

Article 27 – Small Installations and Hospitals

Workshop on Phase III of EU ETS

6 April 2011



Comhshaoil, Oldhreachta agus Rialtas Áitiúil
Environment, Heritage and Local Government



Article 27

- Aimed at small installations and hospitals
- Provides that MS may exclude certain installations from the ETS where those installations meet specific criteria and where the MS complies with a number of conditions
- Purpose: to reduce the administrative burden on small installations while ensuring that the environmental goals of the EU ETS are preserved



Transposition of Art 27 (Irish law)

- Regulation 5 of the 2010 GHG Regs (S.I. No. 161 of 2010)
 - EPA, with the approval of the Minister and following consultation with the operator
- To invoke Reg 5, need primary legislation (discretionary provision)
 - Involves EPA, Minister, Govt, Oireachtas and President (as well as the operator)



Identification of Small Installations

- Eligibility Criteria
 - emissions of less than 25,000 tonnes of CO₂ equivalent in each of the years 2008, 2009 and 2010; and such emissions should exclude emissions from biomass;
 - where the installation carries out combustion activities (as listed in their permit), the rated thermal input capacity is below 35 MW in each of the years 2008, 2009 and 2010; and
 - the installation is subject to measures that will achieve an equivalent contribution to emission reductions.



Hospitals

- No thresholds – may be excluded irrespective of the thresholds for emissions and thermal capacity
- Hospital undertakes equivalent measures i.e. subject to measures that will achieve an equivalent contribution to emission reductions



Obligations on the MS/CA

- Legislation to be in place and notified to the Commission
- Specific conditions outlined in the Directive for the MS
- Obligations falling on the EPA as per the Regs



EPA Obligations

- Notify the Commission of the proposed exclusion of an installation before or on **30 September 2011**;
- Specify the equivalent measures applying to the installation that will achieve an equivalent contribution to emission reductions;
- Confirm that monitoring arrangements are in place to assess whether the installation is continuing to meet the emissions thresholds;
- Confirm that where an installation fails to meet the thresholds or the equivalent measures are no longer in place that the installation will be reintroduced into the EU ETS; and
- Publish the information for public comment.



Equivalent Measures

- Measures that will achieve an equivalent contribution to emission reductions
- EU ETS: to deliver a 21% reduction in emissions by 2020 compared to 2005 levels
- Cap for installations over the period 2013 to 2020 reduces by 1.74% per annum
- Cap guarantees the achievement of the environmental objectives and any other proposed measure should guarantee that (Commission)



Equivalent Measures (cont'd)

- *“measures that would also apply to an installation in addition to the EU ETS if it was not excluded cannot qualify as equivalent measures” (Cion)*
- Ireland: Carbon Tax, but aspects are applicable to EU ETS installations
- Need to satisfy Commission re the CT – the level, enforcement and legislation underpinning it
- Carbon tax rate? €15 now; level in 2013?



Equivalent Contribution

- Installations being excluded will need to demonstrate at national level (collectively) a reduction of 1.74% per annum (Cion)
- All installations do not reduce emissions by a uniform amount
- Consider how much emission reductions will be achieved by those installations and hospitals seeking to be excluded using the carbon tax as the equivalent measure



Issues: Administrative Burden

- Reduce the administrative burden?
- Costs and resource issues at installation level
- Monitoring, Reporting and Verification arrangements
- Permitting requirements
- Registry requirements
- Additional monitoring, reporting and verification to be introduced



Reintroduction to the EU ETS

- Only where emissions exceed 25,000 tonnes of CO₂ equivalent (excluding emissions from biomass), in any one calendar year or where the equivalent measure applying is no longer in place
- Not applicable for exceedance of 35 MW threshold on its own
- No other circumstances



Next Steps

- EPA to identify those installations and hospitals eligible (Appendix 1, to be updated in light of 2010 data – **mid April**)
- Installations and hospitals interested in being excluded from the EU ETS to identify themselves:
 - equivalent measure (carbon tax) and equivalent contribution (1.74% pa)
 - administrative burden
 - free allowances in the third trading period (**end April**)



Next Steps (cont'd)

- Installations and hospitals to identify the annual emission reduction that will be achieved by it using the Carbon Tax (instead of the EU ETS) over the 2013 to 2020 period (**end April**)
- EPA to determine whether the emission reduction of 1.74% pa will be achieved at national level by those installations and hospitals seeking to be excluded from the EU ETS (**mid May**)



Further Steps

- Further issues identified by operators (**end April**)
- Tease out any outstanding issues with the Commission (**ongoing to end May**)
- Consider if case exists for the exclusion of installations and hospitals (EPA, Minister and Government)



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- Any questions?
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