



- CO2 Monitoring Concept and ETS Report Generation
- CO2 Registry-Services for enterprises
- CO2 Certificates Purchase/Sale EUA, aEUA, CER, ERU
- CO2 Certificates Swap, Spot- and Forward Trading
- CO2 Portfoliomangement and consulting
- For Information using the Freecall 0800 590 600 02



EUA DEC15 01.01.2014 to 31.12.2014

Source: ICE

Emission News 01-2015

Practical Information for Emission Trading
Edition 12.01.2015

Ministry of Economy provides funding for energy consulting - Small and medium sized companies can benefit

With the enactment of the German Directive on the promotion of energy consultancy for SMEs to 01.01.2015 a funding program was launched for small and medium-sized enterprises (SMEs), which also applies to operators in the mandatory emissions trading if they comply with certain conditions.

As the energy efficiency of these operators, due to low CO2 prices and consequent lack of willingness to invest, continues to show high energy savings potential for efficiency improvement, many operators can also achieve multiple simultaneous cost-saving effects in relevant activities in individual cases.

By a non-repayable grant in an energy efficiency consulting, operators may be able to save as a result not only through a reduction of primary energy costs but also still receive higher allocations as well as reduce costs for the purchase of emission rights (see also Emission-News 13-2014). In our present **01-2015 Emission-News** we address the concrete steps that should be taken by an operator now in January, in order to secure the up to 8,000 euro subsidy for an energy efficiency consulting.

The background for the promotion of energy efficiency consulting to SMEs

The goal of the federal government is a reduction in CO2 emissions by at least 40 percent by 2020 and 80 to 95 percent by 2050 compared to 1990. A

special role in reaching these objectives has to be taken over by the growth in energy efficiency. To achieve these ambitious climate change targets Germany employs on a wide range of instruments. This comes in addition to international mechanisms such as emissions trading to national laws and regulations, and programs.

Infobox

Important terminology for aircraft operators regarding the reporting date 31.03.2015

What does 'Full Scope (FS)' versus 'Reportable Scope' (RS) mean?

Full Scope refers to all Annex I activity of directive EU/2008/101 that is not exempt, and includes 'Reportable Scope' flights, flights between EEA aerodromes and Outermost Territories (e.g. UK to Canary Islands), between EEA aerodromes and third countries (e.g. France to USA) and positioning flights.

For the reporting years 2013-2016, Commission Regulation (EU) No. 421/2014 limits the reportable geographical scope for reporting and surrendering to only **Intra-EU** flights. Hence, emissions from flights between an airport located in the European Economic Area and an airport outside of the EEA are **not** subject to emissions trading anymore. There are, however, special features for flights to, from and within the outermost regions.

[A detailed description from DEHST here](#)

In this case, emission trading is referred to as the primary instrument of climate protection and



energy efficiency is designated according to a statement by the Federal Government as an even more important benchmark for the international competitiveness of the industry. Therefore, "all efforts to increase energy efficiency for the industry is designated to be a key activity."

A special importance will be placed on the introduction of energy management systems according to international standards (EN 16001, ISO 50001), which are required for companies that require governmental support measures (eg tax breaks, such as peak energy subsidies).

Since the beginning of 2014, the relevant ministries (environment, economy) have accepted fact that the German ambitious objective cannot be achieved; if not - in addition to the existing practice - more active measures are to be introduced. These will necessary because, in contrast to the high expectations of the control effect of emissions trading, which has almost failed after a much too high allocations of free allowances have been carried out for the third trading period, which resulted in a low price of free-certificate trading, so that any incentive for a low-CO2 economy was lost. For this reason the field of small and medium enterprises (SMEs) is now scanned in Germany for further energy savings potential in, which needs to be tapped with the help of subsidies.

