### **Frequently Asked Questions**

### The impact of Brexit on the EU Emissions Trading System for aviation

#### **1.** Certain aircraft operators participating in the EU ETS were administered by the UK. How will they continue to participate now that the UK has left the EU ETS?

All aircraft operators previously administered by the UK will now need to be administered by a participating state under the EU ETS (i.e. an EU Member State or a state from the European Economic Area - EEA). <u>Regulation 748/2009</u> defines the administering state for each airline. This attribution list has been updated following the UK's departure.

### 2. Where can I find the updated attribution list?

The list with the attribution of aircraft operators to an administering state was published in the Official Journal of the European Union <u>here</u> and can be found at the website of DG CLIMA <u>here</u>.

### **3.** What is the timeline for migration of aircraft operators previously administered by the UK?

On 1<sup>st</sup> May 2021, all UK aircraft operator holding accounts (AOHA) became inaccessible. In accordance with Article 22(11) of <u>Regulation 2019/1122</u> and in line with the published attribution list, the AOHAs will be transferred in the Union Registry to the new administering state. The account number, account holdings and all account history remain unchanged in this process.

Aircraft operators are invited to contact the administering state in order to facilitate a smooth procedure. Contacts of the national administrators of the Union Registry can be found on the website of DG CLIMA <u>here</u>. The new administrator will require the submission of the documentation necessary to properly identify the account holder and the account representatives; in addition, the prospective account representatives should register in the section of the Union Registry pertaining to the new administering state.

As soon as the account representatives are all registered and the new administering state approves all submitted documentation, the account will become accessible again.

# **4.** I am an aircraft operator previously administered by the UK. Will my account holdings be lost in the migration process?

No. Account holdings of aircraft operators, which were previously administered by the UK, will automatically be maintained when moving to a new administering state.

# 5. What will happen to aircraft operator holding accounts (AOHA) which became inaccessible on 1st May 2021 but which have not yet been migrated to a new administering state?

AOHAs previously administered by the UK, even though inaccessible, will maintain their status of 30 April 2021 until the new administering state will consider all requirements fulfilled and allow for the migration of the AOHA.

### 6. Does this migration process involve accounts of stationary installations based in the United Kingdom?

No. The migration process described applies only to aircraft operator holding accounts.

## 7. After Brexit, are flights between the UK and the European Economic Area (EEA) out of the scope of the EU ETS?

The Trade and Cooperation Agreement between the European Union and the United Kingdom entered into force on 1 May 2021. Article 392 of the Agreement provides that each party is to have in place an effective system of carbon pricing that covers aviation and that flights from the EEA to the UK are to be regulated under the EU ETS. Flights departing from the EEA to the UK are therefore under the scope of the EU ETS.

## 8. Does this mean that we are back to the situation as before Brexit, meaning all flights to and from the UK are covered by the EU ETS?

No, from 1 January 2021 only flights departing from the EEA to the UK are subject to the EU ETS in accordance with the Trade and Cooperation Agreement. The UK emissions trading system covers departing flights from the UK to the EEA. <u>Delegated Regulation 2021/1416</u> exempts from the EU ETS these departing flights from the UK to the EEA. This exemption is based on Article 25a of the ETS Directive that provides for the possibility to exclude flights arriving from third countries.

### 9. What will happen to free allocation of aviation allowances when this Delegated Regulation comes into force?

As the current level of free allocation was calculated in December 2020, with the assumption that flights to/from the UK are not in the scope of the EU ETS, the inclusion of the flights departing to the UK should be taken into account and the level of free allocation recalculated. This work is currently ongoing. After the finalisation of the work, airlines will receive the difference for 2020, and in 2021 the already adjusted amount.

# **10.** Does the entry into force of the Delegated Regulation affect the migration process for aircraft operator holding accounts (AOHA)?

No. This regulation does not affect the migration to a new administering state of AOHAs previously administered by the UK.