

Aviation EU Emissions Trading System – key facts

The EU Directive (2008/101/EC) to include aviation within the EU Emissions Trading System came into force on 2 February 2009. All flights departing from and arriving at EU airports will be included in the EU ETS from 2012, and to comply with the Directive operators will be required to monitor emissions from 2010.

The EU ETS delivers a market price of carbon, which can be tied to a specific environmental outcome. It works by capping total emissions to a fixed limit, with operators required to surrender allowances for each reporting year to cover their total emissions.

Carbon allowances to cover the first year in which aviation will be part of the system (2012) will need to be surrendered by aircraft operators by the end of March 2013. The CO₂ emissions cap for aviation under EU ETS is 97% of average 2004-06 emissions levels in 2012 and 95% of 2004-06 levels in 2013. 3% of allowances under the cap will be held back to provide for fast growing operators and new entrants to the market.

If operators wish to increase their emissions from their share of the overall aviation limit, they have to buy additional allowances from elsewhere within the system, so that the overall limit is not breached. In this way, through participation in the EU ETS, the aviation sector will be paying for real emissions reductions in other sectors.

15% of allowances will be distributed to operators via auctioning. The remaining allowances will be allocated for free according to a formula, which has been designed to ensure fair allocations between operators. The free allocation criteria will be based on tonne-kilometre data in the benchmarking year, i.e. distance x payload. This is the great circle distance plus a fixed factor of 95km x the total mass of freight, mail and passengers carried.

Exemptions from Aviation EU ETS include:

- Commercial air operators who operate fewer than 243 flights per period into, out of, or within the EU for three consecutive four month periods or produce emissions less than 10,000 tonnes CO₂ per year.
- Aircraft with a certified maximum take off mass of less than 5.7 tonnes.