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Directorate B – Carbon Markets & Clean Mobility

Guidance Document

The Accreditation and Verification Regulation - ETS2 Verification Guidance

AVR Guidance on ETS 2, Final Version, June 2025

This document is part of a series of documents and templates provided by the Commission services for supporting the implementation of Commission Implementing Regulation (EU) No. 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.

The guidance represents the views of the Commission services at the time of publication. It is not legally binding.

This guidance document takes into account the discussions within the meetings of the Commission expert group on climate change policy (CEG) ETS2 implementation formation and the informal Technical Working Group on MRVA (Monitoring, Reporting, Verification and Accreditation) under the Working Group III (WGIII) of the Climate Change Committee (CCC).

All ETS2 guidance documents and templates can be downloaded from the documentation section of the Commission's website at the following address:

https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/ets2-buildings-road-transport-and-additional-sectors_en

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1 Introduction

The 2023 revision of the EU ETS Directive¹ introduced a separate Emissions Trading System for buildings, road transport and additional sectors, also called ETS2.

As with any emissions trading system, monitoring, reporting and independent third-party verification is essential for obtaining accurate data on emissions that are used to determine the number of emissions allowances that have to be surrendered. Article 30f of the EU ETS Directive declares that Article 14 and 15 of that Directive apply equally to ETS2. As a result, both the EU ETS Monitoring and Reporting Regulation² (MRR) and the Accreditation and Verification Regulation³ (AVR) were updated to cover monitoring and reporting requirements for regulated entities, the verification of emissions reports of those entities and accreditation of verifiers carrying out such verification.

This guidance is part of a suite of guidance documents developed by the Commission services to explain the requirements in the EU ETS AVR. The suite of guidance documents supports harmonised interpretation of the requirements by Member States and consists of:

- an explanatory guidance on the articles of the AVR (EGD I), including a user manual providing an overview of the guidance documents and their interrelationship with the relevant legislation;
- this guidance on ETS2 verification and accreditation of ETS2 verifiers (ETS2 AV Guidance);
- key guidance notes (KGN II) on specific verification and accreditation issues;
- templates for verification reports related to emissions reports from EU ETS installations, aviation and ETS2 regulated entities;
- templates for the required information exchange between national accreditation bodies and competent authorities;
- exemplars consisting of filled-in templates, checklists or specific examples in the explanatory guidance or key guidance notes;
- frequently asked questions.

This ETS2 AV guidance is intended for verifiers, competent authorities, accreditation bodies, national authorities, regulated entities and other relevant parties to increase their understanding of what activities are carried out during verification of ETS2 emissions reports. Where this supports understanding and clarification of concepts and requirements, examples have been included in the text. Hyperlinks are used throughout the document to guide readers more easily through the document and to direct them quickly to a particular example or more



¹ Directive 2003/87/EC of the European Parliament and the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC: [EUR-Lex - 02003L0087-20240301 - EN - EUR-Lex](#)

² Commission Implementing Regulation (EU) No 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 Commission Regulation (EU) No 601/2012: [EUR-Lex - 02018R2066-20250101 - EN - EUR-Lex](#)

³ Commission Implementing 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: [EUR-Lex - 02018R2067-20250101 - EN - EUR-Lex](#)

detailed text in the annexes. This guidance document represents the views of the Commission services at the time of publication. It is not legally binding.

Some requirements in the AVR are equally applicable to both EU ETS and ETS2. For example, accreditation of verifiers active in ETS2 verification follows the same steps as accreditation of verifiers carrying out EU ETS verification. Readers that are interested in detailed guidance on accreditation and supervision of verifiers and accreditation bodies are recommended to look at explanatory guidance on EU ETS verification (EGD1). Furthermore, at several points in the guidance reference is made to specific key guidance notes that provide a more in-depth explanation of the subject concerned.

How to read this Explanatory Guidance?

This guidance is structured as follows:

Chapter 2 explains the objectives and main concepts of the AVR related to ETS2 verification. It also outlines the roles and responsibilities of the different parties involved in ETS2, and describes the interrelationship between the AVR and other legislation, harmonised standards and the suite of guidance documents. It also provides a user manual to all the guidance documents, templates and exemplars developed to support a common interpretation.

Chapter 3 provides clarification on the requirements related to verification and its main principles. This chapter further elaborates on the different elements of the verification process, the risks to be managed and the various steps to be followed during verification. It also outlines what activities must be carried out when issues are identified during verification and cannot be resolved before the verification report is issued. For detailed guidance on specific verification issues reference is made to other Key Guidance notes.

Chapter 4 contains guidance on how a verifier deals with ETS2 specific monitoring and reporting issues such as the checking the regulated entity's evidence in determining the scope factor, how to check the data flow and control activities, how to check the completeness of fuel streams and how to check the regulated entity's evidence of avoiding double counting between EU ETS and ETS2.

Chapter 5 explains the situations that may lead to a simpler verification (regulated entities with low emissions and regulated entities with simplified monitoring processes).

Chapter 6 highlights requirements related to verifiers. It explains the main concepts of the competence process, competence requirements, the impartiality and independence requirements, and requirements on documentation and procedures to be established by verifiers. Guidance on specific competence criteria for ETS2 verifiers and (lead) auditors are included in Annex IV.

Chapter 7 provides a short explanation on what specific accreditation is needed for ETS2 verification. For explanation on the accreditation process and supervision of verifiers itself reference is made to Chapter 6 of the Explanatory Guidance on verification ([EGD1](#)).

Chapter 8 outlines the requirements that are applicable to national accreditation bodies (NABs) and competent authorities (CAs): NABs procedural requirements, monitoring of NABs, mutual acceptance of verifiers across borders and the exchange of information between CAs and NABs. For more detailed guidance reference is made to Chapter 7, 8, 9 and 10 of the Explanatory Guidance on verification ([EGD1](#)).

Annex I shows a timeline for the verification of regulated entity's reports.

Annex II provides more information on the content of an internal verification documentation in which the verifier records all information related to the verification and activities carried out by the verifier.

Annex III outlines examples of factors that play a role in the strategic analysis at the start of the verification.




Annex IV explains the ETS2 specific competence criteria that are applicable to the verification team, the lead auditor, the auditor and independent reviewer.

Annex V provides a detailed roadmap of the Articles in the AVR and the guidance material where more information can be found to interpret a particular Article in the AVR.

Annex VI contains a full list of relevant legislation and guidance material with links to these documents.

Annex VII provides a list of acronyms.

Throughout the text of this guidance, certain symbols have been inserted to highlight new concepts or certain situations. The following symbols have been used.

	This symbol means that the reader should pay specific attention to the requirement or issue mentioned in the text.
	This symbol means the requirement or issue is ETS2 specific.
	This symbol highlights simplified verification procedures for regulated entities with simple monitoring methodologies.

2 ETS2 AVR concepts and guidance material

The MRR and the AVR have direct legal effect in Member States. This means that the regulations do not require transposition and implementation in national legislation since their provisions apply directly to regulated entities, verifiers, accreditation bodies and other parties mentioned in ETS2 specific requirements in the MRR and the AVR. Section 2.1 defines the roles and responsibilities of these different parties in the ETS compliance chain. In section 2.2 information is provided on where to find more guidance on the ETS2 requirements in the MRR and how these requirements impact verification. Section 2.3 includes information on ETS2 specific requirements and their impact on verification.

2.1 Roles and responsibilities of the parties in ETS2

The compliance chain and the roles and responsibilities of each party involved in ETS2 can be summarised by the following figure.

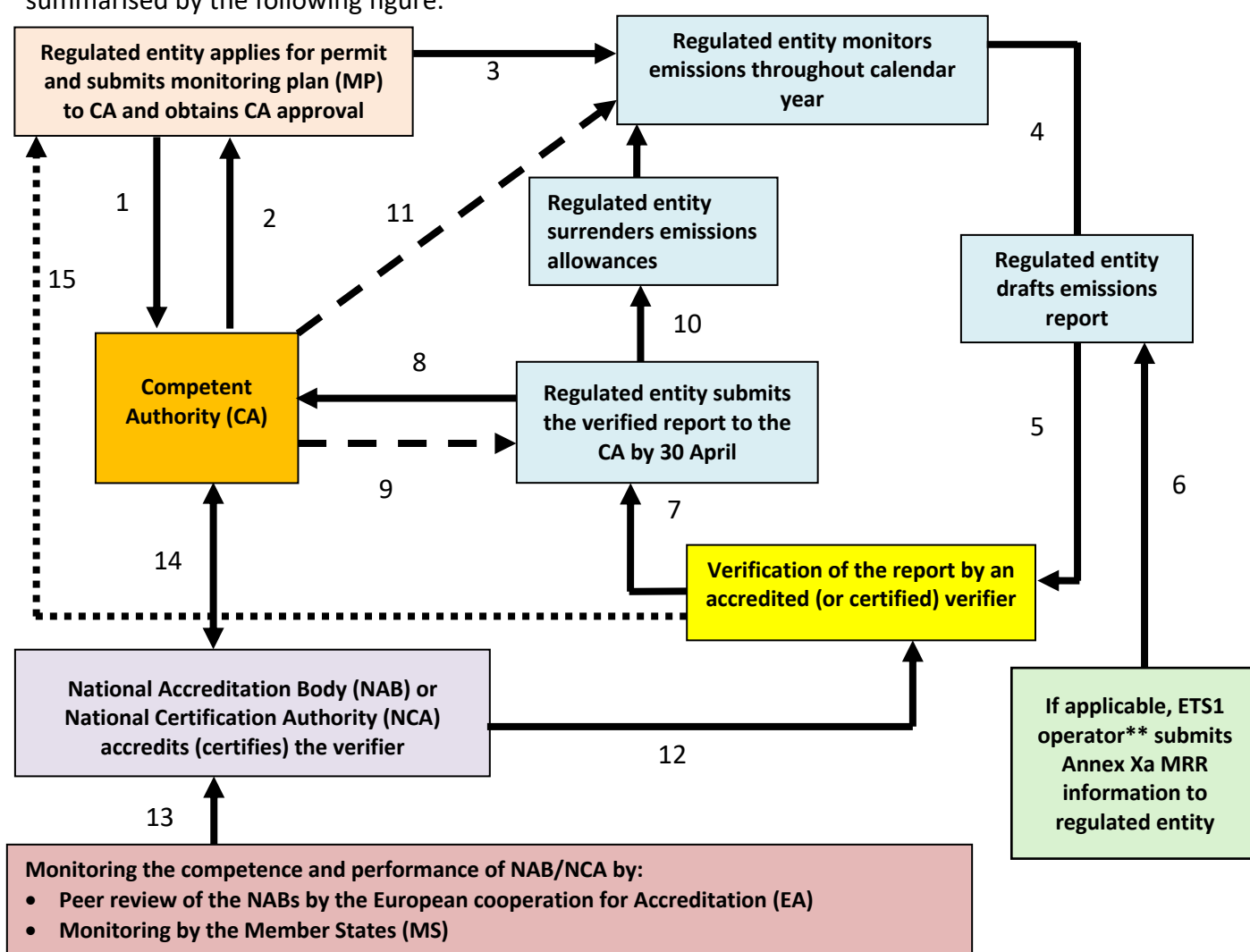


Figure 1 ETS2 Compliance Chain and the roles of parties involved

**** Member States may require ETS1 operators to submit Annex Xa MRR information to the regulated entity**

The compliance chain starts with the regulated entity applying for a permit from the Competent Authority (CA) and submitting a draft monitoring plan to the CA for approval. The monitoring plan is part of the permit which the regulated entity must have in accordance with

Article 30b of the EU ETS Directive. Without such a permit regulated entities are not authorised to release fuels for combustion in buildings, road transport and additional sectors as specified in Annex III of the EU ETS Directive (**arrow 1**). If the MP meets the requirements of the MRR, the CA approves the MP (**arrow 2**). Throughout the whole calendar year the regulated entity must subsequently monitor fuel amounts released for consumption in the Annex III sector activities, and their related emissions, in accordance with the approved MP and the MRR (**arrow 3**). At the end of the calendar year, the regulated entity has to draft an emissions report that meets the requirements of Annex X and Annex Xb of the MRR (**arrow 4**).

To avoid double counting of fuels released for consumption in the ETS1 installations, ETS1 operators (installations)⁴ have to include in their emissions report information on the fuel quantities that these installations obtained from fuel suppliers and subsequently use in the reporting period within their permitted installation. This information is required by Annex Xa of the MRR and MS can require ETS1 operators to submit this information to the regulated entity so that they can determine how much they have to subtract from the total fuel quantities released for consumption. All fuel quantities used by the ETS1 operator for activities listed in Annex I of the EU ETS Directive must be excluded from the total fuel quantities released for consumption to avoid double counting between ETS1 and ETS2. More information on double counting is provided in section 4.4 (**arrow 5**). The report of the regulated entity must be verified (**arrow 6**).

Verification involves an independent assessment of the way the MP has been implemented and of the data sources that have been used to collect, process and collate the data in the regulated entity's report. Verification is an essential instrument in providing confidence to the CA and other relevant parties that the report submitted to the CA, represents a faithful, true and fair account of the emissions.

Both Article 15 and Annex V of the EU ETS Directive and the AVR require verification to be carried out by an accredited **verifier**. Such a verifier is:

- a legal entity or legal person accredited by a national accreditation body (NAB). The verifier could, for example, be an enterprise with multiple persons and/or departments or an enterprise that is privately owned by a single individual;⁵
- a natural person that is certified by a National Certification Authority (NCA) according to the requirements of the AVR, if a Member State has decided to set up a certification system. In that case, the natural person shall not be a legal entity or part of a legal entity. There are currently no natural persons certified by an NCA in Europe. All verifiers are accredited by a NAB according to the AVR.

Art. 46
AVR

Accreditation involves an independent assessment by the NAB of whether the verifier has the competence to carry out verification, whether it can perform verification in line with the AVR, and whether it meets the requirements in Chapter III of the AVR (**arrow 12**). The accreditation process concludes with a decision on whether the verifier can be granted accreditation and is thus allowed to perform verification of annual emissions reports.⁶ After accreditation has



⁴ Member States may also require aircraft operators or shipping companies to include Annex Xa information in their emissions report.

⁵ The national law of the Member State in which the legal person or legal entity has its registered office or permanent business establishment provides information on what constitutes a legal person or legal entity.

⁶ A verifier issuing a verification report to a regulated entity shall be accredited for carrying out the verification of a regulated entity's report.

been granted the verifier is to be continuously monitored by the NAB through annual surveillance and a reassessment before the accreditation certificate expires.

Certification involves a similar independent assessment of the verifier by the NCA and is only allowed for natural persons intending to carry out verification activities (**arrow 12**).⁷ Legal entities or legal persons cannot apply for certification. The same AVR requirements that apply to accreditation and monitoring of verifiers are applicable to certification and monitoring of natural person verifiers by the NCA.

The verifier carries out the various activities required by the AVR to check implementation of the MP and the data in the regulated entity's report. Once the verifier has concluded on the verification, it issues a verification report to the regulated entity stating whether the regulated entity's report was verified as satisfactory or not satisfactory (**arrow 7**). Before, or at the latest on the 30th of April of each year, the regulated entity must submit both the emissions report and the corresponding verification report to the CA (**arrow 8**).⁸

The CA is ultimately responsible for a well-functioning EU ETS compliance chain (**arrow 9**). If the regulated entity's report is not verified as satisfactory, the CA must undertake action (i.e. making a conservative estimation of the emissions data and taking enforcement action). The requirement for the CA to conservatively estimate the emissions also applies if there is no verified emissions report or CA's spot checks on the emissions report show that the emissions report has not been verified by a properly accredited or certified verifier or if the verification was not carried in line with the AVR. It very much depends on the MS how, and for how long, these spot checks on emissions reports will be carried out.⁹

Art. 75r
MRR

By the 31st of May of each year¹⁰, the regulated entity must surrender the number of emissions allowances equivalent to the number of verified reported emissions that is entered into the Registry (**arrow 10**). The surrendering of emissions allowances does not mean that the cycle has ended and the relevant parties are no longer involved in the processes. The CA may carry out inspections to ensure that the regulated entity is complying with the MRR (**arrow 11**). Furthermore, the MRR contains explicit requirements for a regulated entity to improve their monitoring methodology on a continuous basis and to address outstanding issues identified by the verifier (**arrow 15**). These outstanding issues are then to be addressed in an improvement report which needs to be submitted by the regulated entity to the CA for approval. The report must contain plans on how the outstanding issues will be addressed.

In addition, information exchange requirements have been specified in the AVR to invite and enable the CA and the NAB or NCA to exchange information, and to inform each other on their activities (**arrow 14**). For example, if the CA identifies significant errors in the verified emissions report that have been inappropriately missed by the verifier, this must be communicated to the NAB. If on the other hand, the NAB suspends the verifier, the CA must be informed. These information exchange requirements between the various parties in the

Chapter
6 AVR

⁷ According to Article 55(2) of the AVR, Member States may decide to allow certification of natural persons planning to operate as verifiers in EU ETS. It is the prerogative of the MS whether or not to set up such a certification system in its country.

⁸ CAs may require a regulated entity to submit the verified emissions report earlier than 30 April but by the 31st of March the earliest (Article 75p of the MRR).

⁹ Some MS use a risk-based approach to select a certain percentage of the emissions reports to be reviewed. Other MS check all reports or use another method to review a certain share of the emissions reports.

¹⁰ This requirement applies as from 2028.

compliance chain help each of them to carry out their own tasks more efficiently and effectively.

To ensure NABs carry out their activities in line with the AVR and to maintain the quality requirements of accreditation so that verification also remains of a high quality, the AVR requires that the competence and performance of the NAB or the NCA is being monitored (**arrow 13**). This monitoring is carried out by the MS that has appointed the NAB or the NCA. In addition, a regular and independent peer evaluation is organised by the European Cooperation for Accreditation (EA)¹¹ to monitor competence and performance of each NAB. In this peer evaluation process, experts from the EA, NABs and other parties assess whether the NAB that is subject to peer evaluation meets the requirements of the AVR.

Art. 66
AVR

Art. 65
AVR

All the elements in the compliance chain mentioned above are regulated in the MRR and the AVR. Both regulations are interconnected at several points. This AV guidance provides an explanation of the requirements in the AVR and their interconnection with MRR on specific issues. In 2023 and 2024 both regulations were updated to introduce ETS2 specific requirements.

To ensure common interpretation and application of the requirements in the regulations, two separate guidance documents have been developed by the Commission services: MRR guidance on ETS2 monitoring and reporting rules and this AV guidance on ETS2 verification and accreditation rules. These guidance documents are part of a large suite of guidance documents that also cover MRVA for ETS1. Where certain specific MRVA concepts are explained that are applicable to both ETS1 and ETS2, reference is made to this larger suite of guidance documents. For information on the guidance documents that are relevant for monitoring and reporting under ETS2 please see Annex VI. The AVR guidance material is outlined in section 2.2. More information on the interrelation with the AVR and the harmonised standards please see section 2.3 of the Explanatory Guidance on Verification ([EGDI](#)).

2.2 User manual to guidance documents

The suite of guidance documents developed by the Commission services consists of several types of documents. The explanatory guidance is an overall guidance document that provides an explanation of each article in the AVR. Key guidance notes have been developed to address specific issues in verification and accreditation that require an elaborate or more specific explanation of the issue involved. This ETS2 AV guidance is a standalone guidance in this suite of documents but, where this is relevant, it refers to other specific guidance documents. **Figure 2** summarises the different guidance documents and templates that are relevant for ETS 2 and outlines how these relate to each other.

¹¹ The European Cooperation for Accreditation (EA) is a regional body that is a member of the International Accreditation Forum. According to Article 55(4) of the AVR the NAB must be a member of the EA.

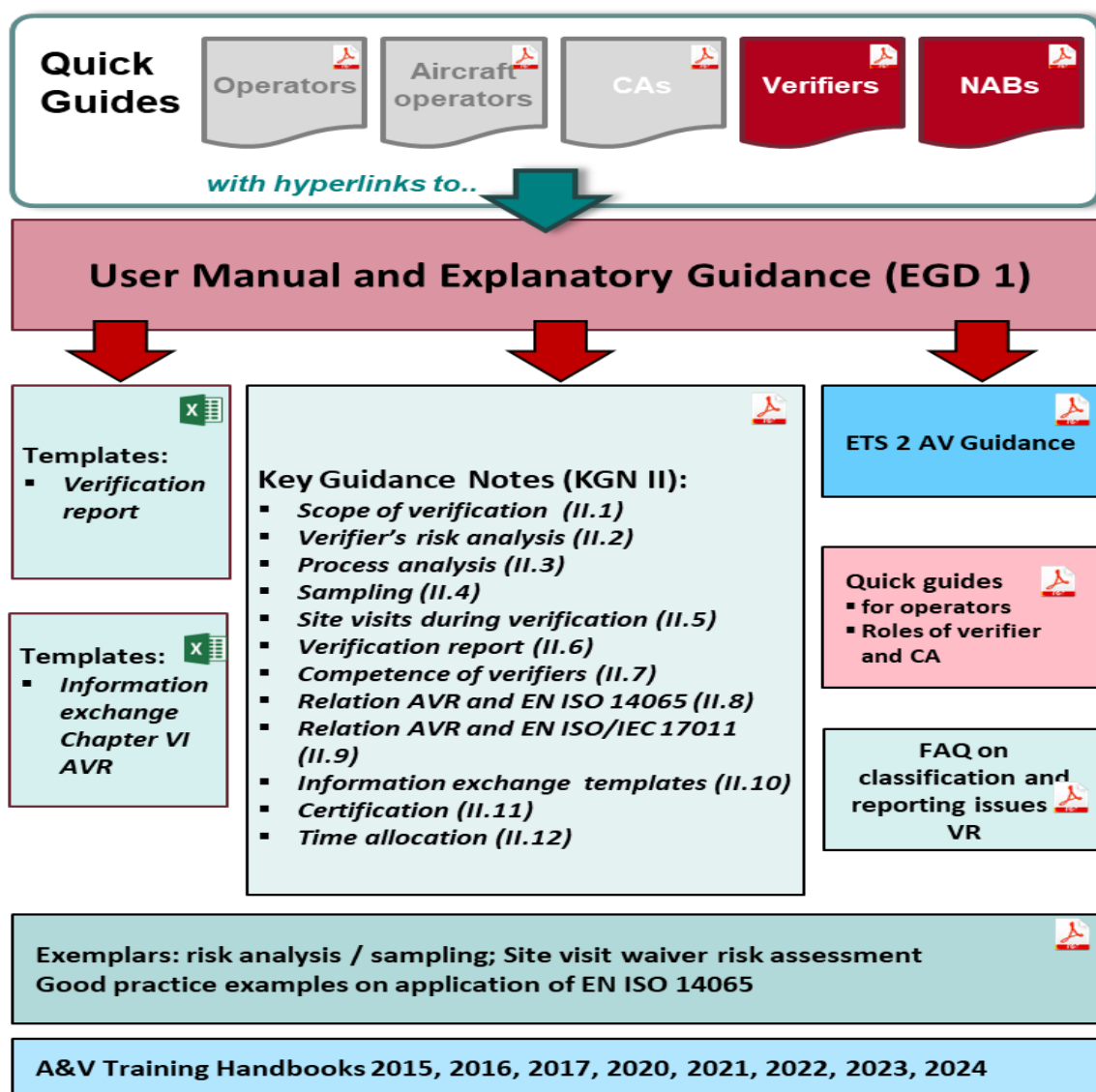


Figure 2 Suite of guidance documents supporting a common interpretation of the AVR

In the following **Figure 3** an overview is presented of Chapters III, IIIa to VI of the AVR, the guidance documents that relate to these chapters, and explanation of the various subjects that are presented in the individual key guidance notes. Annex V provides a detailed overview linking each article in the AVR to guidance material.

