

RATIONALISATION VERIFICATION REPORT		RAT-001-R-1
Date:	15 December 2010	
RE:	Application for rationalisation under the rules of Ireland's National Allocation Plan 2008-2012, Final Allocation Decision.	

Rationalisation Details	
Operator making application:	Lakeland Dairies Co-Operative Society Limited
Class of activities:	Combustion installations with a rated thermal input exceeding 20 MW (except hazardous or municipal waste installations)
Closing Installation details:	
Installation name:	Lough Egish Site
Permit register number:	IE-GHG032-04
Installation number:	IE-28
Installation location:	Lough Egish, Tullynahinera, Castleblaney, County Monaghan
Closure date	12 April 2010
Receiving Installation Details:	
Installation name:	Bailieboro Foods Limited and Bailie Foods Ireland Limited
Permit register number:	IE-GHG015-06
Installation number:	IE-13
Installation location:	Lear, Bailieborough, County Cavan
Rationalisation application received:	28 September 2010
Request for further Information issued:	6 October 2010
Further information received:	27 October 2010
Site Visit:	27 October 2010

Description of the rationalisation application:

Lakeland Dairies Co-Operative Society Limited ceased the processing of raw milk at its Lough Egish Site on 12 April 2010. The processing of the milk was transferred to the Operator's installation at Bailieboro Foods Limited and Bailie Foods Ireland Limited. The Operator made an application to the EPA on 28 September 2010 requesting that it continue to receive the allowances for the closed installation.

Appendix 2 (Closures and Rationalisations), of Ireland's National Allocation Plan 2008-2012, Final Allocation Decision sets out a number of rules and conditions under which an Operator may

apply to have the allocation from a closing installation transferred to another Installation under its control and within the EU ETS scheme. In the application the Operator has set out its case for the project's eligibility. Table 1 below sets out the EPA assessment of eligibility following examination of the application and site inspection.

Site Inspection:

<p>Date of Site Inspection: 27 October 2010</p> <p>Application Representatives: P.J. Barry, Rory Farrell, Michelle Hill, Colin Finnegan and Dermot Costelloe (Fingleton White & Co. Ltd)</p> <p>EPA Representatives: Marc Kierans</p> <p>Site Tour Observations: During the site visit of 27 October to both Installations, it was noted that there was no raw milk processing at the Lough Egish Site and that the combustion units were not capable of being operated without significant works; having been drained and locked out. Natural gas remains connected to the site as it is the main gas distribution point for a separate agricultural sales operation on the adjacent site.</p> <p>Documentation Examined:</p> <p>(i) Substantiated closure and cessation of activity at Lough Egish: The fuel bills for Lough Egish were viewed for 2010 and they clearly show a drop off in consumption following the April closure date. The remaining gas usage is associated with the separate agricultural sales operation on the adjacent site.</p> <p>(ii) Production Transfer: The production records and accounts for 2007, 2008, 2009 and 2010 for both installations were reviewed and these show a significant step up in production from April 2010 at the receiving installation. This increase was comparable to the historic production levels associated with the closed installation and is greater than 50% of production (i.e. final physical output of goods and services) taken as an average of the three previous years.</p>
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Table 1: Eligibility for rationalisation

Rationalisation rule ^{Note 1}	EPA Comment
a) There is full and permanent closure of the closing installation.	Yes, the Lough Egish Site closed on 12 April 2010 and the closure was confirmed during site visit of 27 October 2010.
b) Production is transferred to an installation(s) covered by the EU ETS ("the receiving installation").	Yes, the receiving installation is permitted as Bailieboro Foods Limited and Bailie Foods Ireland Limited (IE-GHG032-04).
c) Both the closing and the receiving installation(s) have the same EU ETS permit holder (i.e. same operator).	Yes, both installations are operated by Lakeland Dairies Co-Operative Society Limited.
d) All the installations involved in the rationalisation fall within the same EU ETS sector and are within the Republic of Ireland.	Yes, both installations are permitted as combustion installations with a rated thermal input exceeding 20 MW (except hazardous or municipal waste installations) and are within the Republic of Ireland.

Note 1: See Appendix 2 (Closures and Rationalisations), of Ireland's National Allocation Plan 2008-2012, Final Allocation Decision sets out a number of rules and conditions under which an Operator may apply to have the allocation from a closing installation transferred to another.

Rationalisation rule	EPA Comment
e) The transfer involves at least 50% of production (i.e. final physical output of goods and services) taken as an average of the three previous years.	Yes, having reviewed the production data from both installations for the years 2007, 2008, 2009 and 2010 over 50% of production has been transferred.
f) To be considered as a transfer of production, the increased production at the receiving installation(s) must be classified as the same product according to the NACE code Rev 2 (taken to the three-digit level i.e. the group level) as the product that was made at the closing site.	Yes, both the closed and receiving installations produce the same product according to the NACE code, taken to the three-digit level i.e. C10.5.1 - Operation of dairies and cheese making.
g) The allocation to the closing installation in the year prior to closure is less than 30,000 allowances (EUA).	Yes, the allocation for Lough Egish as set out in Ireland's National Allocation Decision 2008-2012 is 24,066 allowances (EUA).
h) It can be demonstrated, to the satisfaction of the EPA, that an increase in production levels at the receiving installation is greater than that anticipated in any production forecasts or other projections which may have been used as the basis of allocation for that site in NAP2 (including NESA allocations).	Yes, the basis of allocation for Bailieboro Foods Limited and Bailie Foods Ireland Limited was on historic emissions only. Production forecasts or other projections were not used as the basis of allocation in NAP2.

Recommendation

Having reviewed the rationalisation application and the data viewed during the site inspection it is recommended that the Operator is eligible for rationalisation under the conditions set out in Appendix 2 (Closures and Rationalisations), of Ireland's National Allocation Plan 2008-2012, Final Allocation Decision.

The Operator should be allowed retain the allocation for the years 2011 and 2012 in respect of Lough Egish, Installation IE-28, provided the Installation IE-13 continues in operation for that period.

Signed:

Date: 15 December 201

Marc Kierans

Reviewed:

Date: 15 December 2010

Dr Maria Martin

Senior Manager