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Dear valued reader of the Emission News!
 As we have announced since October 2014, the Emission Newsletter will be a paid subscription service from March 2015 onwards.
 The present issue is only partial readable, as it remains free of charge.
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Emission News 05-2015

Practical Information for Emission Trading
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Confirmation of EUA-returns with new ECAS software - Prevention strategies against interference in the register

The upcoming annual year returns of certificates to the register, which are about the amount of last year's emissions, are in April again coming into focus of the tasks at hand for the account representative.

This, however, must be done now in April 2015 under severe conditions. By 02.April, not only ECAS software requires the attention of the authorized representative but in particular the continuing problems of ECAS mobile authentication system. However, the fact that these problems appear since January 2015, and in April – for the return of the certificates – the problems are still not resolved, cannot, even under closer inspection, lead to any legal claims. An analysis of the problems' causes by Emissionshändler.com® and possible strategies to avoid access problems to ECAS can be read in our **Emission News 05-2015**, and it indicates that the causes can be viewed as a commercial problem to bypass such technical shortcomings.

Server problems in EU-Register and at ECAS

Plant operators who prepared their VET entries for an appointment on March 31 and who are confronted with IT-related problems should be aware that this is also related to the overload of the corresponding EU registry systems and the ECAS systems.

It can frequently lead to misreporting, interruptions and crashes.



Message about unknown user

An error message when the users are connecting to ECAS

because the system shows the message regarding this problem. The only solution against this problem is

Another system message may appear when the overloaded register system



Termination of a transaction during data entry



However, even after the completion of the transaction and before the confirmation by ECAS,



After entering 4 x 4 confirmation codes, the EU registry system is overloaded.

It should be noted in particular that in observed individual cases,

This feature will be very uncomfortable if the user

In the context of system crashes, Emissionshändler.com® informs that during the use of operating systems the DEHSt already wrote in e-mail listing on . It was noted, that

ECAS access problems will result legal consequences

As described in the Emission News ECAS access problems for EU register do not end. In contrast to the months of May to February when these issues usually had no direct effect for plant operators, now the transfers of allowances that reach the operator later than the legally required 26 hours (Monday-Friday) can cause negative effects.

However, the situation for the plant operator looks more dramatic in the months of March and April, because at this period, not only the VET-entry has to be transacted but also the delivery of the certificates to the register in Brussels. In addition, there are and were some more time-critical transactions such in the exchange of CER1 / ERUs for 15.05.2015 in the account and the transfer of

The resulting consequences of "no-access" to the register, because of ECAS fault, in the months of March and April may be:

The resulting consequences of "no-access" to the register, because of ECAS fault, in the months of March and April may be:

- Economic losses of 0.50 €/ t times the number of open exchange rate due to inability to use the price difference CER1 / ERUs to CER2
- Forced and automatic account lockouts due to missing or confirmed VET entry
- €100 penalty per ton of CO2 emissions from the previous year due to non-delivery of the certificates in April

Infobox
Purchase of invalid CER / ERU certificates

A smaller part of operators has now invalid CER1 and ERUs certificates after the 31.03.2015. These must be removed from the EU registry account soon after notice of the national authorities in accordance with Article 115 of Regulation registry within a period of 40 days. To avoid possible internal clarifications and long processes after a partial or complete deletion of becoming invalid certificates, Emissionshändler.com® purchases these certificates until 30/05/2015 for a price nearby one EuroCent/t.

*Interested operators can send a corresponding form to the e-mail info@emissionshaendler.com until **15.05.2015**. Because of the need to set up a trust account in a period of around 10 days, the requests after this date can not be executed.*

Contact Phone: +4930398872110

Delayed exchange

Since mid-March 2015, authorized representatives of some plant operators encountered situations when the cheap CER / ERU do not get delivered by their dealers in the register account because they are affected by ECAS access problems and the certificates cannot be delivered.

On the other hand, the first cases are already known, when operators for several days have unsuccessfully tried to convert already present in the registry account CER1 / ERU into EUA (deadline until 31.03.2015).



