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EA document for accreditation of Verification Bodies for the purpose of EU ETS Directive

PURPOSE

This document has been prepared by a working group under the direction of the European co-operation for Accreditation (EA) Certification Committee to facilitate a harmonised approach for the accreditation of Verification Bodies in accordance with EU ETS Directive 2003/87/EC and amendments and the Accreditation & Verification Regulation (EU) 2018/2067 (AVR).

Authorship
The publication has been written by a working group of the EA Certification Committee.

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The publication may be translated into other languages as required. The English language version remains the definitive version.

Further information

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Please check our website for up-to-date information: http://www.european-accreditation.org

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CONTENTS

FOREWORD

This document has been prepared by a working group under the direction of the European co-operation for Accreditation (EA) Certification Committee to facilitate a harmonised approach for accreditation of verifiers in accordance with EN ISO 14065:2013 “Greenhouse gases – Requirements for greenhouse gas validation and Verification Bodies for use in accreditation or other forms of recognition” and the Accreditation & Verification Regulation (EU) 2018/2067 (AVR).

The document has been structured consistent with content and numbering of EN ISO 14065:2013.

Notes:

1) This revision of EA-6/03:2013 include an update on AVR Reg. (EU) 2018/2067, new clause 8.4-4 "Verification process related to Scope 98” and new normative Annex F “Approach for ensuring scope coverage in witnessing and file review practices for assessing EU ETS Verification Bodies”.

2) The next revision is projected for 2022 and will update the document on EN ISO/IEC 17029:2020 and EN ISO 14065:2021.

The document shall be used by National Accreditation Bodies that assess and accredit Verification Bodies conveying formal demonstration of their competence and independence to carry out verification in accordance with specified requirements in EN ISO 14065:2013 and the AVR.

The term “shall” is used throughout this document to indicate those provisions which, reflecting the requirements of the AVR, the “Free Allocation Rules” (FAR) or the Monitoring & Reporting Regulation (MRR) are mandatory. The term “should” is used to indicate guidance which, although not mandatory, is provided as a recognised means of meeting the requirements, as in the case of the published guidance documents from the European Commission (EC).

Guidance documents and templates developed by the European Commission should be used, although defined not legally binding, as they are considered as recognised means to meet the requirements of the AVR as well as important tools to achieve and ensure harmonisation.

Verifiers whose systems do not follow this document or the guidance documents and templates developed by the European Commission in any respect will only be eligible for accreditation if they can demonstrate that they meet it in an equivalent way. This does not exempt the Verification Body from complying with EN ISO 14065:2013 and the AVR.

1. INTRODUCTION

This EA Document shall be used by National Accreditation Bodies to assess Verification Bodies who are verifying annual emissions reports, tonne-kilometre reports, baseline data reports, new entrant data reports or annual activity level reports included in their scope of accreditation before they are submitted to the relevant Competent Authorities.

The objective of this document is to promote a harmonised consistent approach between National Accreditation Bodies using the criteria for and the assessment of Verification Bodies in the EU ETS.

This document shall be used by National Accreditation Bodies to assess Verification Bodies conformance with Annex V of Directive 2003/87/EC and amendments and the AVR, but this document also provides information to Verification Bodies on how to prepare and conduct the different verification activities in the EU ETS.

Verification Bodies wishing to verify data that fall under Article 10a of the EU ETS Directive 2003/87/EC, i.e. verifications required to support changes in baseline data reports, new entrant data reports and annual activity level reports, shall be accredited against EN ISO 14065:2013, and their scope shall include scope 98 (Annex I, AVR). Verification under scope 98 can only carried out in the scope sectors (1 through 9 and 12) included in the Verification Bodies scope of accreditation.

The verification activities in the EU ETS is a technical audit function more related to information and data audits than to auditing of management systems. The nature of this work requires transparent, independent safeguards throughout all stages of the planning and delivery of the verification engagement.

The structure of this document follows the EN ISO 14065:2013 clause numbering. The presence of clauses without any additional text means that there are no additional requirements or guidance for those clauses with respect to what is already contained in EN ISO 14065:2013 and other applicable documents, including the AVR, European Commission Guidelines and IAF MD 6.

The requirements in EN ISO 14065:2013 and the AVR are to be understood as applied even though they are not repeated in this document.

2. NORMATIVE REFERENCES

No additional requirements or guidance.

3. TERMS AND DEFINITIONS

For the purposes of this EA Document and Annexes the definitions in the EU ETS Directive, the AVR, FAR and the MRR shall apply as well as the following definitions:

a) '**EU ETS Directive'** means 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/EC latest amendment by Directive (EU) 2018/410 (18th March 2018)

b) '**EGD** I' AVR Explanatory Guidance Document No. 1 developed by the European Commission

c) '**Installation**' is as defined by Article 3 e) of Directive 2003/87/EC

d) '**KGN** II(1-n)' AVR Key Guidance Notes developed by the European Commission

e) '**Registry Regulation**' means European Commission Regulation (EU) No 389/2013 of 2 May 2013 establishing a Union Registry pursuant to Directive 2003/87/EC of the European Parliament and of the Council, Decision No 280/2004/EC and No 406/2009/EC of the European Parliament and of the Council and repealing European Commission Regulations (EU) No 920/2010 and No 1193/2011.

f) '**Verification report**' means the external verification report that the operator is required to submit along with the annual emissions report, baseline date report or tonne-kilometre report as referred to in section 8.4-6.

g) '**Verification Body'** means a legal person or another legal entity carrying out verification activities (Note: the term used in AVR is "verifier").

h) '**Validated'** – term used in EU ETS Directive Annex V point 3. In this context, this is to be read as 'verified'.

4. PRINCIPLES

No additional requirements or guidance.

5. GENERAL REQUIREMENTS

The Verification Bodies organizational structure and its quality assurance procedures shall be such as to underpin the integrity, independence and impartiality of the Verification Body and its activities.

5.1 Legal status

No additional requirements or guidance.

5.2 Legal and contractual matters

The verification report shall be issued by the accredited Verification Body that has the contract with the operator or aircraft operator.

5.3 Governance and management commitment

The Verification Body shall identify the top management (e.g. individual, group, board) having overall authority and responsibility for information exchange with conformity assessment bodies and national accreditation bodies.

5.4 Impartiality

5.4.1 Commitment to impartiality

The Verification Body shall act impartially, be independent and avoid unacceptable conflicts of interest according to the requirements in Annex A to this document as well as the requirements in Article 43 of the AVR.

5.4.2 Avoidance of conflict of interest

The fact that the Verification Body employs verification personnel known to have provided consultancy, engineering or any technical assistance to the organisation under assessment shall be considered as a high threat to impartiality.

Where the Verification Body employs personnel who had previously provided consultancy or technical assistance, but not in support of the GHG assertion, for a client, the verifier shall be able to demonstrate through an impartiality risk assessment, and by having implemented suitable controls which minimise the risk of any conflicts of interest that the verifier can conduct the verification for this client without compromising his impartiality.

The rationale and justification and controls shall be fully documented on a case by case basis.

5.4.3 Mechanism for oversight of impartiality

A common way to fulfil this requirement is to have a committee. If another solution is chosen the reason has to be justified.

Whatever mechanism for supervision of its impartiality is chosen, the Verification Body should ensure that the persons or program for this supervision is or are:

1) sufficiently competent and impartial to supervise the verifier's procedures and actions to ensure impartial functioning;

2) able to have access to sufficient information to enable this supervision;

3) properly informed about its task;

4) clearly reporting their findings with respect to this supervision.

5.5 Liability and financing

The Verification Body shall demonstrate the information including the risks associated with verification activities in the EU ETS, as presented to, and discussed with, their insurance provider, and upon which their liability cover has been determined. However it is not for the National Accreditation Body (NAB) to decide the level of insurance or reserves.

6 COMPETENCIES

6.1 Management and personnel

The Verification Body shall define competence criteria in terms of required knowledge and skills for all personnel performing functions related to the management and execution of all verification activities.

