

AEF response to DfT consultation on Implementing the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA)



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Introduction

AEF campaigns on aviation's impacts, for people and the environment. As a representative of the environmental coalition ICSA, we have participated in the development of CORSIA at ICAO, including co-leading CAEP's Emissions Unit Criteria sub-group that developed the offset eligibility criteria for use in the scheme.

Section 2

Q1 Do you agree with the overall approach taken to the implementation of CORSIA MRV in the UK, through the draft Air Navigation Order which is based closely on the CORSIA SARPs, supplemented by provisions from the UK ETS Order where necessary? If not, please explain why.

Yes.

Q2 Do you agree with the specific provisions contained in the draft Air Navigation Order and summarised here? If not, please explain why.

Yes, in general we agree with the specific provisions, although in terms of the reporting requirements (for example, in section 31 of the draft Air Navigation Order) we would like the Order to support and maintain the highest degree of transparency with regard to the full disclosure of data. We are concerned that some operators may apply a liberal definition of what constitutes 'commercial interest' to support requests for non-disclosure. While reference is made to Schedule 2 and potential circumstances in the Order, further clarification is required to make it clear that in the 'public interest' such requests will only be granted in exceptional cases. The Order should provide, therefore, a clearer definition of commercial interest.

Q3 Is there anything that should additionally be included in the draft Air Navigation Order? If so, what?

CORSIA is designed to be one tool in a 'basket of measures' to reduce the industry's emissions. As such, attention should be given to additional ways in which CORSIA could support other measures to achieve the same goal, as it does already with the incentives to use sustainable aviation fuels. There is growing interest from consumers for information to support decisions relating to airline environmental performance, which could in turn support smarter decisions about how people travel. At present, most publicly available data is based on modelling or limited fuel burn data relating to older aircraft types, limiting potential applications that could differentiate between airline performance. This is not only unjustifiable given the emission data held by industry today, but it is also at odds with the level of consumer information provided for many other sectors to support informed choice, including road vehicles and household appliances.

The Department should explore ways to allow the information reported under CORSIA, subject to the 'commercial interest' provisions addressed in question 2, to be made available to support other purposes including 'eco-labelling' and GHG reporting. This provision should be included in the Order.

Section 3

Q4 Do you agree that Option 2 (Supply-Adjusted Hybrid) should be preferred over the other options described in this chapter? If not, please explain why.

No.

Option 2, allowing aeroplane operators to claim a reduction in their UK ETS obligations equivalent to their CORSIA obligation, would result in airlines paying a lower carbon price for their emissions than previously under the EU Emissions Trading Scheme (EU ETS) due to the significantly lower carbon price of CORSIA units. Unless the UK levied additional carbon pricing measures or taxes (which could be raised with Treasury in the context of its forthcoming work on options for greening aviation tax) this would be a backward step, especially when increased carbon pricing is necessary to drive decarbonisation in the sector given the its relatively high mitigation costs. Option 2 would also result in operators paying less, on average, per tonne of carbon than other non-aviation entities covered by the UK ETS, and – unless the EU adopts a parallel approach to Option 2 for its ETS – it would mean operators of UK departures to the EEA paying less for carbon than those airlines operating flights between other EEA states. For these reasons, we consider Options 4 and 6 to be more effective because they offer a higher degree of environmental ambition, and in terms of carbon price, maintain a level playing field with other sectors covered by the EU ETS.

Of the six options outlined in the consultation, we recommend that three are ruled out from any further consideration, namely options 1, 3 and 5. Option one should be ruled out for the reasons stated in the consultation, in particular that there would be no equivalent adjustment to supply to compensate for the reduced demand for allowances, potentially undermining the integrity of the UK ETS.

Option 5 would remove aviation from the UK ETS to create a stand-alone domestic offsetting scheme that uses CORSIA credits for compliance, even for UK domestic aviation emissions which are currently included in the carbon budgets established by the Climate Change Act. In its December 2020 report on the Sixth Carbon Budget, the Climate Change Committee (CCC) recommended that, unless and until the scheme is reformed, offsets purchased under CORSIA should not be used for compliance with UK carbon budgets as the scheme is not currently aligned with the goals of the Paris Agreement. For this reason, we would strongly oppose any further work on Option 5. For similar reasons, we oppose Option 3. We also agree with the consultation that Options 3 and 5 carry a significant risk of double counting.

The UK ETS baseline has a higher level of environmental ambition than CORSIA and, through auctioning, applies a carbon cost to a proportion of the emissions below its baseline. The associated higher average cost per tonne of CO₂ makes it more effective as a carbon pricing tool than CORSIA, contributing more effectively to the accelerated take up of sustainable aviation fuels and other lower carbon technologies. Option 6 is likely, therefore, to offer benefits over Option 2.

Option 4 envisages operating UK ETS and CORSIA independently so that operators with international flights covered by the UK ETS would be required to comply with both schemes. As the consultation acknowledges, this option has the highest level of environmental ambition. This option is also

consistent with the recommendations in the CCC 6th Carbon Report which highlighted that, because of the concerns noted above, CORSIA compliance should, for the time being, be additional to action to bring the sector's actual emissions into line with net zero. While it may be argued that an operator could be paying for the same tonne of carbon twice, the combined obligation to purchase units from both schemes is unlikely to exceed the total CO₂ from the flight (at least until the UK ETS moves to full auctioning). For these reasons, AEF has a preference for Option 4.

Q5 Do you have any suggestions for how the preferred option could be implemented, including minimising administrative complexities? If so, please explain.

As noted in the consultation, Option 4 is 'less administratively complex than a 'hybrid' scheme as the 2 schemes would run largely separately.'

Q6 Are there any further options that you believe should be considered? If so, please explain.

No.