The Directive on the promotion of energy advice for SMEs

On October 28, 2014, the Directive on the promotion of energy advice for SMEs was (in further text, called Directive ') was released. The contents of this Directive is now important - as the described funding between 1 January 2015 and 31 December 2015 will be available to applicants. The actual work (when it will be performed) is not bound by this period. To identify for any eligible party companies in form of a first probing whether the benefits described in the Directive can also be used for their companies, the essential conditions are described below. To explain this Emissionshändler.com® analyses first of all which companies are not eligible.

Which companies are not eligible to apply?

Subsequent SMEs are not eligible, i.e. there are conditions in the directive in section 3.2 which do not allow for a promotion or a subsidy.

- 3.2 d) "Companies that have applied for tax relief under § 55 EnergieStG in the current or preceding calendar year or under § 10 StromStG"
- 3.2 e) "Companies that have filed an application pursuant to §§ 63 ff. EEG (Special Compensation Scheme) in the current or preceding calendar year"

The "tax relief in accordance with §10 StromStG and § 55 of the Energy" is the so-called ' peak energy subsidies '. This relief can only be applied for by manufacturing firms when they already have a system to improve energy efficiency (Energy Management System, Environmental Management System) set up and meet certain other conditions. Those responsible for establishments that have applied such tax relief can no longer apply for funding under the new directive.

Infobox

Use of support money from the federal government on energy conservation

The federal government announced in the fall of 2014 that it will provide financial assistance to small and medium-sized enterprises (SMEs) when they perform the analysis of their potential savings in energy consumption by refunding the cost of external consultant services up to 80%. Emissionshaendler.com is ready to perform the appropriate consulting services, including assistance in creating the funding application, which must be made in the course of 2015, on the basis of its extensive relevant experience. Because of the relatively low cost, which have to be covered in the end by the SMEs, many companies should take advantage of these offering. A detailed description of the terms and conditions of participation can be found in emission news 01-2015 in January 2015.

The special equalization scheme 'deals with applications which have been made to be partially exempted from the EEG fees. Such an application may be made by companies who can demonstrate a current consumption in the amount of more than 1 GWh at high current intensity in an operating cost. The use of this exemption, however, has creates considerable difficulties.

Which companies are eligible to apply?

Subsequent SMEs are eligible, i.e. there are conditions in the directive in section 3.1 that permit a grant / subsidy:



- "Eligible applicants are small and medium-sized enterprises within the meaning of the Commission Recommendation 2003/361 / EC of 6 May 2003, such as the industrial sector (manufacturing, crafts, commerce) and other service industries as well as freelance professionals with seat and business operations in Germany, as far as they are not excluded under no. 3.2. "

Regarding the size of the eligible firms is important to note that there are two rules that define the term "SMEs"

- A medium-sized enterprise is defined as an enterprise which employs fewer than 250 employees and whose annual turnover not exceeding EUR 50 million or whose annual balance 43 million euros.
- A small business is defined as an enterprise which employs fewer than 50 persons and whose annual turnover or annual balance sheet not exceeding 10 million euro.

The degree of support in counselling

The Directive classifies the companies on their energy costs in two stages.

It consists of:

- Companies whose annual energy costs exceed 10,000 Euros. For these, the subsidy is 80% of the eligible consultancy costs (net advisory fees) including a possibly utilized implementation consulting, with a maximum of 8,000 euros.
- Companies with annual energy costs of up to 10,000 euros. For these, the subsidy is 80% of the eligible consultancy costs (net advisory fees) including a possibly utilized implementation advice, but not more than 800 euros.

Since the absolute vast majority of emissions trading systems have an energy cost of about 10,000 euros, the non-repayable grant to any consulting costs will amount to 8,000 euros, if the total consulting costs are 10,000 euros. This means in practice that the company will only pay 2,000 euros itself in a properly designed consulting contract in the amount of 10,000 euros (see box on site 5).

The type of energy efficiency consulting

The energy consulting must meet the requirements for an energy audit containing the following required points below:

- a) It is based on current, measured, verifiable operating data on energy consumption and utilization profiles (for electricity). The used energy consumption data can be determined by a recognized estimation method.