For all personnel involved in the verification activities, the Verification Body shall determine the method of evaluating their competence against the competence criteria established, and shall maintain records that demonstrate how an individual demonstrated achievement of the competence to a competent evaluator.

Experience, qualifications and training do not by themselves demonstrate that an individual is competent, but provide potential routes to acquire competence and are useful as prerequisite requirements.

For EU ETS lead auditors and auditors, the Verification Body shall, prior to allowing an individual to be designated as competent, use a competent evaluator to monitor the EU ETS lead auditor and EU ETS auditor on-site.

The competence process should take into account the European Commission Guidance KGN II.7 Competence of verifiers.

6.2 Competencies of personnel

The Verification Body shall be able to demonstrate an understanding and the technical ability to manage the EU ETS verification work for the group of activities in which they offer accredited services. Thus, the competence requirements for understanding and technical ability include demonstrating the technical knowledge of the verification requirements, the scopes as listed in AVR, Annex 1, including any unique industry process parameters, testing techniques, measuring/monitoring arrangements, calculation methodologies and relevant legislative requirements, etc.

Restrictions affecting an individual's competence, and therefore ability to undertake a task fully should be recorded. This should include, for example, a restricted scope activity, and where necessary any additional arrangements required, e.g. support from a technical expert, or specified interim approval stages to be applied, etc.

The Verification Body shall at regular intervals review its competence process to ensure that criteria meet requirements and to address any amendments or any other issues that may be identified related to the setting of competence criteria as an outcome of the monitoring process.

6.2.1 Monitoring of performance

All personnel, involved in the verification process, shall be subject to monitoring of performance to confirm competence. The frequency of monitoring shall be annual. The Verification Body shall establish the most appropriate means of monitoring applicable to the tasks being undertaken and the risks of unsatisfactory outcomes influencing the final verification opinion. This shall include initial on-site monitoring for EU ETS lead auditors, auditors and experts as part of the qualification process, ref. Article 36 (6).

The minimum frequency for on-site monitoring shall not be more than 3 years.

The competent evaluator shall at least have the same competence as an EU ETS lead auditor and have good knowledge of the Verification Bodies competence evaluation processes.

In addition the Verification Body shall have a process for ensuring on-going training to ensure the EU ETS lead auditors, auditors and all personnel involved are aware of any changes in standards, regulations, relevant guidelines and other legislative requirements (EU and national) as appropriate.

6.3 Deployment of personnel

6.3.1 General

The Verification Body shall maintain sufficient documentation to provide objective evidence of team selection and management.

Where the team comprises more than one member the lead auditor shall ensure that specific tasks are delegated to personnel competent for those tasks.

6.3.2 Validation or verification team knowledge

No additional requirements or guidance.

6.3.3 Validation or verification team technical expertise

The Verification Bodies technical sector competence criteria should reflect the aspects mentioned in the European Commission Guidance, KGN II.7 and should, if relevant, further include at least knowledge of the following aspects:

For scope 98 “Other activities pursuant to Article 10a of Directive 2003/87/EC”, AVR 2018/2067, Annex 1.

As this type of activity occurs in one of the scope sectors 1 through 9 and 12, the Verification Body should ensure that any verification team for such an assignment:

1) possesses all competencies as listed for the relevant scope (1 through 9 and 12), as based on the Articles 36 through 40 of the AVR (EU) 2018/2067;

2) can demonstrate in-depth knowledge of the FAR (EU) 2019/331, including the guidance documents on the harmonized free allocation methodology for the EU ETS post 2020 for verification of baseline data reports and new entrant data reports;

3) can demonstrate in-depth knowledge of Implementing Regulation (EU) 2019/1842 for verification of annual activity level reports;

4) can demonstrate in-depth knowledge regarding an installation's intended normal operation, maintenance, common production cycle, emission intensity of inputs and typical capacity utilization in the sector concerned compared to sector-specific information;

5) has the ability to evaluate if the applied energy- or greenhouse gas efficiency and abatement techniques are state of the art.

6.3.4 Validation or verification team data and information auditing expertise

The competence criteria for data and information auditing should reflect the aspects mentioned in the European Commission Guidance, KGN II.7.

6.3.5 Specific GHG project validation team competencies

Not applicable.

6.3.6 Specific GHG project verification team competencies

Not applicable.

6.3.7 Specific validation or verification team leader competencies

No additional requirements or guidance.

6.4 Use of contracted validators or verifiers

The requirements under EN ISO 14065, clause 6.4, also apply for external experts.

6.5 Personnel records

The personnel records shall indicate the competence of each person for the various verification activities, including for which group of activities, as set out in Annex I of the AVR.

6.6 Outsourcing

Accreditation according to EN ISO 14065 for the relevant scope of verification in accordance with AVR, Annex I by a National Accreditation Body according to EC/765/2008 is one of the

means to fulfil the requirement of independent evidence, to be provided by the outsourced body.

7 COMMUNICATION AND RECORDS

7.1 Information provided to a client or responsible party

No additional requirements or guidance.

7.2 Communication of responsibilities to a client or responsible party

No additional requirements or guidance.

7.3 Confidentiality

No additional requirements or guidance.

7.4 Publicly accessible information

The Verification Body shall document, update at regular intervals and make available through publications, electronic media or other means or on request, the following:

1) information about the accreditation(s) under which the verifier operates;

2) a description of the verification process including rules and procedures for issuing or refusing a verification report.

7.5 Records

Records shall be kept by the Verification Body for at least 10 years after the end of the annual verification cycle. This applies even in cases where no further verification is conducted.

8 VALIDATION OR VERIFICATION PROCESS

8.1 General

The Verification Body shall perform the verification process on the emissions, baseline data report, new entrant data report, annual activity level report or tonne-kilometre report for each and every installation or aircraft operator for which a report is to be verified by the Verification Body. Sampling within a group of installations or aircraft operators, is not allowed as it will not provide sufficient, appropriate evidence on which to issue a verification report at an installation or aircraft operator level.

The verification process is an iterative process which shall include all steps as required by AVR, Chapter II. All steps are interconnected; findings during the verification process can mean that a verifier has to adjust one or more steps in the verification process.

8.2 Pre-engagement

Evaluation of the risks involved for the verifier (business risk)

The Verification Body shall carry out an evaluation of the risks that are involved for the verifier in undertaking the work in accordance with the requirements. This business risk evaluation shall be fully documented. The evaluation should show that the Verification Body has recognised the business risks involved with the contract and that it has developed an approach for the work that will ensure that the scope of the verification work and the time quoted is consistent with the risks identified. The approach shall be documented.

Information needed

The Verification Body shall ensure that the operator has provided sufficient information based on which the scope and objectives for the verification engagement can be confirmed, ref. AVR, Article 10.

The Verification Body shall retain documentary evidence of the pre-contract processes.

8.2.1 Impartiality

No additional requirements or guidance.

8.2.2 Competence

The competence analysis and confirmation of resources shall also include the independent technical reviewer.
Records shall be held to demonstrate that for each verification engagement, a competence analysis was made and a competent verification team was selected.

8.2.3 Agreement

8.2.3.1 Review of quotation

Prior to submission to the client the quotation should be internally reviewed and approved by competent personnel.

8.2.3.2 Contract conditions for verification

The Verification Body should specify the conditions for verification in a clear and transparent manner.

The Verification Body shall require its client to disclose all relevant information and data to enable the Verification Body to carry out the verification activities.

The Verification Body shall require its client to allow for the NAB to witness verification activities.
The Verification Body shall require in its verification contract that the client:

1) makes all necessary arrangements for the conduct of the verification and on-site assessment, including provision for examining documentation and access to all relevant areas, records and personnel for the purposes of verification and resolution of complaints;

2) ensures that the verification report, or any part thereof is not used in a misleading manner; and

3) commits to disclose all required data and information relevant to the verification.

8.2.4 Appointing the team leader

No additional requirements or guidance.

