EU Emissions Trading Scheme (EU ETS) – guidance on inclusion

If you have any questions about this guidance, or other interpretational issues, please contact the relevant Emissions Trading Scheme regulator. See Annex B for a list of contacts.

In the following guidance, reference is made to the Greenhouse Gas Emissions Trading Scheme Regulations 2003, hereafter referred to as the “ETS Regulations”. The ETS Regulations can be found at the following web address: http://www.legislation.hmso.gov.uk/si/si2003/20033311.htm

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How do I know if I am included?

The first step is to check whether your plant is carrying out one or more of the activities listed in Schedule 1 to the ETS Regulations. A copy of Schedule 1 has been included in Annex A at the end of this document and a link to the ETS Regulations is above. If an activity listed in Schedule 1 is being carried out above the stated threshold, and results in the specified emissions, then it is covered by the EU ETS. You should note that where one operator carries out several activities falling under the same sub-heading in Schedule 1 (i.e. carrying out the same Schedule 1 activity), in different parts of the same
stationary technical unit or in different stationary technical units on the same site, the capacities of each activity are added together, whether or not they are technically connected. This aggregation provision is discussed further below.

Example: The food and drink sector is not explicitly listed in Schedule 1. However, a food manufacturer has two boilers of 4MW and 5 MW and two generators of 5MW and 8MW on site (note that all MW figures relate to rated thermal input). As the boilers and generators are all the same Schedule 1 activity (combustion), are all operated by the same operator and are on the same site, their capacities are aggregated together (even though there may be no technical connection between the activities). The boilers and generators will effectively be treated as one single stationary technical unit and as the total capacity is greater than 20MW (22MW), the installation will be included in the EU ETS (as a combustion installation).

Some examples of Schedule 1 activities and non-Schedule 1 activities are:

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<td>Two combustion plants (11MW and 8MW) operated by the same operator on the same site (aggregation provision applies, but the capacities only aggregate to 19MW and so remain below the threshold)</td>
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How do I know what to include in the scope of the activity?

The general principle is that an activity will be considered part of a Schedule 1 activity if it is an integrated part of that Schedule 1 activity. In considering whether an activity is an integrated part of a Schedule 1 activity the following factors will be relevant:
• whether the Schedule 1 activity would be technically viable without that activity (e.g. where the manufacture of glass (activity 3.3 in Schedule 1 to the ETS Regulations) would not be possible without annealing, or where the production of paper (activity 4.2 in Schedule 1 to the ETS Regulations) would not be possible without an on-site CHP plant providing steam);

• whether the activity’s primary purpose is the Schedule 1 activity e.g. the primary purpose of the annealing activity is for the manufacture of glass or the primary purpose of the CHP plant is to produce steam for use in the production of paper. The regulators will need to take a pragmatic approach to defining “primary purpose”, although in most cases it will be defined as the greatest proportion of its output.

Who should apply for a permit?

A greenhouse gas emissions permit is only needed for the carrying out of activities listed in Schedule 1 resulting in specified emissions. Therefore only operators carrying out a Schedule 1 activity (or part of such an activity) will be required to apply for a permit.

The permit will however define the whole installation and therefore the operator will need to supply details of the installation in his application for a permit.

How should I define the scope of the installation?

An ‘installation’ is defined in the ETS Regulations as:
• a stationary technical unit where one or more activities listed in Schedule 1 of the ETS Regulations are carried out; and
• any other location on the same site where any other directly associated activities are carried out which have a technical connection with the activities carried out in the stationary technical unit and which could have an effect on greenhouse gas emissions and pollution.

The second limb of the definition applies regardless of who the operator of the directly associated activity is, unlike the aggregation provision mentioned above.

A ‘stationary technical unit’ can be taken to mean something which is functionally self contained in the sense that the unit - which may consist of one component or a number of components functioning together - can carry out the Schedule 1 activity or activities on its own.