Regulated entities wanting to know more about the requirements that affect them are advised to read Section 2.3, 3, 4, 5 and 6 of this guidance. Examples of issues that can be of particular interest to them are guidance on:

- pre-contract stage, especially time allocation and information to be shared during that phase (section 3.2.1);
- information to be provided during the verification (section 3.2.2);
- the different steps in the verification process and the related requirements, including the timeline for verification (section 3.2 and Annex I);
- site visits and the conditions on when to waive site visits (3.2.7);
- the requirement for regulated entities to address misstatements and non-conformities (section 3.2.8-3.2.9);

- verification report and the different verification opinion statements (section 3.2.13);
- addressing outstanding issues after the verification is completed (section 3.3);
- verification of small and simple regulated entities (Chapter 5);
- competence and impartiality of a verifier (section 6.1 and 6.2).

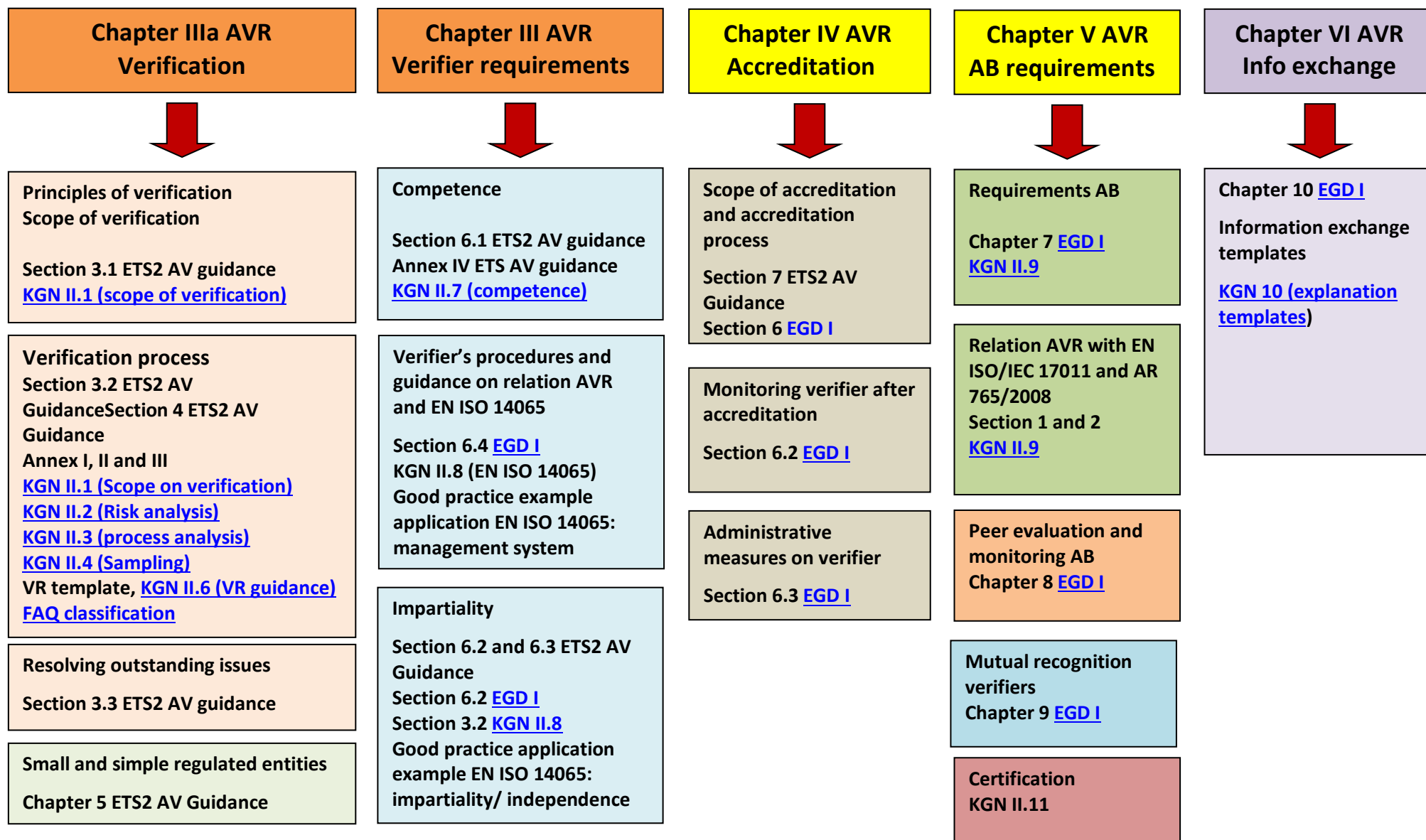


Figure 3 User manual to the guidance documents and templates

2.3 ETS2 specific requirements

Most requirements in ETS2 verification are similar to a verification of stationary installation's emissions reports. Table 1 highlights the ETS2 specific elements in the verification and guidance material where more information can be found.



Table 1 Roadmap to ETS2 specific elements in the verification

Topic	Further Guidance
Specific timeline for ETS2 verification	Section 3.2 and Annex I of ETS2 AV Guidance
Main principles for time allocation and other part of pre-contract stage are similar but there are ETS2 specific factors that impact time allocation of the verification	Section 3.2 ETS2 AV Guidance and KGN II.12 on time allocation
Information that the regulated entity must share with the verifier	Section 3.2.2 ETS2 AV Guidance
Main principles for strategic analysis, risk analysis and verification planning are the same but there are ETS2 specific factors that need to be taken into account in the verifier's strategic analysis and planning of verification	Section 3.2.3, 3.2.4, 3.2.5 and Annex III of ETS2 AV Guidance.
The main ETS2 specific checks in the process analysis, in particular on the following topics: <ul style="list-style-type: none"> • ETS2 specific data flow and impact on verifier's check on data flow, fuel streams and control activities • Checks on specific monitoring methodologies • Checks on regulated entity's evidence for determining the scope factor • Checks on double counting between ETS1 and ETS2 	Section 3.2.6 and Chapter 4 ETS2 AV Guidance
ETS2 specific elements on site visits and conditions for waiving site visits	Section 3.2.7 ETS2 AV Guidance Guidance on virtual site visits is the same as for stationary installations
What ETS2 specific elements to include in the verification report	Section 3.2.13 ETS2 AV Guidance Verification report template
Verification of simple and small regulated entities	Section 5 ETS2 AV Guidance
Impartiality of verifiers and rotation of lead auditor	Section 6.2 and 6.3 ETS2 AV Guidance
ETS2 specific competence criteria for lead auditors, auditors, independent reviewers and technical experts	Annex IV of ETS2 AV Guidance

3 Verification

The **objective of verification** is to ensure that emissions related to the fuel amounts released for consumption have been monitored in accordance with the MRR and that reliable and correct emissions data are being reported. This objective is underpinned by general verification principles and obligations laid down in Article 43a and 43b of the AVR.

3.1 General verification principles and obligations

To achieve the objective of verification and to ensure that verification is sufficiently robust and of high quality, the verifier has to check that a number of **fundamental principles** of the MRR and the AVR have been met, i.e. the principles of reliability and faithfulness, completeness, consistency, comparability, accuracy, integrity of the methodology and continuous improvement. The same principles apply to a verifier verifying regulated entity's reports. The ETS2 verifier must be independent from the regulated entity and the competent authority, it must act with professional scepticism in the verification and a **reasonable level of assurance** applies in an ETS2 verification. More guidance can be found in section 3.1.1 to 3.1.4 in the Explanatory Guidance on verification ([EGD1](#)).

Art. 43a
AVR

Art. 43b
(1) - (3)
AVR

Similar observations can be made on the application of the concept of **materiality** in the planning of the verification and in determining whether a misstatement, non-conformity or non-compliance has material impact on reported emissions and leads to the conclusion that the emissions report cannot be verified as satisfactory. For more information on the concept of materiality in general please see section 3.1.5 of the Explanatory Guidance on verification ([EGD1](#)). ETS2 specific elements are included in section 3.2.8 and 3.2.9.

A key aspect in any verification is the **scope of verification** which is defined by the tasks the verifier must perform to achieve the objective of verification: i.e. to ensure that emissions related to the fuel amounts released for consumption have been monitored in accordance with the MRR and that reliable and correct emissions data are reported.

Art. 43b
(4) (5) (6)
AVR

Figure 4 shows what key elements are covered by the scope of verification.

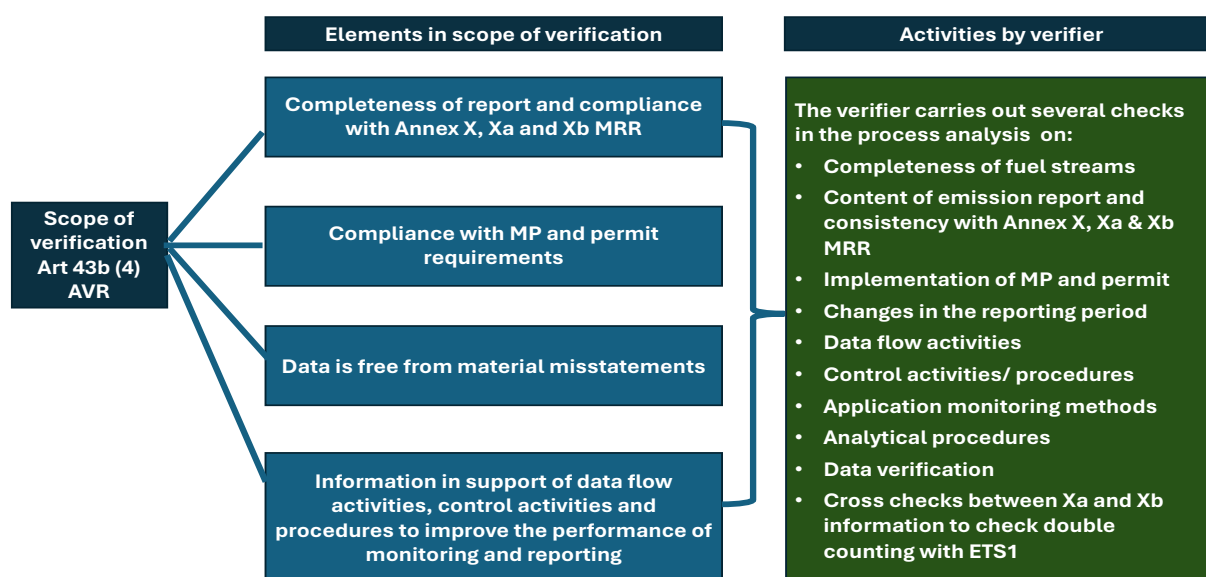


Figure 4 Scope of Verification

The differences in the origin of data sources, the systems used for collecting data and the methods used to determine the emissions and to ensure that the combustion of the fuels in sectors listed in Annex III of the EU ETS Directive can be identified and that no double counting with ETS1 exists, has an impact on the specific checks the verifier carries out during the ETS2 verification. For example, the verifier will focus on completeness checks on the fuel streams that are released for consumption and the data associated with that consumption. Section 3.2.6 and 5 of this guidance explains the specific checks to be carried out under the scope of ETS2 verification. Key guidance note on the scope of verification ([KGN II.1](#)) provides more detailed guidance on:

- the extent to which the verifier needs to check compliance with the MRR;
- what the verifier must do if there is no approved MP, if the MP has not been updated or if the MP does not reflect the actual situation of the regulated entity; and
- what a verifier must do if it has identified non-compliance with the MRR.

3.2 Verification process

The verification process consists of a number of interconnected and interdependent mandatory steps. This means that findings during the verification process can result in the need to reconsider one or more steps taken earlier in the verification process and subsequently adjust those steps. The steps in the verification process outlined in the AVR are outlined in the following figure:

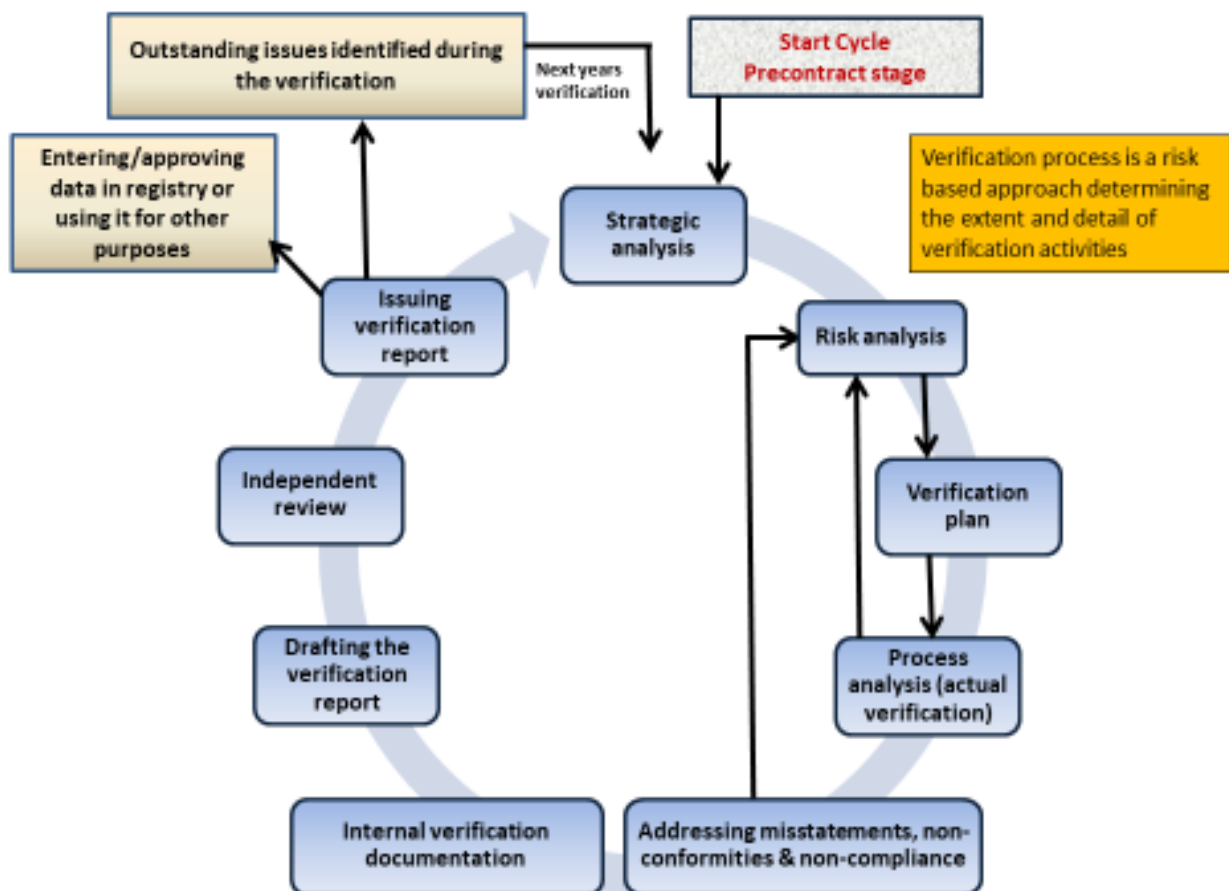


Figure 5 Steps in the verification process

The **deadline** for submitting to the CA the verified emissions reports and their corresponding verification reports is at the latest 30 April.¹² In order for this deadline to be met, it is important for regulated entities to start the process of reporting early and likewise for the verifier to **start verification early to avoid last minute changes** and the writing of the verification report late in February, March and April when significant demands on regulated entities, verifiers and the CA could delay production of the final regulated entity's report and associated verification report.

It is further recommended that the verification process starts during the year being reported on, rather than after the year has ended, as this facilitates checking of conformance and compliance, the timely management of issues and addressing of possible data gaps, misstatements or non-conformities identified during the verification. However, sufficient data is needed to initiate the process, and any subsequent changes to the regulated entity's systems must be considered well in time for the verified report to be submitted by 30th April.¹³ By the end of verification, the data for the whole reporting year must be verified. Annex I provides a diagram of the stages and actions involved in verification against this proposed timeline.

Art. 75p
MRR
43r (2)
AVR

ETS2



3.2.1 Pre-contract stage

The pre-contract stage is a most important initial phase that precedes the actual verification process. Before accepting a verification engagement the verifier shall assess whether it can undertake verification for that specific regulated entity. This involves the verifier undertaking the following activities:

Table 2 Elements of pre-contract stage

AVR requirement	Clarification
Article 43c(1) (a)	<p>Evaluate risks involved in undertaking the verification. The verifier should consider in particular:</p> <ul style="list-style-type: none"> the regulated entity's MP and the regulated entity's report to see what risks are involved in undertaking the verification engagement potential risks to impartiality and independence of the verifier risks involved in terms of time allocation for the verification engagement <p>This evaluation should be fully recorded in the internal verification documentation and should show how the verifier has addressed these business risks in the contract with the regulated entity, as well as how these risks have been mitigated: e.g. by allocating, if needed, more time to the particular verification engagement, by developing clear and transparent conditions in the contract, etc.</p>
Article 43c(1) (b)	<p>Undertake a review of information supplied by the regulated entity. The AVR requires the regulated entity to provide the verifier with relevant information to enable it to perform the activities of the pre-contract stage. Relevant information includes, for example, last year's emissions report and the regulated entity's MP and permit.</p>
Article 43c(1) (c)	<p>Assess whether verification of that regulated entity's report falls within the verifier's scope of accreditation. The verifier is only allowed to issue a</p>

¹² Member States may decide to have earlier deadline for submitting emissions reports but no earlier than 31 March.

¹³ See footnote above.

AVR requirement	Clarification
	verification report to a regulated entity if it is accredited for that type of regulated entity.
Article 43c(1) (d) and (e)	<p>Assess whether it has the competence, personnel and resources required to select a verification team for this specific verification engagement and to complete verification activities successfully within the timeframe required. This assessment is highly dependent on the type of regulated entity and how that regulated entity released fuel for consumption (e.g. in what sector activity the fuel is released for consumption, the methodology applied, the data collection method, etc. The verifier should have sufficient personnel within its organisation or through contracting to be able to cover the competence requirements of the ETS2 specific accreditation scope.</p> <p>For each specific verification engagement, the verifier will select a verification team and check whether the composition of that team holds all the competence required by the regulation. Such an assessment could result in the addition of technical experts or auditors to the team as well as the addition of back-up personnel. More information on competence and verification team requirements in provided in section 6.1, Annex IV and the key guidance note on competence (KGN II.7).</p>
Article 43c(1) (d) and (f)	Determine the time allocation needed to properly carry out verification. The verifier should ensure that the scope of verification work and the time allocated in the contract is consistent with the risks identified. Insufficient contracted time may not be used to reduce the work needed to satisfactorily complete the verification in line with identified risks.

Time allocation

Article 43d(1) of the AVR outlines which factors have to be taken into account when allocating time. The **characteristics** of the monitoring methodology, the type of regulated entity and the way that regulated entity collects the necessary data related to the fuel streams released for consumption have an impact on the time to be allocated for verification. The verifier focuses on the number of fuel streams involved, the type of monitoring methodology applied, the regulated entity's operation and procedures in place. The time allocated is not a fixed number. If, during the detailed verification, the verifier finds that additional time is needed to properly carry out necessary verification activities, the time allocation in the contract must be adjusted accordingly. The contract must have a provision for this adjustment.

Art. 43d(2)
AVR

ETS2

3.2.2 Information provided by the regulated entity

The regulated entity must provide the verifier with sufficient information so that it can plan and carry out verification. The AVR outlines what information needs to be submitted before the verifier can start its strategic analysis and at other points of time during the verification. The following should be noted:

Art. 43e(1)
AVR

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Table 3 Information to be provided by the regulated entity to the verifier

AVR requirement	Clarification
Article 43e(1) (a)	The verifier needs to have access to the permit to assess whether permit conditions have been met and to cross check completeness of fuel streams and corresponding fuel quantities between permit and the MP.
Article 43e(1) (b)	All versions of the approved MP that are relevant for the reporting period must be provided to the verifier. This will allow the verifier to assess whether the approved

AVR requirement	Clarification
	monitoring plan reflects the actual situation and is implemented. As the MP can change during the reporting period, it is important for the verifier to be aware of all changes that occurred in the specific reporting period being verified.
Article 43e(1) (c) and (d)	A key check during verification is tracing the data flow, assessing the risk of misstatements and non-conformities, and the control activities that have been implemented to mitigate identified risks. In order to carry out this assessment, the verifier needs to have information on the regulated entity's data flow activities and its internal risk assessment to understand the complexity of the regulated entity's processes and to obtain an understanding of the likely risks involved. Access to records on data flow activities and control activities allows the verifier to perform checks on them. Section 4.1 explains the type of checks the verifier carries out on these elements.
Article 43e(1) (e)	This covers all the procedures that are listed for that regulated entity in its approved MP. Please note that the approved plan only contains an overview of these procedures. The actual procedure documents are to be obtained from the regulated entity.
Article 43e(1) (g) and (h)	In order to assess the accuracy of emissions associated with the fuels released for consumption, the verifier needs to perform checks on the actual fuel amounts released for consumption by the regulated entity. Only fuels released for consumption and combusted in sectors covered by Annex III of the EU ETS Directive are included in the ETS2 scheme. Fuel quantities released for consumption in Annex I installations or other non-ETS2 sectors have to be subtracted from the total of the released fuel amounts. The verifier needs to have access to the evidence that the regulated entity uses to demonstrate in which sectors the fuel streams are released for consumption (see section 4.3.3). A key input for this evidence is the information listed in Annex Xa of the MRR that is included in the operator's emissions report. This information has already been checked by the verifier verifying operator's and aircraft operator's reports. Where the Annex Xa information relevant for the regulated entity is submitted by the installation or aircraft operator to the ETS2 regulated entity, the information should be shared with the verifier so that it can perform its cross checks on the information. If the verifier verifying operator's reports made observations in their verification report on any inconsistencies in the Annex Xa information, this information must be shared by the installation or the aircraft operator with the regulated entity, and that regulated entity has to provide the information to its own verifier carrying out verification of its emissions report. More guidance is provided in section 4.4.
Article 43e(1) (i)	The sampling plan approved by the CA is relevant if calculation factors are determined by sampling and analysis. Other material supporting the monitoring plan, for example proof of unreasonable costs, also need to be provided on the basis of Article 43e(1) (p) of the AVR.
Article 43e(1) (j)	A record of all changes to the monitoring plan will allow the verifier to assess what changes occurred in the reporting period.
Article 43e(1) (k)	This involves last year's improvement report that the regulated entity had to provide by 31 July ¹⁴ if last year's verification report contained outstanding non-conformities and recommendations for improvement (article 75q(4) MRR). An

¹⁴ The competent authority may set an alternative date for submission of the report as referred to in this paragraph, but no later date than 30 September of the same year.

AVR requirement	Clarification
	<p>improvement report does not have to be submitted if the regulated entity has already resolved all non-conformities and recommendations for improvement and has submitted to the CA for approval an application for a related significant modification of the MP. In those cases, the verifier needs access to the correspondence with the CA related to the correction of these issues and the update of the MP (Article 43e(1) (m) of the AVR).</p> <p>The improvement report is also relevant¹⁵ if it was submitted because:</p> <ul style="list-style-type: none"> the regulated entity does not meet the required tier level (Article 75h and Article 75i MRR) it is technically infeasible or would lead to unreasonable costs to apply the required methods for determining the scope factor meaning it uses a default scope factor of 1 (Article 75l(3) the MRR) it is technically infeasible or would lead to unreasonable costs to apply the required methods for determining the scope factor and to use a default value of less than 1 under conditions described in Article 75l(4) MRR (see section 5.4.2 MRR ETS2 Guidance). <p>In such cases, the verifier takes these improvement reports and the CA's response to them into account when assessing the correct application of the monitoring methodology (see section 3.2.6).</p>
Article 43e(1) (m)	Relevant correspondence with the competent authority could include, for example, correspondence concerning the regulated entity's notification of changes to the monitoring plan, correspondence in relation to addressing non-compliance issues or correction of reported data, etc.
Article 43e(1) (n)	Articles 43v, Article 43w and 43x contain requirements on site visits. Under certain conditions site visits can be waived. Approval of the competent authority is needed for the larger regulated entities. Information on reasons for waiving site visits including correspondence with the competent authority on an approval has to be provided to the verifier.
Article 43e(1) (o)	Where activity data and calculation factors are determined using measurements, the regulated entity has to provide the evidence that the regulated entity has submitted to the CA demonstrating the regulated entity's compliance with the uncertainty thresholds for activity data and calculation factors.
Article 43e(1) (p)	The list in Article 43e(1) is non-exhaustive. A verifier can request any other information that is necessary for planning and carrying out verification. This includes, for example, information on internal data sources such as fuel invoices and calibration certificates (where applicable) but also access to external data sources and databases such as laboratory reports and information on meter calibrations. In such cases the regulated entity has to provide the information requested.

