

Role of Environmental Management Systems in Emissions Trading

Views & Experiences from the Netherlands

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→ Environmental Management Systems in ETS

- ❑ *No authority without responsibility*
- ❑ *No responsibility without accountability*
- ❑ *No accountability without supervision*
- ❑ *No supervision without audit*

Dr. Nancy Kamp-Roelands (Ernst& Young)

→ EMS vehicle for taking Responsibility

- Implementation of Environmental Policies too long time seen as responsibility of Government: Industry just following, but not “their responsibility”
- Industry as corporate citizens must play their part in emission reductions towards sustainable development: reducing industrial emissions is a major responsibility of the industry
- A prerequisite for that taking of responsibility is a proper structure for monitoring and reporting: **Monitoring, data collection and management and reporting of emissions** is first, major step towards assuming responsibility
- EMS (ISO 14001) provides structure for monitoring, data management, QA and QC, and therefore the structure for making that responsibility work

→ EMS Development in EU

- **In the Netherlands first discussions on EMS in 1995 as major element in the Dutch Target Group Approach for the Industry. Other countries similar development**
- **EMS now a standard element in BAT Reference Documents (BREF) for IPPC installations in all major sectors of industry**
- **Initiatives in 2003 by the Netherlands (ENAP) and UK (REMAS) aimed at using EMS for permitting, inspection and enforcement**
- **European Commission will uptake EMS in review IPPC directive**
- **However, large variety in quality, detail and depth of EMS impediment for progress as use & usefulness of EMS in regulatory practice differs between MS states**

→ Requirements on EMS in EU-ETS

- ❑ **Monitoring & Reporting Guidelines EU-ETS require installations to develop monitoring methodology**
- ❑ **Requirements on the monitoring and reporting of emissions**
 - *Completeness*
 - *Consistency*
 - *Transparency*
 - *Accuracy*
 - *Cost Effectiveness*
 - *Materiality*
 - *Faithfulness*
 - *Improvement of Performance*
- ❑ **EMS must deliver these elements: but how???**

→ Monitoring protocol is crucial

EMS key towards **ETS** Monitoring Reporting and Verification

Provides structure, procedures, organisation of monitoring & data processing, quality assurance and quality control

