

EU ETS Heads-Up for data centres

The Knights who say NIMS

UPDATED MAY 2019

Operators of EU ETS installations will have seen the NIMS data collection request for free allocations for Phase IV of EU ETS. We attended a government webinar to understand the implications for operators and held a very useful follow up call with the EA Permitting lead last week.

Important: Do not ignore this request. Although electricity generating plant is not eligible for free allowances, so the NIMS exercise looks pointless at first glance, you **MUST** complete the NIMS data collection exercise by **30th JUNE** (extended from 30th May) if you wish your installation to be classified as an ultra-low emitter.

You may be aware that the proposed rules for EUETS Phase IV (2021-2030) and specifically 'Article 27a' will "exempt" ultra-low emitters from EU ETS. However, there are some very large caveats. Firstly, 27a does not exempt operators from the scheme itself. Secondly, we may never be part of EU ETS Phase IV so it may never apply. Thirdly if you miss the 30 June window you also miss the opportunity to apply for exemption (and will then be fully obliged under Phase IV). Fourthly, the UK has not yet decided how it will implement 27a, so we don't yet know the implications for operators.

If we're in Phase IV of EUETS then qualifying sites will still need to register, monitor, and may still need permits (you may well ask what the purpose of Article 27a is and you would have a point).

What you need to do:

So, to keep your options open you **MUST** complete worksheet A and worksheet D table I.2 of the NIMS Baseline Data Template. By doing this you are registering the address of the installation and declaring that you consider yourself eligible for Article 27a (exemption as an ultra-low emitter) and provide figures for at least the last three years of emissions (they will shortly clarify exactly what they need). They expect this to be relatively straightforward because most sites will have emissions data for that period. **HOWEVER** they require that data is **VERIFIED** and not all sites will have verified data for all three years. If you are in this category please get in touch as soon as possible as we are lobbying BEIS to ensure that such sites can be deemed eligible. See below for an extract of the table showing which forms you need to complete. The NIMS baseline data template is also provided as a separate excel spreadsheet and online [here](#).

By 30th September BEIS will list all ETS installations as of 30 June, specifying which are electricity generators, which are covered by Article 27 and which by Article 27a. That list will go forward to the Commission and be in place for the next 5 years. Any sites not part of EU ETS by 30th June 2019 that subsequently meet the ETS threshold will be obliged under the full scheme for Phase IV.

There is also a dedicated ETS Phase IV helpline: ETSPHaseIVHelp@environment-agency.gov.uk

Guidance, data collection template and the Data Collection webinar are now available online via the following link: <https://www.sepa.org.uk/regulations/climate-change/eu-emissions-trading-system/>

Phase IV / Linked ETS Consultation Imminent

The Government's preferred position is to stay in the EUETS as part of a Brexit deal, but they are also evaluating other options. BEIS will be issuing a formal consultation on a linked ETS and post Brexit carbon policy options at the end of April. We will be particularly interested in the treatment of ultra-low emitters. We will push very hard for a pragmatic approach and we will also compare notes with other nation states on implementation of Article 27a.

We have arranged a sector level meeting with BEIS to discuss the proposals and their implications on **the morning of Friday 21st June**.

Extract from EA guidance

Note that the form that Article 27a (treatment of small emitters) will take is subject to consultation.

Please note that any Article 27 and 27a policy at this moment is provisional and may change, including as a result of stakeholder responses to the public consultation. Any such schemes would also ultimately be subject to Commission approval.

It is for each operator to decide whether to participate in the 2019 NIMs data collection exercise, taking into account the consequences of not submitting an application on time (e.g. ineligibility for free allocation).

Type of EU ETS operator	NIMs baseline report	Monitoring methodology plan (MMP)	Verification report with positive opinion	Supporting evidence for MMP	Deadline for submissions
Electricity generator	Sheet A only	No	No	No	30 May 2019
Article 27a	Sheet A and D.1.2	No*	No*	No*	30 May 2019
Article 27	Sheet A and D.1.2	No*	No*	No*	30 May 2019
Operators not applying for a free allocation	Sheet A only	No*	No*	No*	30 May 2019
Eligible operators applying for a free allocation of allowances	All sheets except B+C	Yes	Yes	Yes	30 May 2019
Operators who obtained a permit before 30 June 2019 but have not operated in the baseline period	Sheet A	Yes	No	Yes	30 May 2019

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