As the strategic analysis will normally be carried out within in the reporting period itself (September/October), the final emissions report will not be available. However, the verification cannot be completed and the verification report issued until the verifier has received and agreed the final authorised and internally validated report against which its opinion statement is written.

**Art. 43d(2)
AVR**

¹⁵ This means that in situations where Article 75k(2) MRR is applied to unit conversion factor and emissions factor and the required tiers are met for other parameters, no improvement reports are required. This is also true if Article 75l(6) MRR is applied to the scope factor and tiers are met for other parameters.

3.2.3 Strategic analysis

At the start of verification, the verifier shall carry out a **strategic analysis of all relevant activities of the regulated entity**. This analysis enables the verifier to understand the regulated entity's operations and accounting activities, and assess the likely nature, scale and complexity of verification activities to be performed. It also provides input for the next verification step, i.e. the risk analysis. To obtain understanding, the verifier must analyse the information provided by the regulated entity (see section 3.2.2) and consider the materiality level (see section 3.2.8 and 3.2.9). When analysing this information, the verifier needs to take certain factors into account. **Annex II** provides examples **of what type of factors** are relevant to consider for ETS2.

Art. 43f
AVR

Art. 43f(3)
AVR

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If the verifier has carried out the prior year(s) verifications for the same regulated entity, the information from those earlier verification(s) must also be considered by the verifier. This means that the strategic analysis will take less time and the verifier focuses in particular on major deviations compared to previous verifications.

As part of the strategic analysis the verifier shall check:

- whether the MP has been approved;
- whether changes have occurred to the MP and whether these changes have been approved by the CA (if changes are significant according to Article 75b of the MRR);
- if these changes are not significant or are temporary, whether these have been notified to the CA.

Art. 43f(4)
AVR

Section 6.8.1 of the [MRR ETS2 Guidance](#) explains what constitutes a **significant change to the MP**. This includes, for example, changes to the category of regulated entity where such changes lead to a change in the monitoring methodology or the application of the materiality level, changes in the categorisation of regulated entities with low emissions, changes in the tier applied, new fuel streams, changes in categorisation of fuel streams and the application of default values for calculation factors and scope factors, new monitoring methods or changes in the methods. The verifier checks whether the MP is up to date and complete. If (part of) the MP is not approved or if significant changes to the MP have not been approved by the CA, the verifier directs the regulated entity to the CA to rectify the situation. In principle the verifier should not continue the verification until such approval has been obtained.

Art. 75b(3)
MRR

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However, in some cases the verifier may continue to carry out verification activities so long as the regulated entity is fully aware that some activities may need to be repeated based on the final response of the CA, and also that the response could impact the verifier's opinion as verification progresses. Following approval by the CA, the AVR requires that the verifier continues, repeats or adapts verification activities. The key guidance note on the scope of verification ([KGN II.1](#)) provides guidance on procedures to be followed when approval from the CA cannot be obtained.

Art. 43b(5)
AVR

Some changes to the MP may have an effect on the way monitoring was carried out in the past: e.g. the introduction of new fuel streams, unplanned changes in the monitoring methodology that were not notified to the CA. In those cases the change to the MP is already being applied in practice while the MP itself has not yet been updated or, in the case of a significant change to the MP, approved by the CA. The verifier must consider the changed situation and the related monitoring data from the moment the change to the MP or to the regulated entity was applied in practice e.g. when new fuel streams were introduced for the first time. It is important to consider if there has been any correspondence with the CA to

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determine whether the CA has made any decisions on the application of these changes. In particular, this is relevant if the changes are significant and CA approval is required.

In some cases the data or part of the data cannot be inferred from the new monitoring methodology approved by the CA or notified to the CA because, for example, the data resulting from a new fuel stream was not measured and cannot be traced back. Article 43m of the AVR applies to those situations. The verifier checks if the **method used to determine missing data** provides sufficient assurance that the emissions were not underestimated and the approach does not lead to material misstatements (see section 4.5).

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3.2.4 Risk analysis

The verifier must assess the risk of misstatements and non-conformities and their material effect on the reported data. The **outcome of the risk analysis** determines how and to what **extent verification activities should be designed, planned and implemented**. The risk analysis centres on identifying, assessing and quantifying two types of risks: inherent risks and control risks. Together with detection risk, these risks form the overall verification risk: i.e. the risk that the verifier issues an inappropriate verification opinion. Please see the key guidance note on risk analysis for more information ([KGN II.2](#)). The verifier's risk analysis plays a role throughout the verification, including with respect to site visits and waive of site visits (see section 3.2.7). The risk analysis is an iterative process and must be updated if detailed verification during the process analysis shows that the risks are higher or lower than initially assessed. In that case, the verification plan also needs to be updated.

**Art. 43g
AVR**

3.2.5 Verification plan

The risk analysis determines how the verifier sets up the **verification plan** which consists of three elements:

- a verification programme¹⁶ describing the nature and scope of verification activities as well as the time and manner in which these activities are to be carried out. It involves the planning of all activities;
- a test plan setting out the scope and methods for testing the control activities and procedures for control activities;
- a data sampling plan setting out the scope and methods for data sampling related to data points underlying the aggregated emissions.

Please see the key guidance note on risk analysis ([KGN II.2](#)) on how the risk analysis impacts the set-up of the verification plan.

**Art. 43h
AVR**

3.2.6 Process analysis (detailed verification)

The **objective of this stage** in the verification is to collect and document detailed evidence upon which the verifier can base its verification opinion. During process analysis the verifier must implement the verification plan and carry out the activities listed in **Figure 6**.

¹⁶ The verification programme is not just an agenda for the site visit but should provide sufficient detail of planned tests and activities to inform the team members what activities should be carried out.

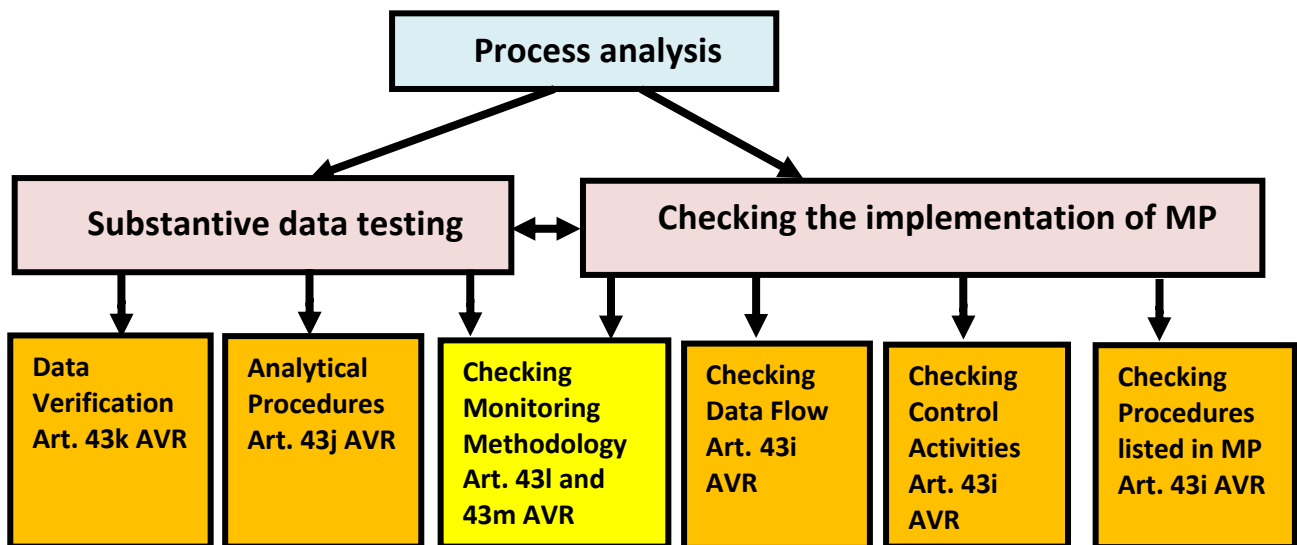


Figure 6 Schematic diagram of activities in process analysis

Substantive data testing consists of detailed checks on data points and data. This includes:

- **data verification** through applying methods of testing such as tracing the data back to the primary data source, cross-checking with internal and external data sources, carrying out recalculation of parts of the overall emissions calculation to check certain subsets and elements (e.g. that factors are correctly calculated from source data; fuel streams reported match to invoices, delivery notes, transaction records issued; end consumers are correctly assigned to their CRF category; bio-gas accounted for applying Article 39(4) is traceable back to acceptable evidence; cross checking Annex Xb information with the information listed in Annex Xa MRR);
- **analytical procedures** which means an analysis of fluctuation and trends in the data including an analysis of relationships that are inconsistent with other relevant information or that deviate from predicted amounts. This could involve for example comparisons of emissions associated with the same fuel streams over a period of several years, comparing fuel invoices with fuel amounts, investigation of whether the reported figures can be confirmed by other analytical means, e.g. cross-checking fuel amounts with supplier/customer data; comparing year on year data and confirming that the 'cut off' dates used for accounting for retrospective year's estimated data is applied consistently year on year and accrued data is properly accounted for;
- checking the **correct application of the monitoring methodology** by for example using spread sheet assurance techniques, recalculating the reported data, or inserting different input data in the monitoring methodology to check its correct application (re-performance of data aggregation).

Art. 43k
AVR

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Art. 43m
AVR

Checking implementation of the MP entails:

- checking the regulated entity's data flow by tracing the reported data back to its primary source;
- checking that control activities are appropriately documented, implemented, maintained and effective to mitigate the inherent risks;
- checking whether the procedures listed in the MP are effective at mitigating the inherent and control risks, and whether procedures are implemented, sufficiently documented and properly maintained;

Art. 43i
AVR

- checking correct implementation of the monitoring methodology by assessing whether all elements in the MP have been correctly applied and whether the MP is up to date. This also includes checking supporting documentation such as information used to calculate the uncertainty assessment, sampling plan, evidence of unreasonable costs etc.

Figure 6 shows that substantive data testing and checking of the MP's implementation are interlinked (e.g. checking the monitoring methodology is part of both activities). More guidance on the different tests involved, their impact and clarification in the form of examples is provided in section 4.

For the different checks under data verification and analytical procedures as well as checks on control activities and procedures listed in the MP, **sampling** can be applied that is specific to the regulated entity. The use of a **sampling technique or method** must be justified based on the risk analysis complying with certain key principles:

**Art. 43n
AVR**

- sampling of the data universe of several regulated entities or combining data of several regulated entities is not permitted;
- sampling must be representative of the total population of selected data, control activities or procedures;
- where possible, the verifier must take account of the sampling regime used and results obtained during prior verifications. Sampling should be set up in such a way that over a number of verification cycles all data flows and fuel streams are included within a detailed testing approach. Furthermore, the level of sampling and testing is likely to vary between fuel streams that are major i.e. "material contributors" to the aggregated data, and other fuel streams that are de-minimis contributors;
- if any misstatement or non-conformity is identified in the sample or data population selected to be tested, the verifier must analyse the cause of the misstatements or non-conformities and its material impact on the data. If risk of further misstatements and non-conformities is increased, more detailed sampling and checks must be carried out by increasing the size of the sample. The sample size must be enlarged and sampling approaches may need to be adapted leading to additional testing of data and control activities, until the verifier is satisfied with the outcome. The increased risks identified will lead to revisions to the risk analysis and adaptation of the verification plan.

The sampling approach and the sample size must be fully documented in the verification plan and, along with the outcome of the sampling, must be recorded in the internal verification documentation. If the data set is small, it is recommended to test the whole data set rather than carry out sampling. More guidance on sampling can be found in key guidance note on sampling ([KGN II.4](#)).

As part of checking of the monitoring methodology, the verifier checks the reasonableness of methods used to account for/backfill any missing data along with the methodology for accruing data between reporting years where estimates are required (see 5.3.2 of [MRR ETS2 Guidance](#)). Please see section 4.5 for information on how a verifier deals with missing data.

**Art. 43m
AVR**

3.2.7 Site visit

The verifier must carry out visits to the regulated entity's site(s) at one or more appropriate times during the verification. Site visits are crucial to interview staff, review documents, check the data flow and assess the regulated entity's control activities and procedures. Where the

**Art. 43v
AVR**

regulated entity uses measurement instruments to determine the fuel quantities, the verifier needs to obtain physical evidence during a site visit to assess the measurement equipment, monitoring systems and data collecting processes.

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If the measurement instrument is owned by the trade partner, the verifier should assess evidence from the regulated entity that the measurement instrument meets the uncertainty requirements. Based on the risk analysis, it may not be necessary to visit the location of the measurement instrument in that case.¹⁷ If energy taxation directive or excise duty directive methods are used in accordance with Article 75j(1)(a) of the MRR, compliance with uncertainty requirements does not have to be demonstrated.

What regulated entity locations the verifier needs to visit depends on the monitoring methodology applied and the risks involved. The **verifier's risk analysis** therefore determines the **number** of site visits to be carried out, the **planning** of site visits, the **locations** to be visited and the **activities** to be carried out at an individual site. If the risk analysis or the process analysis indicates questions or problems that can only be solved by a second or further visit, the verifier shall conduct such a visit to resolve the matter.

Definition of site

Unlike ETS1, the new ETS2 is an upstream system where data may come from different sources (e.g. fuel suppliers¹⁸) outside the control of the regulated entity, as well as from their own measurement systems¹⁹, and fuels may be stored at several different locations that can have:

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- for liquid and gaseous fuels - multiple bulk storage tanks (that may be interconnected to allow the movement of fuel from one tank to another within a single location²⁰);
- for solid fuels – different stockpiles to ensure that fuels with different 'qualities'²¹ remain separated.

For the verifier to assess the accuracy of the data on released fuel amounts and associated emissions, it is not necessary to go to each bulk tank or stockpile storage location or warehouse. For that reason, the **term "site"** has been defined in the AVR. Site visits for ETS2 verification relate to the locations where the monitoring process of the regulated entity is defined and managed. This includes the locations where relevant data and information about released fuel amounts are determined, controlled and stored by the regulated entity.²²

**Art. 3(14)
AVR**

ETS2

¹⁷ Note that visiting the location of the measurement instrument owned by a trade partner can be envisaged in situations where the meter is placed at the location of the regulated entity (e.g. meters at pipelines to which the regulated entity is connected, natural gas meter that is not owned by the regulated entity but placed at the location of the regulated entity). In those cases, the verifier could potentially, based on the risk analysis, perform some checks on the measurement instrument (e.g. whether it is on the location).

¹⁸ These fuel suppliers can be primary producers, secondary distributors or, if there is a long supply chain, there can be more distributors in between.

¹⁹ Regulated entities will have their own measurement systems to determine how much fuel is transferred to the buyer of the fuel (the final consumer). In most cases the regulated entity will also have to do a stock balance across its storage tanks/piles and extracts from the storage in order to deliver the fuel to the buyers of the fuel or to move the fuel between different tanks and stock piles.

²⁰ For example, to allow the consolidation of fuel into one tank, to allow tanks to be emptied for inspection and maintenance etc.

²¹ E.g. different compositions such as high and low sulphur coal, moist and kiln dried timber etc.

²² Article 3(14)(b) AVR: 'site' means: for the purposes of verifying the regulated entity's report: the locations where the monitoring process is defined and managed, including the locations where relevant data and

This definition means that verifiers do not have to go to each individual bulk tank, stockpile or storage location whilst still being required to inspect meters in cases where measurement instruments²³ or alternative methods are used by the regulated entities to determine released fuel quantities. The verifier's risk analysis is the key determining factor in deciding which locations have to be visited during verification. That decision will be taken by the lead auditor who also determines which team members are included and whether or not to involve a technical expert.

Table 4 Determining what locations to visit

Elements to consider in determining the locations to be visited in a site visit
<p>The following considerations play a role in the verifier's decision on which locations to visit:</p> <ul style="list-style-type: none"> • if the regulated entity is a category B regulated entity (annual emissions over 50 000 tCO₂), the highest tier is required meaning determination of the fuel quantity with the most stringent uncertainty levels, sampling and analysis of the emissions factors and application of the highest tier methods in determining the scope factor. In such situations it may be necessary to visit several locations (e.g. inspecting meters used to measure fuel quantity, carrying out walk-through tests if fuels streams are stored and managed by the regulated entities to ensure completeness of fuel streams, sampling locations, laboratory that analyses emissions factors, head office to check procedures and documentation, locations where records and control activities are managed, such as calibration activities, and controls on data management systems. • If the regulated is a category A regulated entity (annual emissions below 50 000 tCO₂) with simplified monitoring procedures and monitoring methodology with a limited number of fuel streams involved, less locations need to be visited, in particular if all documentation, controls and monitoring process is managed in one location.

Waiver of site visits

In principle, site visits are needed in order for the verifier to be able to state with reasonable assurance that the emissions report is free from material misstatements. **Only under strict cumulative conditions can site visited be waived:**

- The verifier has decided, **based on its risk analysis**, that it is justified to waive the site visit. In its professional judgment, the verifier assesses the verification risks associated with waiving site visits and determines whether, based on the risk analysis of the inherent and control risks of the regulated entity, as well as the verification risk, site visits are not needed. The box below highlights some of the risks associated with waiving site visits;
- All data can be remotely accessed;
- The criteria in Article 43w of the AVR are met (see Table 6). Those criteria have to be met but these are in itself not the only conditions for waiving site visits.
- The regulated entity obtains the CA's approval for waiving site visit. For the verification of emissions reports of regulated entities with low emissions (see section 5) such approval is not required.



Table 5 Examples of risks concerned with waiving site visits

Examples of factors to consider when assessing the risks involved in waiving site visits
<ul style="list-style-type: none"> • The verifier is not able to confirm the completeness of fuel streams; • The verifier is not able to confirm the tier requirements in relation to metering, assessing whether measurement instruments used by the regulated entity to determine the released fuel streams are properly installed and regularly calibrated and maintained;

information about fuel amounts released by the regulated entity for consumption in activities listed in Annex III to Directive 2003/87/EC are determined, controlled and stored by the regulated entity.

²³ Measurement instruments could be flow meters, level gauges and weigh bridges.

- The verifier is not able to check whether changes to the MP have occurred which have not been approved by or notified to the CA;
- The verifier is not able to check effectiveness and correct implementation of data flow activities and control activities that have been implemented to mitigate risk of errors in the data;
- The verifier is not able to interview staff, to assess completeness of fuel streams or to check the correct application of the monitoring methodology, including identification of the end consumer;
- An incorrect verification opinion statement is issued because the verifier cannot obtain the necessary evidence to support the verification opinion statement increasing the risk of inaccurate emissions data.

The **verifier's risk analysis is an iterative process**. If the verifier identifies misstatements, inconsistencies, non-conformities or non-compliance issues and the risk of waiving a site visit will increase, the verifier needs to reflect on the situation and adapt the risk analysis. This may result in a site visit being carried out in order to assess the risk of misstatements. This applies even if the CA has already approved the site visit waiver. The verifier remains at all times responsible and cannot use the CA's approval as an excuse for not visiting the site when its risk assessment indicates that it should.



Table 6 outlines the criteria for waiving site visits that are mentioned in Article 43w of the AVR.

Simple

Table 6 Criteria for waiving site visit in Article 43w of the AVR

Category of regulated entity	Monitoring methodology
Category A regulated entity	<ul style="list-style-type: none"> • All the fuel streams released for consumption by the regulated entity are commercial standard fuels or fuels equivalent to commercial standard fuels in accordance with Article 75k(2) MRR; • Default values are applied for the emissions factor and unit conversion factor; • A default value is applied for the biomass fraction or tier 3b is applied to determine the biomass fraction of the fuel stream (Annex IIa, section 2.3 of the MRR)²⁴. If tier 3b is applied, the following conditions have to be met: <ul style="list-style-type: none"> ○ the verifier has access to all relevant records on the mass balance documentation in accordance with Article 30 (1) RED Directive. Access to these documents allows the verifier to trail the proof of sustainability along the mass balance. ○ the verifier has access to all evidence that demonstrates compliance with sustainability and greenhouse gas savings criteria (e.g. proof of sustainability and evidence of certification in accordance with the voluntary scheme recognised by the Commission). More information on the type of evidence required is provided in KGN II.3 on process analysis. ○ The regulated entity allows the verifier to interview its relevant staff members.

²⁴ Tier 3b is applicable to fuels originating from a production process with defined and traceable input streams. In those cases the regulated entity may base its estimation on a mass balance of fossil and biomass carbon entering and leaving the process (mass balance system in accordance with Article 30(1) RED II Directive). For further information please see section 5.5.2 of MRR ETS2 Guidance.

Category of regulated entity	Monitoring methodology
	<ul style="list-style-type: none"> • A scope factor of 1 applies for each fuel stream or a default scope factor value applies in accordance with Article 75l(6) of the MRR.²⁵ <p>Please note that if the fossil fuel stream is blended with more than one type of biomass fuel streams, the risk of misstatements and non-conformities may increase, in this case the verifier is justified to determine that a site visit is needed to assess implementation of the monitoring plan and accuracy of the data.</p>
Category A regulated entity or a Category B regulated entity	<ul style="list-style-type: none"> • The regulated entity has reporting requirements under the Energy Tax Directive or Excise Duty Directive; • Fuel streams are energy products and equivalent products that are subject to the Energy Tax Directive and Excise Duty Directive; • Measurement methods based on the Energy Tax Directive or Excise Duty Directive are used and those methods are based on national metrological control (see section 5.3.2 MRR ETS2 Guidance); • Default values are applied for the emissions factor and unit conversion factor; • A default value is applied for the biomass fraction or tier 3b is applied to determine the biomass fraction of the fuel stream (Annex IIa, section 2.3 of the MRR). The same conditions apply as listed in the first row of this table; • A scope factor of 1 applies for each fuel stream or a default scope factor value applies in accordance with Article 75l(6) of the MRR.
Regulated entity with low emissions	No additional conditions for these types of regulated entities.

Obtaining the Competent Authority's approval in the case of waiver of site visit

The regulated entity must obtain the CA's approval unless that regulated entity is an entity with low emissions. As **part of the application for CA approval**, the regulated entity must provide **evidence** that all **conditions for waiving site visits have been met**. This evidence should include at least:

- The outcome of the verifier's risk analysis justifying the conclusion that the inherent and control risks are low and a site visits are not needed to check the accuracy of the data and assess the implementation of the MP;
- A statement from the verifier that, based on the verifier's risk analysis, all data can be remotely assessed;
- A statement from the verifier that one of the criteria listed in Article 43w AVR applies, and if applicable Article 43x(4) of the AVR;
- Where applicable, evidence that the conditions in Article 75j(1) (a) of the MRR has been met in relation to the specific fuel streams This evidence will have been partially submitted as part of the submission of the MP but additional evidence from independent source may be necessary, e.g., evidence of tax obligations, tax returns, contractual agreements with transmission system operators (TSO) and distribution system operators (DSO); ;

²⁵ Article 75l(6) of the MRR allows Member States to require regulated entities to apply a default value for a particular fuel stream type or a specific region. These default values have to be approved by the Commission.

- A statement that the conditions for not allowing a waiver of site visits and refusing approval by the CA are not applicable (e.g. there is no significant change in the monitoring methodology, where applicable, there is no first verification).

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

When is a waiver of site visit not allowed?