Uniformity

<interface>

Flexibility

Monitoring Protocol

Competent Authority

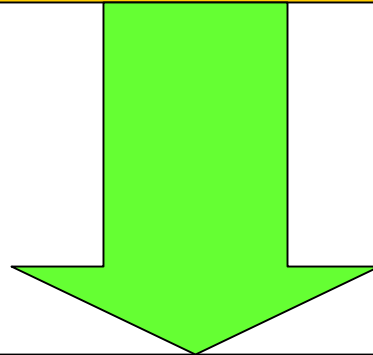
**Operators/
Installations**

EMS provides tools for trusting the M&R system

→ EMS to provide the M&R structure

Part A Monitoring Protocol

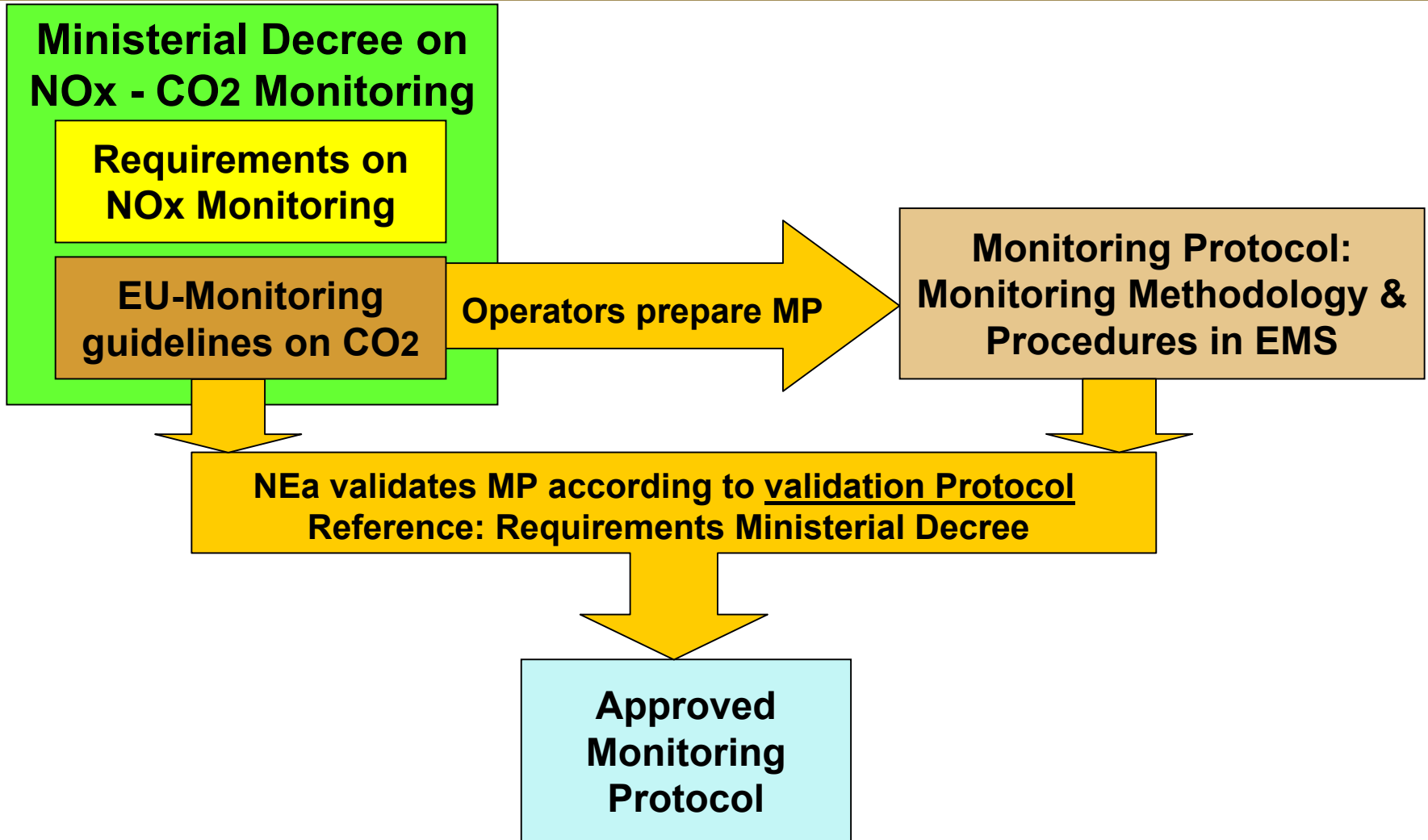
**Monitoring Methodology - Installation
Static**