8.3 Approach

No additional requirements or guidance.

8.3.1 Selecting the validation or verification team

No additional requirements or guidance.

8.3.2 Communicating with the client and the responsible party

No additional requirements or guidance.

8.3.3 Planning

8.3.3.1 Time allocation

The Verification Body shall determine the necessary time allocation for each verification engagement quoted for and shall justify and record its decision. The time allocation shall be recorded in the Verification Body's internal documentation. Any change in days as a result of negotiation with the operator or aircraft operator shall be recorded and justified. Any change in days as a result of findings during strategic analysis, risk analysis or implementation of the verification plan shall be recorded and justified.

If an installation is applying the fall-back approach according to MRR, Article 22, the verifier shall also take into account when determining the time allocation that the verification has to include the annual update of the uncertainty analysis.

Further information on the determining factors for time allocation can be found in Annex D.

The verification activities should be planned to ensure that sufficient time is allowed to:

1) carry out all the verification activities;

2) allow the operator or aircraft operator to address issues identified by the Verification Body if needed;

3) enable the verification report to be produced and made available by the operator or aircraft operator to the competent authority, by 31st March of each year or earlier if required by the Competent Authority; and

4) develop and complete the internal verification documentation, reporting and review.

8.3.3.2 Strategic analysis

The strategic analysis provides the Verification Body with the basis for the development of the risk analysis and the verification plan.

The Verification Body shall require the operator or aircraft operator to provide the information defined in the AVR, Article 10(1) in advance of performing the strategic analysis.

The strategic analysis shall consider the information according to the AVR, Article 11 and the following inputs:

1) the control system of an installation or aircraft operator which consists of:

    a. a risk assessment carried out by an operator or aircraft operator to identify inherent and control risks in the data flow activities that could lead to misstatements in the annual emissions report, baseline data report or tonne-kilometre report and non-conformities against the approved monitoring plan or monitoring methodology plan, the permit, where applicable, and non-compliance with the MRR or the FAR;

    b. control activities that mitigate the identified risks, including quality assurance of the measuring equipment and information technology used, internal reviews of reported data, outsourced processes, corrections and corrective action and records and documentation.

2) for aviation – availability and complexity of the additional procedures required under the monitoring plan according to MRR, Annex 1 (2);

3) whether accredited laboratories or non-accredited laboratories have been used in determining activity-specific factors according to MRR, Article 30;

4) the existence of a control environment and/or an environmental management system/ audit system according to EN ISO 14001/EMAS, EN ISO 9001 or equivalent system that covers the GHG relevant data management and recording system;

5) the organisational environment including the structure of the organisation that manages the operational, maintenance and data accounting systems, within which the emissions or tonne-kilometre information is derived;

6) the required materiality threshold to be applied;

7) the availability of information from databases, including those from Eurocontrol, other similar organisations and the operator, and the need for site visits for verification of the data acquisition and handling activities;

8) annual update of uncertainty analysis if the fall-back approach is applied according to MRR, Article 22 for installations;

9) for aviation annual emissions, whether the approach for small emitters is used according to MRR, Article 54.

The verification process should not proceed until the Verification Body has obtained and evaluated sufficient relevant information on which to base the strategic analysis.

8.3.3.2.1 Outcome and documentation of the strategic analysis

The strategic analysis should look at all the above mentioned inputs and subsequently apply conventional strategic analysis tools such as strength /weakness assessment to identify issues and concerns.

The conclusion from the strategic analysis, including commentary on the inputs listed above, provides information and effective input to:

1) the risk analysis;

2) the verification plan being drawn up at the end of the risk analysis;

3) the findings and conclusions of the verification to be submitted in the verification report.

The results of the strategic analysis and other information assembled during strategic analysis shall be recorded by the Verification Body in the internal verification documentation.

8.3.3.3 Risk analysis

The Verification Body shall carry out a risk analysis according to AVR, Article 12 and the European Commission Guidance, KGN II.2 Verification Bodies risk analysis, should be taken into account.

8.3.3.3.1 Outcome and documentation of the risk analysis

The evaluation of the risks involved shall provide information and effective input to:

1) the verification plan being drawn up at the end of the risk analysis;

2) the assessment of the risk of misstatements or non-conformities and whether this risk is likely to have a material effect;

3) the findings and conclusions of the verification to be submitted in the verification report.

The results of the risk analysis and other information assembled during the risk analysis shall be recorded by the Verification Body in the internal verification documentation.

Documentation of the strategic analysis and the risk analysis can be combined.

8.3.3.4 Verification plan

Based on the strategic and risk analysis, the Verification Body shall draft a verification plan which in addition to AVR Article 13, should comprise:

1) an assessment of whether the installation or aircraft operator's boundaries (emission sources, source streams and material flows) and systems (risk assessment and procedures) are correctly defined in the approved monitoring plan and/or monitoring methodology plan;

2) an assessment of conformance with the approved monitoring plan and/or monitoring methodology plan;

3) the specific aspects of continuous monitoring of emissions where applicable.

Annex B sets out the factors influencing the development of a verification plan. In the paragraphs below two elements of the verification plan are outlined further.

8.3.3.5 Verification programme

The verification programme serves as a means of monitoring and recording progress of the verification activities and the scope of such activities.

8.3.3.6 Data sampling plan

The data sampling plan is an internal document and part of the verification plan. It consists of what the verification will involve: the data sampling approach as well as the data to be tested and the tests to be conducted in order to assess whether the data in the emissions or tonne-kilometre report, baseline data report, new entrant data report or annual activity level report are free from material misstatements. The development of a sound and appropriate data sampling approach is a culmination of the strategic analysis and the risk analysis. The data sampling approach is based on sampling of various areas and elements within an individual installation, its sub-installations or aircraft operator's activities consistent with:

1) prioritisation of areas and data identified within the strategic and risk analyses;

2) data sets and how they relate to the monitoring plan or monitoring methodology plan;

3) key aspects of conformity with the approved monitoring plan or monitoring methodology plan;

4) optimisation of the breadth and depth of sampling in order to deliver reasonable assurance;

5) additionally for aircraft operator's activities – the potential changes of the GHG sources over the reporting period, e.g. leased aircraft, sold or new aircraft.

Reasonable assurance also determines the depth of detail that a verifier includes in their verification plan to assess if the emissions report, baseline data and activity level data report or tonne-kilometre report is free from material misstatements. The verifier uses data sampling as part of detailed verification and this shall:

1) be representative of the full data universe including primary source data;

2) include horizontal and/or vertical data checks carried out by the verifier;

3) take account of the sampling regime of prior years' audits such that over a number of verification cycles all data streams, source streams or emission sources, baseline and activity data are included within substantive testing; and

4) be justified and detailed in the verification plan.

8.3.3.7 Site visit and assessment of source streams and emission sources

In relation to aircraft operators, completeness checks shall include use of air traffic data such as that from Eurocontrol. The European Commission Guidance, GD III and the associated Quick Guide for Small Emitters should be taken in to account.

8.3.3.8 Documentation of verification plan

The verification plan, including modifications and reasons for modifications in the verification plan, shall be documented in the internal verification documentation and shall subsequently be used during the process analysis.

8.4 Validation or verification

The Verification Body shall carry out the following activities at the verification assessment stage:

1) Process analysis (the main part of verification);

2) Completing the verification and findings.

Verification of GHG emissions and tonne-kilometre data does not include the concept of on-going surveillance as used in management system certification.

For guidance on the verification effort carried out by the same Verification Body for repeated years and the balance between simple and complex installation or aircraft operator's activities, see Annex C. Please note this annex does not relate to sampling between installations or

aircraft operators but to sampling within an installation or aircraft operator's activities and its data set.

8.4.1 Process Analysis (main part of verification)

Process analysis shall be performed according to AVR, Article 14 to 20. European Commission Guidance Document, KGN II.3 Process analysis, should also be taken into account.

