



# Guidance Document

## The Monitoring and Reporting Regulation – Exemplar Simplified Monitoring Plan

**MRR Article 13: Simple Gas-fired combustion Installations,**  
**Updated version, 24 January 2022**

This document is part of a series of documents provided by the Commission services for supporting the implementation of the “Monitoring and Reporting Regulation” (the “MRR” or “M&R Regulation”) for the EU ETS (the European greenhouse gas Emission Trading System). A new version of the MRR has been developed for the use in the 4<sup>th</sup> phase of the EU ETS, i.e. Commission Implementing Regulation (EU) 2018/2066 of 19 December 2018 in its current version<sup>1</sup>.

The guidance represents the views of the Commission services at the time of publication. It is not legally binding.

This guidance document takes into account the discussions within meetings of the informal Technical Working Group on MRVA (Monitoring, Reporting, Verification and Accreditation) under the WG III of the Climate Change Committee (CCC), as well as written comments received from stakeholders and experts from Member States. This guidance document was unanimously endorsed by the Climate Change Committee by written procedure in December 2016.

All guidance documents and templates can be downloaded from the Commission’s website at the following address:

[https://ec.europa.eu/clima/policies/ets/monitoring\\_en#tab-0-1](https://ec.europa.eu/clima/policies/ets/monitoring_en#tab-0-1).

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<sup>1</sup> Updated by Commission Implementing Regulation (EU) 2020/2085 of 14 December 2020 amending and correcting Implementing Regulation (EU) 2018/2066 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council; the consolidated MRR can be found here: [http://data.europa.eu/eli/reg\\_impl/2018/2066/2022-01-01](http://data.europa.eu/eli/reg_impl/2018/2066/2022-01-01)

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## Version History

Date	Version status	Remarks
17.12.2016	published	Endorsed by CCC in December 2016
24.1.2022	published	Updated draft for phase 4 of the EU ETS

# 1 INTRODUCTION

## 1.1 About this document

This document is part of a series of guidance documents provided on specific topics of monitoring and reporting under the EU ETS. While Guidance Document No. 1 provides a general overview on monitoring and reporting of emissions from installations under the EU ETS, this document explains in more detail the provisions of Article 13. It has been written to support the M&R Regulation as well as the Guidance Document No. 1, by explaining its requirements in a non-legislative language. However, it should always be remembered that the Regulation is the primary requirement.

This document interprets the Regulation regarding requirements for installations. It builds on guidance and best practice identified during earlier phases of the EU ETS.

It also takes into account the valuable input from the task force on monitoring and reporting established under the EU ETS Compliance Forum, and from the informal Technical Working Group on Monitoring, Reporting, Verification and Accreditation (TWG on MRVA) of Member State experts established under the Working Group 3 (WG III) of the Climate Change Committee.

## 1.2 Where to find further information

All guidance documents and templates provided by the Commission on the basis of the M&R Regulation and the A&V Regulation can be downloaded from the Commission's website at the following address:

[https://ec.europa.eu/clima/policies/ets/monitoring\\_en#tab-0-1](https://ec.europa.eu/clima/policies/ets/monitoring_en#tab-0-1)

The following documents are provided<sup>2</sup>:

- “Quick guides” as introduction to the guidance documents below. Separate documents are available for each audience:
  - Operators of stationary installations;
  - Aircraft operators;
  - Competent Authorities;
  - Verifiers;
  - National Accreditation Bodies.
- Guidance document No. 1: “The Monitoring and Reporting Regulation – General guidance for installations”. This document outlines the principles and monitoring approaches of the MRR relevant for stationary installations.
- Guidance document No. 2: “The Monitoring and Reporting Regulation – General guidance for aircraft operators”.

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<sup>2</sup> This list reflects the status at the time of writing this updated guidance. Further documents may be added later.

