EU ETS aviation provide more guidance on what simplifications apply to installations with low emissions and small emitters.