



# Delivering our 2030 climate target

## EU Emissions Trading System - Aviation

*Compliance Forum - Aviation Task Force*

*24 November 2021*

# Aviation's climate contribution

Included in the ETS by co-decision over 2006-2008, operational as from 2012

Original (full) scope: flights departing from EEA airports, and – subject to possible exemption - arriving flights (exercised in 2020 and 2021, CH and UK)

Scope suspension 3 times through co-decision to intra-European flights of all airlines covered (wider emissions liability only in April 2025, if no amendment)

Key principle: Equal treatment of all airlines on the same routes

Over 500 airlines covered; full compliance after initial challenges (Aeroflot, Saudia etc)

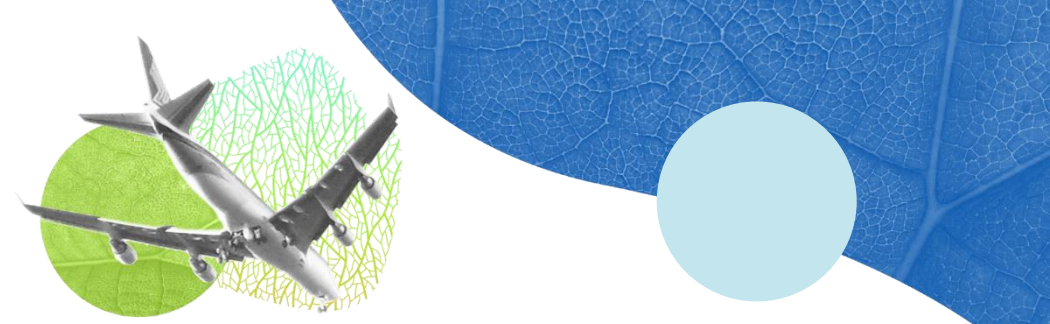
Delivered net reduction in aviation-related CO<sub>2</sub> emissions of 193.4 million tonnes in 2013-20 (largely through allowances from other ETS sectors)\*

Only CO<sub>2</sub> emissions, but recent report on non-CO<sub>2</sub> impacts

\* Airlines for Europe



# Paris Agreement



## Article 4

*4. Developed country Parties should continue taking the lead by undertaking economy-wide absolute emission reduction targets. Developing country Parties should continue enhancing their mitigation efforts, and are encouraged to move over time towards economy-wide emission reduction or limitation targets in the light of different national circumstances.*



# Aviation: report on ICAO CORSIA and costs passed through, required by EP and Council

- The study underlying the ETS aviation Impact Assessment assessed in detail, inter alia
  - The environmental ambition and integrity of CORSIA
  - Enforceability, level of participation, transparency, quality of offsets in CORSIA
  - The airlines' ability to pass through the carbon costs
- The Impact Assessment contains also the official reports on these issues as required by European Parliament and Council (Article 28b(2): item 1 and 2; Article 3d(2): item 3)



# Phasing out of free allocation

Annual reductions in free allocation, **full auctioning from 2027** (Article 3d)

- Costs are passed through since 2012
- Equal treatment on routes
- Limited risk of 'carbon leakage'
- Aviation cap fixed at current levels and the linear reduction factor is applied, free allocation is a decreasing part of it
- Distribution of free allocation from entry into force based on 2023 emissions from intra-EEA flights, including outermost regions (currently: 2010 tonne-kilometre data) (Article 3d(1.d))



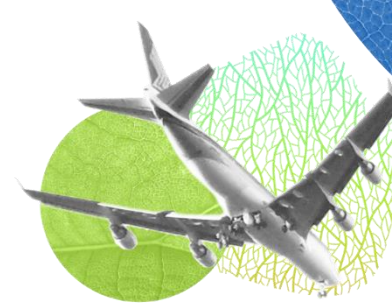
# Implementing CORSIA



In 2017, EP/Council decided on implementation of ICAO's CORSIA scheme through the EU ETS Directive, as appropriate and in light of a full report (Impact Assessment):

- EU ETS for intra-European flights (including to UK and CH): **no backsliding**
  - Proposing CORSIA application for EU-based airlines' extra-European flights
- **Maintains EU ETS ambition**, general EU ETS linear reduction factor applies
  - **Implementing CORSIA for EU-based airlines**, for flights to/from third countries that apply CORSIA (Articles 11a, 25a and Annex I)
  - Using **units from countries participating in CORSIA** (applied from 2027), party to the **Paris Agreement** and **adjustments and avoidance of double counting**
  - Ensuring **level playing field** and maintaining competitiveness of EU airlines: same conditions on same routes

# Empowerments



The Commission proposal includes the following empowerments

## Delegated Act:

- Method for calculating CORSIA-related offsetting: Article 12(7)

## Implementing Acts:

- Detailed eligibility requirements for units suitable for CORSIA offsetting: Article 11a(3)
- Listing credits eligible for CORSIA offsetting: Article 11a(8)
- Listing countries that apply and implement CORSIA: Article 25a(3)
- Exempt airlines from CORSIA compliance if competition distorted by a country: Article 25a(7)
- Apply level playing field (exempt from CORSIA compliance or allow the use of different units), if a third country allows the use of units not allowed for EU-based airlines: Article 25a(8)



# Standalone Decision on CORSIA notification



- Member States should notify to airlines the CORSIA offsetting for 2021 emissions by 30 November 2022. (Article 1)
- 2021 CORSIA offsetting will almost certainly be zero:
  - For the CORSIA pilot phase (2021-23), the ICAO Council changed the baseline to 2019 only for these years
  - 2019 was the year of highest ever aviation emissions,
  - Traffic reduction due to COVID-19.
- The Decision establishes the legal basis for Member states to notify the zero offsetting.
- The Decision should be adopted after January 2022, once there is certainty about the level of 2021 emissions.





# Thank you



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