- Guidance document No. 3: “Biomass issues in the EU ETS”: This document discusses the application of sustainability criteria for biomass, as well as the requirements of Articles 38 and, 39 of the MRR. This document is relevant for operators of installations as well as useful background information for aircraft operators.
- Guidance document No. 4: “Guidance on Uncertainty Assessment”. This document for installations gives information on assessing the uncertainty associated with the measurement equipment used, and thus helps the operator to determine whether he can comply with specific tier requirements.
- Guidance document No. 4a: “Exemplar Uncertainty Assessment”. This document contains further guidance and provides examples for carrying out uncertainty assessments and how to demonstrate compliance with tier requirements.
- Guidance document No. 5: “Guidance on Sampling and Analysis” (only for installations). This document deals with the criteria for the use of non-accredited laboratories, development of a sampling plan, and various other related issues concerning the monitoring of emissions in the EU ETS (this document).
- Guidance document No. 5a: “Exemplar Sampling Plan”. This document provides an example sampling plan for a stationary installation.
- Guidance document No. 6: “Data flow activities and control system”. This document discusses possibilities to describe data flow activities for monitoring in the EU ETS, the risk assessment as part of the control system, and examples of control activities. It is relevant to installations as well as for aircraft operators.
- Guidance document No. 6a: “Risk Assessment and control activities – examples”. This document provides further guidance and an example for a risk assessment.
- Guidance document No. 7: “Continuous Emissions Monitoring Systems (CEMS)”. For stationary installations, this document gives information on the application of measurement-based approaches where GHG emissions are measured directly in the stack, and thus helps the operator to determine which type of equipment has to be used and whether he can comply with specific tier requirements.
- Guidance document No. 8: “EU ETS Inspections”. This document provides guidance for competent authorities for carrying out inspections. It mainly focusses on site-visit inspections of stationary installations.

The Commission furthermore provides the following electronic templates:

- Template No. 1: Monitoring plan for the emissions of stationary installations
- Template No. 2: Monitoring plan for the emissions of aircraft operators
- Template No. 3: Monitoring plan for the tonne-kilometre data of aircraft operators
- Template No. 4: Annual emissions report of stationary installations
- Template No. 5: Annual emissions report of aircraft operators
- Template No. 6: Tonne-kilometre data report of aircraft operators
- Template No. 7: Improvement report of stationary installations
- Template No. 8: Improvement report of aircraft operators

There are furthermore the following **tools** available for operators:

- Unreasonable costs determination tool;
- Tool for the assessment of uncertainties;

- Frequency of Analysis Tool;
- Tool for operator risk assessment.

The following MRR **training material** is available for operators:

- Roadmap through M&R Guidance
- Uncertainty assessment
- Unreasonable costs
- Sampling plans
- Data gaps
- Round Robin Test

Besides these documents dedicated to the MRR, a separate set of guidance documents on the A&V Regulation is available under the same address.

All EU legislation is found on EUR-Lex: <http://eur-lex.europa.eu/>

The most important legislation is furthermore listed in the Annex of this document.

Also, competent authorities in the Member States may provide useful guidance on their own websites. Operators of installations should in particular check if the competent authority provides workshops, FAQs, helpdesks etc.

## 2 BACKGROUND

Commission Regulation (EU) No 2018/2066 of 19 December 2018 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council and amending Commission Regulation (EU) No 601/2012, the MRR, includes provision for Member States to allow operators and aircraft operators to use standardised or simplified monitoring plans. This is under Article 13 of the Regulation.

The specific requirements of Article 13 are:

*For that purpose, Member States may publish templates for those monitoring plans, including the description of data flow and control procedures referred to in Article 58 and Article 59, based on the templates and guidelines published by the Commission.*

*Before the approval of any simplified monitoring plan referred to in paragraph 1, the competent authority shall carry out a simplified risk assessment as to whether the proposed control activities and procedures for control activities are commensurate with the inherent risks and control risks identified, and justify the use of such a simplified monitoring plan.<sup>3</sup>*

The Article was included to accommodate what was considered to be good practice already being applied by Denmark in EU ETS Phase 2. However, the Member State reports submitted up until now under Article 21 of Directive 2003/87/EC reveal very little use being made of the provision in Phase 3.

