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Guidance Document

The Accreditation and Verification Regulation - Site visits concerning installations

AVR Key guidance note No. II.5, Version of 17 October 2012

This document is part of a series of documents and templates provided by the Commission services for supporting the implementation of Commission Regulation (EU) No 600/2012 of 21 June 2012 on the verification of greenhouse gas emission reports and tonne-kilometre reports and the accreditation of verifiers pursuant to Directive 2003/87/EC of the European Parliament and of the Council.

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 the Accreditation and Verification Regulation under the WGIII 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 representatives of the Member States at the meeting of the Climate Change Committee on 17 October 2012.

All guidance documents and templates can be downloaded from the documentation section of the Commission's website at the following address:
http://ec.europa.eu/clima/policies/ets/monitoring/index_en.htm.

Background

This key guidance note is part of a suite of guidance documents developed by the Commission to explain the requirements of the EU ETS Accreditation and Verification Regulation (AVR).¹ The suite of guidance documents consists of:

- an explanatory guidance on the articles of the AVR (EGD I), including a user manual providing an overview of the guidance documents and their interrelation with the relevant legislation;
- key guidance notes (KGN II) on specific verification and accreditation issues;
- a specific guidance (GD III) on the verification of aircraft operator's reports;
- templates for the verification report and information exchange requirements;
- exemplars consisting of filled-in templates, checklists or specific examples in the explanatory guidance or key guidance notes;
- frequently asked questions.

This key guidance note explains the site visit requirements in the AVR, the activities to be carried out during a site visit, and under which exceptional conditions a site visit may be waived. The note represents the views of the Commission services at the time of publication. It is not legally binding.

This key guidance note covers the requirements and conditions for site visits in relation to installations only; guidance on site visits for EU ETS aviation is provided in the separate EU ETS aviation verification guidance document (GD III).



1. What is a site visit?

The verifier must conduct a site visit at one or more appropriate times during the verification process. The purpose of a site visit is to gather sufficient evidence to conclude with reasonable assurance that the operator's emission report is free from material misstatements. Activities during site visits include:

- interviewing staff, reviewing documents and assessing operator's procedures in practice;
- checking the installation's boundaries, the data flow and assessing the completeness of source streams and emission sources;
- actual testing of the control activities and assessing the application of procedures mentioned in the approved monitoring plan;
- obtaining physical evidence through assessment of measurement equipment, monitoring systems and processes.

The EU ETS lead auditor will usually conduct the site visit himself/herself since he/she is responsible for assigning the tasks to other team members and implementing the verification plan. The lead auditor decides which team member carries out or joins him/her in the site visit and whether he/she needs a technical expert during the site visit.

Depending on the circumstances and the outcome of its risk analysis, the verifier shall decide whether visits to additional locations are needed. If the objectives set in accordance with the strategic and risk analysis are not met during a site visit, this may result in the need for more

¹ Commission Regulation (EU) No 600/2012 of 21 June 2012 on the verification of greenhouse gas emission reports and tonne-kilometre reports and the accreditation of verifiers pursuant to Directive 2003/87/EC of the European Parliament and of the Council, OJ EU, L 181/1.

walkthrough tests, interviews, sampling, document reviews, and possibly further follow-up site visits. In those cases it may be necessary to allocate more time to the verification and adjust the time allocation that was originally made in the contract.

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AVR

Without a site visit to the installation, the process analysis in most cases is unable to generate sufficient evidence to conclude with reasonable assurance that the report is free from material misstatements.

For the verification of the reports of some installations, site visits will cover more than one location.² On-site activities are described in the verification plan and generally involve:

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AVR

- sampling³ at the site of the installation to check whether the monitoring plan (MP) reflects the actual situation, whether the source streams and emission sources are complete and whether the data are accurate and all requirements have been met;
- sampling at the installation's head office or regional offices if this is where the emission data or relevant procedures are processed or held;
- sampling at any other relevant location where verification work may be necessary: e.g. fuel supplier facilities if this is necessary to assess the accuracy of the reported data, or to carry out assessment of control activities that are not located at the installation site or at headquarters and which are relevant to the operator's data flow and monitoring process.