8.4.2 Site visits

Unless a waiver has been applied or other requirements in the AVR, Articles 31 and 32 apply, the verification shall be performed on-site(s) to assess monitoring systems including the operation of meters, conduct interviews, and collect sufficient information and evidence according to AVR, Article 21. The European Commission Guidance Document, KGN II.5 Site visits during verification, should also be taken into account.

As all installations or aircraft operators have to submit their verified emissions or tonne-kilometre report by March 31st of the following year or earlier if required by the Competent Authority, the Verification Body should spread their verification work over the year to avoid pressure on completing the verification and formulating the verification report. The final data verification cannot be completed until all data are available, which will normally be the case as from January of the following year. However, data verification can be started as soon as some data are available. The strategic analysis and risk analysis provide input into the planning of the verification and will be laid down in the verification plan.

The Verification Body may decide between:

1) assessing separately and in advance whether the approved monitoring plan or monitoring methodology plan has been implemented correctly by the installation or aircraft operator and is up to date followed by a separate data verification, this may include a year to date assessment of data followed by a check after preparation of the emissions report or baseline data report by the end of the year; or

2) doing a combined verification (implementation of monitoring plan verification or monitoring methodology plan and data verification at the same time); or

3) combining verification of emission report, baseline data report and/or annual activity data report at the same time.

This decision shall be based upon a risk analysis, in which last year's verification results and actual information of the installation or aircraft operator activities are taken into account.

8.4.3 Other verification activities

The Verification Body may use spot-checks to sample individual records and emissions data during specific time periods of activities. Throughout the process analysis, the Verification Body should gather records that form part of an audit trail of objective evidence to support the findings.

For installations – sampling of data is permitted between the records of individual emissions source streams and material flows or within the boundary of an installation and the approved monitoring plan or monitoring methodology plan. All other sampling approaches do not extend to a data universe covering several installations, EU ETS permits or sites. An individual verification exercise is required in accordance with each EU ETS permit and the associated monitoring plan or monitoring methodology plan.

For aircraft operators – sampling of data is permitted within the records of emissions or tonne kilometre data from individual GHG sources within the boundary of an aircraft operator's activities and the approved monitoring plan. An individual verification exercise is required in accordance with each monitoring plan.

Sampling of data shall be according to AVR, Article 20. The European Commission Guidance, KGN II.4 Sampling, should also be taken into account.

In second and subsequent verification engagements, the findings from previous engagements should be taken into consideration in order to increase or decrease the level of verification effort afforded to individual sources or data or system, see Annex D.

The process analysis and supporting working documentation should ensure that any issues are identified that may impact on:

1) the materiality threshold;

2) a decision that there are misstatements and non-conformities.

Any misstatements or non-conformities identified must be corrected by the operator. These issues must be included in the internal verification documentation in accordance with Article 27 of the AVR. If the misstatements and non-conformities are not corrected before issuing the verification report, these must be reported in the verification report.

8.4.4 Verification process related to Scope 98

The EC Guidance Document 4 "Verification of FAR Baseline Data Reports, Annual Activity Level Data and validation of Monitoring Methodology Plans" (EC GD4) provides guidelines for verifications related to free allocation of allowances based on the new methodology for Phase 4 of the EU ETS (2021-2030) to include:

- Verification of NIMS baseline data report;
- Verification of new entrants' data;
- Verification of annual activity data.

The Verification Body carrying out such verification activities must be accredited against the scope 98 and in the scope(s) of the technical sector(s) related to the installation.
The verification process from pre-contract stage up to issuing of the verification report follows the same steps as required for verification of annual emission reports. The Verification Body shall adapt the verification process on all additional and different requirements for verifications related to free allocation of allowances as outlined in EC GD4.

8.4.5 Completing the verification and findings

In order to assess whether the verification risk is at an acceptably low level to obtain reasonable assurance the Verification Body should review the risk analysis to confirm whether the distribution of verification effort was appropriate and conclude on the impacts that this may have on the verification decision.

The process analysis is completed when all activities described in the verification plan have been carried out and when the completion, effectiveness and adequacy of corrective action or new information have been verified.

In developing its conclusion the Verification Body shall meet the requirements of EU ETS Directive Annex V point 11 and AVR, Article 27. The European Commission Guidance Document, KGN II.6 Verification report, should also be taken into account.

8.4.6 Misstatements and non-conformities

For an explanation on what constitutes a material misstatement and a non-conformity see Annex E and European Commission Guidance Documents, EGD I, Chapter 3 and KGN II.3 Process analysis.

When reporting during the verification process, the Verification Body shall request and allow the operator to correct rectifiable misstatements and non-conformities. This should be done as soon as possible so that the Verification Body is able to review the final changes before the deadline for submission of the report.

Misstatements and non-conformities that are solved by the time the Verification Bodies report is issued, at the latest before the deadline for submission of the emissions report, baseline data report, new entrant data report, annual activity level data report or tonne-kilometer report, shall be logged and documented in the internal verification documentation.

If misstatements or non-conformities cannot be or are not rectified at the latest by the deadline for the submission of the emissions report, baseline data report, new entrant data report, annual activity data report or tonne-kilometer report, which is subject to the date of signing off of the verification report, the Verification Body shall assess whether these misstatements are material or constitutes non-conformities. Material misstatements or non-conformities shall lead to a verification opinion in the verification report that the emissions report, baseline data report, new entrant data report, annual activity data report or tonne-kilometre report is not verified as satisfactory, see AVR, Article 27 (1)(b)-(e).

Note: If there has been no action by the operator, any sanction is the responsibility of the competent authority, and not that of the verifier.

The verifier should inform the operator regularly on the progress of the verification and the potential for any material misstatements or non-conformities that may result in an opinion stating not verified as satisfactory.

8.4.7 Verification Body reporting

At the end of the verification process the Verification Body shall prepare:

- internal verification documentation; (AVR, Article 26; European Commission Guidance Document, EGD I AVR Explanatory Guidance, Annex II); and

- a verification report addressed to the operator (AVR, Article 27; European Commission Guidance Document, KGN II.6 Verification report, and the template published by the European Commission).

8.4.8 Verification report

According to Annex V of the EU ETS Directive and AVR, Article 27 an emissions report, baseline data report, new entrant data report, annual activity data report or tonne-kilometre report can be verified as satisfactory when the data in the reports are free from material misstatements.

8.5 Review and issuance of validation or verification statement

8.5.1 The review process

The process of review serves four different functions:

1) the review function (to look for technical errors or omissions and to concur with the opinion reached, which requires comparable technical expertise to that of the EU ETS Lead auditor who is responsible for the final verification report);

2) a final check that the Verification Body has acted with due diligence and is aware of their duty of care to their client, including ensuring that the scope of work activities is consistent with the installation or aircraft operator's activities, control arrangements and the reasonable assurance requirements;

3) a final check to confirm whether the Verification Body has carried out the verification in accordance with the relevant requirements (EU ETS Directive, the AVR, MRR, FAR, national regulations, internal requirements, accreditation requirements); and

4) the proof reading function (to correct simple errors, number reversals, typographical mistakes and omissions, ensure consistency between the emissions report, tonne-kilometre report, baseline data report, new entrant data report, annual activity data report and the verification report).

The review should focus in particular on the following verification activities:

1) Appointment of the EU ETS Lead auditor and/or team – including competency evaluation;

2) Business risk evaluation – in particular the decision to accept the engagement and justification for the time allocation;

3) Strategic Analysis;

4) Risk Analysis;

5) Verification plan including data sample design where appropriate and justification thereof;

6) Verification assessment (process analysis) including modifications to the verification activities;

7) Completion of the internal verification documentation and the verification report ensuring the consistency of both, including the verification findings and conclusions;

8) Any issues raised by the Verification Body, particularly those that prohibit a satisfactory verification report;

9) Identified areas of improvement and follow up on such recommendations;

10) Misstatements and non-conformities that have been corrected by the deadline of the submission of the emissions report, tonne-kilometre report, baseline data report, new entrant data report or annual activity data report (subject to signing off the verification report) have been logged in the internal verification documentation and misstatements and non-conformities that are outstanding after the deadline have been recorded in the verification report;

11) Review of any remaining non-corrected misstatements and non-conformities, and the decision on whether they have material effect on reported data;

12) The justification for the decision to issue the verification report or to give a verification opinion that the emissions report, tonne-kilometre report, baseline data report, new entrant data report or annual activity data report is either verified as satisfactory or not verified due to reasons as specified in AVR, Article 27.

