

# Minutes of the Expert Group

Brussels, 24 and 28 October

## Minutes

Meeting of the Informal Expert Group on the analytical methods for the monitoring, reporting, quantification and verification of embedded emissions in goods under the scope of the CBAM  
[Brussels, online]

### **1. Approval of the agenda**

### **2. Nature of the meeting**

*The meeting was non-public and online.*

### **3. List of points discussed**

#### **Session 1, 24 Oct 2022**

Half-day meeting dedicated to presentations delivered by European Commission consultants (Umweltbundesamt Austria), Directorate General for Energy and the Joint Research Centre on the work streams deployed for the development of the methodology for the monitoring, calculation and reporting of embedded emissions in goods under the CBAM scope and the development of the default values for the attribution of embedded emissions to goods when actual emissions cannot be adequately determined.

#### **Session 2, 28 Oct 2022**

Half-day meeting devoted to providing clarifications to participants' questions with regard to the presentations held on October 24<sup>th</sup>. Main points covered: general inquiries on transparency, and legal application of rules and implementing acts, inclusion of precursors in the calculation of embedded emissions, defining default values for CBAM goods, iron and steel, electricity and cement sectors.

#### ***General Inquiries***

##### ***a. Transparency***

Upon request for clarification on the composition of the informal expert group, in the context of transparency, the Commission was requested to disclose the names of the organisations and countries represented in the working group as members and observers. It was clarified that the group members will be listed on the official register for informal working groups, but personal data cannot be shared due to data privacy reasons.

##### ***b. Legal application of rules and implementing acts***

The discussion addressed the content of the foreseen implementing acts for the monitoring, calculation and reporting of emissions and, in particular, the obligations arising for the different actors. It was clarified that the obligation to have embedded emissions reported and verified lies on the authorised declarant, as laid down by the conditions of the CBAM

Regulation. This will also be reflected in the implementing acts of the CBAM. The role and establishment of the CBAM committee was also addressed, on which the Commission indicated that the CBAM committee can only be established after the CBAM regulation has been adopted, and that this informal expert group will only discuss implementation, and not the regulation itself. Finally, the timing of the reporting requirements was addressed by the group, to which the Commission clarified that sufficient time should be allowed for learning before the first report comes into effect in the transitional period, albeit the overall timing for the coming into force of CBAM is still conditional on the ongoing trilogues.

### ***Precursors***

Discussion addressed the possible inclusion of additional upstream materials in the calculation of embedded emissions and possibly in the CBAM scope. The Commission underlined the significance of emissions from certain precursors and the necessity for their inclusion to ensure equal treatment with the EU ETS. Some participants shared support to incorporate relevant precursors to ensure equal treatment with the EU ETS, such as certain ferro-alloys (not included in the Commission proposal). Other participants raised reservations on the inclusion of certain other precursors, or to their self-standing inclusion as goods under the CBAM.

### ***Default values for CBAM goods***

Some participants noted reservations over the publicly available data sources that can be employed in the calculation of default values for certain sectors indicating the risk that such data may not reflect the reality of emissions in partner countries. The Commission took note of such reservations. It clarified that the analysis needs to rely on publicly available data. Should additional public data become available, they would be considered in the analysis for the determination of the default values. Member industry associations offered to provide additional publicly available information that could be used to supplement data sources and the work of the Joint Research Centre.

### ***Rules for monitoring, reporting and calculations***

Participants noted the need to simplify, as much as possible, the rules for the monitoring, reporting and verification of embedded emissions in CBAM goods in order to facilitate implementation by third country operators. The Commission noted the need for simplification and indicated that this will be pursued in the implementing legislation, but also indicated the need to balance the methodological approach also in order to ensure alignment of the CBAM rules with those applicable under the EU ETS.

Additionally, some participants expressed concern over the obligation to get installations in third countries to elaborate monitoring plans. The Commission clarified that there is no compulsory requirement for the elaboration of monitoring plans by third country installations under the CBAM, albeit such a practice on a voluntary basis may facilitate the collection of information for reporting and later declaration of emissions by authorised declarants.

The discussion also addressed the importance of correctly defining the system/process boundaries for both simple and complex goods and the need to define default values for embedded emissions also for precursor materials. The appropriate definition of system boundaries was highlighted also by the Commission and confirmed that default values will be available for all goods in the CBAM scope and relevant precursors.

### ***Sector specific discussions***

#### ***a. Iron and Steel***

Members contributed with minor comments on that section including the confirmation of previously selected precursors as eligible to be considered under the CBAM scope.

#### ***b. Electricity***

The Commission clarified that, contrary to material products, in the case of electricity as an imported good, the standard approach for the determination of embedded emissions would be that of default values, except for when authorised declarants opt to use actual emissions subject to the conditions established in Annex III.5 of the proposal. It further indicated that the default values for electricity shall be based on the CO<sub>2</sub> emission factor of the electricity mix of the third country (weighted average of the CO<sub>2</sub> intensity of electricity produced from fossil fuels within a geographic area).

#### ***c. Cement***

The discussion addressed a possible risk of circumvention by false declarations on the type of cement imported (i.e. declaring cement with low clinker-to-cement ratio whereas the cement imported would actually be with a higher clinker content). The Commission explained that EU customs already have obligations to control a selection of imported goods. At the same time, the European Commission welcomed the information and expressed the intention to conduct a risk analysis.

### **4. Next meeting**

Next meeting of the CBAM Informal Expert Group will take place in person at the European Commission on 16 November.

### **5. List of participants**

#### **EU and EEA Member state**

Italy, Netherlands, Belgium, Sweden, Ireland, Germany, Greece, Austria, Spain, Hungary, Finland, Denmark, Portugal and Switzerland, Cyprus, Croatia, Latvia, Slovakia, Poland, Estonia, Lithuania, Luxemburg, Hungary, Romania

#### **Industry associations**

European Cement Research Academy, CEMBUREAU, ESTA (European Steel Tube Association), Fertilizers Europe, EUROFER, Eurometaux, European Aluminium, Sandbag, ECOS, CEFIC, Eurelectric

#### **Observers:**

Euromines, AEGIS, APPLIA, Offshore Wind Foundations Alliance (OWFA), BusinessEurope, Federation of Aluminium Consumers in Europe, ASI (Aluminium Stewardships Initiative), ERCST, Carbon Free Europe, Agora Energiewende, Energy Community, Korean Embassy to the EU, Ukraine Mission to the EU, Mission of Canada to the European Union (EU), Mission of New Zealand to the EU