

## **Context**

The draft statutory instrument will transpose the Medium Combustion Plant Directive (MCPD) and implement emission controls on generators ('generator controls') which emit high levels of nitrogen oxides. Although both the MCPD and generator controls are being implemented in the same set of Regulations, they are separate and apply independently. We are taking forward the implementation of the MCPD and the domestic generator controls at the same time for efficiency and because they have related subject matter. This document provides answers to FAQs on these controls. Further guidance for operators is being developed by the Environment Agency and will be published in the New Year.

## **1) Medium Combustion Plants (MCPs)**

### **1.1) What is in scope of the MCPD?**

Combustion plants with a rated thermal input equal to or greater than 1 MWth and less than 50 MWth i.e. medium combustion plants, will have emission controls applied to them. The emission controls will apply irrespective of the type of fuel used (which could include solid, liquid or gaseous waste).

There are a number of exclusions (listed under Article 2 of the MCPD)<sup>1</sup>, such as for plant subject to Chapter III (Large Combustion Plant) or Chapter IV (waste incineration/co-incineration plant) of the Industrial Emissions Directive.

Medium combustion plants which operate for no more than 500 operating hours a year require a permit, but they are exempt from the requirement to comply with the specified emission limit values.

### **1.2) What will be required in order to comply with the MCPD?**

Operators will need to ensure:

- They hold a permit for operational plant by the relevant deadlines (the earliest is 20 December 2018 for new plant);
- they monitor emissions to demonstrate compliance with the applicable emission limit values ; and
- they keep records of operation of the plant for at least six years to demonstrate compliance.

All the relevant deadlines are summarised in Table 1, below.

### **1.3) What plant benefit from transitional arrangements?**

Plant put into operation before 20 December 2018, or for which a permit was granted before 19 December 2017 provided that the plant is put into operation no later than 20 December 2018, are defined as 'existing plants' and benefit from later dates for permitting and compliance with emission limit values.

### **1.4) What do operators need to do if an MCP is exempt from the emission limit values but it requires a permit?**

The operation of the MCP will require a permit from the applicable date (see Table 1) and the operator should make an application in sufficient time to ensure this requirement can be met. The operator will need to include a signed declaration in their permit application, in accordance with Annex I of the Directive.

### **1.5) Which mobile plants are in scope of the MCPD?**

The MCPD excludes plants used in the propulsion of a vehicle, ship or aircraft, as well as engines covered by Directive 97/68/EC relating to non-road mobile machinery. Engines are deemed covered

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<sup>1</sup> The MCPD can be viewed at <http://ec.europa.eu/environment/industry/stationary/mcp.htm>

by Directive 97/68/EC (or by Regulation 2016/1628, which replaces the previous directive)<sup>2</sup> and therefore excluded from the MCPD if they have been subject to placing on the market emission standards. Any other mobile plants are in scope of the MCPD.

### **1.6) How will mobile MCPs be permitted?**

The plant operator must hold a permit and must comply with the permit conditions. The operator will be required to notify the regulator before deployment, although there will be a procedure to enable urgent deployment. Detailed rules are being developed in discussion with stakeholders and will be provided in guidance from the regulator.

## **2) Generator controls**

### **2.1) What is the scope of the controls?**

#### **Generators**

The regulations will apply controls to combustion plant used to generate electricity ('Generators') between 1 and 50MWth. Generators are single plants or a group of plants at a site which are operated by the same operator and for the same purpose, so in effect individual generators under 1MWth can be in scope if they aggregate at a site to over 1MWth. In addition, generators that are under 1MWth and used for the purposes of delivering capacity agreement obligations or balancing services are also in scope.

#### **Mobile Generators and excluded Generators**

Mobile Generators are outside the scope of the Generator controls, unless connected to the electricity transmission/distribution system or performing a function that could be performed by a generator that is not mobile. A range of other generators, termed 'excluded generators' in the draft regulations, are also outside of scope. These include back-up generators that are tested for no more than 50 hours a year, generators with a defined nuclear safety role in a nuclear site licence issued by the Office for Nuclear Regulation, generators subject to the provisions of Chapter II or Chapter III of the Industrial Emissions Directive and generators on offshore platforms and gas storage and unloading platforms. 'Back-up generator' is defined in the draft regulations as a generator operated for the sole purpose of maintaining power supply at a site during an on-site emergency. This means that back-up generators cannot remain excluded from the regulations if they operate for other purposes, such as the provision of balancing services, even whilst conducting testing. This aspect of the controls is intended to prevent an increase in pollution – we expect allowing unabated use of these generators for balancing services would provide an incentive to increase the hours of use, with associated air quality impacts.