8.5.2 Entry of emission figure in registry

According to article 35 of the registry regulation the Verification Body may enter and/or approve the relevant entries into the EU ETS registry related to the final verified GHG emissions for the period in question and for the relevant activities. The option to input and/or to approve the entry depends on the way this is decided by the competent authority and implemented in national legislation.

8.6 Records

The information in the internal verification documentation shall contain the justification for judgements made by the Verification Body related to the decision on whether a nonconformity or misstatement has material effect on reported data or not and to substantiate that the verification process has been carried out effectively. The internal verification documentation shall provide the evidence upon which the verification report is based, as well as the basis for comments to the operator or aircraft operator, related to improvements in the operator's or aircraft operator's performance in monitoring and reporting emissions and tonne-kilometre.
Annex II in European Commission Guidance Document, EGD I, AVR Explanatory Guidance, describes what should at least form part of the internal verification documentation.

8.7 Facts discovered after the validation or verification statement

If the verification report requires revision, due to facts identified after the verification or as may be requested by the competent authority, the Verification Body shall implement processes to issue a revised verification report.

9. APPEALS

No additional requirements or guidance.

10. COMPLAINTS

Complaints received by the National Accreditation Body concerning the Verification Body have to be managed according to AVR Art. 62.

11. SPECIAL VALIDATIONS OR VERIFICATIONS

No additional requirements or guidance.

12. MANAGEMENT SYSTEM

The management system shall ensure the fulfilment of the specific requirements in the AVR (see also AVR Annex II). The European Commission guidance documents should be taken into account when establishing, maintaining and improving the management system.

For the general management system elements a level of implementation similar to the requirements in EN ISO/IEC 17021-1, clause 10.3 should be considered as sufficient.

The internal audit of the Verification Body should follow the guidelines of EN ISO 19011.

The Verification Body shall set up procedures for providing information required by the AVR, Article 77, to the National Accreditation Body that has accredited the Verification Body. The information should be provided by the use of the templates made available by the European Commission, see European Commission Guidance Document, KGN II.10 Information exchange.

ANNEX A – IMPARTIALITY AND INDEPENDENCE (NORMATIVE)

The Verification Body shall ensure that activities of other bodies do not affect the confidentiality, objectivity and impartiality of its verification. The Verification Body shall avoid any situation that would create a conflict of interest arising from the activity of any other body.
It shall not provide any consulting services or technical assistance where the financial dependency could compromise the impartiality of the verification activity.

Consultancy or technical assistance and verification shall not be marketed together. The consultancy or technical assistance body shall not state or imply that the verification would be simpler, easier, faster or less expensive if a specified verifier is used. The Verification Body activities shall not be marketed as linked with the activities of an organization that provides consultancy, engineering or any technical assistance related to GHG.

All verification personnel, either internal or external, or committees, which could influence the verification activities, shall act impartially and shall not allow commercial, financial or other pressures to compromise impartiality. The Verification Body shall have formal rules and/or contractual conditions to ensure that each team member acts in an impartial manner.
Verification Bodies shall use this information as input to identifying threats to impartiality raised by the activities of such personnel or by the organizations that employ them.

The informative Annex B to EN ISO 14065:2013 indicates the potential risks and safeguards to impartiality. In the framework of EU ETS, these are considered as guidelines with the same status as the guidelines of EA-6/03. The word “might” as used in the Annex B is equivalent to the word “should” in this Guideline.

ANNEX B – VERIFICATION PLAN – DETAILS (NORMATIVE)

Where relevant the following three factors have a major influence on the verification plan:

Computerised information systems:

Where the verification of data takes place within a computer information system the Verification Body should consider the following:

1) The operator's inherent risks to the completeness, consistency, reliability and accuracy of reported data from actual or potential failures in the computer information system (e.g. computer system failures resulting in a failure to collect data from automated monitoring equipment during the time of the system failure).

2) Potential software coding or scripting errors that may lead to misstatements or material misstatements in the reported data (e.g. the manual inputting of a function in a spreadsheet or a fundamental high-level programming code error that leads to an incorrect aggregate figure or an incorrect emissions factor/conversion).

3) Human errors in the computer information system (e.g. overwriting a spreadsheet containing last month's data with this month's data before backing up the data).

4) Where the computer information system is bespoke (non-standard) software it may be necessary to include specialist information technology/software engineering expertise within the verification team.

5) The prevailing information security environment within which the data is managed – breaches of information security may lead to failures or increased risk in the collation, transfer, processing, analysis, aggregation (or disaggregation) and storage reporting of data. Failures in information security may also arise from inadequate back-up procedures for data.

6) Proper use of the calculation formula and access control, the possibility of recovering data, continuity planning and security with respect to information technology.

The installation or aircraft operator's control environment:

Verification Bodies should obtain a sufficient understanding of the control environment and control system to assess management's awareness and actions regarding internal controls and their importance in the generation and reporting of emissions or tonne-kilometre information and conformity with permit, where applicable, and monitoring plan requirements.

When planning the verification, Verification Bodies should make enquiries of management to obtain an understanding of:

1) operator's risk assessment of inherent and control risks, misstatements in the annual emissions report, baseline data report or tonne-kilometre report and non-conformities

against the approved monitoring plan or monitoring methodology plan and the non-compliance with MRR or FAR;

2) the accounting and internal control systems management as well as other control activities referred to in MRR and FAR and the approved monitoring plan or monitoring methodology plan, that the operator or aircraft operator has put in place to address such inherent and control risks;

3) management's understanding of the implementation and maintenance of the accounting and internal control systems as well as other control activities as referred to in MRR or FAR and the approved monitoring plan or monitoring methodology plan to prevent and detect errors;

4) whether management has discovered any misstatements and non-conformities.

Using techniques such as enquiry, observation, inspection and analytical procedures, together with previous experience, the verifier obtains a sufficient understanding of the installation or aircraft operator's control environment to enable the verification plan to be developed and implemented. The Verification Body obtains an understanding of the installation or aircraft operator's:

- business structure;
- operating processes;
- personnel policies and practices;
- communication of information;
- computer information systems.

In order to be able to develop and implement the verification plan, the Verification Body should have an understanding of the control systems in the installation or aircraft operator and assess whether the control systems and related activities laid down in the approved monitoring plan or monitoring methodology plan have been implemented correctly and are functioning properly, in relation to the data flows and the generation of emission date, baseline data, new entrance data, annual activity data or tonne-kilometre data.

Neither the operator or aircraft operator nor the Verification Body should assume that adaptation and implementation of such systems can on their own merits minimise the various risks associated with the EU ETS verification. However, where the installation or aircraft operator has an environmental management system such as EN ISO 14001, EMAS or an equivalent system in place, this may make the gathering of material for verification within the EU ETS simpler, provided that the management system addresses all the issues associated with the data and information system for the EU ETS. The adaptation and implementation of a management system can help enhance as well as formalise the management, implementation and continuous improvements of the activities required to support the EU ETS permits, the MRR or FAR and other supporting requirements of the EU ETS.

The Verification Body shall address the procedures needed for monitoring and reporting of greenhouse gases and the correct application of these procedures, as identified in the approved monitoring plan, within the installation or aircraft operator's activities. In view of the

control environment and the control system the verification plan shall cover requirements in AVR, Article 13.

Conformity of the implementation of the approved monitoring plan:

The verifier shall check and confirm the correct implementation of the approved monitoring plan and associated EU ETS permit, where applicable, including the correct application of the monitoring methodology.