Furthermore, discussions of the European Council Working Party on the Environment (WPE) on further simplifications for EU ETS, in the early part of 2016, recognised that all Member States agree on the need to look into options for simplification, and that there is scope to do so through further implementing rules, but options under Article 13 are not being fully used by competent authorities.

As a result the Commission was asked to develop an example of a simplified monitoring plan to demonstrate the scope of existing flexibility under Article 13 to reduce the burden on simple installations without compromise to the integrity of the EU ETS. In the first instance such an example has been drawn up to demonstrate possibilities for potentially the most obvious circumstance, installations allowing simple monitoring methodology in connection with gas-fired combustion.

The following explanatory notes are intended to explain further the justification for the content proposed for the exemplar simplified monitoring plan which is appended.

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<sup>3</sup> Although Member States may require the operator or aircraft operator to carry out the simplified risk assessment itself, where appropriate.

### 3 KEY INTERPRETATIONS IN CONNECTION WITH ART. 13

Before further reference to the exemplar, the following points represent important considerations relevant to application of Article 13 in general:

- Allowed application of simplified or standardised monitoring plans is a decision and responsibility of individual Member States.
- Each application of a simplified or standardised monitoring plan has to be accompanied by an associated 'simplified risk assessment', justifying its use and demonstrating that control activities and procedures for control activities are appropriate for the inherent risks<sup>4</sup> and control risks<sup>5</sup> involved.
- In effect, the simplified risk assessment defines installation or aircraft operator eligibility.
- It may be possible for a single simplified risk assessment to serve a group of similar installations or aircraft operators in certain cases.
- Application of Article 13 is not restricted to the scale of emissions of the installations or aircraft operators concerned. For example, nothing restricts application of Article 13 to just Category A installations, or installations of low emission; it is just as available to larger emitters as long as the requirements of the simplified risk assessment are met and the Member State allows the approach.
- Member States may, but do not have to publish corresponding simplified or standardised monitoring plan templates. However, such publication is likely to help relevant uptake and further reduce administrative costs (of operators, competent authorities and verifiers).
- The Article 13 reference to publishing monitoring plan templates, inclusive of *'the description of data flow and control procedures referred to in Article 58 and Article 59, based on the templates and guidelines published by the Commission'*, should be interpreted proportionately. Although the specific requirements of Article 58 and Article 59 are always likely to provide a good starting point for the required simplified risk assessment, it would defeat the object and there is no need for a published simplified or standardised monitoring plan template to include references to irrelevant items. Depending on the simplified risk assessment, similar discretion is also possible regarding the wider requirements for monitoring plans set by MRR Article 12 and Annex I (and the associated Commission published templates).

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<sup>4</sup> 'Inherent risk' as defined by MRR Article 3(9)

<sup>5</sup> 'Control risk' as defined by MRR Article 3(10)

## **4 EXEMPLAR SIMPLIFIED MONITORING PLAN: SIMPLE GAS-FIRED COMBUSTION INSTALLATIONS (SEE ANNEX)**

The exemplar proposed concerning simple gas-fired combustion installations is just one example. It should not be interpreted as the only circumstance and approach available under Article 13 or that all Member States need to apply the same approach or simplified monitoring plan. Other installation or aircraft operations may be just as eligible for consideration under Article 13; and, in contrast not all gas-fired combustion operations are as straightforward and would be unlikely to qualify. Decision on eligibility resides with individual Member States and the justification provided by the simplified risk assessment.