A **site visit cannot be waived** in the following cases:

- The verifier conducts verification of the emissions report of the regulated entity for the first time. This condition does not apply to one specific case for the years 2025 and 2026, and to regulated entities with low emissions (see section 5.2);
- The verifier has not carried out a site visit in the two reporting periods preceding the current reporting period (this means that a physical site visit has to be carried out at least every 3 years);
- There have been significant changes to the monitoring plan as referred to in Article 75b of the MRR.

ETS2



Please note the following:

A waiver of a site visit in the first year of verification is only justified if the verifier decides, based on its risk analysis, that this is acceptable. As with any site visits waiver, the verifier must take into account the risks²⁶ associated with waiving site visits: these risks are increased if waiver of site visit occurs in the first year of verification and again in the second year since important information may be missed. The verifier should not lightly decide to waive a site visit in that first year since it must state with reasonable level of assurance that a regulated entity's report is free from material misstatements. Not being able to properly check control activities or data may mean the verifier cannot mitigate verification risk to a low enough level needed for such a high level of assurance.



Higher risks can in particular occur if, for example, regulated entities with low emissions release for consumption multiple (types of) fuel streams, different scope factor methods are used to determine whether fuel streams are released for consumption in Annex III sectors or Annex I activities; different types of biomass are used; multiple biofuels are blended with fossil fuels; highest tier approaches are applied to determine fuel streams or calculation factors; control systems are complex and on paper indicate the presence of weaknesses; control activities implemented are manual, procedures are missing; the regulated entity uses its own metering equipment to measure the fuel streams. Please note that this is a non-exhaustive list of risks. The verifier needs to apply judgement and professional scepticism when analysing risks concerned as they are highly dependent on specific circumstances. In situations described in article 43x(4) of the AVR, the risk associated with a waiver of site visit in 2025 and 2026 may be lower, as the monitoring is based on information originating from a source independent from the regulated entity.

A waiver of site visits for the first verification and again for the second year, will impact the third year verification. In that third year, the verifier will carry out more detailed checks and

²⁶ The risks involved in waiving site visits and the risks to misstatements and non-conformities.



will also have to look at data from past year(s) as part of normal analytical procedures and data verification. In particular this will be true for those elements that are critical to site visits: e.g. measurement results, observing how control activities are carried out, completeness of fuel streams. Verifiers should be aware that misstatements in prior year data can have an impact on the accuracy of the emissions data in the third year. This can occur if there are structural weaknesses and failures in the control system, structural data gaps, where misstatement is reoccurring every year and has been present in the data for a long time. This may lead to a situation where the misstatement or non-compliance issues has a material impact on the total reported emissions data and the verifier cannot state with reasonable level of assurance that the report is free from material misstatement.

If the verifier has identified inconsistencies in the data or control systems that were not detected before and that have an impact on the reported data, the verifier must report these in the verification report, in this circumstance, the verifier should also report if they believe the issue identified will have impacted prior year data already reported. These issues need to be reported in Annex I of the Verification report (misstatements, non-conformities, non-compliance or prior year conformities). Any report that cannot be verified as satisfactory, will result in determination of a conservative estimation of emissions by the CA in accordance with Article 75r MRR.

Virtual site visits

Force majeure circumstances may prevent the verifier from carrying out a physical site visit. In such cases Article 34a of the AVR allows verifiers to carry out virtual site visits if certain conditions have been met. Section 4 of [KGN II.5](#) provides more information.

3.2.8 Addressing misstatements, non-conformities and non-compliance

The verifier must inform the regulated entity on a timely basis if it has identified misstatements, non-conformities or non-compliance issues.

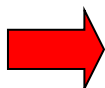
Art. 43o(1)
AVR

Table 7 Concepts of misstatements, non-conformities and non-compliance

Concepts and examples of misstatements, non-conformities and non-compliance	AVR requirement
<p>Misstatement means an omission, misrepresentation or error in the regulated entity's reported data. This does not include the uncertainty permissible under the MRR (i.e. the uncertainty related to the tiers).</p> <p>An uncertainty is a misstatement if:</p> <ul style="list-style-type: none">▪ measurement equipment is not meeting the required uncertainty level as described in the approved MP or the MRR▪ the measurement instruments are not installed properly or are not functioning correctly▪ measurement instruments and systems are not (properly) maintained or calibrated <p>In those cases the verifier should regard the uncertainty as a component of a misstatement if this has an impact on the data: for example, if the overall uncertainty is outside the required tier range, the additional uncertainty will be considered to be an error.²⁷</p>	Article 3(5)

²⁷ In some cases it will be difficult to quantify that additional uncertainty. If for example calibration of the measurement equipment has not been carried out, the deviation can then only be determined after the new

Concepts and examples of misstatements, non-conformities and non-compliance	AVR requirement
<p>Non-conformity means: any act or omission of an act that is contrary to the GHG permit and the requirements in the MP approved by the CA</p> <p>Examples of non-conformities: Meters not calibrated in line with requirements in the MP; regulated entity's fuel streams not included in the MP; not applying the tier as listed in the MP; a change to the MP that has not been notified to, and agreed with, the CA.</p> <p>If a non-conformity results in an error, misrepresentation or omission in the reported data, it shall also be regarded as a misstatement.</p>	Article 3(13)(a) (b)
<p>Non-compliance means any omission or act that is not in line with the MRR, requirements that are imposed by the AVR on regulated entities or other relevant legislation. Other relevant legislation could, for example, be national legislation that the MS has adopted.</p> <p>Examples of non-compliance</p> <ul style="list-style-type: none"> • The coal samples that a regulated entity has taken are not representative for the relevant batch. This is not in line with Article 75k and 33 of the MRR. • A zero-emissions factor is applied for biomass fuels and renewable fuels of non-biological origin, recycled carbon fuels or synthetic low carbon fuels²⁸ that are used for combustion and those fuels do not meet the applicable sustainability or greenhouse gas savings criteria listed in the Renewable Energy Directive. This is not in line with Article 75m MRR that declares Article 38(5), Article 39a(4) and (5) of the MRR applicable to ETS2 monitoring. If the use of a zero emissions factor is included in the approved MP, this is also a non-conformity. • End consumers of fuel released have been inappropriately classified to a wrong CRF category. 	



The regulated entity must **correct any identified** misstatement, non-conformity or non-compliance.

If the regulated entity has corrected the misstatements, non-conformities or non-compliance, the verifier must include this in the internal verification documentation and mark it as resolved. If the regulated entity has not corrected the misstatements and/or non-conformities before issuing the verification report, the verifier must assess the impact of the misstatements and/or non-conformities and their material effect on the reported emissions data. If it concerns a non-compliance with the MRR or other relevant legislation, the regulated entity has to notify the competent authority and correct this non-compliance without undue delay. If that regulated entity does not correct or cannot correct the non-compliance before issuing the verification report, the verifier must assess the material effect on the reported emissions data. Any issue that is not corrected before issuing the verification report, must be reported in the verification report (see section 3.2.13)

results of the calibration are known. In some cases it is not possible to perform a new calibration before the issuance of the verification report. This will likely cause the verifier to be uncertain of whether the data are free from material misstatement and have an effect on the verification opinion statement.

²⁸ This could also be renewable fuels of non-biological origin, recycled carbon fuels and synthetic low carbon fuels that do not meet the applicable greenhouse gas savings criteria.

3.2.9 Assessing the material effect of misstatements, non-conformities and non-compliance

Assessing the **material effect** of misstatements, non-conformities and non-compliance has a **quantitative and qualitative aspect**, and both have to be taken into account. The quantitative aspect depends on the size and nature of the impact, whereas the qualitative aspect is very much determined by factors that can influence the user, i.e. the CA (e.g. particular circumstances, whether it concerns non-compliance, etc).

For the **quantitative aspect the materiality level** plays an important role. The AVR prescribes the following materiality levels:

Art. 43p
AVR

Table 8 Materiality level

Type of regulated entity	Materiality level
Regulated entities with annual emissions equal to or less than 500 000 tonnes of CO _{2e}	±5 % of the total reported emissions in the reporting period subject to verification
Regulated entities with annual emissions of more than 500 000 tonnes of CO _{2e}	±2 % of the total reported emissions in the reporting period subject to verification

ETS2

Errors, omissions and misrepresentations in the reported data compared to the actual data that have been established by the verifier have to be taken into account when assessing the material impact of misstatements, non-conformities and non-compliance on the reported data. This includes deviations from the required uncertainty level that cannot be explained by the approved MP or the MRR. The following method shows how a verifier can calculate whether the materiality level has been exceeded.

Table 9 Example of applying the materiality level

Item	Reported value	Verifier's value	Difference	Material?
Item 1	A	B	A-B = C	C/Z %
Item 2	F	G	F-G = H	H/Z %
Total items	Z	X	Z-X = Y	Y/Z %

Where the difference in value between the actual value and the verifier's value is negative, this indicates that the original reported value was **understated**; where the difference value is positive, this indicates that the original reported value was **overstated**. The total difference in value of all items is determined by summation of the individual items, i.e. taking the positive and negative values into account. These positive/negative values need then to be taken together into the % calculation to ensure that the total aggregate of the differences is accounted for properly, and this figure is taken by the verifier to assess whether the total of errors and differences is a material over- or understatement.

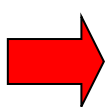
A material overstatement of emissions will result in a situation that the regulated entity surrenders more allowances than it needs to. But more important is a material understatement which will result in the regulated entity surrendering fewer allowances than it needs to with the consequence of non-compliance and a subsequent penalty associated with the allowance surrendering rules.

The example above shows that the various difference values individually, as identified by the verifier, will first be totalled, whereby the positive values will be off-set against the negative values: this total difference value will then be compared with the materiality threshold relevant for the regulated entity. Therefore, it may be that in absolute terms for an individual fuel stream the difference value may be above the relevant materiality threshold, but that

taken together, i.e. the positive difference values off-set against the negative difference values, the balance may be below the threshold value, meaning that overall the total declared value is acceptable. This is however not a mandate for leniency. The verifier will continue to look at each individual item and assess the relevance of the difference value for that item with respect to the materiality threshold.

The **quantitative aspect and thus the materiality level alone is not the only factor** when assessing whether or not a misstatement, non-conformity or non-compliance has material effect. The **qualitative aspect** has to be considered also. The key question for assessing the qualitative aspect is whether a misstatement, non-conformity or non-compliance (individually or combined) can influence the decision of the CA. This will depend on the size and nature of misstatements, non-conformities and non-compliance as well as on their particular circumstances of occurrence.

Art. 43o(3)
AVR



It is important to note that **misstatements, non-conformities and non-compliance can also have material effect on the reported data** even if the quantitative materiality level is not exceeded.

Factors that can be relevant in determining whether or not a misstatement, non-conformity or non-compliance have material effect can include the following:

- can the misstatements, non-conformities or non-compliance be corrected;
- does the regulated entity refuse to correct the misstatement, non-conformity or non-compliance identified;
- what is the likelihood of the misstatement, non-conformity or non-compliance reoccurring;
- what is the duration of a misstatement, non-conformity or non-compliance;
- are misstatements, non-conformities or non-compliance the result of an act with or without intent;
- does the issue concern non-compliance with the MRR?

3.2.10 Concluding on the findings of the verification

When completing the verification and considering all evidence gathered during the verification, the verifier is required to carry out the activities listed in Article 43q of the AVR. A key aspect of this step is that the verifier has to ensure it has gathered **sufficient evidence to support the verification opinion statement**.

Art. 43q
AVR

Sufficiency of evidence is influenced by the risk of the regulated entity's report being materially misstated: the greater the risk of a material misstatement, the more detailed verification activities and the more evidence are likely to be required. In addition, the quality of the evidence also plays a role (the better the quality of the evidence, the less important the quantity of the evidence is likely to become). However, merely obtaining more evidence may not always compensate for its poor quality.²⁹

The reliability of evidence is influenced by its source and by its nature, and is dependent on the individual circumstances under which it is obtained. For example:

- if evidence is obtained from external, independent and knowledgeable sources (e.g. external lab analysis), it could be more reliable than internal sources in the company.

²⁹ ISO 14066:2023: Greenhouse gases: Competence requirements for greenhouse gas validation teams and verification teams

- evidence that is generated internally is more reliable when the related control activities are effective or if the verification team has directly obtained the evidence (e.g. observing how the regulated entity has carried out a manual cross check on the data instead of inquiring whether the regulated entity has carried out such a control).

The verifier generally obtains more assurance from consistent evidence obtained from different sources or from evidence of a different nature than from items of evidence considered individually. When evidence obtained from one source is inconsistent with that obtained from another, the verifier will determine what additional verification activities mentioned under the process analysis are necessary to resolve the inconsistency.

3.2.11 Independent review

Article 43q(2) of the AVR declares that Article 25 of the AVR is equally applicable to ETS2 verification. Before issuing the verification report, the internal verification documentation and the verification report must be subject to an **independent review**. The objective of this review is to provide:

Art. 43q(2)
and Art. 25
AVR

- a quality review function and to look for technical errors or omissions;
- a final check that due professional care and judgement has been applied in the verification process, e.g. that the scope of work is consistent with the fuel streams the regulated entity releases for consumption and achieving a reasonable level of assurance;
- a final check to confirm that the verification team has carried out the verification in line with the AVR and that procedures for the verification activities have been correctly applied;
- an assessment of whether the evidence gathered is sufficient to support the opinion stated in the verification report;
- a proof reading function, e.g. to correct simple errors, typographical mistakes and omissions.

If an independent reviewer has identified errors or concludes that insufficient evidence has been gathered, the Lead Auditor needs to correct these and obtain the missing evidence or corroboration. Changes that the verifier makes to the verification report as a result of the independent review must be further reviewed by the independent reviewer, along with the underlying evidence. Independent review covers all the steps in the verification process and focuses in particular on the following elements:

Art. 25(4)
AVR

Non-exhaustive list of issues that need to be reviewed in the independent review

- the selection of the verification team (e.g. a check on whether the verification team holds the required competences);
- how the verifier has evaluated its risks to undertake this particular verification engagement (e.g. what time was allocated for the verification, what conditions were incorporated in the contract with the regulated entity, etc.);
- strategic analysis, risk analysis and verification plan, including revisions to the risk analysis and the plan;
- the activities performed during the process analysis, the evidence gathered, as well as the changes in the planned and executed verification activities;
- how the verification team has completed the internal verification documentation, and the consistency between the internal verification documentation and the verification report;
- any issues raised by the verifier, in particular those that are related to the verification opinion;
- misstatements, non-conformities and non-compliance communicated to the regulated entity, whether these have been addressed by the regulated entity and how these have been closed out and reported in the internal verification documentation;

- review of any uncorrected misstatements, non-conformities and non-compliance; and of how the verifier has determined the material impact of these on the reported emissions data;
- the justification for the opinion in the verification report.

An important requirement is that the **independent reviewer must not have carried out verification activities that are subject to their review**. This means that the independent reviewer shall not be part of the verification team or be involved in any of the verification activities for that particular regulated entity. Chapter 6 of this guidance and Annex IV provides information on the required competence for an independent reviewer.

Art. 25(2)
AVR

3.2.12 Internal verification documentation

Article 43q of the AVR declares that Article 26 of the AVR is equally applicable to ETS2 verification. The verifier must compile **internal verification documentation** to provide a **complete trail of evaluations and decisions** that enabled the verifier to reach its verification opinion with reasonable assurance. Annex III contains a list of minimum elements to be included in internal verification documentation.

Art. 43q(2)
and 26
AVR

The internal verification documentation needs to be transparent and must be drafted in such a manner that the independent reviewer and the national accreditation body (NAB) can assess whether the verification has been performed in line with the AVR. They have to be able to follow the complete document and data trail and assess the critical decisions and issues that occurred during the verification process.

It is the NAB's responsibility to assess the verifier's internal verification documentation in its assessment of the verifier.

In addition to this, the CA may request that the verifier provides access to its internal verification documentation and any other relevant information. The CA can set a timeframe within which the verifier must give access to the documentation. Please note that Article 26(3) of the AVR is not a requirement for the CA. The main responsibility for checking the internal verification documentation lies with the NAB.

Art. 26(3)
AVR

3.2.13 Verification report

The verifier shall issue to the regulated entity, for onward submission to the CA, a verification report related to each regulated entity's report that it has verified. Article 43r of the AVR contains requirements on the content of the verification report.

Art. 43r
AVR

Two types of verification opinion statements are possible (verified as satisfactory and verified as not satisfactory), with various justifications. Each of those statements and justifications have their own impact and characteristics.

Art. 43r(1)
AVR

Table 10 Verification Opinion Statements

AVR requirement	Clarification
The report is free from material misstatement and thus verified as satisfactory	<p>A report is verified as satisfactory if:</p> <ul style="list-style-type: none"> • The report has no misstatements, non-conformities and non-compliance issues (verified with no comments).³⁰ • The report contains issues that have no material impact on the reported data. These are issues that are not resolved at the time of reporting and include: <ul style="list-style-type: none"> ▪ non-material misstatements

Art. 43r(1)
(a) AVR

³⁰ There can still be recommendations of improvement which have to be addressed (see section 3.3)

AVR requirement	Clarification
	<ul style="list-style-type: none"> ▪ non-conformities that have no material effect on the reported data ▪ non-compliance issues that have no material effect on the reported data ▪ recommendations of improvements <p>For this type of conclusion, the verifier should select the statement “verified with comments” in the verification report template and provide the relevant comments. These comments have to be addressed (see section 3.3).</p>
The report contains material misstatements that were not corrected before issuing the verification report The regulated entity’s report is verified as not satisfactory	See section 3.2.9 and section 3.3 on material misstatements .
Scope of verification is too limited The regulated entity’s report is verified as not satisfactory	<p>A limitation of the scope of verification may arise from the following situations (Article 43s of the AVR):</p> <ul style="list-style-type: none"> ▪ data is missing that prevents a verifier from obtaining the evidence required to reduce the verification risk to the level needed to obtain a reasonable level of assurance, e.g. some or all primary source data is missing and data is only available at an aggregated level; ▪ the MP is not approved by the CA thus not providing a proper reference document for the verifier to check the report against; ▪ the MP does not provide sufficient scope or clarity to conclude on the verification, e.g. parts of the monitoring methodology are not properly described in the MP; ▪ the regulated entity has failed to make sufficient information available to enable the verifier to carry out the verification: e.g. the regulated entity has not provided the verifier with: <ul style="list-style-type: none"> – the latest version of the MP; – primary source data needed to check the accuracy of the reported data such as requested fuel invoices, or results of online measurements; – information to support the attribution of CRF codes to end consumers, or evidence to support the correct application of the scope factor method; – information on measurement equipment and the quality assurance thereof (manufacturer’s information, calibration records, maintenance information).
Non-conformities individually or combined with other non-conformities provide insufficient clarity and prevent the verifier from stating with	Usually when non-conformities are found during the verification process, it affects the risk analysis and the planned verification activities. In particular, if these non-conformities increase the risk of misstatements and create uncertainty over the accuracy of the data, the verification activities must be more detailed and further tests and checks will be required to achieve more assurance and confidence in the data. If such additional work cannot be implemented before the reporting deadline a not verified opinion must be given.

Art. 43r(1)
(b) AVR

Art. 43r(1)
(c) AVR

Art. 27 (1)
(d) AVR

AVR requirement	Clarification
reasonable assurance that the report is free from material misstatements The regulated entity's report is verified as not satisfactory	If, for example, inadequate control activities have been implemented (e.g. no calibration, no procedures ensuring completeness of the fuel streams, no proper IT interface that is used to aggregate the data), the verifier will undertake more substantive testing to assess the accuracy of the data. However further testing will not always provide the verifier with sufficient confidence in the data. In some cases such non-conformities (individually or combined with other non-conformities) provide too much uncertainty for the verifier to positively state with reasonable assurance that the regulated entity's report is free from material misstatements. For example, this could happen if the regulated entity does not calibrate instruments they use to measure the released fuel quantity, the non-conformity is repeatedly not corrected and calibrated measurement results are not present thereby causing the verifier to be uncertain whether the reported data is free from material misstatements.

3.3 Addressing outstanding issues in the verification report

Outstanding misstatements, non-conformities and non-compliance with the MRR and recommendations for improvement that have been listed in the verification report, have to be addressed by the regulated entity. Several situations can apply:

Art. 75q
MRR

Table 11 Addressing outstanding issues reported in the verification report

Type of outstanding issues	How to address
The verification report contains no misstatements, non-conformities, non-compliance with the MRR or recommendations for improvement (verified with no comments)	No action required
The verification report contains non-material misstatements (verified with comments)	The CA shall assess those misstatements and make a conservative estimate of the emissions of the regulated entity if it considers that such an estimation is appropriate. ³¹ The CA shall inform the regulated entity whether and which corrections are required to the regulated entity's report. The regulated entity shall make that information available to the verifier.
The verification report contains non-	The regulated entity has to submit a report by 31 July ³² which must describe how and when the regulated entity has rectified, or plans to

Art. 75r
MRR

Art. 75q(4)
MRR

³¹ This does not mean that the emissions report is not satisfactory. A satisfactory report can still contain non-material misstatements provided that these are reported in the verification report. Reportable emissions are in that case the verified emissions data, while the outstanding uncorrected non-material misstatements are reported separately in the verification report. However in such a situation the CA is entitled to make a conservative estimation according to Article 75r of the MRR.

³² The competent authority may set an alternative date for submission of the report, but no later date than 30 September of the same year.

Type of outstanding issues	How to address	
conformities that do not lead to a non-satisfactory report (verified with comments)	<p>correct, non-conformities identified by the verifier. The CA must approve that improvement report. An improvement report does not have to be submitted if the regulated entity has already resolved all non-conformities and recommendations for improvement and has submitted a related significant modification of the MP for approval to the CA.</p> <p>The verifier shall assess during the next verification whether these non-conformities have been corrected. If they have not been corrected, the verifier must consider whether this increases or may increase the risk of misstatements. This in turn will affect the planning of the next verification and the detail of the verification activities (e.g. further testing). During the verification process the verifier will instruct the regulated entity to correct these non-conformities. If the regulated entity still does not correct the non-conformities, this will be one of the factors to take into account when assessing the materiality of misstatements and non-conformities found during that verification. Continued non-correction may lead to minor issues being escalated to material issues in subsequent verification cycles.</p>	<p>Art. 75q (5) MRR</p> <p>Art. 43t AVR</p>
The verification report contains non-compliance issues with the MRR	<ul style="list-style-type: none"> • If the non-compliance has led to a non-material misstatement, the CA shall evaluate the misstatement and where appropriate, make a conservative estimation of the emissions data. The CA will enter this data into the registry according to Article 31 of the Registry Regulation³³. The non-compliance itself has to be corrected in consultation with the CA. • If the non-compliance has led to a material misstatement, the report cannot be verified as satisfactory and the CA shall make a conservative estimation of the emissions data according to Article 75r(1) of the MRR, and enter the corrected data into the registry according to Article 31 (6) of the Registry Regulation 2019/1122. The non-compliance itself has to be corrected in consultation with the CA. • If the non-compliance does not lead to a misstatement, the non-compliance has to be corrected in consultation with the CA. The CA may request that the regulated entity changes the MP, or consider taking enforcement action. 	<p>Art. 75r(1) MRR</p>
The verification report states that the regulated entity's report cannot be verified as satisfactory	<ul style="list-style-type: none"> • The CA shall make a conservative estimation of the emissions data according and enter the estimated data into the registry according to Article 31 of the Registry Regulation 2019/1122. • The verifier shall not enter nor approve the emissions figure in the Registry. 	<p>Art. 75r(1) MRR</p>

³³ Commission Delegated Regulation (EU) 2019/1122 of 12 March 2019 supplementing Directive 2003/87/EC of the European Parliament and of the Council as regards the functioning of the Union Registry, [EUR-Lex - 02019R1122-20250101 - EN - EUR-Lex](#).