The Verification Body should therefore define the verification plan to include:

1) spreadsheets and calculation methods to ensure they are accurate and transparent and that they follow the methodology defined in the approved monitoring plan;

2) the source of external data such as emission factors and oxidation factors to ensure they are correct and correctly applied;

3) the type of metering upon which data gathering relies and whether the meter:

    a. has been included in the approved monitoring plan;

    b. conforms to the requirements (including uncertainty) specified in the approved monitoring plan;

    c. has current valid calibration status in line with the operators procedures on quality assurance of the measurement equipment and information technology used (if applicable). Where components of the measurement equipment cannot be calibrated and alternative control activities have been approved by the competent authority and detailed in the monitoring plan this should also be checked by the verifier;

4) the accuracy and applicability of the processing activities applied to primary data flows before they are put into intermediate data storage and processed for submission in the emissions report and tonne-kilometre report;

5) any changes to equipment maintenance and calibration regimes that may have a material effect on the reported data and emissions reports, and whether these impact upon conformity with the approved monitoring plan;

6) the documentation of the installation or aircraft operator's legal and operational structure and boundaries, including issues of ownership, mergers and acquisitions, outsourcing, dominant management control (over GHG emissions or removals) and contractual requirements and how they relate to the scope of the approved monitoring plan, reported data and emissions reports.

ANNEX C – VERIFICATION EFFORT ON REPEAT VERIFICATIONS (INFORMATIVE)

Do the same verification activities apply for every installation or aircraft operator?

Every installation or aircraft operator shall monitor its GHG emissions on the basis of the approved monitoring plan or monitoring methodology plan. The approved monitoring plan or monitoring methodology plan is specific to each installation or aircraft operator and shall, as required, be amended to reflect changing circumstances in accordance with MRR, Article 14 or FAR, Article 9.

To prevent relatively simple installations or aircraft operators from being subjected to a verification plan that is too rigorous, two provisions have been incorporated into this document:

1) The Verification Body shall check whether the approved monitoring plan or monitoring methodology plan was applied in the development of the emission, baseline data report or tonne-kilometre report. Relatively simple installations or aircraft operators will have a more simplified monitoring plan or monitoring methodology plan than complex installations or aircraft operators, resulting in a simpler verification process.

2) The Verification Body shall establish a verification plan for each installation or aircraft operator. This verification plan is drawn up on the basis of the strategic analysis and the risk analysis. In this way the verification process will fit the specific circumstances that apply to that installation or aircraft operator and will be carried out in an efficient and effective way.

Do the same verification activities apply for repeated years?

Verification processes within the same installation or for the same aircraft operator will vary from year to year dependent on factors such as:

1) Changes to the approved monitoring plan or monitoring methodology plan;

2) Changes at the installation or regarding an aircraft operator whether associated with its emission sources, material flows, source streams or data management system. This would include changes in personnel;

3) Strengthening or weakening of the data management system and other control activities to be implemented according to MRR, Articles 57 & 58 or FAR, Articles 8 & 11;

4) Findings from previous years.

To avoid duplicate work between years the following provisions have been built in to this document. They are only applicable when the same Verification Body carries out the verification assessment for the same installation or aircraft operator in the same Trading Period:

1) For both strategic analysis and risk analysis, the subsequent year's attention should be focused on changes and developments. This will depend on the changes and their impact. It may become necessary to repeat the full strategic analysis and risk analysis as the changes build up. The Verification Body should assess and justify whether last year's strategic analysis and risk analysis still apply or will need amending based on new circumstances.

2) The Verification Body will establish a verification plan for each year. This verification plan is drawn up on the basis of the reviewed and changed strategic analysis and risk analysis. In this way the verification process will fit the specific circumstances that apply to that installation or aircraft operator and will be carried out in an efficient and effective way.

3) The Verification Body will consider documented evidence and processes related to:

    a. strengthening of the data management system and other control activities to be implemented according to MRR, Articles 57 & 58 or FAR, Article 11;

    b. positive evidence that no changes have occurred.

These may reduce the sample size and if so the rationale for these changes should be documented clearly to facilitate internal and external review.

What happens if the verification is made by a new Verification Body / take over?

In cases where a verification contract is taken over during the Trading Period the considerations as listed above do not apply. The new Verification Body shall carry out the verification as if it is the first verification.

ANNEX D – FACTORS TO CONSIDER FOR TIME ALLOCATION AND DATA SAMPLING (NORMATIVE)

The Verification Body shall take the following factors into account when determining time allocation for a verification engagement in addition to AVR, Art. 9. The same factors shall at least apply when determining the extent of data sampling.

The following factors shall at least be taken into account:

1) the complexity of the installation or aircraft operator's activities;

2) the approved monitoring plan or methodology plan and its complexity;

3) the types and number of GHG sources and source streams;

4) the number of data parameters;

5) the size of the total data universe and the quantity of data to be checked including data that have not been processed for use (and going back to such data);

6) the accuracy of the procedures for data management and storage, validity of the sampling rates and whether emission data are missing due to equipment failure or malfunctioning;

7) the accounting system and its complexity;

8) the accuracy and completeness of the data acquisition and handling activities;

9) the robustness of the control activities as part of the control system that are implemented to mitigate inherent and control risks identified in the risk assessment to be performed by the operator;

10) the sampling size based on materiality, reasonable assurance, inherent risk, control risk and detection risk;

11) the competence of verifier personnel and the way they will be used during the verification engagement;

12) the transparency of the control system and the number of times humans have to handle the data;

13) the organization culture related to management and adherence to internal procedures and their correction;

14) the language relevant for the verification, the need for use of an interpreter;

15) the validation of computer managed interfaces and systems related to data;

16) the record keeping;

17) the internal review and validation of data (horizontal and vertical checks);

18) whether calculation factors are determined (emission factors, net calorific value, oxidation factor etc.), by the operator or by third parties (suppliers, external accredited/ non-accredited laboratories), or whether they have been based on default value.

For installations the following additional factors shall be taken into account:

1) application of a calculation method or measurement method (or a combination of the two) for determining the GHG emissions and/or material flows;

2) the types and number of emission sources and/or material flows where continuous measurement methods are applied;

3) the way the quantity of the source stream is determined (through assessment via stock changes or direct metered usage), the operator's own measurement or relying on supplier's data;

4) if the installation applies a fall back approach an assessment of the annual update of the uncertainty analysis that is part of verification according to MRR, Article 22;

5) the way in which the EU ETS emissions have been determined by continuous emission measurement if applied, including standards applicable, the measurement principle and parameters used;

6) the application of EN 14181 and other calibration requirements in case of CEMS.

For aviation the following additional factors shall be taken into account:

1) the completeness of the GHG sources;

2) if that aircraft operator has any data gaps;

3) the completeness of flight, emissions, activitiy and tonne-kilometre data;

4) the complexity of data for mass and balance;

5) the complexity of data for fuel consumption and purchased fuel;

6) the availability of external data sources to support the above.

ANNEX E – MISSTATEMENTS AND NON-CONFORMITIES (INFORMATIVE)

Misstatements and non-conformities

Misstatements relate to all information that an operator is required to submit in the annual emissions report or tonne kilometre report.

As non-conformities can have an effect on the total figures in the reports, non-conformities could have some overlap with misstatements irrespective of whether they have a material effect. A non-conformity is not dependant on the materiality threshold.

A material misstatement exists at least if the materiality thresholds defined in AVR, Article 23, have been exceeded.

Material misstatements are not solely linked to the materiality thresholds. In certain cases misstatements below the materiality threshold can be regarded as material misstatements, because they could change the judgement of the competent authority. In cases where this leads to a systematic underestimation of emissions or overestimation of tonne-kilometre data, even such small errors can be considered material. If an operator or aircraft operator refuses to correct detected and correctable errors, a Verification Body shall deliver a verification opinion that the emissions report, baseline data report, new entrant data report, annual activity data report or tonne-kilometre report is not verified as satisfactory, see AVR, Article 27.