Where, however, there are two or more such units on the same site, those units should be regarded as a single technical unit (albeit perhaps with more than one operator) for the application of the EU ETS if:
• they carry out successive steps in one integrated industrial activity;
• one of the Schedule 1 activities is a “directly associated” activity of the other;
• both/all units are served by the same directly associated activity; and/or
• both/all units are operated by the same operator, carry out the same Schedule 1 activity and occur on the same site (this is the “aggregation” rule – see below).

When should capacities be aggregated to determine whether a Schedule 1 activity is being carried out?

As described above, Schedule 1 of the EU ETS Regulations provides that where the same operator carries out several activities falling within the same description in different parts of the same stationary technical unit or in different stationary technical units on the same site, the capacities shall be added together.

There is no formal definition in the EU Emissions Trading Directive of the term “site”. “Same site” means the same location or situation and is a question of judgement for each installation. A site does not necessarily become two sites merely because two parcels of land are separated by a physical barrier such as a stream. Two parcels of land do not need to touch physically to form the same site, provided that they are technically connected.

How do I define a directly associated activity?

As stated above, an installation is defined as a stationary technical unit where one or more Schedule 1 activities are carried out, and any other location on the same site where any other directly associated activities are carried out.

Directly associated activities therefore help define the boundary of the installation. However, directly associated activities cannot be Schedule 1 activities (because if, as explained above, two Schedule 1 activities were directly associated activities, then they would be regarded as a single technical unit for the application of the EU ETS).

Directly associated activities must:
   a) be carried out on the same site as one of the activities listed in Schedule 1 to the ETS Regulations;
   b) have a technical connection with the Schedule 1 activities carried out in the stationary technical unit; and
   c) have an effect on greenhouse gas emissions and pollution from the installation.

In applying this definition, an “asymmetry rule” applies, which states that for a non-Schedule 1 activity to be included as part of the installation as a directly associated activity, it must principally serve the Schedule 1 activity. If, conversely, the Schedule 1 activity serves the non-Schedule 1 activity, then
the non-Schedule 1 activity is not deemed to be directly associated, and it is not to be included as part of the installation.

Example 1: A Schedule 1 activity is served by a non-Schedule 1 activity. The non-Schedule 1 activity is not deemed to be integrated with the Schedule 1 activity. In this case, the non-Schedule 1 activity is linked to the Schedule 1 activity and is therefore part of the installation – it is a directly associated activity of the Schedule 1 activity.

Example 2: A non-Schedule 1 activity is served by a Schedule 1 activity. In this case, the non-Schedule 1 activity is not serving a Schedule 1 activity and therefore is not part of the installation – it is not a directly associated activity.

In reality, this asymmetry rule is not always straightforward, with more of a “symbiotic” relationship occurring. In these cases, a judgement will need to be made, taking advice from the relevant regulator (see Annex B to this document for a list of EU ETS regulators).

Criterion (b) of the definition of “directly associated activities” above could cover four types of directly associated activities which may be said to have a technical connection with a stationary technical unit:

a) input activities concerned with the storage and treatment of inputs (e.g. fuel) into the stationary technical unit;

b) intermediate activities concerned with the storage and treatment of intermediate products during the operation of the stationary technical unit - this might apply particularly where the product of one stationary technical unit is stored or treated prior to being passed on to the next stationary technical unit in the production chain;

c) output activities concerned with the treatment of waste (or other emissions) from the stationary technical unit; or

d) output activities concerned with the finishing, packaging and storage of the product from the stationary technical unit.

These four activities have a technical connection with the stationary technical unit in the sense that they are linked to the overall Schedule 1 activity. Often there will also be a physical connection, such as a conveyor belt or pipeline, but this does not have to be the case.