It is not adequate to visit only the operator's headquarters without visiting the emitting installation itself. Visiting only the headquarters would constitute a waive of the site visit since site visits for installations include the site of the emitting installation itself. Except for installations of low emissions, waive of the visit to the emitting installation requires the approval of the competent authority (CA) and is only allowed if the specific conditions mentioned under section 3 of this guidance note have been met.

2. Role of the risk analysis with respect to the site visit

The verifier's risk analysis will assess the likelihood of risks of misstatements and/or non-conformities and their likely material impact on the reported data.⁴ This will enable an effective verification to be designed. Hence the risk analysis is not only a determining factor in planning the need for the site visit(s); it also plays an important role in organizing the site visit(s) to the installation, basically determining:

- the number of locations to be visited when verifying an installation; and
- activities to be carried out during the site visit(s).

If the risk analysis or the process analysis indicates questions or problems that can only be solved by a second visit or a visit to another location, the verifier shall conduct such a visit to resolve the matter.

Examples

Example 1:

A large electricity company with a number of production installations may retain primary data and other information centrally at company headquarters or at other locations. For such a large and complex company the risk analysis is likely to indicate that the headquarters, the other locations and the site of the installation have to be visited to get a complete overview of the installation and assess the accuracy of the data.

² For smaller installations the head office and the installation site are often located at the same location.

³ Please see for guidance on sampling the Key guidance note on sampling (KGD II.4).

⁴ For more information please see the key guidance note on the verifier's risk analysis (KGD II.2).

Examples

Example 2:

If however the installation is a simple category B installation with several source streams using natural gas and continual metering with its own measurement system, it is likely that one site visit during the verification process will suffice and the locations to be visited can be limited to the site of the installation, assuming this is also the location where data and records are kept.

Please note that this is only an example: such a scenario is not limited to a category B installation and not all category B installations with source streams using natural gas are necessarily simple installations. It very much depends on the number of source streams, the quality of the measurement equipment, calibration and other control activities and procedures in place.

3. Conditions for waiving a site visit

The AVR requires site visits to be carried out. Only under specific conditions and exceptional circumstances can a site visit be waived.

**Art. 31
AVR**

Article 31 only relates to installations. For aircraft operators specific requirements have been listed in Article 32 of the AVR: these are not covered in this guidance note.



The conditions for waiving site visits to installations are:

- the verifier has decided, based on its risk analysis, that it is justified to waive the site visit;
- the verifier has determined that, based on its risk analysis, all relevant data can be remotely accessed;
- the criteria set by the Commission are being met;
- the operator obtains the CA's approval for waiving the site visit.⁵

**Art. 31(1)
AVR**

Justification of waiving the site visit based on the risk analysis

When considering whether it is justifiable to waive the site visit, the verifier has to base this conclusion on its risk analysis, in particular the assessment of the risks involved in not visiting the site of the installation. As explained in the Key guidance note on risk analysis (KGD II.2), the risk analysis is an iterative process and subject to change as a result of findings and further analysis of the risks during the verification process. So even if the CA has already approved the waiving of a site visit, this does not exempt the verifier from updating its risk analysis and adjusting its verification plan if it identifies higher inherent and control risks than initially thought.

This may result in a situation that the magnitude of the risks requires the verifier to carry out the site visit after all. In that case the verifier must conduct a visit to the site of that installation, regardless of the earlier approval of the CA to waive the site visit. In short, the verifier remains at all times responsible and cannot use the CA's approval as an excuse for not visiting the site if the risk analysis (original or updated) shows that a site visit is needed.

⁵ The approval from the CA is not needed if it concerns installations emitting less than 25 ktonnes of CO₂ (installations mentioned in Article 47(2) of the MRR).

The following examples of verification risks should be taken into account in the verifier's risk analysis with respect to the possibility of waiving site visits.