#### **Specified Generators and application of emission controls**

Individual Generators within scope, and collections of generators within scope, are referred to as 'Specified Generators' (so a Specified Generator may be an individual generator or it may be a collection of two or more generators, depending on the circumstances). Where the Specified Generator is formed by a collection of two or more generators (this happens where that collection of generators is on the same site, with the same operator and the same purpose), the draft regulations have the effect of subjecting *all* the generators in that collection to permitting from the earliest of the dates prescribed in the draft regulations in relation to the component generators. By contrast, the permitting requirements and the transitional arrangements<sup>3</sup> are applied individually to each component Generator (see further on this below).

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<sup>2</sup> A summary of these placing on the market standards is available at <https://www.dieselnet.com/standards/eu/nonroad.php>

<sup>3</sup> see paragraphs 5 and 6 or Schedule 25B of the draft regulations

## **2.2) Which generators will benefit from transitional arrangements in respect of the emissions controls?**

Transitional arrangements (later application of the requirement for a permit and the standard permit conditions, see paragraphs 3 and 6 of Schedule 25B) will apply individually to the component generators of a Specified Generator and the criteria relating to operating hours and pollutant emission concentrations will be applied on this basis. Only generators that were in operation when the controls were announced and some generators providing services to the electricity transmission/distribution system, as described in the bullets below, will benefit from the transitional arrangements. These are termed 'Tranche A Generators'.

The application of transitional arrangements differs between 1-50MWth and sub-1MWth generators because the controls were announced at different times. A generator with a rated thermal input equal to or greater than 1MWth and less than 50MWth (this generator may be comprised of several individual generators under 1MWth) will be classed as Tranche A and benefit from transitional arrangements if:

- (a) it came into operation before 1<sup>st</sup> December 2016; or
- (b) it is the subject of a capacity agreement arising from the 2014 or 2015 capacity auctions, or
- (c) it is the subject of a Feed-in Tariff preliminary accreditation application that was received before 1st December 2016.

A Generator with a rated thermal input of less than 1MWth will be classed as Tranche A and benefit from transitional arrangements if:

- (d) it is the subject of a capacity agreement arising from the 2014, 2015 or 2016 capacity auctions; or
- (e) it is the subject of a balancing services agreement entered into before 31 October 2017; or
- (f) it is the subject of a Feed-in Tariff preliminary accreditation application that was received before 1st December 2017.

A generator that does not meet the definition of 'Tranche A Generator' will be a 'Tranche B Generator'. Tranche B Generators do not benefit from the transitional arrangements.

## **2.3) What are the restrictions to use of Tranche A generators if they wish to continue to benefit from transitional arrangements? Why have you put these conditions in place?**

If a Tranche A generator is entered into a capacity agreement, or an agreement for provision of balancing services, after 31<sup>st</sup> October 2017 and that agreement remains in force after 31<sup>st</sup> December 2018, the generator will cease to be a Tranche A generator and therefore cannot continue to benefit from transitional arrangements. This means that any Tranche A generator that signs up to the upcoming T-1 and T-4 capacity market auctions would lose their transitional arrangement status and become a Tranche B (given that these agreements will remain in place after 31<sup>st</sup> December 2018). Without this provision, Tranche A generators would have a competitive advantage over Tranche B generators when bidding for new agreements as they would not be subject to the same emission controls. Through this provision we are seeking to ensure a level playing field. We do not expect individual Tranche A generators to pose a risk to air quality but extended use of these generators beyond the terms of the capacity agreements /Feed-In Tariff applications that render them Tranche A would give rise to an avoidable increase in overall emissions.

The condition for continuing to benefit from transitional arrangements set out in the paragraph above was introduced after considering feedback received in the public consultation and the impact of changes in the energy market introduced by the Department for Business and Industrial Strategy (BEIS) and the Office of Gas and Electricity Markets (OFGEM). We have considered the views of OFGEM and the operator of the national electricity transmission system in ensuring any risks to

security of supply and/or system balancing are manageable. This condition is being introduced to provide clarification and close a potential gap in regulation.

