

Explanatory docment EU ETS emissions



EXPLANATORY DOCUMENT EU ETS EMISSIONS



4	11 1		4 12	1 0
1	HOW door	OMICCIONC	tradina	MODICITY
1.	LIOW GOES	emissions	uaumu	WUIR!

- 2. When does an emissions report, activity report or carbon tax report need to be verified?
- 3. What does the verification process at ECH involve?
- 4. Independence, impartiality and confidentiality

3

3

4

5



EXPLANATORY DOCUMENT EU ETS EMISSIONS

How does emissions trading work?

Together with similar companies in other European member states, some Dutch companies have since 2005 had to deal with the European Union Emissions Trading System (EU-ETS). The government grants these companies free carbon emissions rights for the whole trading period. These entitle companies to emit a certain amount of CO2 on which a carbon emissions licence is granted. Companies emitting more CO2 than the amount for which they are licenced can buy additional emissions rights or introduce measures to reduce their carbon emissions. Alternatively, companies can sell any excess emissions rights they may have. However, these free rights are gradually being reduced each year.

The Dutch Emissions Authority (NEa) is charged with monitoring compliance. The NEa grants emissions licences to companies and carries out annual monitoring of current licences. To ensure the reliability and accuracy of the emissions report and activity report, European legislation requires an independent and accredited verifier to issue a verification declaration for each of them. This also applies to the carbon tax report, although this is based on current national laws and regulations.

When does an emissions report, activity report or carbon tax report need to be verified?

ı

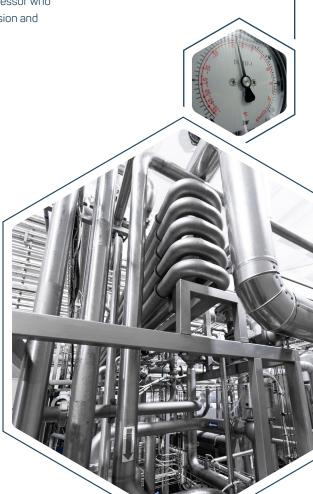
In the majority of cases, companies required to participate in the European Emissions Trading Scheme (EU-ETS) must report and verify their greenhouse gas emissions and activity levels no later than 31 March each year. A verifier must approve both the emissions report and, if applicable, the activity report of a company in a verification report, based on which a verification declaration will be issued. This is a legally required assessment. Companies participating in the EU-ETS do not need to have the CO2 Tax report verified by a verifier. Companies that do not participate in the EU-ETS, but do have to submit a CO2 Tax report, must have this report verified by a verifier.

What does the verification process at ECH involve?

The process of verifying your annual emissions report, activity report or Carbon Tax report can be broken down into four parts:

- A pre-contract assessment and strategic analysis are performed based on the basic information requested. This analysis includes establishing which resources will be needed to perform the verification(s) properly and how much time it will take.
- Risk analysis: Prior to the actual verification, the expected inherent risks, control risks and other relevant areas of concern are identified so that the verification can be carried out with the required level of certainty.
- System verification: An examination focused on the setup and implementation of the measurement and data processing system and internal quality assurance (as set out in the monitoring plan (MP) and, where applicable, the monitoring methodology plan (MMP)). The system verification takes place during a company visit, which includes inspections of installations, metering systems, and other relevant aspects.
- \cdot Data verification: Checking the data presented in the emissions report, activity report or CO2 levy report.

At the end of the audit(s), the verifier draws up a verification report with a verification declaration that then undergoes internal inspection by a review/independent assessor who was not involved in the verification process. The latter takes the verification decision and signs the verification declaration which can then be submitted to the NEa.



EXPLANATORY DOCUMENT EU ETS EMISSIONS

Independence, impartiality and confidentiality

To ensure independence and impartiality, all auditors of ECH have signed a 'Conduct and Non-Disclosure Agreement' in which they declare, among other things, that they are not involved in the working environment of the companies being verified and that they will treat any company information they obtain during the verification process with strict confidentially.

The ECH verification system is accredited by the Dutch Accreditation Council (RvA) under registration number V103, which means ECH is formally recognised as an independent verification body.

For further information: Please contact us

Authorised Involved **Flexible**

Energie Consult Holland B.V. provides a social service by delivering highquality professional services covering energy, the environment and safety.

Would you like to request more information, or make an Please contact us by phone on 0318 - 55 11 06 or visit www.ech-groep.nl



Energie Consult Holland B.V. Hertzstraat 14 6716 BT EDE

T+31(0)318 55 11 06

info@ech-groep.nl www.echgroep.nl

Version VI-027-1 EN