Verification risks involved when waiving site visits

- The conclusions of the strategic and risk analysis can be based on inaccurate information and the verification plan is compromised as a result.
- The verifier is not able to confirm the scope of the installation and the approved MP because it cannot view all the emission sources and source streams associated with the site.
- The verifier is not able to confirm the tier requirements in relation to the metering etc. since it is not able to confirm that the physical meters meet the description in the MP, their correct installation and their maintenance requirements.
- The verifier is not able to '*confirm the validity of the information used to calculate the uncertainty level as set in the approved MP*'.
- The verifier is not able to check whether changes to the MP have occurred which have not been approved by or notified to the competent authority.
- The verifier is not able to check the effectiveness and correct implementation of the data flow activities, and the control activities that have been implemented to mitigate the risks related to the data flow (inherent risks).
- The verifier is not able to check that the monitoring and reporting of the emissions of the installation complies with the requirements of the MP and the Monitoring and Reporting Regulation (MRR). Overall, the verifier is not able to undertake adequate walkthrough tests, interviews as well as document and data reviews (including on traceability of emissions data to source, and horizontal and vertical corroborative checks of validity, e.g. by cross-checks with logbooks, inventories or similar data sources) to form an appropriate verification opinion.
- An incorrect verification opinion is issued based on an incorrect emission report resulting in an inaccurate number of allowances being surrendered in April.

In cases where site visits have been waived, the verifier should use alternative means of verification to reduce the potential for the above risks to result in misstatements or non-conformities being missed.

All relevant data can be remotely accessed

The verifier has to show that based on its risk analysis, all relevant data can be remotely accessed. The verifier should be sufficiently confident that it will be able to give a verification opinion statement with reasonable assurance based on data that is remotely accessed. It should also be confident that the installation's boundaries and other relevant data have been thoroughly checked at an initial site visit and that these boundaries and other relevant configuration data can subsequently be confirmed without visiting the site (e.g. through photographic evidence that no units have been added, or evidence that no changes in the meters have occurred).

Criteria set by the Commission⁶

Only one of the following listed criteria is required to justify waiving of a site visit provided that the verifier's risk analysis shows that such waive is appropriate and that other required conditions are met.

1. *The verification concerns a Category A installation⁷ or Category B installation⁸:*

⁶ Criteria I to IV are the conditions established by the Commission pursuant to Article 31(1) of the AVR.

⁷ A Category A installation, where average verified annual emissions of the trading period immediately preceding the current trading period, with the exclusion of CO₂ stemming from biomass and before subtraction of transferred CO₂, are equal to or less than 50 000 tonnes of CO_{2(e)}.

- having one single source stream using natural gas and/or one de-minimis source stream (e.g. back-up fuel); **and**
- where the monitoring of activity data is based on fiscal metering by the gas supplier⁹; **and**
- where a default value for the emission factor is applied¹⁰.

II. The following situation applies:

- the verification concerns a Category A installation or a Category B installation¹¹ that has one single source stream using a fuel without process emissions, whereby the fuel is directly combusted in the installation without intermediate storage and involves not more than one additional de-minimis source stream (e.g. concerning back-up fuel); **and**
- the activity data related to the source stream is monitored by fiscal metering or the activity data is based solely on invoice data and a default value for the calculation factors is used; **and**
- the CA has allowed the installation to use a simplified monitoring plan according to Article 13 of the MRR.

III. The following situation applies:

- there is an unmanned site with telemetered data sent directly to another location where all data is collected, processed, managed and stored; and the same person is responsible for all data management and recording for the site; **and**
- meters have already been inspected on site by the operator or a laboratory in line with Article 59 of the MRR and a signed document or date stamped photographic evidence from the operator demonstrates that no metering or operational changes have occurred at the installation since that inspection.

IV. The following situation applies:

- the site is at a remote or inaccessible location¹², and there is a high level of centralisation of data collected from that site and transmitted directly to another location where all this data is processed, managed and stored with good quality assurance; **and**

⁸ A Category B installation, where the average verified annual emissions of the trading period immediately preceding the current trading period, with the exclusion of CO₂ stemming from biomass and before subtraction of transferred CO₂, are more than 50 000 tonnes of CO_{2(e)} and equal to or less than 500 000 tonnes of CO_{2(e)}.

⁹ Subject to there being an appropriate legal regime for control of fiscal meters that meets the tier requirements for MRR uncertainty.

¹⁰ This covers Category B installations using natural gas that are allowed by the CA to use default values for the calculation factors: e.g. Category B installations that can use lower tiers because of technical infeasibility or unreasonable costs. Category B installations that can meet the highest tier and apply tier 3 for the calculation factors are not allowed to use default factors and do not fall under this criterion.