- b) It includes a detailed examination of the energy consumption profiles of buildings or groups of buildings and operating procedures and equipment, including transport.
- c) It is based wherever possible on a life-cycle cost analysis rather than on simple payback periods to account for long-term savings, residual values of long-term investments and discount rates.
- d) The advice is proportionate and the results are as representative that it results in a reliable picture of the overall energy efficiency and the most important improvements can be determined reliably.

The advice must allow detailed and validated calculations for proposed actions and thus provide clear information on potential savings.

Infobox

In January 2015: Creation of the Message for Operation and annual Report 2014

Plant operators should remind that at the beginning of January 2015, annual MzB (Communication for operation) must be created.

According to the relevant EU laws and the national implementation of these laws is the requirement to submit the MzB for any operator of a facility which free allocation in the 3rd trading period 2013-2020 and operate a facility subject to emissions trading.

This obligation also exists in principle, if there is no change in the operation was found and also when no CO2 was emitted. This release includes all the operating allocation elements and their activity rates in the past and future as well as any technical changes to system components or the operation of the plant or individual system parts.

*The MzB for the years 2013 to develop by 2020 in a software management system provided for this purpose (FMS) by each operator and **to 31.01.** leave a year for the previous year (§§ 19 - 22ZuV2020).*

In the case of incorrect, not consistent or not timely fill out the FMS form a reduction of the allocated free emission rights is possible: a so-called ex-post-correction. An ex-post-correction can be made even if the capacity of the plant has been reduced.

Even then, at first created in the summer of 2014, it made sense for many operators to transfer the tasks of creating the MzB to an external consultant in order not to be subject to involuntary allotment reduction or to miss the chance of an allocation increase.

*Since then equal to the MzB of CO2 **annual report 2014** for stationary operators and for aviation operators has to be created, it makes sense to use this option accompanied by the creation of the MzB together to an external service such as Emissionshändler.com® forgive, even to internal staff shortages to avoid.*

To request a quotation or further inquiries, interested operator contact as possible before the end of the year Emissionshändler.com® under +49 (30)398872110 or info@emissionshaendler.com.



The assumptions used for the consultation data must also be kept for historical analysis and tracking performance. The implementation support includes assistance that starts with the tender procedures and end with the acceptance of the implemented efficiency measure from the tender.

The report on the consultation (consultation report)

For any energy consulting a final written report is required. At the beginning of the report, the proposed energy saving measures and costs and the expected energy savings are to be listed together on one page. For the implementation support, the services such as tenders, supervision of the implementation and acceptance of construction and installation should be mentioned separately.

If the possibility of using waste heat technically and economically is considered useful, a concept for waste heat recovery under the conditions of the maximum grant structure will have to be developed.

Companies should be advised in connection with the proposed measures on the possibilities of contracting and the related support measures.

The characteristics of consultants and the application authority

Consultations can only be promoted by a grant, if carried out in an independent manner. Consultants must possess the necessary reliability. The advice can only be supported if it is carried out by a consultant who is authorized by the granting authority BAFA. This means that for the provision of appropriate consultation on the market a consulting firm must undergo a registration and examination process in the BAFA before. This is intended to ensure that they meet the requirements of their energy expertise.

The licensing authority is the Federal Office of Economics and Export Control (BAFA), Department of Energy funding guidelines advising SMEs, located in 65760 Eschborn, Frankfurter Strasse 29-35.

The electronic application and approval process

Applications must be submitted by the applicant, as qualifying company via an electronic process. The request must be made before the start of a measure. The point of starting is defined as the conclusion of

a contract of the execution of the project. An application must contain at least the following evidence and documents:

- fully completed application form
- offer or estimate of the consultant

The notification of approval by the BAFA will be issued in the order of receipt of completed applications. It is necessary to note that the communication with the granting authority shall only be made via electronic forms. These have been provided by the BAFA since 01.01.2015.