4 Topics related specifically to ETS2

This Chapter explains some of the ETS2 specific topics that are relevant for verification of regulated entity's emissions reports. Nevertheless, the verifier still needs to check whether additional requirements apply in national law. Where relevant, reference is made to other AV guidance material developed by the Commission. For verification of situations where the monitoring of emissions is simple and involves lower risks, please see Chapter 5.

ETS2

Simple

4.1 ETS2 specific data flow and how to assess control activities

A key element of the process analysis is checking the data flow, the control activities and the procedures listed in the approved MP. The steps for carrying out these checks are the same as in the verification of operator's reports. As ETS2 is an upstream ETS where the monitoring and reporting occurs at the point of the fuel supplier and distributor, the data flow and activities related to the data flow will be different from stationary installations where the monitoring and reporting takes place at the point of consumer. Some **ETS2 specific considerations** can be made with respect to data flows:

- primary source data can come from many different places and can arise at different points of time involving different departments in the regulated entity's organisation and management structure. It can also come from external sources such as other fuel suppliers or producers, warehouses and external laboratories;
- there may be movements between many tanks or different stockpiles, which have to be accounted for when determining what fuel has actually been released for consumption (as opposed to fuel that is released from one tank to another as stocks are shifted around a storage facility in a regulated entity);
- the data flow can be more complex if there is no direct connection between the regulated entity and the end consumer and different methods have to be applied to identify whether the fuel is released for consumption in a sector that falls under the scope of ETS2. Complexities also arise if zero-rated fuels³⁴ are involved and the regulated entity must demonstrate that these zero-rated fuels meet the applicable sustainability and greenhouse gas savings criteria;
- if monitoring methods and systems are used that are based on Excise Duty Directive and Energy Taxation Directive, data flows are simpler depending on how the tax information is collected (e.g. quantity of fuel released for consumption in duty suspension arrangements, tax returns, systems generating relevant data for the regulated entity's reports);
- specific data flow activities are carried out in order to check monitoring and reporting aspects that are specifically related to ETS2, e.g. monitoring the CRF category sector coverage of end consumers, activities related to the determination of the scope factor, comparing information listed in Annex Xa of the MRR with the regulated entity's emissions report which includes information listed in Annex Xb of the MRR (see 4.4);
- if default values have been applied for the scope factor in accordance with Article 75(4) or (6) MRR, it will be easier for the verifier to check the scope factor. Section 5.1 explains what checks the verifier will carry out in such cases;

³⁴ Biofuels, bioliquids, biomass fuels, Renewable Fuel of Non-biological Origin, Recycled Carbon Fuels and Synthetic Low Carbon Fuels.

For more guidance on how to understand the data flow, please see section 6.7 of [MRR ETS2 Guidance](#) and the MRR guidance document No. 6 on Data flow activities and control system (GD6).

The verifier will have to check whether the **data flow** as described in the approved MP meets the actual practice by identifying and testing data flow activities, checking the data trail and following the sequence and interaction of data flow activities. Similar type of checks are carried out on the data flow as for stationary installations. For further information please see section 2.1 of Key guidance note on process analysis ([KGN II.3](#)).

The risks involved in these data flow all have an impact on the type of **control activities** and procedures. Article 75u of the MRR declares that Chapter VII of the MRR is equally applicable to ETS2 which means that regulated entities have to establish, implement, maintain and document a sufficiently robust and accurate control system that mitigates risks in the data flow. As the same type of control activities apply to ETS2, the verifier's check on these control activities are similar. Further information on how a verifier checks control activities can be found in section 2.2 of Key guidance note on process analysis ([KGN II.3](#)).

To mitigate the risk that control activities are not functioning effectively, the MRR requires the regulated entity to establish, implement, document and maintain **various procedures**. The verifier will carry out similar checks to these procedures. Please see section 2.3 of [KGN II.3](#) for information on how to check these procedures and section 2.4 of [KGN II.3](#) on how a verifier's checks the regulated entity's **evaluation of the whole control system**.

Art. 75b
MRR

4.2 Completeness of fuel streams

The regulated entity must monitor emissions that are associated with the fuel streams that are released for consumption in activities listed in Annex III of the EU ETS Directive. Fuel streams are **energy products and equivalent products covered by the Energy Taxation Directive**³⁵ that:

- are released for consumption through specific means, such as pipelines, trucks, rails, ships or fuel stations; and
- give rise to GHG emissions because these are used by end consumers in sectors covered by Annex III.

Section 2.2 of the [MRR ETS2 Guidance](#) contains information on what fuels are covered by ETS2.

In line with the verifier's risk analysis when checking the completeness of fuel streams the verifier will for example check:

- whether all fuels handled by the regulated entity have been accounted for and are energy products and equivalent products covered by the Energy Taxation Directive³⁶ (ETD). The verifier will take the approved monitoring plan as a starting point but will also do cross check with the MRR and assess the CN codes of the fuel streams while comparing those to CN Codes listed in Table A and C of Annex I of the ETD.
- whether fuel streams are any other product intended for use, offered for sale or used

³⁵ 'Fuel' for the purposes of Chapter IVa of this Directive means any energy product referred to in Article 2(1) of Directive 2003/96/EC, including the fuels listed in Table A and Table C of Annex I to that Directive, as well as any other product intended for use, offered for sale or used as motor fuel or heating fuel as specified in Article 2(3) of that Directive, including for the production of electricity.

³⁶ Please consult the latest update of the list of CN codes for energy products with the relevant competent authority in a country.

as motor fuel or heating fuel as specified in Article 2(3) of ETD, including for the production of electricity. The verifier will cross check these fuel streams with internal records and energy tax records as these fuels are taxed under the Energy Taxation Directive. Checks will also be made on whether any fuels are taxed at a rate of zero (i.e. these fuel streams are still released for consumption and are hence covered by ETS2). Please be aware that specific requirements may apply in a country concerning the taxation of these Article 2(3) ETD fuels;

- the correct categorisation of the fuel stream as major or de-minimis fuel streams. Categorisation has an impact on the type of monitoring methodology to be applied;
- whether data gaps and/or double counting occur because fuel streams are missing or are incorrectly defined in the MP;
- whether fuel streams listed as released for consumption in the approved MP reflect the actual situation at the regulated entity. The verifier will also perform checks on which fuels are released for consumption through what means (e.g. trucks, ships, pipelines). The verifier will for example do this by tracing the fuel stream flow of the regulated entity and checking whether this is in line with the specific means and fuel streams mentioned in the approved monitoring plan;
- whether the fuels streams have been split in accordance with the approved monitoring plan in terms of considerations such as:
 - type of fuels and end consumers in or out of ETS2 scope;
 - means through which the fuels are released for consumption;
 - the CRF source category of the end consumer; the means by which fuel is transferred to the end consumer; etc. (see sections 4.2 and 6.3.3 of the [MRR ETS2 Guidance](#));
- whether the commercial standard fuels or equivalent fuels in the approved MP meet the conditions in the MRR (e.g. definition in Article 3(32) and requirements in Article 75k MRR)³⁷;
- whether the fuel streams are actually released for consumption as indicated in the approved monitoring plan. This includes any fuels which are exempted from the energy taxation (i.e. taxed at a rate of zero but still released for consumption).

4.3 Monitoring methodology

Emissions associated with the released fuel streams are calculated by multiplying the quantity released by the (preliminary) emissions factor, the unit conversion factor, any applicable zero-rated fraction (biomass, RFNBO or RCF, SCLF), and the scope factor. In line with Article 43I of the AVR, the **verifier will check the correct application of the approved monitoring methodology**. Most procedures and checks are similar to those used for verification of an installation operator's report, in particular if the methods are used to determine the fuel quantity or emissions factor are the same. For example, if the regulated entity has applied a lower tier because of technical infeasibility and unreasonable costs, the verifier will carry out similar checks on evidence of unreasonable costs and technical infeasibility as is done during verification of operator's emissions reports. The same is true if the monitoring methodology is comparable to stationary installation's monitoring methods.

³⁷ If an IT system only allows certain types of fuel to be included as commercially standard fuels, the verifier will take this into account in the risk analysis. The risk of misstatements could be lower in that case which would determine the focus and detail of the verification. The verifier will also consider the Commission's approval on the type of equivalent fuels and communication with the competent authority related to this issue.

Table 12 Where to find information related to the monitoring methodology

Application of monitoring methodology	Where to find information
Consistency with energy taxation data, where applicable, continual metering and batch metering to determine released fuel amounts (Article 75j MRR)	Section 5.3 of MRR ETS2 Guidance Section 3.3 KGN II.3 on process analysis
Applicable default values, sampling and analysis of emissions factors and other calculation factors (Article 75k and 31(1)-(3), 32 to 35 MRR)	Section 5.5 and 5.6 of MRR ETS2 Guidance Section 3.3 KGN II.3 on process analysis
Evidence of unreasonable costs and technical infeasibility (Article 75c and Article 75d MRR)	Section 6.5 MRR ETS2 Guidance Section 3.3 KGN II.3 on process analysis
Uncertainty assessment (Article 75k and Article 28 and 29 MRR)	Section 6.5 and 6.6 MRR ETS2 Guidance Section 3.3 KGN II.3 on process analysis

Some aspects of the monitoring methodology are ETS2 specific and the verifier's role in addressing these specific aspects is outlined in this section. This includes for example the situation in which energy tax data is used to determine the fuel quantities.

4.3.1 Checking the application of methods under the ETD or Excise Duty Directive

Article 75j of the MRR allows regulated entities to use measurement methods based on the Energy Taxation Directive and the Excise Duty Directive if those methods are based on national metrological control and if the regulated entity has reporting obligations under the Energy Tax Directive and Excise Duty Directive. In some cases, the CA may require regulated entities to apply such methods. For that reason, the verifier should be aware of national legislation that transposes the Directive and may impose additional obligations. Checks need to be made on whether the methods listed in the approved monitoring plan are applied in practice. For that reason, the verifier carries out some cross checks to confirm that:

- the measurement methods in the approved MP are the same methods as applied under Energy Taxation Directive and Excise Duty Directive and that these methods are applied consistently in the reporting period;
- the same measurement instruments are used as under Energy Tax Directive and Excise Duty Directive or that the instruments used by the regulated entity are owned by trading partners;
- the measurement instruments used are covered by national metrological control. Regulated entities must provide evidence that the measurement method and instruments used meet legal requirements.

The verifier will cross check the evidence from the regulated entity against the approved monitoring plan and the application of these methods. Furthermore, they will do consistency checks between fuel quantities in tax declarations and the fuel quantities listed in the emissions reports. Under certain conditions, the verifier can decide to waive these checks (see section 5.2).

Simple

4.3.2 Checking the unit conversion factor

The unit conversion factor is used to convert the unit in which fuel amounts are released into energy content, or into mass in tonnes or volume in normal cubic meters or equivalent in litres so as to be consistent with the units of the associated emissions factors. See section 5.6.1 of [MRR ETS2 Guidance](#) for more information. The verifier checks whether the units of

measurements listed in the approved monitoring plan are used, the conversions have been derived properly and lead to accurate results.

4.3.3 Checking the methods to determine scope factors

The scope factor is applied to determine the share of a fuel stream that is released for consumption and used for combustion in sectors covered by Annex III to the EU ETS Directive. A **scope factor of zero** is applicable to those fuel streams that are released for consumption but not consumed by end consumers covered by Annex III of the EU ETS Directive, whereas a **scope factor of 1** means that the entire fuel stream is fully covered by Annex III of the EU ETS Directive. If a fuel stream partially falls under Annex III of the EU ETS Directive **a number between 0 and 1** is used i.e. only a proportion of the fuel stream is combusted by eligible end consumers (see section 5.4 [MRR ETS2 guidance](#) for more information on the scope factor). The scope factor can be easy to determine when there is a direct connection between the regulated entity and the end consumer. It is more difficult, or even not possible without incurring unreasonable costs, if the supply chain is longer and there are multiple distributors and other fuel suppliers between the regulated entity and the end consumer.

The MRR prescribes a **hierarchy of methods for the scope factor** to determine whether end consumers either fall under the scope of Annex III or not. Section 5.4.1 [MRR ETS2 Guidance](#) explains which sectors (type of end consumers) are covered by Annex III of the EU ETS Directive, which CRF categories apply to these sectors and how to define the CRF categories. That section also highlights how to regard fuels released for consumption to installations excluded in accordance with Article 27a of the EU ETS Directive. Fuels released to and combusted in such installations are outside the scope of ETS1 and therefore covered by ETS2. Please note that Member States may have opted-in additional sector in accordance with Article 30j of the EU ETS Directive. It is recommended to check Commission decisions that approves the opt-in of Member States and national legislation and, if applicable, contact the MS CA before the verification on whether there is an opt-in of additional sectors.

Article 75I of the MRR outlines the above-mentioned methods for determining the scope factor. The applicable tier determines which methods must be used (see sections 5.4.2 and 6.2 of [MRR ETS2 Guidance](#)). **The verifier takes the approved monitoring plan as a starting point and checks whether the required tier is met and whether the method approved in the monitoring plan is applied and applied correctly by assessing the regulated entity's evidence that demonstrates to which sectors fuels are released for consumption.** Table 13 describes checks the verifier carries out on the application of the method and the regulated entity's evidence. If the regulated entity cannot meet the highest tier because of technical infeasibility or unreasonable costs, the verifier will check the justifications made for this assertion, including confirmation that the CA has accepted the justifications. Similar checks on these justifications are carried out as for verification of stationary installations.

Table 13 Examples of verifier's checks on evidence related to the application of the scope factor method

Method	Examples of verifier's checks
Tier 3 (highest tier for scope factor)	
Physical distinction of flows	<p>The following criteria have to be met:</p> <ul style="list-style-type: none"> • There is a physical distinction of fuel flows: for example,

Art. 75I(2)
(a) MRR

Method	Examples of verifier's checks
	<ul style="list-style-type: none"> ○ end consumers are connected to pipeline networks where the fuel flow is directly measured³⁸; ○ only a certain type of end consumer is connected to meters that measure specific energy products such as use of electricity for only heating purposes. • The regulated entity has evidence that the end consumer is covered by Annex III sectors: e.g. a self-declaration from the fuel station that they only supply fuel to road transport or where there is legal zoning restricting uses³⁹. <p>The regulated entity would have to provide the following evidence to the verifier:</p> <ul style="list-style-type: none"> • Evidence that there is a physical distinction of fuel flows and whether this is in line with the approved monitoring plan (e.g. whether there is a pipeline, plans for the pipelines); • Evidence that the end consumer is covered by an Annex III sector: self-declaration, applicable law, approval from a relevant authority, permit from a national authority, formal records and notifications. • Contractual documents between the regulated entities and end consumer. <p>The verifier would perform specific checks to give it the necessary confidence to confirm that there is a physical distinction of the fuel flows. This includes for example:</p> <ul style="list-style-type: none"> • Cross checks of the evidence mentioned above and the approved monitoring plan and control activities in place that the evidence is properly recorded and up to date. Evidence that is issued by a regulator or independent third party, or validated and notarised evidence is strong evidence on which the verifier can place reliance; • For pipelines, the verifier could look at the plans and potentially inspect depending on the length and construction of the pipeline. Please note that there could be multiple start and end points to a pipeline through which fuel could be routed.
Chemical distinction of fuels	<p>The following criteria have to be met:</p> <ul style="list-style-type: none"> • The chemical properties are distinct from other similar fuels (see section 5.4.2 MRR ETS2 Guidance). • The fuel is only suitable for specific purposes because of legal, technical or economical reasons. <p>The regulated entity would have to provide evidence to the verifier. This includes, for example, evidence that:</p> <ul style="list-style-type: none"> • the chemical properties are distinct from other similar fuels including laboratory analysis reports, mandatory specifications for e.g. recognised commercial standard fuels⁴⁰;

³⁸ It does not matter whether the pipeline is owned by the regulated entity or not. For example, it can concern direct measurements of fuel flows in pipeline networks to which only certain types of end consumers are connected (e.g. households, or fuel stations only dedicated for agriculture or heavy duty vehicles).

³⁹ See section 5.4.2 MRR ETS2 Guidance.

⁴⁰ In most Member States there are specified standards that commercial standard fuels have to meet to be placed on the market. This includes for example:

Method	Examples of verifier's checks
	<ul style="list-style-type: none"> the fuel is only suitable for specific purposes: proof of chemical properties of the fuel: <ul style="list-style-type: none"> Legal reasons such as for high sulphur fuels: applicable law, permit from authorities; Technical reasons: e.g. evidence that there are impurities in the fuel that may affect burners; Economic reasons: e.g. evidence that the fuels are high value fuels used for industrial processes rather than combustion, such as coal for steelmaking or gas for hydrogen production. <p>The verifier would perform specific checks so that it has the necessary confidence to confirm that the fuel flows are chemically distinct, including:</p> <ul style="list-style-type: none"> Where the evidence comes from laboratory reports, checks that the laboratory performing analysis of chemical properties is competent, e.g. accredited according to EN ISO 17025 by assessing the laboratory's accreditation certificate for scope and the relevant test method; If the fuel is specific for a purpose because of legal reasons: cross checks against applicable European and national legislation and, if required, that a permit or other authorisation was provided by a competent authority; cross checking the analysis in the laboratory report, other evidence on chemical properties and internal records with information in the approved monitoring plan.
Chemical marking (Euromarker)	<p>Under this method fiscal markings are used in accordance with the Euromarker Directive to distinguish between different end consumers and sectors. As the Euromarker Directive is implemented in national legislation there could be additional or different requirements applicable in an individual MS. Section 5.4.2 of MRR ETS2 Guidance explains that the sectoral coverage of end consumers may differ from the CRF categories that have to be used to distinguish Annex III sectors. This method is therefore likely used in combination with other methods, so verifiers should be aware of this when checking evidence from the regulated entity.</p> <p>The regulated entity will have to provide evidence including, for example:</p> <ul style="list-style-type: none"> records of the fiscal markers of the fuel streams, such as dyes⁴¹ or detectable chemical additives; evidence how these additives are controlled through secure storage, records and audits etc to ensure regulated entities are not inappropriately using the markers for marking fuels; evidence of the sectoral coverage: e.g. consumer profiles.

Art. 75l(2)
(c) MRR

- Standard EN 590 - the European diesel fuel specification for low sulphur content diesel which describes the properties diesel fuel must meet if it is to be used in automobiles;
- EN 15940 - the European automotive fuel specification for paraffinic diesel fuel for a new generation of cleaner transport fuel for use in road vehicles;
- EN 14214 - the European standard giving requirements and test methods for Fatty Acid Methyl Esters-containing biodiesel (FAME) – which is the most common type of biodiesel that is blended with petroleum diesel.

If a regulated entity demonstrate that it meets the mandatory standard then it has a unique chemical composition.

⁴¹ Dyed fuels are often used for the agricultural , water navigation, aviation sectors, off-road transportation and lower ETD tax rates apply to those fuels.

Method	Examples of verifier's checks
	<p>The verifier would perform specific checks so that it has the necessary confidence to confirm the reliance on chemical marking, including:</p> <ul style="list-style-type: none"> • check on national legislation implementing the Euromarker Directive on what is applicable in an MS; • cross check of fiscal markers of fuel streams with the Euromarker Directive and national legislation and the approved monitoring plan; • check on authorisations for the use of fiscal marked fuels; • check on the controls in place to ensure the markers are not used inappropriately (e.g. document review, inspection, observation).
Annual emissions report of ETS1 operator	See section 4.4.
Tier 2 for scope factor	
Chain-of-custody (IT-based or paper-based)	<p>This method is based on evidence from the end consumer declaring or confirming the CRF category for heating of buildings, agriculture etc. to which the fuel was delivered. This declaration or statement would go up the supply chain to the regulated entity and would be based on contractual agreements between the consumer and the suppliers along the supply chain (section 5.4.2 MRR ETS2 guidance). Declarations, statements or confirmations could be paper-based or embedded in an IT system, for example by using the Excise Movement Control System (EMCS) for the duty suspension arrangement where the payment of excise duty is suspended to the receiver of the energy products or equivalent products. Given this potential complexity where intermediate suppliers between the regulated entity and the end consumer are involved, this method might most often be encountered for natural gas where suppliers have a direct contract with the end consumers.</p> <p>The regulated entity would have to provide evidence to the verifier. This includes for example:</p> <ul style="list-style-type: none"> • confirmation of the type of use and amount of fuel (either in paper or electronic documents that are used in the EMCS under the Excise Duty Directive). This would be a chain of traceable contractual arrangements and invoices; • other document equivalent to confirmations on the use and quantity fuel (e.g. fuel cards upon pre-registration applied when supplying natural gas) • self-declaration of end consumers on sector coverage; • ex ante-fiscal, technical or energy audits that are used under the Excise Duty Directive and Energy Tax Directive for enforcement procedures provided they contain information on the use and quantity of fuel; • access to central registration of industrial consumers, if available. <p>The verifier would perform specific checks to triangulate and confirm evidence provided so that it has the necessary confidence to rely on evidence obtained through the chain of custody, including:</p> <ul style="list-style-type: none"> • cross check of fuel quantity supplied by the regulated entity and recorded in their internal records with the fuel quantity in the emissions report and the fuel quantity, fuel use and sector coverage of the end consumer on a self-declaration or confirmation;

Art. 75I(2)
(e) MRR

Method	Examples of verifier's checks
	<ul style="list-style-type: none"> • check of contract arrangements in place with intermediate suppliers downstream, and how these are audited or otherwise assured as being validly implemented; • correspondence with relevant authorities (e.g. Energy Tax Directive tax returns, documents from duty suspension procedures under the Excise Duty Directive; electronic documents in the EMCS); • if a national central registration is used, requesting access to the registration and carrying out cross checks with the fuel information and quantities supplied. <p>Note: the risk of errors on paper-based documentation are higher than a document that results from an IT system.</p>
National marking	<p>National markers are used to distinguish between different end consumers and sectors. As with the Euromarking, the sectoral coverage of end consumers may differ from the CRF categories that have to be used to distinguish Annex III sectors. This method is therefore likely used in combination with other methods. The verifier should be aware of this when checking the evidence of the regulated entity.</p> <p>The regulated entity would have to provide evidence to the verifier. This includes for example:</p> <ul style="list-style-type: none"> • records of the fiscal markers of the fuel streams, such as dyes⁴² or detectable chemical additives; • evidence how these additives are controlled through secure storage, records and audits etc. to ensure they are not inappropriately using them for marking fuels; • evidence of the sectoral coverage. <p>The verifier would perform specific checks so that it has the necessary confidence to confirm reliance on national marking, including:</p> <ul style="list-style-type: none"> • check on national legislation on marking of fuels; • cross check the national fiscal markers of fuel streams with the national legislation regulating fuel marking; • check on authorisations for the use of marked fuels, if applicable; • the controls in place to ensure the markers are not used inappropriately.
Indirect methods (correlations)	<p>The CRF category would be determined via a correlation using other data and information so that the end consumer can be identified. This could, for example, include pressure levels of natural gas supplied to identify e.g. energy intensive users, fuel consumption capacities or seasonal/daily profiles, using existing public databases such as for land zoning for industrial use, as well as NACE codes for reporting to statistical offices⁴³ (see section 5.4.2 of MRR ETS2 Guidance).</p> <p>The regulated entity would have to provide evidence to the verifier. This includes for example:</p>

Art. 75I(2)
(f) MRR

Art. 75I(2)
(g) MRR

⁴² Dyed fuels are often used for the agricultural, water navigation, aviation sectors, off-road transportation and lower ETD tax rates apply to those fuels.

⁴³ For more information on NACE codes please see https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Statistical_classification_of_economic_activities_in_the_European_Community (NACE).

