

# Greenhouse gas emission allowance trading within the Community: inclusion of aviation activities in the scheme

2006/0304(COD) - 13/11/2007 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a resolution drafted by Peter **LIESE** (EPP-ED, DE) and made some amendments to the proposal for a directive amending Directive 2003/87/EC so as to include aviation activities in the scheme for greenhouse gas emission allowance trading within the Community.

The principal amendments were as follows:

**Allocation:** Parliament stated that the total quantity of allowances to be allocated to aircraft operators shall be equivalent to 90% of the sum of the historical aviation emissions in relation to each year. Depending on the choice for a post-2012 carbon dioxide reduction target of either 30% or 20% with 1990 as a base year, the Commission must reduce the total quantity of allowances to be allocated to aircraft operators in the further periods under Article 11(2) in accordance with the regulatory procedure with scrutiny. This downward review will provide a mechanism to ensure that the environmental effectiveness of the scheme is maintained. There shall be provision for subsequent downward reviews of the total quantity of allowances allocated.

**Start date:** from 1 January 2011, all flights which arrive at or depart from an airport situated in the territory of a Member State to which the Treaty applies shall be included, taking into account the special situation of the flights between ultra-peripheral regions and the European Continental zone.

**Auctioning:**-Parliament stated that, starting in 2011, 25% of allowances shall be auctioned. For future periods, the percentage to be auctioned shall be increased, according to the maximum level of auctioning in other sectors.

**Reserve:** the Commission must adopt a Regulation laying down detailed provisions for the setting up of a European allowance reserve. The percentage of allowances to be kept as a reserve for the benefit of potential new aircraft operators in each period shall be established by the Commission taking into account the market prediction studies issued by the appropriate bodies.

**Use of auctioning revenues:** revenues generated from the auctioning of allowances will be used to mitigate greenhouse gas emissions and to adapt to the impacts of climate change in the EU and third countries, especially in developing countries, and to fund research and development for mitigation, especially in the airline sector, and adaptation. In order to reduce to some extent the burden on citizens, revenues generated by auctioning will also be used to lower taxes and charges on climate-friendly transport such as rail and bus. They may also be used to cover the Member States' justified costs in administering the Directive. Member States may also use the revenues to mitigate or even eliminate any accessibility and competitiveness problems arising for outermost regions and problems for public service obligations in connection with the implementation of the Directive.

**New entrants:** the Commission shall implement measures in respect of the allocation of allowances to make provision for new aviation entrants, and inserted a definition for the latter term.

In the event of a **merger or takeover** involving several carriers during a given period, the allowances which have been allocated to them or which they have acquired shall be retained by the new entity. If a

carrier ceases to operate, the Member State to which it is attached shall place the relevant allowances on the secondary market for allowances. At the beginning of the following year, the share of the allowances still available shall be allocated in full for auctioning, taking account of the general rate of reduction of authorised allowances.

On the basis of the experience acquired during the period 2010-2012, the Commission shall submit a proposal concerning the quota of emission permits the aviation sector is authorised to purchase on the secondary market for wider emission permit schemes.

The percentage of CERs and ERUs usable in relation to aviation activities shall be reviewed alongside their use in other sectors as part of the emission trading scheme review.

**Multiplier:** Parliament voted to apply a multiplier to emissions from aviation in order to take into account that the climate impact from aviation does not result from CO<sub>2</sub> alone but also for NO<sub>x</sub> emissions.

A new clause states that, as long as there are no Community measures which incentivise the reduction of releases of nitrogen oxides from aircraft carrying out an aviation activity listed in Annex I, and which ensure the same ambitious level regarding the protection of the environment as this Directive, the amount of carbon dioxide which an allowance, other than an aviation emissions allowance, or a CER or ERU permits an aircraft operator to emit shall be divided by an impact factor of 2.

A new part recital stated that air traffic management authorities should apply effective measures in order to avoid the formation of contrails and cirrus clouds through changes in flight patterns, namely by ensuring that flights will avoid passing through areas where due to specific atmospheric conditions the formation of such clouds is foreseen. In addition, they should strongly promote research on the formation of contrails and cirrus clouds including effective mitigation measures (e.g. fuel, engines, air traffic management) that do not adversely affect other environmental goals. Pending other legislation to be proposed by the Commission focusing specifically on the problem of nitrogen oxide emissions in aviation, a multiplier should be applied to every tonne of CO<sub>2</sub> emitted.

A new operative clause is inserted stating that, as soon as sufficient scientific evidence is available an appropriate multiplier will be proposed to take into account the effects of cirrus clouds caused by aviation activity.

**Efficiency clause:** every year, aircraft operators wishing to surrender allowances other than aviation emissions allowances, shall be required to submit to the administering Member State verified tonne-kilometre data for the aviation activities listed in Annex I performed in that calendar year. Based on the data to be submitted under the provisions of the directive, the Commission shall determine an efficiency indicator for all aircraft operators, calculated by dividing the total emissions from aircraft operators by the sum of the tonne-kilometre data. Based on this efficiency indicator for the first year for which data is available, the Commission shall publish a target efficiency indicator for 2010, 2015 and 2020 on the basis of an emissions reduction per revenue-tonne-kilometre (RTK) of 3,5% per year, which takes into account the voluntary target of a 3.5% improvement in fuel efficiency of aircraft per year until 2020.

The Commission shall, having regard to air operators' pledge to increase the efficiency of aircraft engines by 50% in 2020, report to the European Parliament in 2010 and 2015 on progress made towards achieving this target

In order to ensure equal treatment of aircraft operators, the Commission shall adopt specific guidelines to harmonise the administration of aircraft operators by administering Member States.

**Derogations:** Parliament included in the derogations:

(a) flights for humanitarian purposes under a mandate from the United Nations or its subsidiary organisations and Emergency Medical Service flights, if the aircraft operator has been instructed to perform them (e.g. by the United Nations) or holds the necessary official authorisation (licence for such EMS flights under its Air Operator's Certificate);

(b) flights performed by aircraft with a certified maximum take-off weight of less than 20 000 kg , under the condition that operators of these aircraft participate in an offset scheme which operates according to strict criteria and which must be open to external control (comparable to Gold Standard);

(c) flights performed exclusively for the purpose of scientific research or for the purpose of checking, testing, qualifying or certifying aircraft , equipment or air-traffic-management procedures , whether airborne or ground-based; ferrying new aircraft as well as ferry flights performed by or on behalf of an aircraft owner as a consequence of the occurrence of a sudden early termination event, event of default, repossession, or similar occurrence in respect of a leasing, charter or similar arrangement.

New clauses in the Annex state that the Community and the Member States must ensure that the working methods to be used by the verifier are harmonised before the implementation of the Directive and that its provisions are applied on a uniform basis.

Lastly, Parliament **deleted the derogation** concerning flights performed exclusively for the transport, on official mission, of a reigning Monarch and his immediate family, Heads of State, Heads of Government and Government Ministers.