Application screen at the BAFA Portal

The software for the electronic application process can be found at the link <https://fms.bafa.de/BafaFrame/energieberatung>.

Business Consulting and exemplary approaches for emissions trading systems

The support under this Directive only covers the expenses for counselling (Energy consultant and reporting, as well as the advice and support of measures leading to savings). This includes new regulations for operation (low investment) as well as technical measures such as installing additional heat exchanger in the ventilation area, refined measuring technology (higher investments). In particular, the following areas are able to cut costs arise, which could be the subject of a subsidized energy conservation advice (excerpt from the Emission-News 13-2014).

1) Limiting the max. Heat input or production capacity

Often starting points for real energy savings show up at the corresponding analyses, for instance to lower the requirements for heating in the peak of winter. As a result, energy costs can be saved. A possible exit from the emissions trading is possible.

2.) Redefinition of balancing groups in the system

This can result in energy savings, if the analysis of the energy transport across the system boundaries concludes



that transport losses can be avoided through better heat insulation of pipes. As a result, energy costs can be saved. A reduction in the acquisition of emission rights by increasing the free allocation is likely.

3) Proof of non-applicability of benchmarks in special products

A deviation from the benchmark values should always stimulate an analysis of the causes of the higher specific energy needs. While looking for the reasons for the deviation, the insight that the production should be modified in terms of reduced energy needs can occur, which would provide a realistic energy-saving effect. As a result energy costs can possibly be saved. A significant reduction in the purchase requirement of emission rights is to be expected.

4.) Derivation of load factors

Energy savings cannot be expected by such measures, however a significant reduction in the purchasing needs of emission rights by a significant increase in the allocation of free emissions allowances can be. However a real specific energy saving could arise if the analysis approaches are found to increase the effective time utilization, because then the energy loss during holdover is being dropped. This energy costs can possibly be saved. But with greater assurance cost savings by purchasing significantly lower emission allowances are to be expected.

5.) Measures with energy-saving effects and emission reductions

A savings analysis gives evidence of real energy savings that can be in the sum of the order of 10 to 15% without major investment. As a result, resulting in energy cost savings through reduced fuel consumption and facilitates further cost savings due to the lower purchasing emission allowances.

6.) Effect of Fuel

The choice of fuel affects secondary costs, such as large storage space for supplies of coal or oil tanks which are not necessary for gas heating. This can also lead to the reduction of energy consumption (coal transportation expenses within the system, preheating of stored fuels to keep it available in very cold weather periods). Even when using gas as a fuel, the controllability - and thus adaptation to the current need in the order of magnitude better steam creation, which in turn contributes to reducing the amount of fuel. As a result costs can be saved when other fuels are replaced by natural gas. Any cost savings through reduced purchasing emission allowances are also possible.

7) Influence of metrology and regulations

All in all Notes on Optimization of control processes resulting from refined measurements lead to greater energy savings that all together can be an amount of 10% (in some cases without significant investment requirements). In addition to the energy cost usually also cost savings due to the possible lower purchase of emission allowances.

Infobox *First steps to saving*

Emissionshändler.com® provides plant operators interested with an energy efficiency consulting project funded with € 8,000 with support in applying and implementing the advice.

The following services are offered by Emissionshändler.com® to interested companies under a consulting agreement in the amount of 10,000 euros:

- 1) the development of the application to the BAFA in a form that corresponds to the specific investment*
- 2) representation of the energy flows in the system in the form of a flow diagram*
- 3) Numerical detection of electricity consumption in the last 5 years*
- 4) Numerical detection of the fuel heat consumption in the last 5 years*
- 5) Determine the 5 largest energy consumers in operation and their consumption*
- 6) Detecting the specific fuel consumption (for instance based on the produced quantities of a product)*
- 7) Comparison of the specific consumption values using the default values of modern production plants (benchmarks)*
- 8) Collection of savings by young and old*
- 9) Calculation of times for 'return on investment' for each possible action*
- 10) Recommendation on what measures should be implemented in the short term and long term*
- 11) Drafting the report which will be submitted to the BAFA*