Method	Examples of verifier's checks	
	<ul style="list-style-type: none"> evidence from network distribution authorities on the pressures for specific gas pipelines; statutory planning and other development plans on land zoning. <p>The verifier will perform specific checks to triangulate and confirm evidence provided so that it has the necessary confidence to confirm reliance upon application of indirect methods. It very much depends on the indirect method used on what checks are necessary. If public databases are used as indirect methods, cross checks will be done between the approved monitoring plan, the emissions report, internal records and these public databases (e.g. cross checks against NACE codes).</p>	
Tier 1		
Default value of 1 (full scope coverage)	If the regulated entity cannot meet either tier 3 or 2 because of technical infeasibility or unreasonable costs, it can apply a default value of 1 (subject to CA approval). The verifier does similar checks on regulated entity's evidence on unreasonable costs and technical infeasibility as they would for verification of an installation operator's report. Note that the reference price for unreasonable costs is lower than for stationary installations: 60 euros per allowance instead of 80 euros per allowances.	Art. 75I(3) MRR
Default value lower than 1 if certain conditions are met	<p>A default value less than 1 can be used if:</p> <ul style="list-style-type: none"> For years 2024 to 2026, the regulated entity demonstrates this leads to a more accurate determination of emissions. For the years from 2027 onwards, if the regulated entity can demonstrate this leads to a more accurate determination of emissions and the following conditions are met: <ul style="list-style-type: none"> The fuel stream is de-minimis OR The default value is ≤ 0.05 (end consumers are mostly not covered) or the default value is ≥ 0.95 (end consumers are mostly covered by ETS2). <p>Please see section 5.4.2 of MRR ETS2 Guidance.</p> <p>The regulated entity would have include in its MP a justification for why the default is applicable and how it is derived, and for example provide the verifier with evidence:</p> <ul style="list-style-type: none"> of the application of the approved method for deriving the default; that application of the default leads to more accurate determination of emissions than using another method; of quantities of fuels released to confirm that they are de-minimis and remain de-minimis; whether default values are lower than 0.95 for consumers in sectors covered by Annex III of the EU ETS Directive; or higher than 0.05 for consumers in sectors not covered by Annex III, as this is outside the allowable range for use of a default for major fuel streams. <p>The verifier would for example check whether the default values listed in the approved monitoring plan are used, the categorisation of the fuel streams (see section 4.1), compliance with the conditions in Article 75I(4) MRR, the establishment and implementation of internal procedures for determining defaults.</p>	Art. 75I(4) MRR
MS requires regulated entity	The verifier would check evidence associated with the relevant methods above if they are required to be applied.	Art. 75I(6) MRR

Method	Examples of verifier's checks
to use a specific method or a default value	A default value could be defined for a certain fuel type or for use in a specific region so the verifier would need to confirm whether the default values listed in the approved monitoring plan are used and whether this reflects the default value approved by the CA. Please note that also these default values should not be lower than 0.95 for consumers in sectors covered by Annex III if the EU ETS Directive and not higher than 0.05 for consumers in sectors not covered by Annex III. More information is provided in section 5.

Simple

More than one method can be used by a regulated entity to determine the scope factor. In that case a weighted average is used in line with the approved MP. The **verifier** would check whether the calculation of the weighted average is carried out in accordance with the approved MP considering the evidence associated with the different methods as outlined in the table above. However, the ETS2 MRR GD recommends regulated entities to split fuel stream in case two scope factors are used. The split into fuel streams should be at a level of aggregation which allows for only one means through which the fuels are released, only one method for the scope factor (at least only one tier) and CRF category. This would greatly facilitate the competent authority's approval of the MP and the verification of the annual emissions report, allowing spotting of related risks more easily.

Art. 75l(5)
MRR

4.4 Assessing double counting with ETS1

Article 75v of the MRR requires regulated entities to use their monitoring and reporting processes to avoid double counting between EU ETS1 and ETS2. Each regulated entity which releases fuel for combustion in EU ETS1 sectors has to determine its reportable emissions by **deducting the fuel amounts acquired and used by EU ETS1 operator** in Annex I activities **from the total quantities** of fuels released for consumption. This also applies to the emissions associated to the fuels used and released for consumption.

Art. 75v
(4) MRR

If the amounts of fuels acquired by ETS1 operators are put on stock and therefore **not used in the same reporting year**, the fuel amounts may only be deducted from the ETS2 regulated entity's emissions report if the ETS1 emissions report for the subsequent year confirms that these amounts have been used for activities covered by Annex I of the EU ETS Directive (in ETS1 sectors) in that subsequent year. Otherwise, the difference between the fuel released for consumption and the fuel acquired by the ETS1 operator not using the fuel must be included in the regulated entity's verified emissions report for that subsequent year.

As mentioned in section 4.3.3 the applicable tier determines the methods that can be used to determine whether the end consumers of the fuel is in the scope of ETS2. The **ETS1 operator's report is one of the key methods** under the highest tier to determine which fuels are released for consumption but then used in ETS1 activities.

Annex Xa MRR information in the ETS1 operator's report

The ETS1 operator's report must contain information that is listed in **Annex Xa of the MRR**, as part of its annual emissions report: i.e.

- the name of the fuel supplier,
- the amounts of fuels acquired by ETS1 installations from each fuel supplier, and
- the amounts of fuels used in ETS1 activities in the reporting year.

Art. 75v
(2) MRR

This information allows ETS2 regulated entities to determine which fuels and respective amounts are actually used in ETS1 activities and not for example exported to third parties. Such information trail is in particular possible if the supply chain is clear and the end use can

be linked from the ETS2 regulated entity to the ETS1 installation. The deduction of these corresponding amounts from the regulated entity's annual emissions report will be done by applying the corresponding scope factor of zero (see scope factor methods described in *Table 13*, in particular Tier 3 method "Annual emissions report of ETS1 operator").

Access to Annex Xa information

Regulated entities can get access to the relevant information listed in Annex Xa of the MRR if this information is made available by the EU ETS1 operator to the regulated entity. The requirement to share this information annually, could be part of the contractual arrangements between the ETS2 regulated entity and the EU ETS1 operator. MS may facilitate this process and require EU ETS1 operators to share this information with their suppliers.

**Art. 75v
(2) MRR**

The **MRR puts the onus** on establishing a connection for fuel amounts supplied to ETS1 operator on ETS2 regulated entities and this connection will be a crucial initial step as otherwise the ETS2 regulated entity might have to pass through carbon costs as soon as the first invoice is issued⁴⁴, either directly to ETS1 operators⁴⁵ or to any intermediary traders.

In some cases **regulated entities may not be able to obtain direct information from EU ETS1 operators on Annex Xa**. This could be the case if the fuel supply chain is long and several intermediate fuel suppliers are involved before the fuel is used by the ETS1 operator, e.g. as often encountered for liquid fuels such as fuel oil. In such cases Annex Xa information would not be relevant and a link with the regulated entity cannot be identified. One of the other scope methods under the required tier could be applied.

For cases where there is a **direct contractual relationship between the regulated entity and ETS1 installation** (e.g. in particular for natural gas), the following information will be available at the ETS1 premises for verification by the ETS1 verifier⁴⁶:

1. Fuel supply contracts between the ETS2 regulated entity and the ETS1 operator that confirm that both parties intend to trade fuels with one another (an 'intent to trade fuels and exempt ETS1 operators from ETS2 carbon costs, once applicable');
2. Invoices for the actual fuel amounts that allows linking of the amounts acquired by ETS1 operators with the ETS2 regulated entity under point 1;
3. A methodology in the approved monitoring plan of the ETS1 operator on how the split of amounts between suppliers is accounted for. This is required where fuels are stored in stock and not used in the same year, fuels that are sold by the ETS1 operator to further entities downstream, or fuels that are used by the ETS1 installation for non-ETS1 activities.

**Annex I
(10) MRR**

Points 2 and 3 will lead to a **'confirmation of use' of the fuels**, as well as an **'intention of use'** for those amounts of fuels stored but not yet consumed or sold on further. This information would then be made available to the relevant ETS2 regulated entity in accordance with 75l(2)(d) and 75v of the MRR. This information will be checked by the ETS1 verifier as part of the verification of the emissions report of the ETS1 operator. More information on what

⁴⁴ Please note that this will only be relevant once the ETS2 starts trading in 2027.

⁴⁵ Where such direct connection exists.

⁴⁶ The verification of the EU ETS1 operator's Annex Xa data will only become mandatory in 2026, i.e. for fuel amounts consumed during the reporting year 2025.

checks are carried out by that verifier can be found in the Explanatory Guidance on verification ([EGD1](#)).

Role of ETS2 verifier checking double counting between ETS1 and ETS2

The ETS2 verifier will assess whether the data in the regulated entity's emissions report is free from material misstatement and issue a verification opinion statement on whether this is the case. In order to make that assessment, the verifier will have to perform checks on the data, the emissions report and the implementation of the monitoring plan including the application of the methods to determine the scope factor. It is the **regulated entity's responsibility to provide the verifier with the necessary evidence** demonstrating the sectors to which the fuel has been released for consumption, and the correct determination and application of the scope factor.

Art. 43l
AVR

If the regulated entity releases fuel for combustion in ETS1 activities, it has to **subtract the emissions associated with those fuels from its total emissions via the scope factor**. When checking the accuracy of the regulated entity's emissions data, the **ETS2 verifier** will thus not only carry out checks on the application of the scope factor and the information listed in Annex X, but will also check the Annex Xb data reported by the regulated entity, including the parties to whom the fuel is released, the types and amounts of fuels sold to each buyer, the amount of fuel used for Annex I activities, and the end consumer of the fuels (where that information is available). They will cross check this information against fuel delivery notes, fuel invoices and, if relevant, energy tax data.

Art. 43l
(6) AVR

If the relevant information from the ETS1 operators' emissions reports has been made available to the ETS2 regulated entity by the ETS1 operator, then the ETS2 verifier will also be able to **cross check the regulated entity's Annex Xb information with the ETS1 operators' Annex Xa information**, and assess whether the regulated entity justified in subtracting the fuel amounts and its associated emissions according to Article 75v of the MRR. These checks are focused on ascertaining which fuels are used by ETS1 activities and which emissions value has to be deducted from the regulated entity's total emissions.

If the **ETS2 verifier has insufficient confidence** in the regulated entity's evidence and cannot state with reasonable level of assurance that the data that is subtracted from the total fuel amounts and associated emissions is accurate or that the fuel was actually used in the same reporting year for Annex I activities, it has a material impact on the reportable emissions data of the regulated entity. The ETS2 verifier will in that case have to issue a verification opinion statement that the regulated entity's emissions report cannot be verified as satisfactory. The verifier will also report that the end use of the fuel in Annex I activities cannot be determined and that the fuel amounts consumed in Annex I activities cannot be subtracted according to Article 75v(4) of the MRR. The CA would have to follow-up and carry out a conservative estimation of the emissions according to Article 75r of the MRR.

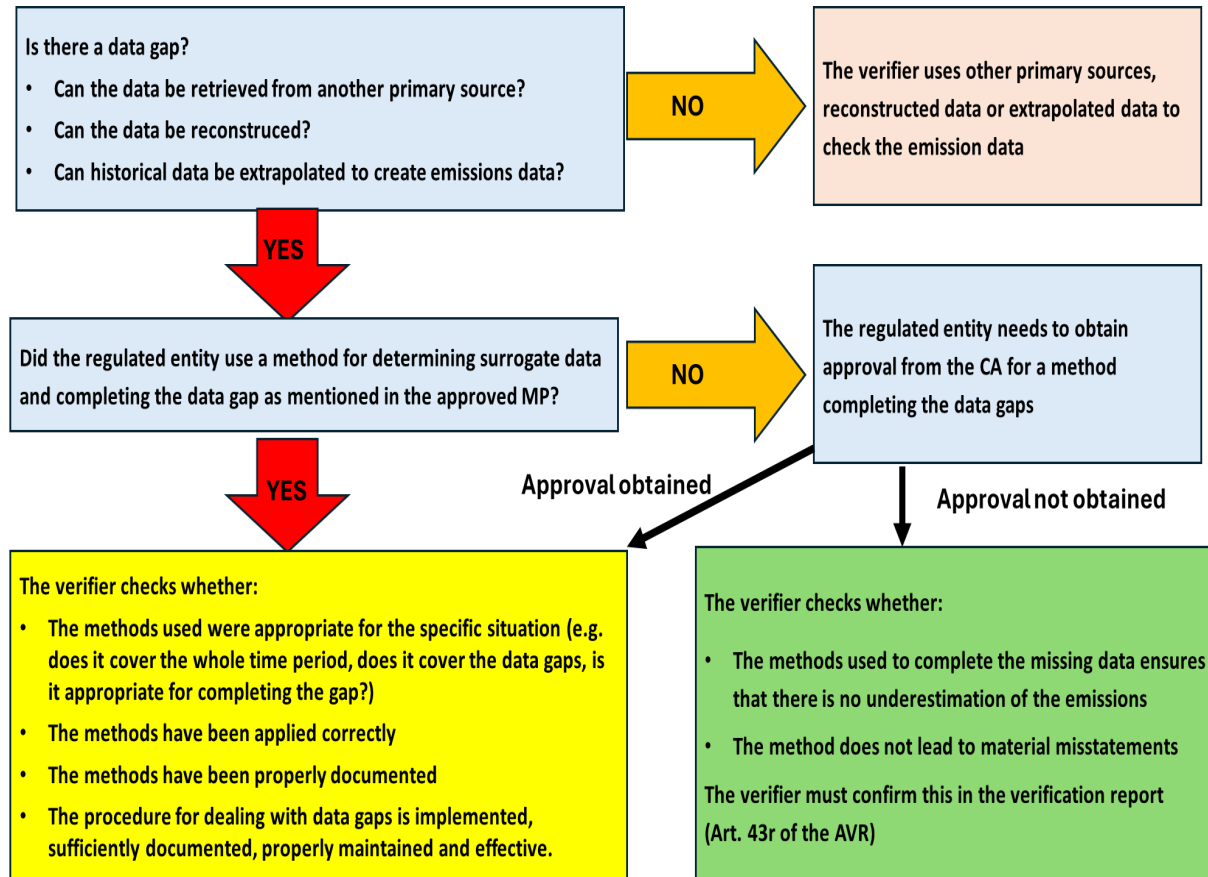
In any case the **ETS2 verifier reports its observations in the verification report** so that the CA is alerted, and follow-up action can be carried out: e.g. carrying out further checks on ETS 1 and ETS2 reports if that is needed, cross checking with tax returns, tax exemptions and the duty suspension system under the Excise Duty regime (Excise Movements and Control System) if that information is available. Where separate CAs are responsible for MRV activities for ETS1 and ETS2, these CAs will have to work together to facilitate information exchange.

Art. 43r
(3) (n)
AVR

4.5 How to address missing data?

Data gaps can be identified by the verifier when carrying out analytical tests and detailed data verification, or by the regulated entity itself during the reporting period. *Figure 7* shows what the verifier is required to check in the case of data gaps:

Figure 7 Data gaps



A data gap occurring several times over a longer period of time may show that the control activities are not functioning properly. The verifier will therefore assess the frequency of data gaps occurring and the control activities implemented to avoid these data gaps. The verifier assesses whether the control activities are effective (e.g. whether IT systems, automatically transferring data, are secure and functioning properly, whether the regulated entity has built in manual controls to ensure that no data gaps occur).

**Art. 43m
AVR**

4.6 How to address biomass, RFNBO, RCF and SLCF

New rules have been introduced in the MRR on biofuels, bioliquids, biomass fuels, renewable fuels of non-biological origin, recycled carbon fuels and synthetic low carbon fuels. The same rules apply to regulated entities as to installations. Reference is therefore made to section 4 of [KGN II.3](#) on process analysis for further information.

5 Situations for simplified verification

The principles of verification and the steps to be carried out in the verification process as described in Chapter 2.3 of this guidance also apply to the verification of emissions reports for situations where monitoring is simplified, including regulated entities with low emissions. The verifier will have to carry out the following steps in the verification process but steps 1, 2, 3, 4 and 6 may, based on the verifier's risk analysis, require lighter verification activities:

1. perform the strategic and risk analysis;
2. set up and implement the verification plan;
3. carry out checks during the process analysis (e.g. on data flow, control activities, application of the monitoring methodology, data verification);
4. identify misstatements, non-conformities and non-compliance and have regulated entities address these;
5. assess the material impact of misstatements, non-conformities and non-compliance on the final reported data;
6. establish internal verification documentation and carry out an independent review;
7. complete and conclude on the verification;
8. issue the verification report, and report outstanding issues in the verification report as well as recommendations of improvement, if applicable.

Lighter verification activities mean that the depth and detail of verification activities are significantly lower for regulated entities with simple data flows and simple monitoring methodologies. In such situations, the risk of error in the data is generally low because there is less complexity. This chapter clarifies the situations for which monitoring is simplified and how this can also simplify the verification.

Simple

5.1 Situations with simple data flows and simplified monitoring

The MRR introduces in certain cases simplifications to some monitoring requirements. *Table 14* provides information on these simplified monitoring cases.

Table 14 Simplified monitoring methodologies for regulated entities

	MRR Guidance	ETS2
Situations where monitoring methodologies are simpler for regulated entities that are <u>not</u> regulated entities with low emissions <ul style="list-style-type: none"> determination of released fuel amounts is based on measurement methods and reporting obligations of the Energy Taxation Directive and Excise Duty Directive in accordance with Article 75j(1) (a) MRR; supply of commercial standard fuels or equivalent fuels in accordance with Article 75k(2) MRR; use of default values for calculation factors (compared to sampling and analysis of calculation factors); use of default values for the scope factor in accordance with Article 75l(3), 75l(4) or 75l(6) MRR compared to the situations where a method is applied to determine scope factors. The type of default value determines what checks are carried out (see <i>Table 13</i> in section 4.3.3); situations where regulated entity's data flow is simple: e.g. a low number of fuel streams, direct connection with end consumer, simple supply chain. In 	5.3.2 5.4.2 5.5.1	

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Art. 75n(1)
MRR

Simple

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such situations control activities should be less complex and less extensive and hence the risk of error in the data flow will in most cases be lower.	
<p>Special requirements apply to regulated entities with low emissions:</p> <p>Most regulated entities with low emissions will have chosen to apply simplified monitoring methodologies and procedures which generally means lower risk of misstatements, in particular if the number of fuel streams is low. Specific monitoring rules include:</p> <ul style="list-style-type: none"> ▪ simplified monitoring methodologies can be used: they may apply as a minimum tier 1 for released fuel amounts and calculation factors for all fuel streams, unless higher accuracy is achievable without additional effort (i.e. no justifications regarding unreasonable costs are required); ▪ no requirement to submit a risk assessment to the CA when submitting a monitoring plan. However, the regulated entity is not exempted from making a risk assessment and providing that to the verifier. This risk assessment will give the regulated entity a clear idea on the risks of its data flow and what type of control activities should be implemented. It is also a helpful tool for the verifier to understand the operations of the regulated entity; ▪ the option to determine released fuel amounts by using available and documented purchasing records and estimated stock changes, without providing an uncertainty assessment; ▪ simplified evidence for demonstrating competence of a non-accredited laboratory. 	Section 7

Art. 75n(2)
- (5) MRR

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Regulated entities with low emissions are regulated entities that on average emit less than 1000 t CO₂(e) per year in accordance with Article 75n of the MRR.⁴⁷ Please note that if a regulated entity exceeds the threshold of 1000 tCO_{2e} per year, the regulated entity must notify the CA and obtain approval for this change, unless the regulated entity can demonstrate to the CA that the 1000 tCO_{2e} threshold has not been exceeded in the previous five years and will not be exceeded again in subsequent reporting periods. Verifiers should check correspondence with the CA related to this issue.

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5.2 Implications for verification

Where both inherent and control risks are low for a regulated entity⁴⁸, the verifier's risk analysis will show that verification effort can be focused and that less extensive verification activities are needed. As a result, the verification plan, the internal verification documentation and the independent review can be simpler exercises as outlined in the Table 15.

Simple

Table 15 Examples where lighter review can be used in verification process

Simplified approaches	Clarification and examples
Less extensive verification	The verifier still has to carry out activities required in the process analysis so as to be able to state with reasonable assurance that the reported data are free

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43n AVR

⁴⁷ For more precise definition, please see section 6.3.2 of the ETS2 MRR Guidance document.

⁴⁸ Regulated entities with low emissions but also other regulated entities with simple data flows and simple monitoring methodologies.

Simplified approaches	Clarification and examples
based on risk analysis	<p>from material misstatements. But the elements required in the process analysis can involve less extensive testing:</p> <ul style="list-style-type: none"> • <u>Checking the data flow</u>: where data flow and data management system are not complex the data trailing by the verifier from reported data back to the primary source is generally easier. • <u>Checking control activities</u>: where control activities are not complex, the number of items to be controlled is not large or control activities are not critical, there is a very low likelihood that a misstatement will occur. This generally means that control activities can be quickly and easily tested • <u>Checking establishment, implementation, and documentation of procedures</u>: For regulated entities with simplified monitoring methodologies in place, the procedures can be simpler, making the checking of them a straightforward exercise⁴⁹. • <u>Analytical procedures</u>: plausibility checks and cross-checking of reported data with other data will take less time if the data population is not that large and external data sources with which data is to be cross-checked (e.g. data from a gas company) are limited. • <u>Data verification</u>: Checking completeness of fuel streams or performing plausibility checks on the accuracy of data is straightforward if there are only a few fuel streams or if default values are applied for calculation factors. More information on how a verifier checks default values is provided in section 3.3 of KGN II.3. • <u>Checking the monitoring methodology</u>: if measurement methods for determining fuel amounts are based on the Energy Tax Directive and Excise Duty Directive, and the measurement instruments used are subject to national metrological control, the monitoring methodology can be checked more easily. Only few specific checks are needed to ensure that the method described in the approved monitoring plan is applied by the regulated entity. See section 4.3.1. ▪ <u>Checking the scope factor</u>: if a default value is used in accordance with Article 75I(3)⁵⁰, Article 75I(4) or 75I(6) for a specific fuel stream, it will be easier for a verifier to check application of the scope factor. In those cases, the verifier would check whether the correct default value as approved in the monitoring plan was used, whether the approved monitoring plan reflects the actual situation, whether fuel streams for which default values are applied are complete, and whether fuel streams were released for consumption as indicated in the approved MP. For more detailed information please see <i>Table 13</i> in section 4.3.3. • <u>Verification of methods applied for missing data</u>: the same requirements would apply to regulated entities with low emissions (see section 4.5). • <u>Sampling</u>: as the data and number of control activities is limited, the verifier may want to check all the data and proper implementation of all control activities and procedures. Checking the whole population in such a situation in general would take less time than sampling the data sets and is also more accurate.

⁴⁹ However, note that if procedures are applied by one single person and there is no back-up for that person, if that person is sick then checking procedures might prove to more difficult.

⁵⁰ Some additional checks are needed with respect to Article 75I(3) MRR as the verifier also needs to check evidence of unreasonable costs or technical infeasibility.

