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## Swedish Experiences from non compliance response

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### 1. Non-compliance response

#### 1.1. Discretionary Assessment

According to the trading directive the operators are obliged to submit a verified report at the 31rd of March at the latest, and if not the account in the register shall be blocked. The account will be blocked until a verified report is submitted.

In some cases it is not possible to verify the emissions afterwards. As it is essential for the efficiency of the EU ETS that emissions from all installations are reported and that the operators may be able to trade there is a need for a possibility for the competent authority to estimate the emissions from the previous year and make it possible to open the account.

In the Swedish Act on Emissions Trading the Swedish EPA has been given such an opportunity and used that in 11 cases during 2006, regarding the emissions 2005. The decisions were primarily based upon non-verified emissions reports.

A discretionary assessment might, especially for installations with none or minor emissions and therefore with no interest in trading, be considered as a cheap alternative to the verification of a report. In order to not make this opportunity too tempting Swedish EPA may decide on a delay charge, see below.

#### 1.2. Delay Charge

In the Swedish legislation the EPA has the opportunity to decide upon a delay charge, 20 000 SEK (about 2200 €) for delayed emissions reports. This can first be done in 2007.

2006 about 20 Swedish reports were delayed or not submitted at all. The

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major part of the reports concerned installations without any fossil fuels. As all operators have been informed about the delay charge all the reports will hopefully be submitted on time.

1.3. “40 €”

We have no experiences of this kind of charge as so far all operators have surrendered allowances on time.

**2. Penalties**

In the Swedish Act on Emissions Trading there are several punishable infringements such as operation without permit, non-compliance with rules for monitoring and reporting, omission to notify changes of installation and operator and submitting false information in application for allocation. Punishment ranges between fines and imprisonment for 6 months. Minor offences are exempted from punishment. .

So far no cases have been tried.

**3. Learning from other Markets**

3.1. The construction of Delay Charges has been inspired by the environmental penalty charge in the Swedish Environmental Code. This instrument was introduced in 1999 and was supposed to be a simple and efficient administrative kind of punishment and an alternative to prosecution and court. The main reason for the charge is that it should not be profitable breaking the rules.

3.2. The principles of Discretionary Assessment have been constructed with the tax legislation and the Swedish NO<sub>x</sub>-charges as models.