As stated earlier in this section, the “directly associated activities” rule helps in defining the boundaries of the installation for the purposes of the EU ETS, as the installation will be the stationary technical unit plus the directly associated activities. However, only emissions from the stationary technical unit (i.e. the Schedule 1 activities) need to be accounted for to meet the monitoring and reporting, and surrender of allowances, requirements of the scheme. The permit will only be needed for the carrying out of activities listed in Schedule 1. The European Commission has confirmed that the scheme initially only
covers emissions of carbon dioxide from Schedule 1 activities. So, while for the purposes of the EU ETS, an “installation” might include parts A, B and C, if A and B are the only Schedule 1 activities then only emissions from A and B are covered by the scheme.

Examples of the directly associated activity rule:

We now consider a number of examples where plant B carries out an activity that is directly associated and technically connected with the activity in plant A (with plant B deemed to be “serving” plant A), and plant B has an effect on emissions and pollution from the installation as a whole. In the diagrams below, the outer red line indicates the boundary of the site, while the dashed line indicates where the boundaries of the installation will lie.

- **A and B are both non-Schedule 1 activities.** Result – neither activity falls within Schedule 1 and so neither is covered by the EU ETS. No permit required.

  ![Diagram](A_to_B)

- **A isn’t a Schedule 1 activity, B is.** Result – activity B is covered by EU ETS. Due to the asymmetry rule mentioned above, A is not directly associated with B and so is not part of the installation. The operator of B must apply for a permit to carry out that activity. The permit will be held by the operator of plant B and will only relate to plant B.

  ![Diagram](A_to_B_dashed)

- **A is a Schedule 1 activity, B isn’t.** Result – A and B constitute one installation for the purposes of the EU ETS (because A is a Schedule 1 activity and B is a directly associated activity serving A). However, while the permit will describe the installation as being both A and B, the permit is only required to authorise the Schedule 1 activity (activity A) and only carbon dioxide emissions from the Schedule 1 activity (i.e. plant A) will be covered by the scheme.
If A and B are operated by the same operator, this operator must apply for the permit.

If A and B are operated by different operators – only the operator of activity A must apply for a permit. A permit is only required to authorise the Schedule 1 activity (activity A) and although the permit would describe the installation as being both A and B, the operator’s obligations in relation to carbon dioxide emissions will only relate to A. The operator of B would not require a permit as it would not be carrying out an activity listed in Schedule 1 to the ETS Regulations.

- Both A and B are Schedule 1 activities. Result: A and B are treated as forming one stationary technical unit and therefore one installation for the purposes of the EU ETS (because A is carrying out a Schedule 1 activity and B is also carrying out a Schedule 1 activity and is a directly associated activity serving A). The obligations in the permit(s) would relate to carbon dioxide emissions of both A and B.

The situation with respect to permits depends on the identity of the operators of plants A and B:

- If A and B are operated by the same operator – the operator must apply for one permit to carry out activities A and B.
- If A and B are operated by different operators – the operator of plant A and the operator of plant B must each apply for a permit to operate those respective activities. Operator A’s permit will cover the carbon dioxide emissions from plant A only, operator B’s permit will cover the carbon dioxide emissions from plant B only.
If I do have a directly associated activity on site, will emissions from that activity be covered by the scheme?

No. As noted above, the EU ETS only covers specified\(^1\) emissions from Schedule 1 activities. This means that the plant carrying out the directly associated activity will be counted as part of the “installation” (i.e. comes within the boundaries of the installation) and the installation will be described thus in the permit. However, the operator will only need to account for the emissions from the Schedule 1 activities and not any emissions from the directly associated activity. This means that the monitoring and reporting requirements, and the obligation to surrender allowances, will only apply to the Schedule 1 activities and not to any directly associated activity.

A directly associated activity should never fall within the scope of Schedule 1 – if it did so, the activity would be treated as part of the stationary technical unit it serves (and would thus not be treated as a directly associated activity).