Simplified approaches	Clarification and examples
Simple verification plan based on risk analysis	<p>As verification activities are less extensive, the verification plan can be simpler. The plan would still contain the same elements but its detail is less elaborate:</p> <ul style="list-style-type: none"> ▪ A verification programme describing the nature and scope of verification activities, and the time and manner in which activities are being carried out ▪ A test plan setting out scope and methods for testing control activities ▪ A data sampling plan, if sampling is to be used. In most cases, the verifier will choose to do a full check of data since this takes less time than sampling <p>If a simplified verification plan is used, the verifier must include justification for using such a plan in the internal verification documentation (Article 43x and 34 AVR).</p> <p>If methods from the Energy Taxation Directive or Excise Duty Directive are used in accordance with Article 75j(1)(a) of the MRR, a simplified verification plan suffices focusing on those checks that are absolutely necessary for a verifier to state with reasonable assurance that the report is free from material misstatements (see section 4.3.1 on checks to be carried out on the application of the monitoring methodology). The verifier will also carry out some cross checks on whether the fuel streams are complete and the default values listed in the approved monitoring plan are used.</p>
Simple internal verification documentation based on risk analysis	<p>Less extensive verification activities means that documentation of these activities and evidence gathered is also less extensive and elaborate.</p> <p>However, attention should be paid to make sure that the internal verification documentation, contains still enough information to evaluate the verification process and to support the conclusions expressed in the verification opinion.</p>
Simple independent review based on risk analysis	<p>An independent review must be done for the whole verification process. As verification of a regulated entity having simplified monitoring methodologies involves less work it will be easier for an independent reviewer to confirm whether the verifier has adequately and completely carried out the requirements of the AVR.</p>
Waiver of site visits	<p>Site visits can be waived under specific conditions and for certain types of regulated entities (for example regulated entities with low emissions). The conditions for waiving site visits are listed in Articles 43v and 43w AVR. Please see section 3.2.7.</p>
Decision to waive specific checks in certain cases	<p>A further simplification has been built into Article 43x (2), (3) and (4) of the AVR. The verifier may decide to waive checks on the methodology to determine released fuel amounts for verification of regulated entities reports of 2025 and 2026 data if the following conditions have been met:</p> <ul style="list-style-type: none"> • The verifier's risk analysis justifies such a waiver of checks. This is the case if the risk of misstatements and non-conformities is low and the evidence referred to in the second bullet point is robust and can be relied upon (the evidence comes from an independent source that cannot be altered by the regulated entity); • The quantity of released fuel amounts is determined based on ETD and EDD methodologies (the methods described in Article 75j(1) (a) MRR); • One of the following situations apply: <ul style="list-style-type: none"> ○ There is evidence from an independent source that the fuel quantity determined by ETD or EDD methods corresponds to the released fuel amount in the regulated entity's emissions report. Independent evidence means evidence that comes from a third-party source such as tax reports or

Art. 43x and 34 AVR

Art. 43x (2) AVR

Simplified approaches	Clarification and examples
	<p>returns from tax authorities, audit reports issued by financial auditors, evidence from the EU ETS competent authority, official certificates of tax exemptions where the fuel quantity is included⁵¹. It is essential that this evidence cannot be altered by the regulated entity.</p> <ul style="list-style-type: none"> ○ The released fuel amounts in the regulated entity's emissions reports are generated without any change by the regulated entity from the Excise Movement Control System (EMCS) that is used for duty suspension arrangements. The electronic information in the system includes information on the quantities of excised duty goods including in some cases fuel quantities in the case of energy products. <p>Regulated entities are required to provide the verifier with all information necessary to assess the evidence.</p> <p>If this situation applies, the verifier only has to cross check the quantity of released fuel amounts in the evidence with the released fuel streams in the annual emissions report. The other checks on methods to determine the fuel stream quantity as described in section 4.3.1 would not have to be carried out. In addition, the verifier would have to perform checks on how the calculation factors and scope factors are determined. The applicable requirements and methods determine what type of checks the verifier needs to carry out:</p> <ul style="list-style-type: none"> ○ If default values are applied for all calculation factors, the verifier checks whether the correct default value was applied consistently in the reporting period. ○ More information on checks to be carried out on the scope factor methods is outlined in section 4.3.3. <p>For this situation, conditions for waiving site visits have been relaxed for verification of regulated entity's reports of 2025 and 2026 data. Based on the risk analysis, site visits can be waived for these verifications if:</p> <ul style="list-style-type: none"> • the verifier decides, based on the risk analysis, to waive the specific checks on the methodology to determine released fuel streams in accordance with Article 43x(2) of the MRR (as highlighted above); • default values are applied for the emissions factor and unit conversion factor; • default values are applied for the biomass fraction or the biomass fraction is determined in accordance with tier 3b (Annex IIa, section 2.3 MRR). The conditions described in section 3.2.7 must apply; • for all fuel streams a scope factor of 1 applies or a default value scope factor is applied in accordance with Article 75l(6) of the MRR. <p>In these simplified situations there will be a simple strategic analysis, simple risk analysis, simple verification plan and minimal checks necessary to state with reasonable assurance that the emissions report is free from material misstatements. Because of these limited checks the internal verification documentation is likely to also be simple and the independent review can be carried out more quickly. However, the same requirements apply to verification reporting (see below).</p>

⁵¹ Evidence from gas grid operators (transmission system operators (TSO) and distribution system operators (DSO) for gas) is generally considered evidence from an independent source (there should be contractual agreements in place between these parties and the regulated entity). The verifier could rely on that evidence and the contractual agreement provided it is not altered by the regulated entity).

Please note that regulated entities with simplified monitoring methodologies or regulated entities with low emissions may not always have low inherent risks. Regulated entities with low emissions may have to apply a higher tier because such higher tiers are achievable without additional effort. The monitoring methodology could be more complex in that case. Furthermore, regulated entities with low emissions or regulated entities with simplified monitoring methodologies or data flows may have weaker control systems in place and fewer people involved, meaning insufficiently robust control activities and thereby potentially causing problems in the application of the monitoring methodology and potential for errors in reported data. In that case, inherent and control risks may be higher, impacting the amount of verification work to be done. The verifier's risk analysis is therefore an important tool for the verifier to assess the risk of misstatements and non-conformities and to tailor the verification activities.

ETS2

However, in the majority of cases, in particular if the quantification of released fuel amounts is based on methods from the Energy Taxation Directive or Excise Duty Directive in accordance with Article 75j(1) (a) MRR, and if default values are used for the calculation factors and the scope factor, the verification is simple. Verification would focus on areas where there are risks of error in the data, and on the essential checks that need to be completed to confirm whether the approved monitoring plan is actually implemented in practice.

Simple

Please note that in any verification the following applies:

- Any misstatements, non-conformities or non-compliance issue identified need to be corrected, and if these cannot be corrected their material impact on the final reported data must be assessed. The same principles as described in section 3.2.8 and 3.2.9 must be followed.
- The verifier is required to complete the same data fields in the verification report template and to report all the details required by Article 43r of the AVR.

Verifiers that verify regulated entities with simplified monitoring methodologies have to meet the same requirements laid down in Chapter III of the AVR as verifiers verifying any other type of regulated entity's reports.

6 Requirements on verifiers

Chapter III of the AVR imposes specific requirements on verifiers while also referring to the requirements in EN ISO 14065 at certain points. Key guidance note KGN II.8 explains how EN ISO 14065 relates to the AVR. The same principles apply to verifiers that are carrying out verification of stationary installations and those verifying emissions reports of regulated entities.

6.1 Competence process

The verifier must establish, document, implement and maintain a competence process to ensure that all verification personnel are competent for the tasks that are allocated to them. Personnel means not only the auditor or lead auditor but also the technical experts, independent reviewers, supporting staff that help prepare the verification: basically anyone who is involved in verification related activities. Section 5.1 of the Explanatory Guidance ([EGD1](#)) explains what competence processes a verifier must implement to evaluate and monitor the competence and performance of a verifier and the staff involved in verification activities. Annex IV includes information on competence requirements that apply for lead auditors, auditors, independent reviewers and technical experts.

Art. 36
AVR

6.2 Impartiality and independence

Risks to impartiality are sources of potential risks that may compromise or may reasonably be expected to compromise a verifier's ability to make unbiased decisions. The same risks of source of revenue, self-interest, self-review, familiarity and intimidation apply as in the verification of stationary installations. Article 43za of the AVR includes similar requirements on impartiality of independence of a verifier and the staff involved in verification activities. The verifier shall not have relations with the regulated entity that could affect its independence and impartiality nor should it be owned or be part of the regulated entity. See section 5.2 of Explanatory Guidance on verification ([EGD1](#)). There are however some specific issues to observe for the verification of regulated entity's reports.

Art. 43za
AVR

The verifier must not carry out verification activities for a regulated entity that poses an unacceptable risk to its impartiality or that creates a conflict of interest. At the least such a conflict of interest arises if:

Art. 43za (3)
AVR

- a verifier or any part of the same legal entity provides consulting services to develop part of the monitoring and reporting process that is described in the approved MP, including development of the monitoring methodology, drafting of the regulated entity's emissions report and drafting of the MP itself. This concerns advice on any element in the approved MP including consultancy on setting up control activities and procedures that are listed in the MP. If the regulated entity based its measurement methods on Energy Taxation Directive and Excise Duty Directive in accordance with Article 75j(1) (a) of the MRR, verifier's advice related to the application of these methods by the regulated entity would also constitute a conflict of interest.;
- a verifier or any part of the same legal entity provides technical assistance to develop or maintain any system implemented to monitor and report emissions.

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The abovementioned elements are not exhaustive. This means that other risks can also lead to an unacceptable risk to impartiality. For examples this could include the following situations: e.g. a member of the verification team has shares in the company that they are

verifying, or a team member has worked for the regulated entity in the last year, or the lead auditor has previously worked for a consultancy that implemented the fuel or emissions monitoring system in the regulated entity that is subject to verification.

The verifier must not use personnel or contracted persons such as technical experts in the verification of a regulated entity's report that involves an actual or potential conflict of interest. EN ISO 14065 requires the verifier to instruct personnel and contracted persons that they must reveal any situation that may pose a risk to the verifier's impartiality before being assigned to an engagement. The verifier uses that information to assess risks to impartiality and what appropriate action it should take (e.g. excluding team members from a specific verification engagement).

Art. 43za (3)
AVR

The AVR and EN ISO 14065 requires the verifier to implement certain safeguard that would mitigate the risks to impartiality and to implement a process to ensure continued impartiality and independence of its personnel. Similar requirements apply as for the verification of operator's or aircraft operator's reports. Section 5.2 of the Explanatory Guidance on verification ([EGD1](#)) provides further information on which safeguards can be implemented and how the verifier should set-up a process for ensuring continued impartiality of the verifier and its personnel.

6.3 Rotation of lead auditors

In addition to familiarity risks, other risks such as self-review risks and intimidation risks can arise if verifiers carry out verification of the same regulated entity for a number of years. As part of the normal impartiality procedures and measures outlined in section 6.2 verifiers can reduce impartiality risks when verifying the same regulated entities as in the previous year.

Art. 43za
(6a) AVR

ETS2

These measures are supported by Article 43za(7) of the AVR which requires rotation of the lead auditor if that lead auditor has undertaken verification of emissions reports for the same regulated entity for a period of five consecutive years. After those five consecutive years the lead auditor will have to take a three consecutive year break from providing verification services to that same regulated entity.

Art. 43za
(7) AVR

The five-year period will start in 2026 on the verification of 2026 emissions data.⁵² This means that rotation will have to take place after verification of 2030 emissions data to be submitted by 30 April 2031, being the 5th consecutive year of verification. Verification of 2031 data to be submitted by 30 April 2032 will have to be carried out by another lead auditor. The lead auditor that carried out verification of 2026 to 2030 emissions data could resume verification directly after the 3-year break, i.e. from verification of 2029 emissions data⁵³.



Verifiers can decide to rotate lead auditors more frequently or change the lead auditor because of other reasons (e.g. the lead auditor is leaving the company or is on sick leave). Impartiality concerns within the verifier may even require the rotation of lead auditors. If the lead auditor has not verified the same regulated entity's report for five consecutive years and rotation was carried out **before** those five years, Article 43za(7) of the AVR is not applicable. However, that does not mean that no break period applies. If the verifier rotates more frequently or impartiality concerns require a rotation before those 5 years, the break period during which the lead auditor cannot carry out verification for the same regulated entity will be defined by the verifier itself, tailored to the applicable impartiality risks. As described in

⁵² Verification of reports to be submitted by 30th of April 2027.

⁵³ Verification of 2029 emissions reports to be submitted by 30 April 2030.

section 6.2 this will be done as part of normal impartiality procedures of the verifier as required by EN ISO 14065. The NAB will assess these internal rotation procedures and monitor impartiality of the verifier and its staff.

In organisations with multiple lead auditors that are competent to verify the relevant sector scopes, rotation of lead auditors will be more easy to arrange. Ideally verifiers select lead auditors who have not been involved in verification or independent review of the same regulated entity. However, this may not always be possible. A few issues need to be considered by the verifier:

- If two lead auditors within the organisation have been carrying out verification for the same regulated entity for five consecutive years, both of these lead auditors have to be rotated according to Article 43za(7) of the AVR. It is however unlikely that the same two lead auditors would be involved in one verification for five consecutive years;
- Where verifiers are small and have only two lead auditors in their organisation, the lead auditors can rotate among themselves. In such cases, the lead auditor can be rotated with an independent reviewer even if that reviewer has been doing the independent review of that same regulated entity for five consecutive years; although this is considered a weaker approach to familiarity risk so the verifier does need to ensure no impartiality risks arise and further measures are taken to reduce familiarity risks;
- A lead auditor cannot be rotated with an auditor unless that auditor has become a lead auditor and meets the relevant competence requirements.

In some cases rotation of other staff such as auditors may also be required because of impartiality risks. In those cases internal procedures set-up by the verifier determine how and when rotation is carried out. This is very much dependent on specific circumstances and tailored to the applicable impartiality risks (see section 6.2).

Please note that rotation is not the only mechanisms to mitigate familiarity risks. Verifiers have to implement other safeguards to ensure continued impartiality of the verifier and its personnel. See section 5.2 of the Explanatory Guidance on verification ([EGD I](#)).

Verifiers should ensure that lead auditors in their organisation meet the competence requirements of Article 38 of the AVR. If the verifier contracts lead auditors from outside, they also need meet competence requirements. Section 6.1 of this guidance and [KGN II.7](#) on competence outline what measures verifiers can take to ensure the lead auditor's and auditor's competence. Where capacity of verifiers in complex sectors is low, verifiers are recommended to train auditors to create a larger pool of new lead auditors.

When lead auditors rotate, the new lead auditor may be less familiar with the regulated entity and needs time to understand the regulated entity's processes and risks. High quality internal verification documentation will facilitate this process and ensure that any risk that a new lead auditor may overlook misstatements, non-conformities or non-compliance is mitigated.

As described in section 3.2.12, internal verification documentation must contain sufficient detail and provide a clear track record of issues found, justifications for approaches and decisions, as well as complete strategic, risk analysis and other activities carried out. Such documentation should also include information on how the accounting process at the regulated entity works and provide information on the quality of data flow information. Annex II provides more information on the content of internal verification documentation.

6.4 Other issues

Chapter III of the AVR imposes additional requirements on the verifier:

AVR requirement	Guidance
Article 37: Competence of verification team	Annex IV and Key Guidance note II.7 on competence of the verifier
Article 38: Competence lead auditor and auditor	Annex IV and Key Guidance note II.7 on competence of the verifier
Article 39: Independent reviewer	Annex IV and Key Guidance note II.7 on competence of the verifier
Article 40: Technical Expert	Section 6 of the Key guidance note II.7 on competence
Article 43z and 41(1): Procedures	Section 3.9 of the Key guidance note on the relation between ISO 14065 and AVR (KGN II. 8)
Article 43z and 41(2): Management system	Section 3.8 of the Key guidance note on the relation between ISO 14065 and AVR (KGN II.8), Good practice example on application EN ISO 14065: management system
Article 43z and 42: Records/ communication and confidentiality	Section 3.5 Key guidance note on the relation between EN ISO 14065 and AVR (KGN II.8)
Article 43za(5): Contracting and outsourcing	Section 3.4 Key guidance note on the relation between EN ISO 14065 and AVR (KGN II.8)

7 Accreditation and supervision

Chapter IV of the AVR contains requirements on accreditation of verifiers by the NAB and monitoring of them once they have been accredited. Verifiers that are legal persons or legal entities have to be accredited by the time they issue a verification report. The same requirements apply to the accreditation of verifiers carrying out any ETS or ETS2 emissions report verification. Only on some specific areas are the rules tailored to ETS2 verification.

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AVR

One of those specific areas is the scope of accreditation: these are the activities listed in Annex I of the AVR for which accreditation is sought and granted. The activities in Annex I of the ETS Directive are listed in various groups. Categorisation of groups of activities into scopes of accreditation has been based on similarities in the complexity, processes and technical characteristics of the sectors and the competences needed to evaluate the processes. As most of the competences necessary to be able to do an ETS2 verification are comparable to those for a verification of an emissions report of an installation carrying out combustion activities, this type of verification has been grouped into accreditation scope 1 as an extension of scope: accreditation scope 1c. Extending the scope means that for verifiers that have an existing EU ETS accreditation, the accreditation process will go more smoothly as most systems and procedures required by the AVR and EN ISO 17029 and ISO 14065 are already in place. For these verifiers, the extension of scope will focus on those parts where the verification of a regulated entity's report requires additional expertise and competence and where systems and procedure have to be adapted to be able to do such verification. Annex IV highlights what additional competence is required. Legal entities or legal persons verifying regulated entity's emissions reports have to be accredited against accreditation scope 1c. A verifier that is already accredited against accreditation scope 1a and 1b does not have to be accredited against accreditation scope 1c if they do not want to do ETS2 verification.

Art. 43y
AVR

ETS2

For more guidance on accreditation and annual surveillance of the verifier please see Chapter 6 of the [Explanatory Guidance on verification \(EGDI\)](#). This Chapter will be of particular interest for those entities that are new to EU ETS verification and wish to explore a new area of work. Please note that application requests for a new accreditation under accreditation scope 1c or extension of scope should be submitted in time to the accreditation body. Extensions of scope generally take less time than a new accreditation. It is recommended that such requests are submitted in June of a reporting year but at the latest by September so as to be in time for accreditation assessment of a verification to be completed by the time the verification report has to be provided to the regulated entity in April. In principle a verifier can enter into a verification contract with a regulated entity before the accreditation certificate has been issued provided that an application for accreditation has been submitted and the accreditation has been granted by the time that the verification report is issued.



8 Requirements applicable to Accreditation Bodies and CA

Chapter V of the AVR lays down requirements concerning NABs which are applicable to accreditation of all verifiers of operator's, aircraft operator's and regulated entity's reports. These requirements include specific rules on independence and competence of assessors and lead assessors evaluating the competence and performance of verifiers but also declares EN ISO/IEC 17011 to be applicable to the procedures of Accreditation Bodies.

In order to evaluate performance of verifiers carrying out a verification of a regulated entity's report some additional competence is necessary. This includes not only knowledge of the MRR requirements on the monitoring and reporting for ETS2 but also some additional technical expertise. Please see Annex IV for information on what additional competence is needed for a verifier carrying out regulated entity's reports.

Further guidance on requirements applicable to accreditation bodies can be found in Chapter 7 of Explanatory Guidance on Verification ([EGDI](#)) and Key Guidance Note 9 on the relationship between the AVR and EN ISO/IEC 17011 (KGN II.9).

Please note that accreditation bodies are regularly monitored through peer evaluations that are organised by the European Cooperation for Accreditation. Chapter 8 of Explanatory Guidance on verification ([EGDI](#)) provides more information on this peer evaluation process.

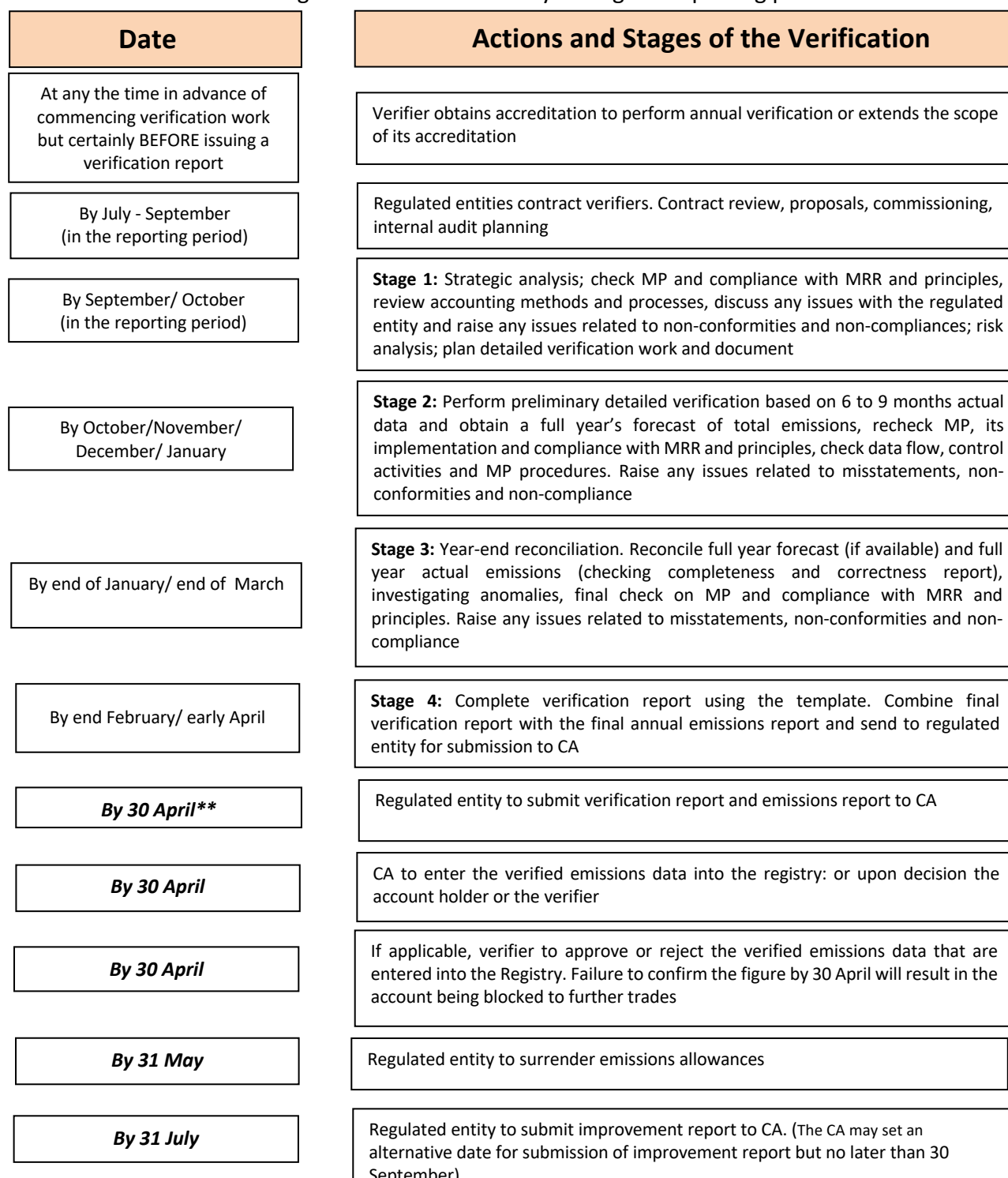
Verifiers are allowed to operate across national borders and carry out verification in other MS. This emanates not only from Article 49 of the EU Treaty and from the Services Directive⁵⁴ which prohibit restrictions on the freedom to provide services within the European Union, but also from the AVR itself. This means that MS cannot impose restrictions or additional requirements that would discriminate against foreign verifiers as compared to national verifiers. Chapter 9 of the Explanatory Guidance ([EGD1](#)) provides more information on mutual acceptance of verifiers across borders.

Information exchange in a harmonised and well-structured manner between the various parties involved in the EU ETS compliance processes is crucial to strengthening the quality of verification, and enhancing transparency of the compliance chain. Information exchange on verifier related issues is not only important between the NAB and the CA within the MS, but also across borders when verifiers are operating in another MS. Chapter VI of the AVR contains specific requirements on the exchange of information between NABs and CAs. These requirements are also applicable to ETS2. More guidance on these information exchange requirements are included in Chapter 10 of the Explanatory Guidance on verification ([EGD1](#)). For information exchange the Commission has developed templates which can be used to share information on issues and experiences that are relevant for both NAB and CA. Please see the key guidance note on information exchange ([KGN II.10](#)) for instructions on how to complete the templates and the contents of these templates.

⁵⁴ Directive 2006/123/EC of the European Parliament and the Council of 12 December 2006 on services in the internal market, OJ EU, L 376/36.

Annex I. Timeline for verification

The figure below provides a flow diagram of the stages and actions involved in verification against a proposed annual time line. Dates in ***bold italics*** are compulsory and set by legislation. Dates in normal text are suggested to keep the process on track and ensure verifications are completed on time and within the available verifier resources. Please note that the suggested timelines are not mandatory and may not be applicable for all regulated entities. See section 3.2 on reasons for starting the verification already during the reporting period.



