

Explanation of the corrections still needed to some allocations in the NIMs from Latvia

Installation #114

Determination of the start of normal operations and use of the experimental verification:

According to that answer, the installation concerned by the application of the experimental verification for the determination of the capacity had the start of normal operations on 1st March 2011.

Nevertheless, the start of normal operation should be determined as the first day of the earliest continuous 90 days period during which the activity level – aggregated over the 90 days period – is at least 40% of the design capacity. The continuous 90 days period is to be understood as period of 90 consecutive days in which the whole installation operated each day. In case the sector's usual production cycle does not foresee such continuous 90 days periods, the sector-specific production cycles are added to a 90 days period.

In the answer by Latvia it's reported that the installation encountered several serious technical problems and that 'it was not operated 33% of the working hours in 2011 (till 30/06/2011)', meaning that, the conditions to set the start of normal operations of the installation could even not be satisfied (90 day period at average 40% of the design capacity). It is recommended to double check this with the operator and we would like to ask for the data on which the date of 1st March 2011 was determined.

Furthermore, concerning the determination of the capacity for the installations operating less than two calendar years, it is worth reminding that the initial installed capacity is determined based on the two highest monthly activity volumes when data for the two highest monthly activity levels are available. Only if data are not available, meaning not existing, the experimental verification can be applied. Therefore, we would require the production levels of the months as of 1 March 2011 to 30 September 2011 for the installation concerned in order to assess the case with further detail.

Split in sub-installations:

According to the harmonised allocation rules and to the definition of the grey cement clinker benchmark '*all processes directly or indirectly linked to the production of grey cement clinker are included*' are covered by the system boundaries of the grey clinker product BM. '

This implies that, following the answer provided by Latvia, inputs, outputs and emissions pertaining to the clay drying kiln as well as to the raw materials mill are to be considered as included within the boundaries of the product benchmark sub-installation. The same could be argued also for the finishing/blending treatments for cement but the answer provided does not allow having a conclusive position on this. Please provide more information on the 'cement mill' processes in order to allow an in-depth assessment of this.

Installations #30, #32, #98, #83, #104, #108

'Hierarchical order' in sub-installation splitting:

According to the harmonised allocation rules, measurable heat is defined as '*a net heat flow transported through identifiable pipelines or ducts using a heat transfer medium, [...] for which a heat meter is or could be installed*'. This implies that, despite the presence of a heat meter, whenever a measurable heat flow can be identified, then a heat benchmark sub-installation is to be defined in order to follow the correct hierarchical order in the definition

of the sub-installations of an installation. Therefore, all the allocations of the identified sub-installations shall be corrected to bring them in line with the harmonised allocation rules.

If this will not be done, the Commission will evaluate a conservative estimation of the allocation based on Article 7.8 of Commission Decision 2011/278/EU.

Installations #65

The installation was selected for the specific assessment and, still, looking at the difference between allocation and historical verified emissions, the documents provided do not enable us to fully justify such difference. We see the need to provide a sound justification of the choice of the product benchmark, as well as a justification of the defined activity levels (was it hot metal? Which documents were used to prove that?) on the way sub-installations were split, if and which technical connections the installation has. Please, provide that justification.

Furthermore, based on the harmonised allocation rules, *'all processes directly and indirectly linked to the process units [...]'* involved in the production of the relevant product (in this case hot metal) are covered by the system boundaries of the product BM. Therefore as also highlighted in the Q&A document (Q&A 4.6) the emissions deriving from the use of limestone in the blast furnace have been taken into account in the hot metal benchmark, therefore they should not be allocated via process emission sub as this would lead to double counting. The allocation of the installation shall therefore be corrected taking out the process emission sub.

Finally, a question for clarification: based on the methodology report of the installation it was not possible to understand why the installation lists also a fuel benchmark sub-installation. Please, check this out with the operator and the verifier and provide a justification for the presence of such sub-installation.

Installations #69

The explanation provided in the answers from Latvia can be accepted even though still one correction should be made. It is true that the significant reduction occurs and it actually brings to zero the activity level of the sub-installation. As one of the requirements of harmonised the allocation rules is to ensure that no overlap between sub-installations takes place and to avoid double accounting (Art. 7.7, 8.5 and 10.8), as the fuel was completely diverted to the Keratem Blocks production, if the product benchmark sub-installation still gets allocation there's the risk of overlapping between sub-installations and double counting of emissions. Therefore, the explanation is acceptable but the installation should receive '0' allocation for what concerns the product BM sub-installation.

Installations for which clarification is needed:

Installation #59 sub 1:

Lime PRODCOM is indicated but dolime product BM used. As the difference between the values of the lime and dolime benchmarks is substantial, it is necessary to where it is clarified and proven by the operator and verified by the verifier that the installation only produces dolime and not lime, the PRODCOM that should be indicated is 14.12.20.50. Please provide evidence of the explanations from the operator and the verifier that give certainty on this element.

Installation #59 sub 11:

The explanation provided by the Latvian authorities refers to the production of fertilisers and it's not clear how the two production processes occurring in the installation can be seen as complementary. Therefore, we would like to ask a bit more of the production processes carried out and a more detailed explanation of why a heat benchmark sub-installation is defined.

Installation #104 (sub 14):

i. The presence of the fuel benchmark sub should be justified. In the letter it's stated that this sub-installation refers to products not covered by the product BM definition. Which are those products? Is their production linked to the production of the main product of the installation? If yes, how? Please provide for more information in order to understand whether the split into sub-installation was done properly.

ii. Moreover, the letter states that a fuel benchmark sub-installation was defined as the heat is not measured for that installation. Actually, as explained in the attachment, this is not in line with the harmonised allocation rules (please refer to the attachment)

Installation #96 sub 13

The changes proposed to installation #96 sub 13 are not clear and should be further explained.

Installation #6 (sub12):

based on the explanation provided, it is not clear whether the operator, even though it did make a physical change, was able to exploit it or not due to several reasons (warm winters, decrease of centralised heating users.) If the capacity level after the change proved that the thresholds referred to in Article 3 (i) of the harmonised allocation rules are reached then the installation can be considered as having had a significant capacity increase and the correction made appears to be appropriate. If those thresholds were not exceeded, the operator will be entitled to apply for a free allocation when the activity levels will enable it to exceed the thresholds but the allocation in the NIMs should not take that into account now.