Example: Company A operates a paper mill that exceeds the Schedule 1 threshold of 20 tonnes per day. Company A also operates a CHP plant below the 20MW threshold on the same site that provides the paper mill with energy but that is not deemed to be an integrated part of the Schedule 1 activity (Activity 4.2 of Schedule 1 of the ETS Regulations – production of pulp and paper)\(^2\). The stationary technical unit carrying out the Schedule 1 activity is the paper mill and the CHP plant is included in the installation as a directly associated activity. Therefore, company A holds a permit permitting it to carry out the Schedule 1 activity and identifying the installation as the paper mill and the CHP plant. The obligation to monitor and report carbon dioxide emissions and to surrender allowances relates only to the Schedule 1 activity (the paper mill), because the CHP plant is only a directly associated activity.

If the CHP plant is operated by a different operator (B), the permit will relate to the paper producing activity and thus should be applied for and held by company A (which operates the paper mill). The permit will however identify the whole installation of which it forms part. The operator of B will not require a permit because it is not carrying out a Schedule 1 activity.

If the CHP plant was above 20MW (and therefore a Schedule 1 activity in its own right), then the CHP plant and the paper mill together would be treated as forming one stationary technical unit and therefore one installation. If A and B are operators of the paper mill and the CHP plant respectively, A would hold a permit containing obligations in relation to the carbon dioxide emissions from the paper mill, and B would hold a permit containing the obligations in relation to the carbon dioxide emissions from the CHP plant.

Finally, if company A operated both the paper mill and the CHP plant and both were Schedule 1 activities in their own rights, then company A would hold one permit that would cover the whole installation (that is, the paper mill and the

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1 Only carbon dioxide emissions in the first phase (January 2005-December 2007 inclusive)
2 See the second section of this document for more detail on the scope of Schedule 1 activities.
CHP plant) and would require company A to monitor and report emissions from, and surrender allowances in relation to, the paper mill and the CHP plant.

Please note that the above examples are where the CHP plant is deemed not to be an integrated part of the paper producing activity. This might be because the paper mill is technically viable without the CHP plant, or because serving the paper mill is not the primary purpose of the CHP plant.

If the CHP plant was deemed to be part of the activity of producing paper (and this document notes that in most situations relating to paper mills, this will indeed be the case), then the CHP plant is considered as part of the same Schedule 1 activity (i.e. activity 4.2 in the ETS Regulations - production of pulp and paper). This is the case regardless of the size of the CHP plant. It is not relevant whether the CHP is above or below the 20MW threshold.

If the same operator operates both the paper mill and CHP, then this operator will hold one permit for the whole installation. However, if a third party is the operator of the CHP plant, then each operator will hold a permit containing obligations in relation to the emissions from the part of the installation it operates.

**I have stand-by generation or boiler capacity on site. Should I include them in the aggregation?**

Yes, the thresholds described in Schedule 1 refer to the capacity of an installation or industrial plant, or in the case of combustion installations, to the rated thermal input. Therefore, stand-by generation or boiler capacity should be included in the aggregation for a combustion installation calculation provided that it is technically feasible for the stand-by generators or boilers to be run concurrently with the main generators or boilers on site. If all the capacity cannot physically be operated at the same time, then the thermal input of the combustion installation should be calculated by aggregating the rated thermal input of all generators/boilers on site (operated by the same operator) that can be run concurrently. If there are several combinations, the combination which results in the greatest rated thermal input will be used to determine whether the activity falls within the scope of Schedule 1, and therefore the EU ETS. If in the future, the physical restriction is changed such that the operable thermal capacity is increased, then the operator will need to apply for a permit should the change bring the installation above 20MW rated thermal input.

**What is and isn’t included in the definition of “combustion installation”?**

The term “combustion installation” refers to a stationary technical unit which burns fuel for the production of an energy product. The energy product could be electricity, heat or mechanical power. Where energy is produced as heat it
may be transferred using different media such as steam, hot oil, hot water, and hot air.

If the energy is produced and used within the same technical unit such that the main product of the unit is not the energy product (electricity or heat) then the technical unit is not considered to fall within the definition of “combustion installation”.