¹¹ For Category B installations, this only concerns those Category B installations that are approved by the CA to use calculation factors based on default values. Category B installations that can meet the highest tier and apply tier 3 for the calculation factors are not eligible in relation to this criterion.

¹² This could for example include an off-shore installation if the risk analysis justifies waive of site visit.

- meters have already been inspected on site by the operator or a laboratory in line with Article 59 of the MRR and a signed document or date stamped photographic evidence from the operator demonstrates that no metering or operational changes have occurred at the installation since that inspection.

Note:

When fiscal metering is used by an operator (Criterion I and II), that operator must demonstrate to the verifier that:

- there is an appropriate regulatory and calibration regime for the fiscal meters and that the uncertainty requirements of that regime meets the required MRR uncertainty related to the applicable tier. If the instrument is subject to legal metrological control, the verifier must check the certificate of the official verification of the instrument; and
- there is appropriate maintenance and calibration in place and the utility or network company makes relevant data available to the operator to use as evidence. The verifier must be sufficiently confident that the instrument is regularly maintained and calibrated (e.g. checking calibration results and manufacturer's specifications).

When invoice data is used by an operator to monitor the activity data (Criterion II), the invoice data is based on fiscal metering and the paragraph above applies as well. Furthermore, the operator must demonstrate that the correct data has been taken from the invoices (e.g. base meter reading and not kWh readings).

For Criterion III and IV the operator must also demonstrate to the verifier that an appropriate calibration and maintenance regime is in place for the meters and that these meters are calibrated according to the required frequencies and other requirements and that these meet the approved uncertainty requirements.

Obtaining the Competent Authority's approval

Unless it concerns an installation with low emissions, it is the operator who has to submit an application to the competent authority requesting approval of the waive of a site visit. The application for a waive of a site visit shall be accompanied by evidence that all conditions have been met. The evidence should at least include:

- the outcome of the verifier's risk analysis justifying the conclusion that the inherent and control risks are low and a site visit is not needed to check the accuracy of the data and the implementation of and compliance with the MP;
- a statement from the verifier that it is confident that the site visit is not needed based on its risk analysis, and it accepts the risks of not undertaking a site visit;
- a statement from the verifier that, based on the verifier's risk analysis, all data can be remotely accessed;
- a statement from the verifier stating which criterion set by the Commission applies;
- evidence that the quality of the calibration, management and inspection of the monitoring equipment is sound, e.g. by providing calibration certificates and referring to supplier contracts, calibration reports and maintenance reports;
- for Criteria III and IV, evidence that the meters have been inspected on site by the operator or a laboratory in line with the MRR, and a signed document or date stamped photographic evidence from the operator that demonstrates that no metering or operational changes have occurred at the installation since that inspection;

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(2) AVR**

- a statement from the verifier that the conditions for refusing approval by the CA, listed in the paragraph below, are not applicable.

The CA will only decide favorably on such an application if all conditions have been met. When making the decision, the CA will also take into account the installation's compliance history (e.g. if it concerns an installation that has a history of receiving a not verified verification opinion statement, the CA will be less inclined to approve the waive of a site visit).

The CA will not give its approval if:

- the emission report is being verified for the first time by that verifier¹³;
- no site visit has been carried out in the previous 2 years;
- significant changes to the monitoring plan laid down in Article 15 of the MRR¹⁴ have occurred.

**Art. 31(3)
AVR**

4. Reporting on site visits in the internal verification documentation and in the verification report

Annex II of the Explanatory Guidance (EG I) and Key guidance note on the verification report (KGD II.6) explain what information on site visits and waive of site visits has to be included in the internal verification documentation and the verification report.

¹³ The verifier means the legal entity or legal person accredited by National Accreditation Body to carry out verification or a natural person certified by the National Certification Authority to carry out verification.

¹⁴ Section 5.6.1 of the MRR Guidance Document No.1 (GD1) and section 6.5.1 of the MRR Guidance Document No.2 for aircraft operators (GD2) explains what constitutes significant changes to the monitoring plan.