

<sup>1</sup> Please note that the rules governing New Entrants for the 2008-2012 trading period may differ from those used for the pilot phase (2005-2007).

parts thereof) that have appropriate historical emissions, which may then be used as the basis for allocation. For New Entrants (other than CHP) in Powergen, unless it can be proven that alternative fuels and other technologies must be used for reasons of National Security of Supply, allocation will be based on a CCGT power plant and, where appropriate, subject to the provisions of Best New Entrant or other guidelines as specified by the Commission for Energy Regulation (CER).

- l) No allocation will be proportionately greater (adjusted for period of operation) than that which the existing installations in the same sector were allocated<sup>2</sup>, nor will an allocation be greater than 87%<sup>3</sup> of agreed projected emissions. In addition, allocations for the portion of agreed projected emissions exceeding 50,000 t/a will be limited to 68.5%<sup>4</sup>.
- m) No allowances will be allocated in respect of new sources of emissions occurring as a replacement for original sources, of the same or greater capacity, on the same site where those original sources are already in receipt of allowances in respect of the current trading period.
- n) Allocations from the New Entrant Set-Aside will be subject to the amount available in the set-aside at the time of the allocation decision by the Board of the EPA and will not be altered should the amount in the set-aside increase subsequently.
- o) The allocation will normally be issued within one month after commencement of the plant has been verified as satisfactory by the EPA.
- p) Where delays or cancellations occur the allocation will be recalculated accordingly and unissued allowances will be returned to the set-aside.
- q) Issuing of allowances will be subject to holding a valid Greenhouse Gas Permit and a valid Operator Holding Account in the Irish National Emissions Trading Registry.
- r) In the event that the New Entrant Set-Aside contains insufficient allowances to meet the allocation requirements of an application (as approved by EPA) the shortfall may be made up from the CHP Set-Aside if sufficient allowances are available after 31 December 2011 based on the established priority date.
- s) Where supporting information is requested from an applicant to NESAs, the EPA may apply a time limit to the provision of such information (typically 4 weeks). Failure to supply the information within the time limit may result in the application being rejected without established priority.
- t) In applying the de-minimis aggregation threshold of 3 MW to New Entrants, the 20,000 tons/a emission threshold will refer to projected annual emissions at full operation (rather than to 2005 emissions as applies to existing installations).
- u) Applications to NESAs will not be considered for plant continuously permitted under ETS since 30 June 2006.
- v) A particular category of potential new entrant consists of installations which qualify for inclusion in the scheme but which, for whatever reason, have been in operation contrary to the provisions of *European Communities (Greenhouse Gas Emissions Trading) Regulations 2004 (S.I. 437 of 2004)* prior to first being issued with an ETS Permit. These installations are referred to as “Late Entrants”.
- w) *Late Entrants* (including installations or parts of installations operating without a GHG permit after the NAP has been submitted to the Commission in accordance with Article 9 of the Regulations) will be subject to a reduced allocation. The reduction factor applied will be up to 50% of the amount otherwise due from the NESAs. The

<sup>2</sup> Allocation to existing installations in the sector expressed as a % of the Sector Total of Relevant Emissions (STRE).

<sup>3</sup> Total amount for Trading as % of Business As Usual (BAU) for period.

<sup>4</sup> 68.5% is the lowest sector allocation expressed as a % of the Sector Total of Relevant Emissions (STRE).

amount of this reduction will be decided by the Board of the EPA on a case-by-case basis.

- x) In the case of *Late Entrants* allocations will be calculated only from the assigned priority date forward.

- a) The CHP Set-Aside for the 2008 – 2012 period will not come into existence, and hence will not be open for applications, until the *Final Allocation Decision* has been taken.
- b) Allocations will be made sequentially on the basis of an established priority.
- c) Applications received more than one month after the Final Allocation Decision is taken will be prioritised chronologically according to the date on which the last required consent was obtained or the date of receipt of the duly completed application, whichever is the later.
- d) Applications received up to one month after the Final Allocation Decision is taken will be prioritised chronologically on the basis of the date on which full Planning Permission for the development was obtained, provided such Planning Permission remains valid over the proposed timescale to commence the project and provided all other necessary consents to commence construction of the facility (as detailed at f) below) have been obtained. For any development not requiring Planning Permission the following will apply: All valid applications received up to one month after the Final Allocation Decision is taken will be drawn by lottery and prioritised ahead of all other applications.
- e) Upon receipt of a duly completed application for allowances from the CHP Set-Aside an installation will be placed on a *Register of New CHP Set-Aside Applications*.
- f) Where the EPA deems an application for allowances from the CHP Set-Aside to be incomplete, the application shall be rejected and priority shall not be assessed.
- g) The EPA will verify that the operator of the installation has obtained all the necessary consents to commence construction of the facility including, but not confined to, planning permission (where appropriate), a licence to construct (if required from the appropriate authority) and, in the case of electricity export, has signed a connection agreement with EirGrid or ESB Networks. In addition the EPA will verify that the CHP installation qualifies as “high efficiency” plant. If any of the required consents are subsequently found to be invalid, the application will be removed from the *Register of New CHP Set-Aside Applications* and may reapply when the necessary consents have been obtained.
- h) The installation must have a substantiated commencement date.
- i) Where an installation is found not to have a substantiated commencement date during the verification of the application it will be removed from the *Register of New CHP Set-Aside Applications* and may reapply when a substantiated start date has been obtained.
- j) Installations may only qualify for allocations from the CHP Set Aside where an increase in permitted capacity occurs. Installations qualifying for CHP Set-Aside due to a permit update will retain their existing allocation. Only the additional portion of any new allocation will be taken from the CHP Set-Aside.
- k) Allocations will be based on projected emissions arising from combustion of fossil fuels assuming use of state-of-the-art CCGT.
- l) No allowances will be allocated in respect of new sources of emissions occurring as a replacement for sources, of the same or greater capacity, on the same site previously in receipt of allowances in respect of the trading period.

- m) Allocations will be subject to the amount available in the set-aside at the time of the allocation decision by the Board of the EPA and will not be altered should the amount in the set-aside increase subsequently.
- n) Where the thermal output from a new CHP plant is:
  - (i) displacing energy plant previously in receipt of an allocation, additional allowances for installations with such CHP plants will be calculated by the EPA from agreed emissions associated with its anticipated electricity generation as if it were a best new entrant CCGT gas fired power plant; or
  - (ii) in cases other than (i) above, agreed projected increased emissions will be used with a fraction assigned to electricity generation and a fraction calculated for thermal energy production both coming from the CHP set-aside of 750,000 allowances.
- o) The allocation will normally be issued within one month after commencement of the plant has been verified as satisfactory by the EPA including demonstration that the plant satisfies the definition of high-efficiency CHP.
- p) Where delays or cancellations occur the allocation will be recalculated accordingly and unissued allowances will be returned to the CHP Set-Aside.
- q) Issuing of allowances will be subject to holding a valid Greenhouse Gas Permit and a valid Operator Holding Account in the Irish National Emissions Trading Registry.
- r) In the event that the CHP Set-Aside contains insufficient allowances, an applicant can apply separately and concurrently to NESA for an allocation (under the rules for the operation of NESA) appropriate to whatever portion of the emissions is beyond consideration in the application to the CHP Set-Aside (including the entire amount if the CHP Set-Aside is fully exhausted).
- s) Applications to the CHP set-aside will not be considered for plant continuously permitted under ETS since 30 June 2006.
- t) *Late Entrant* applications to the CHP set-aside will be treated similarly to *Late Entrant* applications to NESA.