The above definition of “combustion installation” includes the following appliances:

- Electricity generators
- Boilers
- CHP
- Gas turbines (including compressors)

The following appliances are not classed as combustion installations for the purposes of the EU ETS:

- Ovens
- Reactors
- Dryers
- Furnaces (including re-heat furnaces)
- Non-ferrous metal production (e.g. aluminium)
- Incineration (except incineration of waste where the primary purpose is production of energy) *
- Fryers
- Flares
- Thermal oxidisers used for abatement
- Direct fired air heaters

* Please note that the EU Emissions Trading Directive expressly states that the burning of municipal waste and hazardous waste is not treated as a “combustion installation” for the purposes of the EU ETS. For other forms of incineration, if the primary purpose of the installation is the provision of energy using a fuel derived from waste, then it will be treated as a “combustion installation” for the purposes of the EU ETS.

Please also note that the above lists provide an indication of what falls within the definition of activities of a combustion installation in Schedule 1. This does not mean that the appliances in the second list will definitely not be covered by the scheme as a whole. For example, it might be that flares, to take one example, are covered by the scheme under one of the other activities listed in Schedule 1 of the ETS Regulations. Similarly, a dryer, if deemed to be an integrated part of the paper producing process, will come within the scope of Activity 4.2 of the ETS Regulations.

Should you have a question about the above lists, or operate an appliance not listed above, then please contact your regulator who will consider whether such appliances are combustion installations for the purposes of the EU ETS.
on a case by case basis (see Annex B for the list of EU ETS regulators in the UK).

**What happens if there is a CHP plant on site that supplies the process with electricity, but is operated by a different organisation?**

The ETS Regulations define “operator” as the person who has control over the operation of the installation. It is a question of fact in each case who has control over the operation of the installation but the operator must demonstrably have the authority and ability to ensure that the permit is complied with.

A pragmatic approach may be adopted to assess whether an operator has that authority or ability. This may be achieved by assessing the ability of the operator/proposed operator against the following factors – does the person:

- Manage site operations through having day to day control of plant operation including the manner and rate of operation;
- Ensure that permit conditions that will be imposed or that apply will be effectively complied with;
- Hire and fire key staff;
- Make investment decisions; and
- Ensure that operations are shut down in an emergency.

Where more than one operator run different parts of the Schedule 1 activities carried out in the installation, the permit application for each part should demonstrate that the appropriate person has been identified as the operator for that part. Any necessary inter-reliance between the different operators and their parts of the installation should be demonstrated. The operators between them must be able to operate the installation in a satisfactory way that meets the requirements of the ETS Regulations.

Therefore, if a company runs a paper mill and owns a CHP plant (with a rated thermal input exceeding 20MW) that is operated by an energy utilities company, then it will be a question of fact whether the paper mill or the energy utilities company is the operator of the CHP plant, and therefore would be the appropriate entity to hold the permit relating to the CHP.

In deciding who is the operator, it may be relevant to consider who is the operator for the purposes of other relevant environmental permits or agreements in respect of that installation. For example, who is the representative of the installation for the purposes of a Climate Change Agreement.
How do I find out what the rated thermal input of my combustion installations is?

Rated thermal input is:

“the rate at which fuel can be burned at the maximum continuous rating of the appliance multiplied by the gross calorific value of the fuel and expressed as megawatts thermal”

Thermal input can be calculated from the maximum fuel feed rate, the gross calorific value of the fuel and the thermal efficiency. However, the usual way is to take the manufacturer’s rated input for that design - this should be in the manufacturer’s handbook or manual, or should be obtainable from the manufacturer. Where the appliances are old or the manufacturer has gone out of business or been acquired by another company, then the insurance certificate covering the particular piece of equipment should also state the rated thermal input.