Optional invoiced separately:

- Help with planning for the implementation of the recommendations*
- Support the implementation of the recommendations and detecting the induced energy savings*
- Help in raising financial support for the hardware cost of certain savings*

Interested operators please contact Emissionshändler.com® at info@emissionshaendler.com

Since the implementation of the above measures (described in detail in the emission news 13-2014) is often associated with capital expenditures, there



are other schemes which can affect both direct grants and subsidized loans. Some of these are:

- the "[National Action Plan](#) for Energy Efficiency (NAPE)" (Ministry of Economy)
- the "[Action Program](#) for Climate Protection 2020" (Ministry of Environment)

Both programs describe major initiatives and support programs are also available to SMEs in emissions trading if they meet these appropriate requirements.

Conclusion

The need for energy conservation is well recognized. The ways to achieve the pre-mounted savings targets are pre-attached and systematically pursued. Whether the measures which have so far been carried out and are provided for the future will result in the advertised savings goals in Germany will have to wait.

But the fact remains that a non-refundable promotion of up to 8,000 euros for energy costs advice is likely to be a greater incentive to consider for small and medium enterprises if really no further potential savings can be found in their production processes.

This is especially true for the case that these undertakings are mandatory emissions trading and therefore in some cases can generate additional benefits in saving certificate purchases in the SME sector by the new Directive on the promotion of energy advice.

Note to our readers

Since 2006 Emissionshändler.com® publishes its proven CO2 newsletter.

About 4,500 industrial customers, utilities, interest groups and individuals in Germany, Poland and other Eastern European countries can currently benefit from our emission letter in German, English and Polish, to inform themselves about current practices and up to date on topics on European emissions trading.

To continue offering our newsletter in the most accurate and up to date form and quality to our interested readers, from February 2015 onwards, we will have to provide our newsletter offering for a fee (with a few exceptions).

Further information and registration information will be available in the upcoming remaining free issues of our info letters.

The possibility to register for an annual subscription can be found when visiting our website at:

<http://www.emissionshaendler.com/en/newsletter/infobrief-bestellen.html>

We look forward to your interest

Disclaimer

This letter is issued by the emission GEMB mbH and is for information only. The GEMB Ltd. is neither legal nor tax advice. If this impression, it is hereby clarified that this is neither intended nor desired. The GEMB mbH assumes no responsibility for the accuracy and completeness of the information or its suitability for a particular purpose, either express or implied, this letter is not written with the intention that readers make an investment decision, a purchase or sale decision regarding a CO2 product or market and / or a contract decisions in all other respects active. All price curves shown here are based on data from the ICE London, generated from a Reuters information system.

Our offer

Please contact us without obligation at +49 (0)30-398 8721-10 or info@emissionshaendler.com as well as via mail or find out more about the Internet services under www.emissionshaendler.com.

Kind emission regards



Michael Kroehnert

Responsible for content:

Emissionshändler.com®

GEMB mbH, Helmholtzstraße 2-9, 10587 Berlin

HRB 101917 Amtsgericht Berlin Charlottenburg

USt-ID-Nr. DE 249072517

Phone: +49 (0)30-398872110, Fax: +49 (0)30-398872129

Web: www.emissionshaendler.com Mail: info@emissionshaendler.com

Member of Executive Board Federal Association Emission Trading and Climate Protection BVEK www.bvek.de

In cooperation with ETS Verification, the verification body for aircraft operators

ETS Verification GmbH

Guido Harling,

Altstadtparkplatz 3, D-49545 Tecklenburg

Phone: +49 5482 5099 866

Web: www.ETSVerification.com

Mail: Guido.Harling@ETSVerification.com