Here is, in the opinion of Emissionshändler.com®, the first prove, that economic damage has occurred, since missing the access to the register at 31 March on time leaves only the possibility for a subsequent exchange with CER2 certificates which cost 0.40-0.50 €/ t and are more expensive. The account owner can detect corresponding costs easily and quickly.

Account lockout

It may be stressful, if the plant operators due to ECAS problems. The same applies also to the verifiers, who wanted to confirm the VET-entries, or wanted to register but also had access problems.

According to Register Regulation 389/2013, Article 36 applies: blocking of accounts due to a failure to submit verified emissions

„If, on 1 April of each year, the annual verified emissions of an installation or aircraft operator for the preceding year have not been recorded in the Union Registry, the central administrator shall ensure that the Union Registry sets the corresponding operator holding account or aircraft operator holding account to a blocked status.“

Surely, there can be other reasons why an account holder has not placed his VET-entry. The fact is that for example in the German register by 04/01/2015 there is a high number of over 40 plant operators and aircraft operators who did not

It can be assumed that the corresponding account representatives are

In any case, it is probably useless in case of malfunction of ECAS to prove innocence; an effort which is not always worth making.

Sanctions of 100 euros per ton of emission amount

The end of April will certainly be much more dramatic for some operators, if those due to some ECAS problems - and of course other reasons - may fail delivering the certificates.

will of the account holder as consequences. These costs have to be avoided.

New ECAS - Old Problems

About 20 days ago, "New look & feel" software has been announced by ECAS available on April 2, 2015.



New ECAS since 04/02/2015

It should be mentioned, that only ECAS authentication system allows access to the EU register and only through its confirmation any activities (mostly transfers) in the register are possible. On the other hand, ECAS always ensure that the confirmation codes will be transmitted easily to the various mobile service providers of the respective representatives (wherever in the world these are right now). So, ECAS worth nothing without this crucial function of smooth transmission of SMS codes.

Therefore the "New look & feel" since April 2, 2015 is as well worthless because from the perspective of Emissionshändler.com the appearance of ECAS never was a problem but the only problem was its stable functioning.



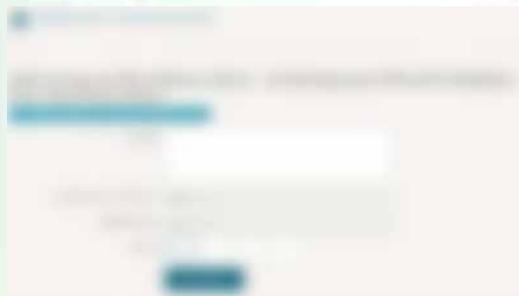
New ECAS login screen

Therefore, while dealing with ECAS.

After logging in and automatic entry into the EU register,

respectively by a 2nd representative confirmation of the transaction in the menu task list (see also: Special Features of confirmation of the 2nd authorized representative).

The automated "return" from the register system to ECAS



Confirmation of a transaction in the new ECAS

A confirmation is still a 4 x 4 code (when

However, at this stage of confirmation there is obviously something very new:

or changing



A "back button" does not exist in the ECAS, but

These messages can be partially avoided if

This did not work in most cases before in the previous ECAS version.

The repeated access to the previous transaction you have made in the new ECAS which can be accessed through a highlighted button "See the complete transaction" has no actual value. In practice, an authorized representative will hardly be able to overview

Overall, it seem that new "look & feel"

if no SMS code or not readable SMS codes arrive on your mobile device, as happened in the last days of March again. An amazing variety of errors occurs in the transmission of the codes. One of the reasons is also the fact that ECAS German mobile number () switches to Brussels as the sender number, and this causes problems.

Infobox

Aviation and Emission trading

What is the current situation of aviation ETS in the advance of the UNFCCC (United Nations Framework Convention on Climate Change) conference of Parties (COP 21) in Paris this year in December?