Further examples:

1). On one site, there is “A” (a boiler of 11MW thermal input), “B” (a CHP unit of 12MW thermal input not connected to A) and “C” (a Schedule 1 activity (other than activity 1.1 in Schedule 1) that has a technical connection to and is served by B). B is deemed not to be fully integrated with C. All three plants are operated by the same operator. The “installation” will cover A, B and C. A and B will be treated as one stationary technical unit (carrying out one Schedule 1 activity) due to the aggregation provision. C is served by B and, as C is a Schedule 1 activity in its own right, then it brings B (aggregated with A so that A and B have sufficient input to be classed as a Schedule 1 activity) into the scope of its boundaries as a stationary technical unit. Provided that there are no other directly associated activities, then the boundary of the installation reflects that of the stationary technical unit (i.e. A, B and C). The operator should hold a permit describing the installation as A, B and C, and imposing monitoring, reporting and allowance surrender obligations in respect of A, B and C.
2). On one site, there is “A” (a boiler of 11MW thermal input), “B” (a CHP unit of 12MW thermal input not connected to A) and “C” (a non-Schedule 1 activity that has a technical connection to and is served by B). All three are operated by the same operator. The installation will include A and B only. A and B will be treated as one stationary technical unit due to the aggregation provision. C is a non-Schedule 1 activity and is not directly associated with B due to the asymmetry rule. C therefore does not fall within the boundary of the installation, and is not covered by the EU ETS. The operator should hold a permit describing the installation as A and B, and imposing monitoring, reporting and allowance surrender obligations in respect of A and B.

3). On one site, there is “A” (a boiler of 11MW thermal input), “B” (a CHP unit of 12MW thermal input not connected to A) and “C” (a Schedule 1 activity (other than activity 1.1 of Schedule 1) that has a technical connection to and is served by B). A and B and C are all operated by different operators. A and B are not aggregated because they are operated by different operators. C is a Schedule 1 activity in its own right and so is covered by the scheme. B, which is deemed not to be an integrated part of the Schedule 1 activity in C, will fall within the installation because B is directly associated to C. The operator of C should hold the permit which would describe the installation as B and C, but would impose monitoring, reporting and allowance surrender obligations in respect of C only (as B is below the 20MW threshold and therefore not a Schedule 1 activity).
Checklist:

1). Are there any Schedule 1 activities on site?
   - Yes – go to 2.
   - No – you are not covered by the scheme.

2). What is the scope of the installation?
The installation consists of the stationary technical unit(s) that is carrying out a Schedule 1 activity or activities, plus any other directly associated activities which have a technical connection with the activities carried out on the site and which could have an effect on emissions and pollution from the installation. Now go to 3.

3). Is there more than one of the same Schedule 1 activity on the same site, or in the same installation, operated by the same operator?
   - Yes – these are aggregated and essentially treated as one stationary technical unit. Now go to 4.
   - No – go to 4.

4). Is there more than one stationary technical unit carrying out a Schedule 1 activity (including different Schedule 1 activities) on site?
   - Yes – go to 5.
   - No – go to 6.

5). Does any of the following apply?
   a). They carry out successive steps in one integrated industrial activity;
   b). One is a directly associated activity of the other; or
   c). The units are served by the same directly associated activity.
   - Yes – these are regarded as one stationary technical unit. Now go to 6.
   - No – go to 6.

6). Is there a directly associated activity that is on the same site as the Schedule 1 activity, has a technical connection with the Schedule 1 activity, and has an effect on emissions of greenhouse gas emissions and pollution?
   - Yes – go to 7.
   - No – go to 8.

7). Does the directly associated activity serve the stationery technical unit?
   - Yes – it is brought within the scope of the installation. Now go to 8.
   - No (for example, the stationary technical unit serves the directly associated activity) – the directly associated activity is not included within the scope of the installation. Now go to 8.
8). Who is the operator? (the operator holds the permit)

- One operator for the whole installation – it is issued the permit and must monitor, report and account for emissions of carbon dioxide from the Schedule 1 activity/activities.
- More than one operator for the whole installation – Each operator of a Schedule 1 activity receives a permit. If an operator carries out part of an activity, then they will hold a permit for that part of the activity that they operate. Further guidance on the definition of operator will be published shortly.
## Annex A