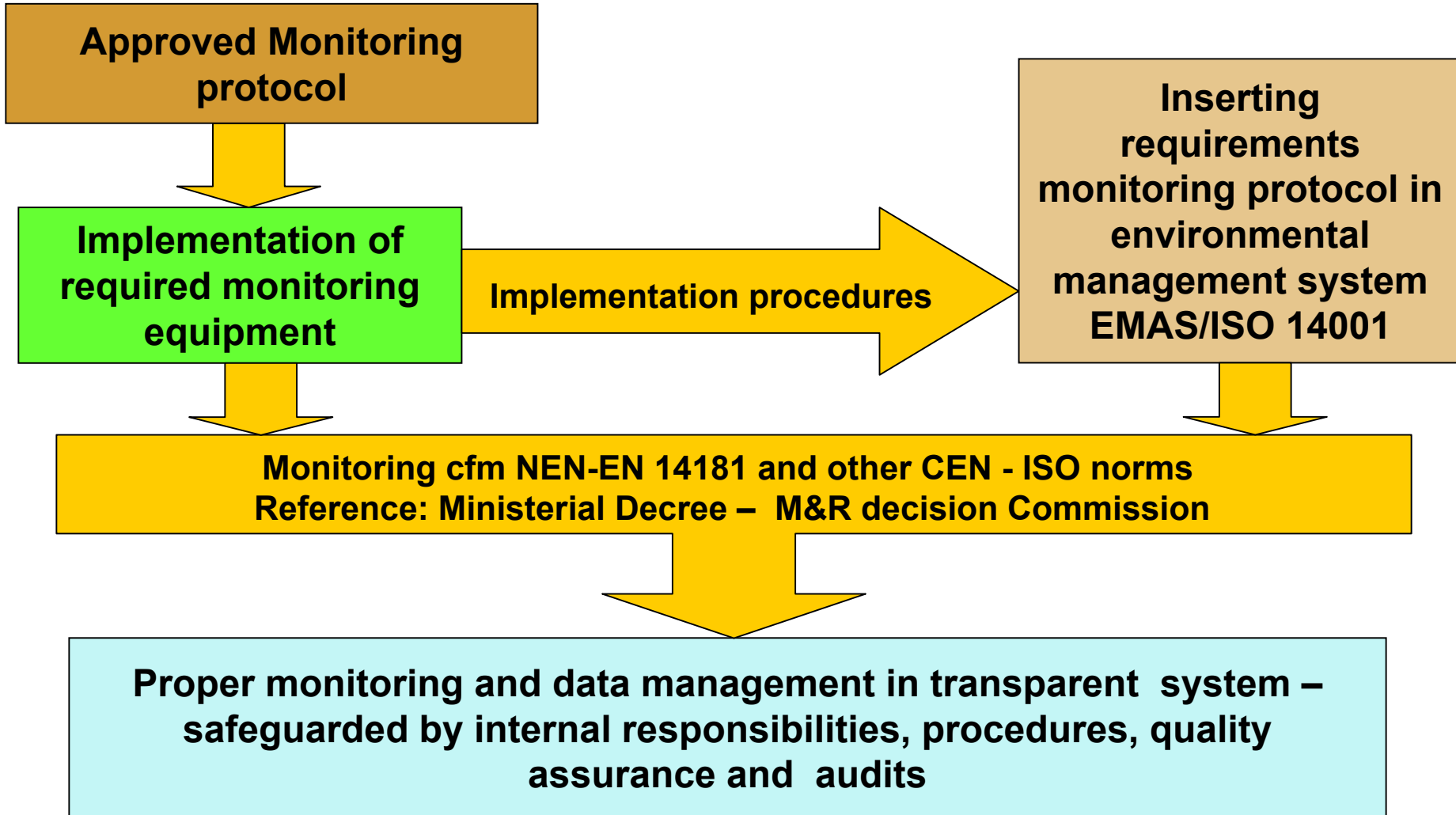
Part B Monitoring Protocol

**Sources - Procedures - Operational Aspects
Dynamic**

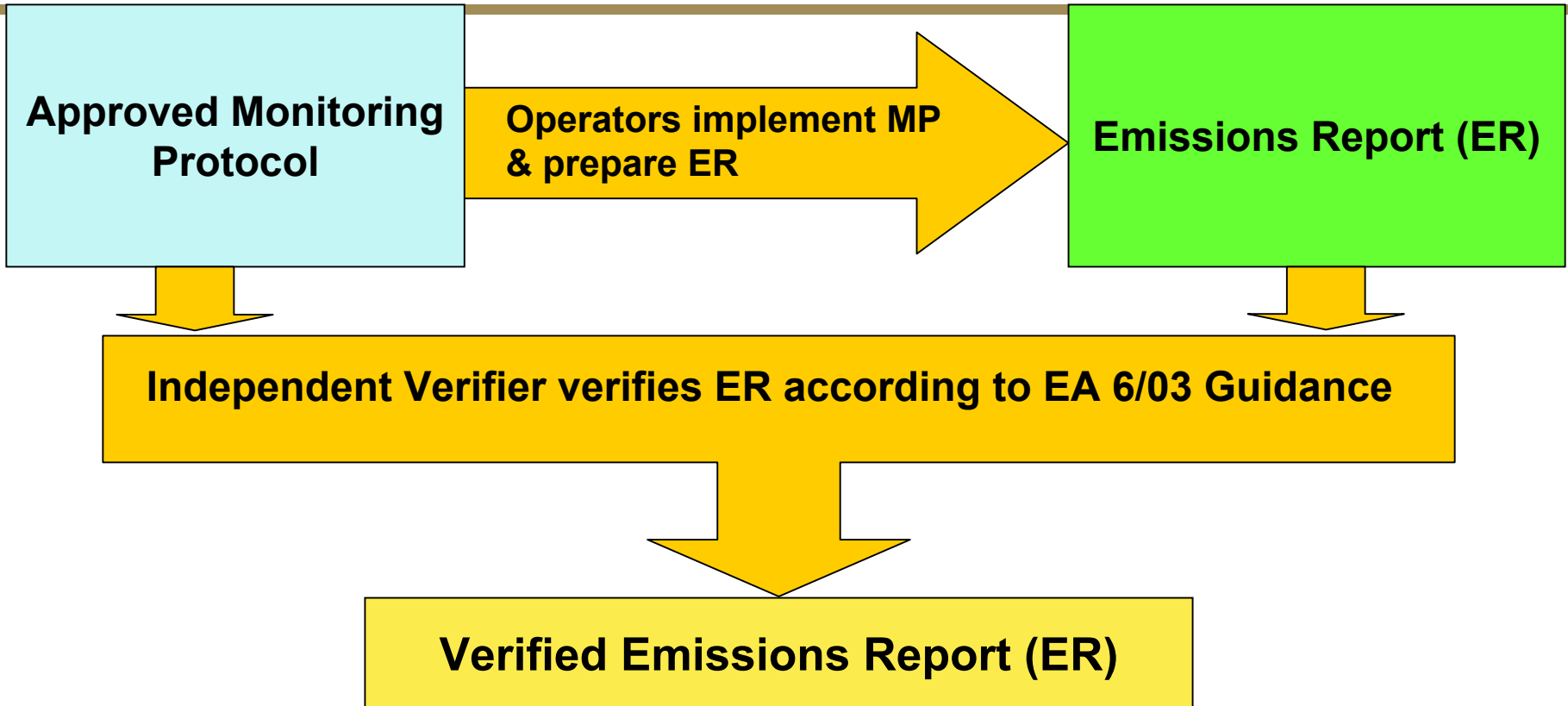
→ No Accountability without Supervision



→ Accountability within the company



→ Accountability requires Verification



Question: How to design EMS such that it ensures uniformity, completeness, accuracy, transparency, consistency, faithfulness, cost effectiveness in monitoring, reporting and third party verification?

→ No Supervision without Audit

Netherlands Emission Authority (Nea:) two kinds of inspections:

Regular inspection:



In-depth review:

- Check **monitoring protocol**
- Varying from 1 to 3 day, 1 person
- Main focus: procedures and QA/QC
- Visit all companies in 3 year period
- Frequency depending on complexity
- Complex installations every year

- Check on (**raw**) data
- Dedicated review teams
- Track down the origin of the data
- 1% - 5 % of the companies/year
- Selection companies based upon - risk analysis

Question: What (cost) effective supervision would still be needed if verification would deliver the proper safeguarding of the ETS controls and objectives?

→ Challenges ahead

□ ***Harmonisation of national implementations of M&R decision***

- Too large differences between MS will affect level playing field and lead to diversity in verification efforts and application and ultimately undermine credibility of EU-ETS
- **How can we develop incentives for better monitoring & reporting performance?**

□ ***MS to apply harmonised verification and accreditation standards and procedures***

- EA guidance on recognition of verification bodies (EA-6/03) provides opportunities
- MS should ensure exchange of information and share best practices
- Cooperation between Accreditation Bodies & mutual recognitions of accreditations
- **How can information technology be used to achieve the objectives of a uniform third party verification?**