First of all air traffic, or operators affected by emissions trading in aviation, find themselves between two key dates. On 31 March this year was the deadline for the submission of the verified intra-EU emissions report for the previous year. Or more precisely for the submission of the reports of the previous years (2013 and 2014). The EU Directive 421/2014 specifies the deadline for the emission reports for the years 2013 and 2014 as being March 31st, 2015. The next crucial date in the aviation sector is the deadline for surrendering of certificates on 30 April.

The EU Directive 421 includes a suspension of emissions trading for international flights. Only flights with origin and destination airport within the EU have to be reported. Thus, the EU creates for the time period from 2013 until 2016 a secure legal framework. The reasoning for this approach can be found in the efforts of the International Civil Aviation Organization (ICAO), which decided at its 38th General Assembly in 2013 to develop until 2016 a global market-based climate protection instrument (engl. MBM = market based mechanism) reduce to the CO2 emissions from aviation.

In the run-up to the UNFCCC conference in Paris the above mentioned efforts by ICAO, or the apparent lack thereof, are enjoying new attention. The current plan of ICAO is to develop such an MBM system by 2016 and to implement it for the aviation sector by 2020 are clearly not enough for the conference of parties gathering in Paris. This is particular true, because there is already a strong fraction within the COP 21 that pushes for the inclusion of aviation and shipping in meeting the 2 ° C target. Thus, the pressure on IACO is getting bigger and the EU, in particular the new climate commissioner, no longer take the role as international Bad Guy there. The outcome of Paris will be exciting.

What can an account holder do to minimize or avoid ECAS access problems?

It is amazing that an account holder can do quite a lot to prevent or workaround these problems.

It must be realized that

always allow at least two courses of action, one of which usually still works.

The receipt of a SMS codes to login in ECAS or a 4 x 4 code for the confirmation of the transaction can be affected by:



1. The use of a conventional mobile phone or
2. The entry of a username or
3. The choice of language
4. The use of a SIM card provider Telekom or Vodafone or E-Plus or other provider
5. The First authorized representative or the Second authorized representative or by a third party representative

In case when there is an ECAS access problem, it will never be a problem, according to experience, which is always involving all the factors and users. It always affects only a part of the possible variants. This means that an operator always can escape ECAS problems

The following example illustrates this:

An account representative gets no 3 x 3 SMS code delivered on and its provider Vodafone after several dialling attempts. He then changes his SIM card and Now it may be that he successfully gets his code when he tries again. In case that this does not happen, Now again he can get a code or not.

If this does not help, he can instruct his second representative to dial. In the case when it is now not as provider, he will most likely be able to dial successfully.

Of course, the first representative could have used a 2nd SIM card (for the case when he experienced that some time before he can However, this way of "switching" from Phone1 to Phone2 is possible only after a waiting period since the changing the mobile phone number (see also the

In the example above it is not difficult to see that there is a variety of combinations that will always result success after some various attempts, despite all the technical obstacles that may impose an ECAS system.

And just because it is possible to protect yourself against this kind of technical problems, in a legal

dispute, in the opinion of Emissionshändler.com®, it is almost hopeless to achieve success in court against economic disadvantages or sanctions of the authorities in the case.

Conclusion for dealing with technical problems

One of the most interesting consequences that can be concluded from the statements above is that from the perspective of a plant operator - legally compliant emissions trading is less and less possible under commercial aspects.

Regardless of that, it is often not compatible with the risk policies of a company that the 100% ensured functioning of second authorized representative and, as detected, unsafe external ECAS technology may influence the welfare of a company. It will only become clear to many decision makers if the damage was already done and liability issues against the legal representative of the company are already being discussed.

Much easier and cheaper here should be the help of professional external service providers in charge who in particular are responsible for the registration and account management and who relieve the company from these tasks permanently. See also Infobox below.

Infobox

The external representatives and CO2 Know-how

An external consultant and representative as Emissionshändler.com® can assist companies in the releasing their authorized representative and is able to advice in the sequence about all essential technical and administrative tasks in the account.

Emissionshändler.com® can take as an external third authorized representative all account register activities itself as well as monitor the changes in legislation and point out the To-dos and annual periods upon request.