****** The CA may require the regulated entity to submit the verified emissions report earlier than by 30 April, but by 31 March the earliest (Article 75q of the MRR)

Figure 8 Flow chart showing the verification process and due or proposed dates

Annex II. Strategic analysis

Table 16 describes the type of factors that a verifier should consider when analysing the information provided by the regulated entity.

ETS2

Table 16 Examples of factors to be taken into account in strategic analysis

Element in article 43f(3) AVR	Example of issues that could be relevant for the strategic analysis
<p><i>Category of regulated entity</i></p> <p>The category of regulated entity gives the verifier a general indication of the scale of the regulated entity, the complexity and what type and size of verification effort is likely to be required. So the verifier checks whether the regulated entity is a regulated entity with low emissions, a category A or regulated entity.</p>	<p>The complexity of the regulated entity is an important factor to take into account in understanding the risks involved in verifying its emissions report. A regulated entity with low emissions likely has a simple monitoring process, in particular if these fuels can easily be traced to the end consumer. In contrast, category B regulated entities generally have a large number of fuels likely coming from different sources, either producers or other fuel suppliers, which are subsequently released for consumption to numerous other suppliers or end users. The monitoring process will be more complex which will require more effort for the verifier.</p> <p>Please note that not all regulated entities with low emissions might be simple cases. If a regulated entity does not record information or does not have procedures or control systems in place, this might complicate the verification.</p>
<p><i>Sectors in which fuels are released for consumption</i></p> <p>The fuels released for consumption may end up in different sectors. Only sector activities listed in Annex III of the EU ETS Directive are covered by ETS2. Amounts of fuel released to other sectors have to be subtracted from the total released fuel amounts of the regulated entity</p>	<p>The following factors have for example an impact on the planning of the verification:</p> <ul style="list-style-type: none"> the type of method used to demonstrate that fuel amounts are released in a particular sector. Section 5.4.2 MRR ETS2 guidance explains the sector methods that can be applied; the share of released fuel amounts combusted in sectors listed in Annex III of the EU ETS Directive and in other sectors not covered by ETS2; the number of end consumers and sectors involved (this point is related to the complexity of the fuel supply chain). Section 5.4.1 MRR ETS2 Guidance describes how you can define the sectors into CRF categories.
<p><i>The complexity of the fuel supply chain as well as the number and type of fuel consumers</i></p>	<p>Complications can arise if there is no direct connection between the regulated entity and the end consumers, and more so if multiple suppliers are involved in the supply chain. Then it becomes difficult for the regulated entity to determine in which sector the fuel is consumed and whether that sector is an activity listed in Annex I of EU ETS Directive.</p>
<p><i>Monitoring plan</i></p> <p>Understanding the MP gives an indication of the complexity of the data sources and monitoring process of the regulated entity as well as the accounting process and hence the type and size of verification tasks necessary to complete verification.</p>	<p>The following factors can be relevant:</p> <ul style="list-style-type: none"> the overall organisation of the regulated entity and the locations where records and documentation are stored and where monitoring and reporting activities are carried out; the regulated entity's fuel streams and the sectors to which these fuel streams are released; whether fuels are biomass, RFNBO, RCF or SLCF; the type of procedures described in the approved MP giving an analysis of their robustness in terms of controlling

**Art. 43f (3)
(a) AVR**

**Art. 43f (3)
(a) AVR**

**Art. 43f (3)
(b) AVR**

**Art. 43f (3)
(c) AVR**

Element in article 43f(3) AVR	Example of issues that could be relevant for the strategic analysis
	accounting processes and risks.
<i>Specifics of the monitoring methodology and the scope factor applied</i>	<p>Specifics of the monitoring methodology include for example:</p> <ul style="list-style-type: none"> • the applicable tier for the activity data, emissions factor and the scope factor; • whether activity data are determined from direct readings from measurements systems (automated or manual) and whether these measurement systems are under the regulated entity's control, whether activity data is based on fuel invoice data; • whether default emissions factors are applied or factors that are determined by laboratory or online analysis • whether the released fuel amounts are measured using methods covered by the Energy Tax Directive and/or Excise Duty Directive (methods subject to national legal metrological control). For these fuels simplifications are built into the monitoring process (see section 6.5.2.4 of MRR ETS2 Guidance)
<i>The nature, scale and complexity of the fuel streams as well as equipment, data sources and processes used to determine the released fuel amounts, the origin and application of calculation factors and other primary data sources</i>	<p>The following factors could for example be relevant:</p> <ul style="list-style-type: none"> • the type of fuels (for commercial standard fuels simple monitoring methods are applicable). Section 2.2 MRR ETS2 guidance explains the type of fuels covered by ETS2; • whether fuel streams are split (section 6.3.3 MRR ETS2 Guidance gives further information on when and how to split fuel stream). The splitting of fuel streams has an impact on the type of checks to be carried out (see section 4.2) • the category of fuel stream: a category B regulated entity likely has more complex monitoring processes in place as the highest tier is in principle applicable; • the number of fuels, fuel invoices, measurement equipment used (own measurement system or instruments controlled by other parties); • outsourcing of activities such as laboratory analysis, fuel measurements by fuel suppliers. Outsourcing requires the verifier to do additional checks on outsourced procedures and control activities in place to ensure the quality of outsourced activities is in line with the approved MP.
<i>Dataflow, its control system and the control environment</i>	<p>The following factors could for example be relevant:</p> <ul style="list-style-type: none"> • the route by which data from a primary source ends up in the emissions report (e.g. including manipulation, aggregation, collation etc.); • how the data management system has been set up and functions; • the way data for the emissions report is extracted from the data management system; • the type of measurement instruments, their calibration frequency and fitness for purpose based upon original design and regulated entity;

**Art. 43f (3)
(c) AVR**

**Art. 43f (3)
(d) AVR**

**Art. 43f (3)
(e) AVR**

Element in article 43f(3) AVR	Example of issues that could be relevant for the strategic analysis
	<ul style="list-style-type: none"> • the type of quality controls used to mitigate risks in the data, e.g. double checks performed by a different person, plausibility checks by the regulated entity, or use of automated checks; • whether part of the monitoring activities have been outsourced and the type of control activities in place to ensure the quality of such outsourced activities; • the type and quality of controls on recording and transmitting data into IT systems and the control of 'black box' databases, archives and fuel stream data in other IT systems.

Annex III. Internal verification documentation

The verifier's internal verification documentation should cover at least the following elements:

- Results of evaluation of risks associated with undertaking the verification done during the pre-contract stage and a record of the evaluation itself;
- The time allocation as well as any revisions to time allocation and reasons for such a revision;
- The contract with the regulated entity and any other relevant information used to prepare the verification;
- Information on the verification team assigned to the verification and how this team was compiled:
 - names of the auditor, lead auditor and other relevant team members;
 - competence of the team to meet the scope of accreditation;
 - roles and responsibility of each verification team member;
 - time spent on verification activities by each team member.
- Conclusions on independence and impartiality checks and confirmation of the nominated independence reviewer to start the verification;
- Scope of the verification. This should in principle be in line with the scope of verification activities indicated in the initial verification plan unless changes have occurred during the verification process;
- Identification of the criteria against which the emissions report was verified so as to understand the basis for the verifier's verification conclusion;
- Conclusions on follow-up of issues/recommendations identified by previous audits;
- What information from the regulated entity the verifier has used to cross-check data and carry out other verification activities (the evidence);
- The regulated entity's emissions report including the information listed in Annex Xa of the MRR;
- Conclusions of the strategic analysis, risk analysis and process analysis and the full details of these analyses;
- The verification plan, any revisions and updates to that plan and reasons for any amendments, additional activities carried out and other conclusions related to the verification plan and process analysis;
- The verification activities undertaken and results of checks made on control activities, procedures and data. Activities described in the internal verification documentation should in principle be in line with the initial verification plan unless changes have occurred during the verification process;
- Relevant evidence gathered during verification;
- Information on what activities were performed on site and what off-site;
- If a site visit has been waived, reasons for waiving the site visit, how data has been checked and how verification has been carried out without a site visit, the decision of the CA regarding waiving of the site visit and evidence that all conditions for waiving the site visit have been met;
- If a virtual site visit was carried out because of force majeure, the justification for carrying out a virtual site visit as well as the risk assessment, evidence that all conditions for carrying out virtual site visits were met, how the virtual site visit was carried out; what

technologies were used and what activities were carried out and whether there were complications during the virtual site visit; the dates on which these activities took place; experts and team members involved in the virtual site visit; the CA approval and correspondence related to this; information on whether a physical site visit was subsequently carried out and the reasons for carrying out a subsequent physical site visit. More information can be found in [KGN 5 on site visits](#).

- Changes that have occurred to the verification plan during the verification process;
- Information and evidence on samples taken and what sampling method was used;
- Reasons for increasing or decreasing the sampling size, resolution of all issues identified which required further investigation and their eventual outcome, as well as evidence on the rationale for the conclusions reached on the emissions report, and justification for the verification opinion made by the verifier on the basis of their conclusions;
- Conclusions on data quality and the application of materiality. This includes the applied materiality threshold and a justification for judgments made concerning the quantitative and qualitative assessment of whether misstatements, non-conformities or non-compliance have material impact on the reported data;
- Non-conformities, misstatements and non-compliance that have been identified, and a description on how these have been resolved. If these misstatements, non-conformities and non-compliance issues are closed during the verification, this should be marked as such;
- Where appropriate, a description of any significant, inherent limitation associated with verification of the emissions report against the criteria. It should be clear whether there is a limitation of scope in the verification, whether there were specific circumstances or whether a restriction was imposed that prevented the verifier from obtaining evidence required to reduce the verification risk to a reasonable level;
- Results of the independent review and the name of the independent reviewer.

Annex IV. Competence of verifier in ETS2

The persons involved in verification activities have to be competent to perform verification. Competence is not only knowledge but also the skills to apply that knowledge and to carry out the prescribed activities. Specific competence requirements are included in the AVR for the verification team as a whole, the auditor and lead auditor involved in the verification, as well as the independent reviewer and any technical experts used. Auditors and lead auditors must meet the following competence requirements:

- Knowledge of ETS2 specific legislation:
 - the Directive, the MRR and the AVR
 - the applicable ISO standards⁵⁵,
 - ETS2 guidance and other MRR/AVR guidance that is relevant for MRV of ETS2 (see section 2.2 and Annex VI)
 - national legislation applicable to ETS2: e.g. national legislation in the case that a MS has opted-in additional sectors in ETS2 (Article 30j of the EU ETS Directive), national legislation implementing the Energy Taxation Directive or Excise Duty Directive if methods prescribed pursuant to these Directives have been applied to monitor released fuel amounts, any other relevant national legislation that a MS have implemented, such as national legislation that requires an ETS1 installation to share Annex Xa information with the regulated entity, national legislation that requires the application of a default value or method for the scope factor according to Article 75I(6)).
- Knowledge and experience of data and information auditing: similar competence requirements apply as for verification of installation's emissions reports. See section 4 [KGN II.7](#).
- The ability to perform verification activities. Similar competence criteria apply as for the verification of installation's emissions reports. See section 4 [KGN II.7](#);
- Knowledge and experience of ETS2 specific technical monitoring and reporting aspects as highlighted in *Table 17*.

A lead auditor has to meet the same competence requirements as an auditor and in addition must be able to lead the team and be responsible for carrying out verification activities and reaching verification conclusions.

Table 17 ETS2 specific technical competence criteria

Elements of technical expertise and competence	Examples of knowledge and skills related to technical competence
Assessing aspects of the monitoring plan	Being able to assess and understand: <ul style="list-style-type: none"> ▪ how the monitoring plan is implemented by the regulated entity ▪ how to check the emissions report against the approved monitoring plan; ▪ how to analyse information and data to confirm whether the monitoring plan is still appropriate and is being implemented.
Specific GHG activity and technology	Being able to: <ul style="list-style-type: none"> ▪ identify and understand which key operations impact the regulated entity's GHG emissions;

⁵⁵ ISO 14064-3, ISO 14065, ISO 14066 and ISO 17029

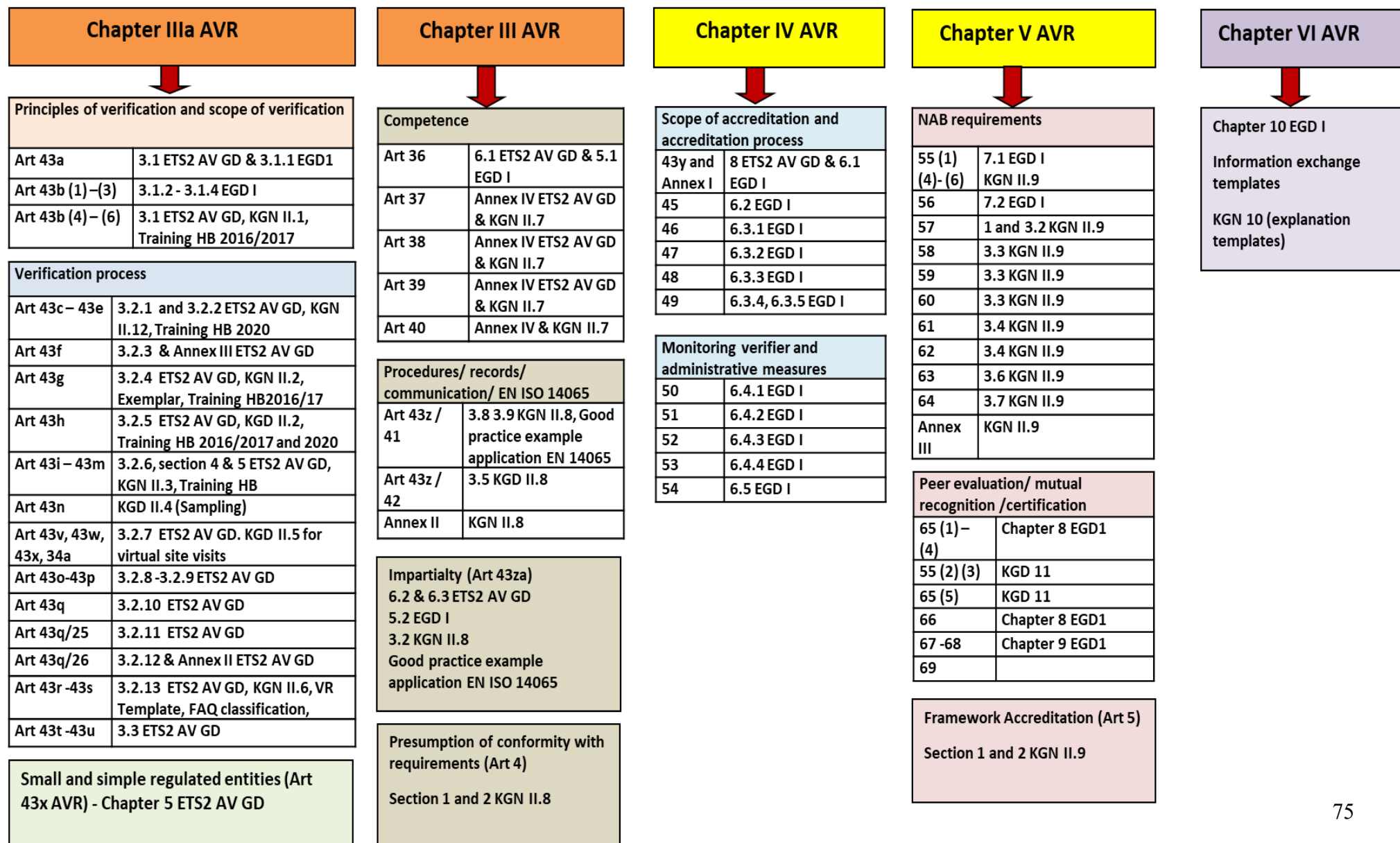
Elements of technical expertise and competence	Examples of knowledge and skills related to technical competence
	<ul style="list-style-type: none"> ▪ understand the actual operational processes and data flow of the regulated entity; ▪ assess the means through which fuels are released for consumption; ▪ assess fuel types and whether these fuels are subject to ETS2 (section 4.2); ▪ generic knowledge of GHG and global warming potentials.
Relevant GHG sources	<p>Being able to understand and have knowledge of:</p> <ul style="list-style-type: none"> ▪ the categorisation of regulated entities; ▪ assessing the completeness of fuel streams released for consumption by the regulated entity (the activities described in section 4.2); ▪ assessing split fuel streams and associated fuel quantities.
Quantification, monitoring and reporting ETS2 specific issues	<p>Being able to understand and have knowledge of techniques relevant for monitoring and reporting which require skills such as the ability to:</p> <ul style="list-style-type: none"> ▪ assess the selection, use and maintenance of measurement and calibration devices; ▪ determine the extent of testing needed to check the completeness, accuracy and reliability of information used in analysis; ▪ identify corroborating information that supports the material correctness of the reported data; ▪ conclude whether to accept or reject the information or whether to modify testing; ▪ identify the purpose of computations and what methodology is required. <p>Having knowledge and understanding of ETS2 specific monitoring issues such as:</p> <ul style="list-style-type: none"> ▪ calculation methods to determine released fuel amounts; ▪ the origin and application of calculation factors; the appropriate units used to express activity data and calculation factors; ▪ the required tiers and corresponding uncertainty thresholds; ▪ knowledge of relevant standards: e.g. calibration standards, measurement standards, management system standards and their use; ▪ assessing compliance with uncertainty thresholds and the validity of information used to calculate uncertainty levels of activity data and calculation factors; ▪ application of the monitoring and reporting principles laid down in Article 5-9 of the MRR⁵⁶; ▪ assessing data gaps, the conservativeness of the approach to fill a data gap and measures to avoid double counting of GHG emissions; ▪ the techniques for sampling, sample preparation and chemical analysis, including application of a sampling plan and chain of custody; ▪ the application of the scope factors and the ability to check the methods determining the scope factor (section 4.3.3).
Regulated entity's organisation and quality assurance	<ul style="list-style-type: none"> ▪ the regulated entity's specific data flow and risk assessment; ▪ the regulated entity's supply chain to the end consumer where this is applicable;

⁵⁶ Commission Implementing Regulation (EU) No 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 Commission Regulation (EU) No 601/2012

Elements of technical expertise and competence	Examples of knowledge and skills related to technical competence
	<ul style="list-style-type: none"> ▪ the regulated entity's specific control activities in relation to data flow; ▪ overall organisation with respect to monitoring and reporting, as well as the control environment in which the regulated entity's accounting system operates; ▪ procedures mentioned in the MRR; e.g. for data flow activities and control activities; and for managing responsibilities for monitoring and reporting of activities of a regulated entity.
Verification agreements	<ul style="list-style-type: none"> ▪ understanding contracts or other agreements with the regulated entity to manage conflicts that could impact the verification (e.g. personnel and time allocation in contracts with the regulated entity).

More information on the competence criteria applicable to the verification team, the independent reviewer and the technical expert are provided in [KGN II.7](#).

Annex V. Detailed user manual to guidance material



Annex VI. Relevant legislation and MRR guidance

Relevant legislation

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, amended several times. Download consolidated version: [EUR-Lex - 02003L0087-20240301 - EN - EUR-Lex](#)

Commission Implementing Regulation (EU) No 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 as amended by Commission implementing Regulation (EU) 2020/2085. Download the consolidated version under: [EUR-Lex - 02018R2066-20250101 - EN - EUR-Lex](#)

Commission Implementing Regulation (EU) No 2018/2067 of 19 December 2018 on the verification of data and the accreditation of verifiers pursuant to Directive 2003/87 of the European Parliament and of the Council as amended by Commission Implementing Regulation (EU) 2020/2084 of 14 December. Download the consolidated version: [EUR-Lex - 02018R2067-20250101 - EN - EUR-Lex](#)

Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93, OJ EU, L 218/30.

RED II: Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast). Download under: [EUR-Lex - 02018L2001-20240716 - EN - EUR-Lex](#)

Guidance documents developed to support the interpretation of the MRR

Quick guides” as introduction to the guidance documents below. Separate documents are available for each audience:

- Operators of stationary installations;
- Aircraft operators;
- ETS regulated entities (planned)
- Competent Authorities;
- Verifiers;
- National Accreditation Bodies.

General guidance (this document): “The Monitoring and Reporting Regulation – General guidance for ETS2 regulated entities”

Guidance document No. 1: “The Monitoring and Reporting Regulation – General guidance for installations”.

Guidance document No. 2: “The Monitoring and Reporting Regulation – General guidance for aircraft operators”. This document outlines the principles and monitoring approaches of the MRR relevant for the aviation sector. It also includes guidance on the monitoring plan templates provided by the Commission.

[Guidance document No. 3: “Biomass issues in the EU ETS”](#): This document discusses the application of sustainability criteria for biomass, as well as the requirements of Articles 38, 39 and 53 of the MRR. This document is relevant for operators of installations as well as for aircraft operators.

[Guidance document No. 4: “Guidance on Uncertainty Assessment”](#). This document for installations gives information on assessing the uncertainty associated with the measurement equipment used, and thus helps the operator to determine whether it can comply with specific tier requirements.

- [Guidance document No. 4a: “Exemplar Uncertainty Assessment”](#). This document contains further guidance and provides examples for carrying out uncertainty assessments and how to demonstrate compliance with tier requirements.

[Guidance document No. 5: “Guidance on sampling and analysis”](#) (only for installations). This document deals with the criteria for the use of non-accredited laboratories, development of a sampling plan, and various other related issues concerning the monitoring of emissions in the EU ETS.

[Guidance document No. 5a: “Exemplar Sampling Plan”](#). This document provides an example sampling plan for a stationary installation.

[Guidance document No. 6: “Data flow activities and control system”](#). This document discusses possibilities to describe data flow activities for monitoring in the EU ETS, the risk assessment as part of the control system, and examples of control activities.

[Guidance document No. 6a: “Risk Assessment and control activities – examples”](#). This document provides further guidance and an example for a risk assessment.

[Guidance document No. 7: “Continuous Emissions Monitoring Systems \(CEMS\)”](#). For stationary installations, this document gives information on the application of measurement-based approaches where GHG emissions are measured directly in the stack, and thus helps the operator to determine which type of equipment has to be used and whether it can comply with specific tier requirements.

[Guidance document No. 8: “Inspection for installations”](#). This document provides further guidance on inspection for installations.

The Commission furthermore provides the following **electronic templates**:

- Template No. 1: Monitoring plan for the emissions of stationary installations
- Template No. 2: Monitoring plan for the emissions of aircraft operators
- Template No. 4: Annual emissions report of stationary installations
- Template No. 5: Annual emissions report of aircraft operators
- Template No. 7: Improvement report of stationary installations
- Template No. 8: Improvement report of aircraft operators
- Template No. 9: ETS2 monitoring plan
- Template No. 10: ETS2 emissions report

There are furthermore the following **tools** available for operators:

- [Unreasonable costs determination tool](#);
- [Tool for the assessment of uncertainties](#);
- [Frequency of Analysis Tool](#);

- [Tool for operator risk assessment.](#)

The following MRR **training material** is available for operators:

- Roadmap through M&R Guidance
- [Uncertainty assessment](#)
- [Unreasonable costs](#)
- [Sampling plans](#)
- [Data gaps](#)
- Round Robin Test

The quick guides for operators, aircraft operators and CA provide roadmaps to all MRR Commission guidance documents, exemplars, templates and FAQ. The guidance documents can be found at: (https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/monitoring-reporting-and-verification_en).

Annex VII. Acronyms

Abbreviation	Explanation
AVR	Accreditation and Verification Regulation (A&V Regulation)
CA	Competent Authority
CCS	Carbon Capture and [geological] Storage
EA	European cooperation for Accreditation
ETS2	Emissions Trading Scheme for Road Transport, Buildings and Additional Sectors covered by Chapter IVa of the EU ETS Directive
EU ETS	EU Emissions Trading Scheme
MP	Monitoring Plan
MRR	Monitoring and Reporting Regulation (M&R Regulation)
MS	Member State(s)
NCA	National Certification Authority
NAB	National Accreditation Body
Permit	GHG emissions permit for EU ETS