

Questions and Answers

Proposal for a Regulation amending the EU Emissions Trading System for aviation

1. What is the reason for this proposal?

In 2014, the EU decided to revise the scope of aviation activities covered by the European Union Emissions Trading System (EU ETS), in order to support the development of a global measure to reduce aviation emissions. These amendments are set out in EU Regulation 421/2014, covering emissions in the years 2013-16. The Regulation limited the scope of the EU ETS for aviation to emissions from flights departing and arriving in aerodromes located in the European Economic Area (EEA). During these years, the amended system has functioned successfully, with reductions in emissions of over 17 million tonnes per year, and compliance covering over 99.5% of emissions.

The Commission has welcomed the adoption of the International Civil Aviation Organization (ICAO) Resolution on the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) at the last ICAO Assembly (October 2016), a global market-based measure aimed at achieving carbon neutrality from 2020 through carbon offsetting. This is an important step forward in addressing the rapidly increasing CO₂ emissions from the global aviation sector. The remaining challenge is for ICAO to develop the rules and for participating countries to enact relevant domestic measures. The Commission will continue to support this process and actively contribute to discussions for a robust and credible CORSIA rule book and governance system, enabling its effective and timely operationalization (Council Decision 2016/915).

In light of the above, and in order to further support the ICAO process and remaining work on the CORSIA, the Commission is proposing to continue the current approach for aviation under the ETS beyond 2016 (Recital 4 of the proposal).

2. What will happen to the EU Emissions Trading System (ETS) for aviation once the global measure comes into force? How will the ICAO scheme be implemented in the EU?

The proposal envisages a review once there is more certainty about the nature and content of the ICAO legal instruments for the global scheme and the steps taken by states for its implementation so as to apply to emissions from 2021. The European Commission will report on these developments and propose for the scheme to be implemented in European Union law by amending, where appropriate, the ETS Directive. The review would also consider the rules applicable to flights within the EEA as appropriate, and take due account of the necessary consistency with EU climate objectives and commitments under the Paris Agreement (recital 5 and Article 28b of the proposal).

The proposal empowers the Commission to adopt delegated legislation on monitoring, reporting and verification of emissions for the purpose of the global scheme. This will allow gathering 2019 and 2020 emissions data for the purpose of the baseline to be set under the CORSIA.

3. Will the EU ETS revert back to its original full scope if there is no review by 2020?

According to the proposal, the ETS would continue with the current approach (intra-EEA scope). Once there is more clarity about the nature and content of the legal instruments adopted by ICAO for the implementation of the CORSIA, the Commission intends to present a further assessment and review of the EU ETS for the post-2020 period to the Council and the European Parliament (recital 5 and Article 28b of the proposal).

In the absence of a revision, the number of free allowances would be reduced every year from 2021, in line with the linear reduction factor applicable to all other sectors in the EU ETS.

4. When would the proposal come into force?

The European Commission's proposal involves legislation to be adopted through the co-decision procedure, which requires approval by the European Parliament and the Council. It is important that the ETS amendment is in force before the deadline for surrendering allowances on 30 April 2018. The Regulation would come into force on the day that it is published in the Official Journal of the European Union and will apply to emissions from 1 January 2017.

5. Would the Regulation require transposition into national law?

No, a Regulation is a legislative act that becomes immediately and simultaneously enforceable as law in all Member States. Regulations are directly applicable and do not need to be transposed into national law. Nevertheless, Member States may still need to adjust their existing national legislation so that it matches the new Regulation.

GEOGRAPHICAL SCOPE OF THE PROPOSAL

6. Which flights would be covered by the EU Emissions Trading System from 2017?

If the Commission's proposal is agreed by the European Parliament and the Council of the EU, the scope of the new Regulation would be exactly the same as the Regulation covering 2013-16.

In particular,

- flights of commercial airlines of all nationalities that take off and land in an aerodrome in the European Economic Area (EEA) would be covered by the ETS;
- flights that take off or land outside the EEA would be exempted;
- flights between an aerodrome in an outermost region and an aerodrome outside the outermost region would be exempted;
- flights within one outermost region would be covered;
- flights between an aerodrome in the EEA and offshore installations of EEA countries that are outside territorial waters, such as oil and gas production or exploration platforms, would also be covered.