Additionally, higher-risk Tranche A Generators (those with particularly high emissions) will be subject to controls to the extent necessary to ensure the protection of nitrogen dioxide limit values (paragraph 6(3) of Schedule 25B) set out in the Air Quality Standards Regulations 2010. Table 1 provides the relevant dates.

#### **2.4) What definition will be used for balancing services?**

Balancing services are defined as any services procured by the transmission system operator in order to balance demand and supply, and to ensure the security and quality of electricity supply, across the national transmission system for Great Britain.

### **3) Approach to permitting**

#### **3.1) Who will regulate MCPs and Specified Generators located outside of Installations in England and Wales?**

The Environment Agency (EA) has been appointed as regulator of such plant in England. National Resources Wales is the regulator(s) in relation to Wales.

#### **3.2) Who will regulate MCPs and Specified Generators located within Part A installations and Part B Installations in England and Wales?**

MCPs and Specified Generators in Part A installations and Part B Installations will be required to comply with the MCPD and generator controls as a minimum, plus any requirements due to being part of an installation. They will continue to be regulated as part of the installation until the earliest applicable permitting date set out in table 1, and from that date will be regulated by the Environment Agency in England and NRW in Wales.

#### **3.3) If an MCP is also a Specified Generator, will the MCPD definition of 'new' and 'existing' plant still be applied for determining the permitting deadline and permit conditions?**

Yes. Most specified generators will also be in scope of the MCPD. If a plant is in scope of the MCPD and Specified Generator controls, it must comply with the emission controls set out in relation to both. It will require a permit from the earliest applicable date and the relevant emission controls, monitoring and data reporting requirements will apply from the dates specified in relation to MCPs and Specified Generators by the regulations. Table 1 at the end of this document summarises the key dates for permitting.

#### **3.4) In what circumstances will the EA consult Local Authorities on permit conditions?**

It is envisaged that, in relation to lower-risk plant, the EA will notify the Local Authority in whose area the plant is located when a permit is issued and, in relation to higher-risk plant, consult that Local Authority when determining permit conditions. The exact approach is being developed by the EA in discussion with stakeholders.

#### **3.5) When will operators be able to apply for a permit?**

The EA has not yet specified a date from which the relevant application documentation will be available, but will do so as soon as possible.

#### **3.6) Will there be fees and charges for operators?**

The EA will derive an appropriate fees and charges structure based on the costs of discharging their regulatory functions in relation to MCPs and Specified Generators. This will be determined as soon as possible. The EA have recently published a consultation on their strategic review of charging, which

can be found at <https://consult.environment-agency.gov.uk/engagement/environmentagency-charging-proposals-fromapril2018/>

**3.7) Will guidance be provided on the circumstances in which air quality modelling is required?**

Yes. The EA is developing such guidance in discussion with stakeholders and it will be available as soon as possible.

**3.8) How will information that is confidential or a national security risk be handled?**

The existing provisions of the EPR 2016 in relation to such information will apply. Discussion with the regulator in advance of making an application may be helpful in this regard.

**Table 1 – Key dates for implementation of MCPD and generator controls**

<b>Date</b>	<b>Requirement</b>
20/12/2018	<b>New MCPs</b> require a permit to be operated and to have their emissions tested within four months to demonstrate compliance with applicable MCPD Emission Limit Values (ELVs)
01/01/2019	<b>Tranche B generators</b> require a permit to be operated and comply with standard permit conditions
01/10/2019	<b>Tranche A 5-50MW generators with</b> emissions above 500mg/m <sup>3</sup> which operate for more than 50 hours per annum must be permitted.
01/01/2024	<b>Existing MCPs above 5MW</b> must be permitted and test emissions within four months of permitting
01/01/2025	<b>Existing MCPs above 5MW</b> must comply with applicable MCPD ELVs Remaining <b>Tranche A 5-50MW generators</b> must be permitted.
01/01/2029	<b>Existing MCPs 5MW and below</b> must be permitted and test emissions within four months of permitting
01/01/2030	<b>Existing MCPs 5MW and below</b> must comply with ELVs <b>Tranche A 1-5MW generators</b> must be permitted.