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<th>Activities</th>
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</tr>
<tr>
<td>1.2 Activities of mineral oil refineries.</td>
<td>Carbon dioxide</td>
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<tr>
<td>1.3 Activities of coke ovens.</td>
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<tr>
<td><strong>2. Production and processing of ferrous metals</strong></td>
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<tr>
<td>2.1 Activities of metal ore (including sulphide ore) roasting and sintering installations</td>
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<tr>
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<td>Carbon dioxide</td>
</tr>
<tr>
<td><strong>3. Mineral Industries</strong></td>
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<tr>
<td>3.1 Activities of installations for the production of cement clinker in rotary kilns with a production capacity of more than 500 tonnes per day.</td>
<td>Carbon dioxide</td>
</tr>
<tr>
<td>3.2 Activities of installations for the production of lime in rotary kilns or other furnaces with a production capacity of more than 50 tonnes per tonnes.</td>
<td>Carbon dioxide</td>
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<tr>
<td>3.3 Activities of installations for the manufacture of glass including glass fibre where the melting capacity of the plant is more than 20 tonnes per day.</td>
<td>Carbon dioxide</td>
</tr>
<tr>
<td>3.4 Activities of installations for the manufacture of ceramic products (including roofing tiles, bricks, refractory bricks, tiles, stoneware or porcelain) by firing in kilns where-</td>
<td>Carbon dioxide</td>
</tr>
<tr>
<td>(i) the kiln production capacity is more than 75 tonnes per day; or</td>
<td></td>
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<tr>
<td>(ii) the kiln capacity is more than 4m$^3$ and the setting density is more than 300 kg/m$^3$.</td>
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<tr>
<td><strong>4. Other activities</strong></td>
<td></td>
</tr>
<tr>
<td>4.1 Activities of industrial plants for the production of pulp from timber or other fibrous materials.</td>
<td>Carbon dioxide</td>
</tr>
<tr>
<td>4.2 Activities of industrial plants for the production of paper and board with a production capacity of more than 20 tonnes per day.</td>
<td>Carbon dioxide</td>
</tr>
</tbody>
</table>

Note 1: Where an operator carries out several activities falling within the same description in Schedule 1 in different parts of the same stationary technical unit or in different stationery
technical units on the same site, the capacities of each part or unit, as the case may be, shall be added together (the “aggregation principle”).

Note 2: The EU Emissions Trading Directive covers the basket of six greenhouse gases that are included in the Kyoto Protocol\(^3\). However, for the first phase of the EU ETS (January 2005 to December 2007 inclusive) the scheme will only cover carbon dioxide, as specified in the second column in the table above. The scheme may be expanded in future phases to the other greenhouse gases.

*Note: The threshold in IPPC is 50MWth. This has been lowered to 20MW for the purposes of the EU ETS and this threshold may be achieved by aggregating prescribed combustion activities on the same site. This lower threshold will have the effect of bringing into regulation installations not previously regulated.

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\(^3\) The six greenhouse gases are carbon dioxide, methane, nitrous oxide, perfluorocarbons, hydrofluorocarbons and sulphur hexafluoride.
Annex B – Regulators for the purposes of the EU Emissions Trading Scheme

Environment Agency for installations covered by the EU ETS in England and Wales.
Contact:
Isobel Moore
e-mail: ethelp@environment-agency.gov.uk

Scottish Environment Protection Agency for installations covered by the EU ETS in Scotland.
Contact:
Jonathon Foot
e-mail: emisson.trading@sepa.org.uk

Northern Ireland Department of Environment for installations covered by the EU ETS in Northern Ireland.
Contact:
Phelim Sands
e-mail: phelim.sands@doeni.gov.uk

Department of Trade and Industry for offshore installations covered by the EU ETS in the whole of the UK.
Contact:
Graeme Cobb
e-mail: Graeme.Cobb@dti.gsi.gov.uk