In fact, the exemplar now provided illustrates a circumstance that is a little more complicated than it needs to be, because in addition to a natural gas major source stream, it also considers two de-minimis source streams as well. The important considerations as far as Article 13 consideration is concerned in this case (with the need for maintained EU ETS integrity and a satisfactory simplified risk assessment foremost in mind) are:

- The natural gas is supplied directly from the national/regional grid transmission system and consumption can be derived from the (monthly) invoices of the gas supplier based on the supplier's metering carried out in accordance with relevant legislation for national legal metrological control for the involved commercial transaction.
- Activity data concerning the de-minimis source streams are also derived from purchase records (the invoices provided by the respective fuel suppliers).
- Associated calculation factors are standard values obtainable from the Member State's national inventory submission to the Secretariat of the United Nations Framework Convention on Climate Change.
- In all cases an Oxidation Factor equal to 1 is being applied.

It should also be recognised that in this particular exemplar Section 3 also seeks to confirm the absence of other complications that would result in the case of process emissions, biomass use, or transfers (in accordance with Article 48 or Article 49 of the MRR)<sup>6</sup>.

Consequently, it can be seen that for this example the risk of misstatements and non-conformance with the monitoring plan is automatically very low (satisfying the simplified risk assessment requirement of Article 13).

The exemplar is proposed with suggested segregation of responsibilities and two standard procedures with view to the requirements being universally applicable to all installations of the type specified. The intention is that inherent and control risks are so low that the procedures are sufficiently complete as written and, therefore, they and the monitoring plan could be adopted as it stand by all the operators the Member State aims to cover by the particular example. However, this does not necessarily preclude operators from developing more elaborate procedures on a bespoke basis if for some reason they want to (for example, in relation to an existing environmental management system).

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<sup>6</sup> This particular exemplar explicitly excludes process emissions, biomass use and transfers, but that does not preclude inclusion of such issues in other simplified monitoring plans allowed under MRR Article 13 (subject to appropriate procedures and simplified risk assessment)



Choosing to do this would not affect the proposed monitoring plan, but could have implications for slightly more complicated verification.

The standard procedures stated are believed to more than satisfy the requirements of Articles 58 and 59 of the MRR in the case of this particular example, combining the individual requirements (of Article 59) where appropriate. In addition, it is suggested that need for individual operator risk assessments of inherent and control risks (in accordance with Article 59(2)(a)) is likely to be more than adequately covered by the Competent Authority's simplified risk assessment and the standard (control) procedures as written into the monitoring plan.

Clearly, an even more simplified monitoring plan could be applied to installations involving an analogous monitoring methodology for a natural gas major source stream, but only one or no de-minimis source streams. The current exemplar should not be seen as prohibiting even more simplified monitoring plans in certain other cases as long as the integrity of EU ETS is similarly preserved.

## **5 NEXT STEPS**

This document provides exemplar content that a Member State can adopt or adapt to suit their own requirement regarding simplified monitoring plans under MRR Article 13. In any case a Member State would need to incorporate the content into their own version, involving their own competent authority identity, administrative details and sign-off. Addition of another identification feature is also highly recommended to link the particular simplified monitoring plan to the corresponding simplified risk assessment that confirms its justification.

## ANNEX

### Exemplar Simplified Monitoring Plan in accordance with MRR Article 13: Simple Gasfired Combustion Installations

#### 1. Competent Authority (to be completed by the CA/operator)

Name:	<input type="text"/>
Version No. of the Monitoring Plan (MP):	<input type="text"/>
Date of the MP:	<input type="text"/>
Date as of which the MP applies:	<input type="text"/>

#### 2. Identification of the operator and installation (to be completed by the CA/operator)

Name of installation:	<input type="text"/>
Site name:	<input type="text"/>
Address:	
<i>Address Line 1:</i>	<input type="text"/>
<i>Address Line 2:</i>	<input type="text"/>
<i>Town/City:</i>	<input type="text"/>
<i>State/Province/Region:</i>	<input type="text"/>
<i>Post/zip code:</i>	<input type="text"/>
Operator name:	<input type="text"/>
Primary Contact name:	<input type="text"/>
EU ETS permit number:	<input type="text"/>
	<input type="text"/>
	<input type="text"/>
	<input type="text"/>

#### 3. Description of the installation and activities (standard text for category of installation covered by this simplified MP)

This installation is principally a gas-fired combustion activity designated appropriate for a simplified monitoring plan in accordance with Article 13 of the MRR.