The assessment whether a misstatement or a non-conformity has material implication is dependent on circumstances. It is difficult to determine beforehand what constitutes a non-conformity which impacts the reported data and leads to a material misstatement.

Depending on the circumstances, non-conformities could be:

1) incorrect calibration/failure to carry out calibration or maintenance that would have an impact on the emission data;

2) failure to apply corrections and corrective action when equipment does not function properly;

3) not performing an update of the uncertainty analysis in relation to the fall-back approach;

4) failure to install an appropriate measurement instrument in time;

5) failure to use the correct calculation formula;

6) failure to include sources, source streams and flights;

7) failure to use an accredited laboratory as laid down in the approved monitoring plan;

8) non-representative sampling for analyses.

Factors that can determine whether a misstatement or a non-conformity has material effect:

1) a misstatement exceeds the materiality threshold;

2) the aggregate of misstatements exceeds the materiality threshold;

3) whether the non-conformity or misstatement can be rectified. If the non-conformities and misstatements cannot be rectified in the short term or cannot be rectified at all, a Verification Body could consider this as a non-conformity or a material misstatement especially if this has an impact on the emission, baseline data report or tonne-kilometre data;

4) possibility of reoccurrence together with impact on emission, baseline data report, new entrant data report, annual activity data report or tonne-kilometre data;

5) duration of existence of that misstatement or non-conformity: i.e. a non-conformity in the quality assurance and control procedures has not been addressed for several years by the operator and has therefore grown into a misstatement or non-conformity that is no longer acceptable for the Verification Body since this could for example affect the emission report, baseline data report, new entrant data report, annual activity data report or tonne-kilometre data.

Responsibilities of the Verification Body with respect to misstatements and non-conformities

When verifying the emission report, baseline data report, new entrant data report, annual activity data report or tonne-kilometre report the Verification Body shall take the approved monitoring plan or monitoring methodology plan as a starting point and shall see whether there is an act or an omission of an act contrary to the approved monitoring plan or monitoring methodology plan.

However the Verification Body's main task is to check whether the data in the emissions, baseline data, new entrant, activity level or tonne-kilometre reports are correct. This derives from AVR, Article 7 according to which the objective of verification is to ensure that emissions or activity data have been monitored in accordance with the MRR or FAR and that reliable and correct data will be reported pursuant to Article 14(3) of the EU ETS Directive.

According to the AVR the Verification Body has the following responsibilities with respect to misstatements and non-conformities:

1) The Verification Body shall check whether the data in the reports have been determined as complying with the EU ETS permit, where applicable, and the approved monitoring plan. The omissions, misrepresentations and errors in the reports shall be considered as misstatements. Where a Verification Body has identified any non-compliance with the MRR or FAR, it must be reported in the verification report;

2) The Verification Body shall determine misstatements and non-conformities by assessing whether the monitoring plan or monitoring methodology plan has been

implemented to support the determination of non-conformities and see whether the monitoring plan or monitoring methodology plan is up to date. These could for example be:

a. not implementing procedures for the specific control activities (i.e. outsourced procedures);

b. not calibrating the measurement equipment.

3) The Verification Body shall identify an act or an omission of an act contrary to the approved monitoring plan or monitoring methodology plan and identify that as a non-conformity regardless of whether this has a material effect. These could for example concern:

a. the monitoring methodology used by the operator is not in line with the approved monitoring methodology laid down in the monitoring plan or monitoring methodology plan;

b. the incorrect implementation of the specific control activities.

4) If the Verification Body finds a situation which is not in line with the MRR or FAR and which has not been described in the approved monitoring plan or monitoring methodology plan, the operator must be informed and recommended to bring that situation in compliance with the MRR or FAR. This could be done by referring the operator to the Competent Authority and would be information upon which the operator can act to improve their monitoring and reporting of emissions, baseline data report, new entrant report, annual activity data report or tonne-kilometre data in the future. Any non-compliance with the MRR or FAR identified by the Verification Body must be included in the verification report. Furthermore the Verification Body is required to make recommendations for if the Verification Body has identified any areas of improvement in accordance with Article 30 of the AVR. Examples of such recommendations concern:

a. updating the monitoring plan as a result of a possible improvement to the approved tier level;

b. increased frequency of calibration of measurement equipment.

ANNEX F – APPROACH FOR ENSURING SCOPE COVERAGE IN WITNESSING AND FILE REVIEW PRACTICES FOR ASSESSING EU ETS VERIFICATION BODIES (NORMATIVE)

Introduction

The objective of this annex is to support a harmonized and consistent approach among National Accreditation Bodies for the selection of verifications for witnessing and file review throughout the accreditation cycle.

This approach is based on the AVR Art. 48, 50 and 51 and EN ISO/IEC 17011:2017, clauses 7.4, 7.6, 7.9 and 7.10.

Definitions

Accreditation Cycle:

According to EN ISO/IEC 17011:2017 clause 7.9.1 an accreditation cycle shall begin at or after the date of the decision for granting the initial accreditation or decision after reassessment and shall not be longer than five years. (Note: according to AVR Art. 50, the NAB shall carry out an annual surveillance of each verifier to which it has issued an accreditation certificate.)

Cluster:

A combination of Activity Groups (ref. AVR, Annex I), which have similar competence requirements. The clusters are further described in the section “Clustering of scope of accreditation".

Competence Assessment:

Activity performed by the NAB at the Verification Bodies premises (or remotely if appropriate), where competence is reviewed and assessed, e.g. through review of the competence evaluation records or interview of personnel involved.

File review:

Activity performed by the NAB at the Verification Bodies premises (or remotely if appropriate), where records and documents related to a specific verification activity including competence records for a lead auditor, auditor, expert or independent reviewer are reviewed and assessed. The file review should include an end-to-end review of all the internal documentation.

Witnessing:

Activity performed by a NAB to observe - without interfering - a verifier performing verification of emission reports, baseline data reports, new entrant reports, annual activity data reports and/or tonne-kilometre reports at the site of an Operator. Witnessing may include other

activities performed at the Verification Body's premises, such as interviews of staff explaining how the verification was performed and review of verification files.

General

The National Accreditation Body shall establish procedures on how to ensure coverage of the Activity Groups in the scope of accreditation by witnessing and file review. Witnessing shall include the performance and competence of a representative number of the Verification Body's staff. For this purpose, the NAB shall establish an assessment programme for each new applicant and each accredited Verification Body.

The assessment program shall be based on risk assessment according to EN ISO/IEC 17011 clause 7.9.3 and cover at least one witness assessment in each defined cluster (see section on Clustering of scope of accreditation) in the Verification Bodies scope of accreditation within one accreditation cycle. The selection and review of verification files shall complement the witnessing to ensure coverage of all Activity Groups within the scope and cycle of accreditation. The NAB may extend or intensify the witnessing and/or file reviewing above the defined cluster when verification activities within one or more Activity Group(s) has high relevance in regard of complexity, competence and/or scale/extend of emissions.

If this principle is not followed, the NAB shall justify and document its decision thereof.

Witnessing may need to be done in the second half of the reporting year as some installations have specific access restrictions, e.g. off shore or due to the size and complexity of the installation (see also 8.4.2).

Assessment program – criteria for witnessing and file review

The assessment program shall be prepared for each Verification Body to ensure witnessing and file review of a representative sample of the scope of accreditation and of the Verification Body's staff.

The following should at least be taken into consideration when establishing the assessment program:

- Verification Body's experience in EU ETS;
- Maturity of the Verification Body's management system;
- Activity Groups included in the scope of accreditation;
- Number of Verification Body's offices/sites;
- Number of installations/aircraft operators to be verified (number of clients/verified reports);
- Number of lead auditors, auditors, reviewers, experts of the Verification Body;

- Level of verification activity in other Member States;

- Complexity and scale of emissions of the installation/aircraft operators (mix of clients, e.g. small, medium or large emitters as well as few or several emission sources; large or small physical site);

- Operator's use of measurement – based methodology – CEMS;

- Feedback from Competent Authority.