For more detail about the territories included in the geographic scope of the EU ETS for aviation, please see Questions 4 and 5 in the [FAQ on Regulation 421/2014](#).

7. Which exemptions will apply to small emitters?

The proposal maintains the same exemptions as in the period 2013-16.

For flights performed by non-commercial aircraft operators with total annual emissions lower than 1 000 tonnes CO₂ per year, the proposal extends the exemption until 2030. The other exemptions continue to apply.

ALLOCATION

8. What would be the free allocation for the period up to 2020 under the proposal?

Aircraft operators would receive the same number of allowances as they did in 2016 in every year between 2017 and 2020.

If an aircraft operator benefits from an allocation from the special reserve, it will also receive those allowances (see Question 10).

9. What would be the amount of allowances to be auctioned under the proposal?

The number of allowances to be auctioned every year would be the amount corresponding to 2016 auctions. For more information, please see Question 1 on the [Auctioning page](#).

10. What would happen with the allocation from the special reserve under the proposal?

Aircraft operators that successfully applied for allowances from the special reserve would receive these allowances from 2017 onwards. The allowances to be issued will be reduced in proportion to the intra-EEA scope, as it was the case for the free allocation in the 2013-2016 period. This is to account for the fact that the obligations would continue to be intra-EEA scope beyond 2016. The allowances for the period 2013-2020 would be issued in four equal parts, every year between 2017 and 2020 (thus, twice the annual amount every year). Allowances not allocated from the special reserve would be cancelled, as provided for in the legislation.

IMPLEMENTATION IN 2017

11. What will be the basis for compliance in April 2017?

By April 2017, aircraft operators will need to surrender allowances to cover their obligations corresponding to 2016. These obligations are set out in the Directive as amended by the Regulation¹ that covers the period 2013-16. They remain unchanged compared to previous years and are not affected by the European Commission's recent adoption of a proposal for a new Regulation applying to emissions from 1 January 2017.

12. Will the April 2017 compliance deadline be postponed by a year like it was for 2013 obligations?

No, aircraft operators have received free allocations in respect of their intra-EEA activities in the year 2016, and must comply with their obligations related to 2016 intra-EEA emissions in 2017. Unlike in 2013, there is no reason to defer obligations.

Compliance with obligations associated with emissions during 2017 will be in March and April 2018, according to the deadlines established in the EU ETS Directive.

13. What will be the basis for compliance in 2018?

By 2018, aircraft operators will need to report their verified emissions corresponding to 2017 before the end of March and surrender the corresponding amount of allowances before the end of April.

The Commission has proposed that these obligations be covered by the new Regulation, which is currently being considered by the European Parliament and the Council of the European Union. The proposal has the same geographic scope as the current Regulation, with the same exemptions. For more information, please see Questions 6 and 7.

14. How many allowances will be issued to aircraft operators in 2017?

The proposal states that the allowance allocation in 2017 would operate in the same way as in 2016 (see Questions 8, 9 and 10).

In terms of **free allowances**, aircraft operators would receive the same number as in 2016 (see Question 8). Aircraft operators that have successfully applied for the special reserve would also receive the amounts from the reserve to be issued to them in 2017 (see Question 10).

Pending the co-decision agreement on the Regulation, the Commission will cooperate with Member State competent authorities with the aim of issuing the allowances as described above.

¹ Regulation (EU) No 421/2014 of the European Parliament and the Council of 16 April 2014 amending the Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community, in view of the implementation by 2020 of an international agreement applying a single global market-based measure to international aviation emissions

15. When will free allowances be issued in 2017?

The European Commission, in close cooperation with Member States, will make its best effort to issue aviation allowances by the end of April 2017.

16. Would aircraft operators need to monitor emissions from flights between the European Economic Area (EEA) and other countries in 2017? If operators have no intra-EEA flights, do they need to submit a monitoring plan in 2017?

Pending completion of the legislative process, aircraft operators should not expect the Commission to require enforcement activities to be taken against them by Member States in respect of preparing monitoring plans and monitoring 2017 emissions for flights to or from third countries and airports in the European Economic Area.