The activity involves one major source stream which is natural gas supplied directly from the grid transmission system. The consumption of natural gas is derived from the (*monthly*) invoices of the gas supplier. This (activity data) is based on the gas supplier's own metering carried out in accordance with relevant legislation for national legal metrological control for the involved commercial transaction.

Other sources streams are de-minimis, gasoil and propane used in very small amounts as fuels principally for emergency generation and periodic testing of equipment. The

activity data (quantities) associated with these de-minimis source streams are also derived from purchase records (the invoices provided by the respective fuel suppliers).

The calculation of emissions from the installation is carried out for each source stream in compliance with Article 24 of the MRR based on the standard methodology:

$$\text{CO}_2 \text{ emissions} = \text{Activity data (quantity of fuel)} \times \text{NCV} \times \text{EF} \times \text{OF}$$

The emission factors and net calorific values (NCV) used for each source stream are in all cases relevant standard factors included in the Member State's national inventory submission to the Secretariat of the United Nations Framework Convention on Climate Change (in compliance with Article 31(1)(b) of the MRR). In all cases, the operator applies a value of 1 as the oxidation factor of the fuels (in compliance with Article 37(1) of the MRR).

CO<sub>2</sub> emissions are only from combustion. There are no additional process emissions of CO<sub>2</sub> (such as from de-NO<sub>x</sub> controls). No biogas is involved. And, there is also no transfer of fuels out of the installation.

The specific plant and units of the installation are as outlined in the permit **(optional: to add a short/simple description here as well)**.

#### 4. Standard Procedures

The risk of inherent and control risks is minimal due to the simplicity of the monitoring methodology and the controls associated with the external sources of data. Quality assurance of measurement equipment resides outside of the installation operator's own control. Internal review and validation of data is not relevant beyond simple double-checking of invoiced and national inventory values by the EU ETS Coordinator. Only the following management procedures are considered relevant.

#### Segregation of duties (data flow, control activities and management of necessary competencies)

Job Title/Post <sup>7</sup>	Responsibilities
Plant Manager	Responsible for ensuring EU ETS implementation in accordance with the permit and monitoring plan and for assignment of related duties (including in accordance with maintaining competent personnel)
EU ETS Coordinator (Primary contact)	Responsible for sourcing and recording <sup>8</sup> of relevant fuel consumption data and emission calculations in accordance with relevant emission factors, and for verified emissions reporting. Responsible for demonstrating appropriate documentation and implementation of all procedures

#### Required procedures

Title	On-going evaluation of the Monitoring Plan's appropriateness
Post Responsible	EU ETS Coordinator (Primary contact)
Requirement	Regular evaluation of the appropriateness of the monitoring plan. In particular in relation to maintained status as a simple gas-fired combustion installation. Evaluations will include checking of emission sources and source streams for completeness and continued application and robustness of the monitoring methodology specified in this monitoring plan. All changes and recommendations for improvement should be advised immediately to the competent authority.

<sup>7</sup> The indicated segregation does not preclude the Plant Manager and EU ETS Coordinator being one and the same individual (i.e. the roles combined and assigned to one individual)

<sup>8</sup> The simplicity of the required monitoring methodology and data involved negates the need for a formal control procedure on the quality assurance of information technology, but the EU ETS coordinator must be able to demonstrate appropriate recording and maintained integrity of EU ETS data (to a competent authority inspector or verifier upon request)

Title	Data flow management
Post Responsible	EU ETS Coordinator (Primary contact)
Requirement	Appropriate collection and retention of data required to calculate annual emissions and to facilitate verification, including in relation to necessary purchase records and required values from the Member State National Inventory. Appropriate records of the calculations and corroborative checks carried out, also to facilitate verification and further checks possible by the competent authority (taking Article 66 of the MRR into account).