Initial assessment

For the initial assessment, the NAB should perform at least one witness assessment in each defined cluster and a file review in each Activity Group in the scope applied before granting accreditation. If these conditions cannot be met for each Activity Group applied for, e.g. because the Verification Body does not have any clients yet, the NAB may decide to grant accreditation after an office assessment, without the appropriate witness assessment and file review(s) but including competence assessment, under the following additional conditions:

- the Verification Body is required to notify the NAB of all verification activities, with sufficient notice such that the NAB is in the position to witness the first (or one of the first) verification activity of the Verification Body for each cluster and perform a file review for the other Activity group applied for,

- non-conformities identified during the first witness assessment may be a reason for the NAB to initiate suspension or a withdrawal of the accreditation.

Verification of baseline data reports, new entrants data reports and annual activity data reports require accreditation including witnessing in Activity Group 98.

Surveillance

The witness assessments during an accreditation cycle shall at least cover the clusters included in the scope of accreditation. The number and assignment of witness assessments should be based on the assessment program.

During the office assessment at the Verification Body's premises, the NAB shall perform at least one file review for each Activity Group covered by the scope of accreditation throughout the accreditation cycle.

At least one file review shall be performed annually for Activity Group 1a or 1b when part of scope of accreditation.

When applicable, installations using CEMS shall be included in the witnessing program at least once per accreditation cycle.

Reassessment

During the reassessment it shall be confirmed that all clusters within the accredited scope have been witnessed and all Activity Groups have been assessed by file review in the accreditation cycle.

At least one witness shall be performed in one of the technical Activity Groups 1-12. The determination of number and type of witness on-site for the reassessment shall be based on the results from witness activities in the accreditation cycle and the factors to consider when planning and selecting files for review and witness – see above.

The reassessment planning shall consider the requirements of AVR Art. 51 (2).

Extension of the scope of accreditation

Next to other regular assessment topics, for each extension of scope of accreditation into a new Activity Group, the Verification Body's competence shall be documented and the NAB shall perform at least one file review. If the extension of scope of accreditation is part of a new Cluster, a witness assessment shall be performed.
When a witness assessment or file review is not possible, the provisions under "Initial assessment" apply in a similar manner.

No more activity in the scope of accreditation

Verifiers shall be able to demonstrate competence for all Activity Groups included in their scope of accreditation. In case no verification has been performed in one Activity Group, the NAB shall decide to suspend, withdraw or not to grant that Activity Group latest during the reassessment activities, unless the verifier is able to demonstrate continued applied competence in an equivalent way (e.g. through related accreditation with a similar scope).

Clusters of Activity Groups (AVR Annex I)

Clusters for Activity Groups and Sub-Groups used for selection of witnessing and file review

Cluster	Activity Groups	Scope of accreditation / Sub-Groups
A	1a, 1b, 7	- Combustion of fuels in installations, where only commercial standard fuels as defined in (EU) No 2018/2066 are used, or where natural gas is used in category A or B installations. - Combustion of fuels in installations, without restrictions - Production of pulp from timber or other fibrous materials - Production of paper or cardboard
B	6	- Production of cement clinker - Production of lime or calcination of dolomite or magnesite - Manufacture of glass including glass fibre - Manufacture of ceramic products by firing - Manufacture of mineral wool insulation material - Drying or calcination of gypsum or production of plaster boards and other gypsum products
C	2, 8	- Refining of mineral oil - Production of carbon black - Production of ammonia - Production of bulk organic chemicals by cracking, reforming, partial or full oxidation or by similar processes - Production of hydrogen (H_2) and synthesis gas by reforming or partial oxidation - Production of soda ash (Na_2CO_3) and sodium bicarbonate ($NaHCO_3$)
D	3, 4, 5	- Production of coke - Metal ore (including sulphide ore) roasting or sintering, including pelletisation - Production of pig iron or steel (primary or secondary fusion) including continuous casting - Production or processing of ferrous metals (including ferro-alloys) - Production of secondary aluminium - Production or processing of non-ferrous metals, including production of alloys - Production of primary aluminium (CO_2 and PFC emissions)
E	9	- Production of nitric acid (CO_2 and N_2O emissions) - Production of adipic acid (CO_2 and N_2O emissions) - Production of glyoxal and glyoxylic acid (CO_2 and N_2O emissions)
F	10, 11	- Capture of greenhouse gases from installations covered by Directive 2003/87/EC for the purpose of transport and geological storage in a storage site permitted under Directive 2009/31/EC - Transport of greenhouse gases by pipelines for geological storage in a storage site permitted under Directive 2009/31/EC - Geological storage of greenhouse gases in a storage site permitted under Directive 2009/31/EC
G	12	Aviation activities (emissions and tonne-kilometre data)
H	98	Other activities pursuant to Article 10a of Directive 2003/87/EC
I	99	Other activities, included by a Member State pursuant to Article 24 of Directive 2003/87/EC, to be specified in detail in the accreditation certificate (Witness or file review to be decided on case by case basis)

ANNEX G – REFERENCES (INFORMATIVE)

EN ISO 14065:2013 (ISO 14065:2013)
Greenhouse gases - Requirements for greenhouse gas validation and Verification Bodies for use in accreditation or other forms of recognition

ISO 14066:2011 Greenhouse gases – Competence requirements for greenhouse gas validation teams and verification teams

IAF MD 6:2014 IAF Mandatory Document for the application of ISO 14065:2013

EN ISO/IEC 17021-1:2015 – Conformity assessment – Requirements for bodies providing audit and certification of management systems

EN ISO 9001:2015 Quality management systems — Requirements (ISO 9001:2015)

EN ISO 14001:2015 Environmental management systems — Requirements with guidance for use (ISO 14001:2015)

REGULATION (EC) No 1221/2009 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 November 2009 allowing voluntary participation by organisations in a Community eco-management and audit scheme (EMAS)

EN ISO 19011:2011 Guidelines for quality and/or environmental management systems auditing (ISO 19011:2011)

EN 14181:2014
Stationary source emissions. Quality assurance of automated measuring systems

ISO 14956:2002
Air quality -- Evaluation of the suitability of a measurement procedure by comparison with a required measurement uncertainty

EN ISO/IEC 17011:2017 Conformity assessment – requirements for National Accreditation Bodies accrediting conformity assessment bodies

AVR - European Commission implemented Regulation (EU) 2018/2067 of 19 December 2018 on the verification of data and on the accreditation of verifiers pursuant to Directive 2003/87/EC of the European Parliament and of the Council

MRR - European Commission implemented Regulation (EU) 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 European Commission Regulation (EU) No 601/2012

FAR - European Commission delegated Regulation (EU) 2019/331 of 19 December 2018 determining transitional Union-wide rules for harmonised free allocation of emission

allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council
European Commission Implementing Regulation (EU) 2019/1842 of 31 October 2019 laying down rules for the application of Directive 2003/87/EC of the European Parliament and of the Council as regards further arrangements for the adjustments to free allocation of emission allowances due to activity level changes.

For updated **guidance documents** developed by the European Commission, refer to DG CLIMA website:

https://ec.europa.eu/clima/policies/ets/monitoring_en#tab-0-1

EGD I AVR Explanatory Guidance
MRR 1 General guidance for installations
GD III Aviation verification guidance
GD IV Verification of Baseline Data Reports

Key Guidance Notes (KGN):

KGN II.1 Scope of verification
KGN II.2 Verifiers risk analysis
KGN II.3 Process analysis
KGN II.4 Sampling
KGN II.5 Site visits during verification
KGN II.6 Verification report
KGN II.7 Competence of verifiers
KGN II.8 Relation AVR and EN ISO 14065
KGN II.9 Relation AVR and EN ISO/IEC 17011
KGN II.10 Information exchange
KGN II.12 Time Allocation