In particular, Emissionshändler.com® can temporarily take over the role of a second or third representative when submitting the EUA to 30.04.2015.

Regardless of the fact that Emissionshändler.com® is the commissioning company, its management as well as knowledge providers, "CO2-know-how-backup" as a practical guide for the previous account representatives are available. All services in detail are included in the [CO2 account package](#).

The technical establishing of an external representative of Emissionshändler.com® can occur within 15-20 days (and before the end of April 2015) provided if a request has been submitted until 13.04.2015. Such an application and more information are available at Emissionshändler.com® on request. Phone: +4930398872110



Special features of the confirmation of the second authorized representative in the submission of allowances in April

By changing the EU Registry Regulation 389/2013, it is known since April 2014, that two authorized representatives should always do the delivery of the certificates. These are a "proposing authorized representative" and a "confirmatory authorized representative» (see Infobox qualities of authorized representative).

Specifically, the role of the confirmatory representative is often taken by people who do not have access to the register in common practice, or forgot how to do it after a year of no practice.

The introduction of the confirmatory representative in the ECAS system can be done in a role of first representative, of second representative, or additional authorized representative. Its role is limited according to Registry Regulation and has the function "examiner", i.e. it can never get the "proposer" role. The confirmatory representative goes through the menu item "task list" in the System tab and put a tick left near the task to be confirmed



Menu tasklist

After ticking the box, the user should click the "Confirm Task" button, but should use the link "Assign Task".

Once the transaction (of the first representative) has been confirmed and only after the button was pressed then the task name

exists when the user uses other buttons because of not proper sequence such as "proposed task" and has pressed "Assign Task". In this case, the inexperienced users will hardly find the only right

correction order to use to bring the system back to its initial state. In addition, a reconnect to ECAS will not help here if a task

Infobox

Different "Qualities" of representative

The content of the most significant change in the registry account is that now there exist various "Qualities" of representatives there whose permissions apply to the execution of transactions and charges only in conjunction certain combinations and that it must be at least two involved representatives, for almost all types of transactions.

The fact is, that the authorised representatives can have three types of a status and each account holder can distinguish these needs. It is differentiated into:

- Authorised Representatives
- Authorised Representatives
- Authorised Representative

To be able to perform the type of transaction delivery successfully (and to avoid heavy fines) requires a combination of representatives as shown in the following matrix.

Case	1. Person	2. Person	Delivery successfully
1	AR	AR _{view}	No
2	AR	AR	Yes
3	AR	AR	No
4	AR	AR	Yes
5	aAR	AR	No
6	aAR	AR _{view}	Yes
7	AR _{view}	AR	No
8	aAR	aAR	Yes
9	AR	AR	No
10	AR _{view}	AR _{view}	No

Different "Qualities" of representative lead to different results in the delivery

It is clear that in the cases of 3,5 and 7 that the user should carry out the delivery, as in the case

In cases 2 and 4 that will work, the user should use the link "Assign Task".

Interestingly, it should be for the account holder, in which case the 1, 6, 8 or 10 is present and who have not realized this yet. All previous experience of Emissionshändler.com® this is the case, if existing, more representatives to date have left the company or are not currently available. It is further discriminated whether it is a technical or a human "Unavailable". The relevant account holders are therefore **not fully familiar with your registry system** will only realize too late may have any kind of "Quality" of their two existing representatives.



If now the affirmative representative ... the further steps of the confirmation of the ... are carried out, which is difficult to recognize because of a tasklink (if it is enabled).



... further processing of the confirmation of the delivery

The next steps of the confirmation of the submission (which will not be discussed further here by Emissionshändler.com®) should inform the affirmative representatives that their confirmation was successful.

This can be reached e.g. via a menu ... where the submission for the previous calendar year must be recorded.

There may be a technical peculiarity by a non-quantity of zero.



In other words: The missing line from 2014 under the line of 2013 after an apparently successful

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output might suggest that the submission was not successful (...). However, ... "difference / compliance figure". This is (with very few

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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



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