



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 01/III/2006
C(2006)582 final

COMMISSION DECISION

of 01/III/2006

**concerning the temporary exclusion of one installation by the United Kingdom from the
Community emission allowance trading scheme pursuant to Article 27 of Directive
2003/87/EC of the European Parliament and of the Council**

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(Only the English text is authentic)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC¹, and in particular Article 27 thereof,

Whereas:

- (1) The national allocation plan of the United Kingdom was notified to the Commission on 7 May 2004, completed by letter registered on 15 June 2004, and by its Decision C(2004) 2515/4 of 7 July 2004 the Commission decided that no objections should be raised to the plan provided that certain amendments were made to it by 30 September 2004. The requested amendments have been made.
- (2) The Commission approved the United Kingdom's first application for the temporary exclusion of 63 installations from the Community emission allowance trading scheme between 1 January 2005 and 31 December 2006 by Commission Decision C(2004)4240-2 of 29 October 2004.
- (3) The United Kingdom has applied for additional 329 installations to be temporarily excluded from the Community emission allowance trading scheme between 1 January 2005 and 31 December 2007, by an application dated 30 March 2005, registered on 1 April 2005 and subsequently updated with reference to the number of installations involved on 10 May 2005, pursuant to Article 27(1) of Directive 2003/87/EC.
- (4) With the 30 March application still pending, the United Kingdom has applied for a further installation "Tawd Combined Heat and Power Plant", Paddock Road, West Pimbo Skelmersdale, Lancashire WN8 9PL, to be temporarily excluded from the Community emission allowance trading scheme until 31 December 2007 in a letter dated 8 September 2005.

¹ OJ L 275, 25.10.2003, p. 32., as amended by Directive 2004/101/EC, OJ L 338, 13.11.2004, p. 18.

- (5) The United Kingdom has confirmed that this installation which it requests to be temporarily excluded will limit its carbon dioxide emissions as much as would be the case, if it were subject to the provisions of Directive 2003/87/EC during the relevant period, because it is participant in the United Kingdom's Climate Change Agreements which set energy efficiency improvement targets that result in limitations equivalent to those under the Community emission allowance trading scheme.
- (6) The United Kingdom has also confirmed that annual monitoring, reporting and verification requirements will be applied to this installation which are equivalent to those provided for in Annexes IV and V to Directive 2003/87/EC and Commission Decision 2004/156/EC of 29 January 2004 establishing guidelines for the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council.
- (7) The United Kingdom has furthermore confirmed that this installation will be subject to penalties at least equivalent to those referred to in Article 16(1) and (4) of Directive 2003/87/EC in the case that this installation and sector fails to meet its respective target. The United Kingdom will ensure that in this case the installation loses its Climate Change Levy discount for the following year and will only be recertified, if it meets a subsequent target.
- (8) The UK will ensure that there will be no distortion of the internal market. The installations covered by the Climate Change Agreements will be making equivalent effort, resulting in at least equivalent emission reductions, and are subject to at least equivalent penalties to others covered by Directive 2003/87/EC. On monitoring, reporting and verification, the UK is in the process of amending the present arrangements to require annual reporting against targets for those installations temporarily excluded, thereby also demonstrating equivalence.
- (9) As the 329 installations in respect of which the United Kingdom requested temporary exclusion collectively emit around 8% of the total emissions from installations in the United Kingdom participating in the Community emission allowance trading scheme, including this one, and these installations will participate in this scheme from 1 January 2008, it is considered that their temporary exclusion until 31 December 2007, together with the exclusion of 63 installations by Commission Decision C(2004)4240-2 until 31 December 2006, will not distort the internal market.
- (10) The United Kingdom's application for this installation to be temporarily excluded has thus been evaluated against the criteria set out in Article 27(2), and temporary exclusion of this installation from the Community emission allowance trading scheme between 1 January 2005 and 31 December 2007 should be provided for.
- (11) A reduction of the total quantity of allowances allocated by the United Kingdom to installations participating in the Community emission allowance trading scheme equivalent to the allocation to this installation must be made.

HAS ADOPTED THIS DECISION:

Article 1

The installation listed in the United Kingdom's application dated 8 September 2005 is excluded from the Community emission allowance trading scheme from 1 January 2005 to 31 December 2007 inclusive.

Article 2

The total quantity of allowances allocated by the United Kingdom to installations in the Community emission allowance trading scheme for the period referred to in Article 11(1) of Directive 2003/87/EC shall be reduced by a number of allowances equal to the allocated allowances to the one installation listed in the United Kingdom's application dated 8 September 2005 during the period from 1 January 2005 to 31 December 2007 inclusive.

Article 3

This Decision is addressed to the United Kingdom of Great Britain and Northern Ireland.

Done at Brussels, 01/III/2006.

For the Commission
Stavros DIMAS
Member of the Commission

