



# **AEF response to DfT consultation on implementing the Carbon Offsetting and Reduction Scheme for International Aviation (CORSI A)**

**February 2025**

## **Introduction**

Aviation Environment Federation (AEF) campaigns on aviation for people and the environment. Our focus is on aviation policy, relating primarily to climate change, noise and air pollution. Internationally, we are a lead member and representative of the NGO grouping ICSA (the International Coalition for Sustainable Aviation), which has observer status to the UN's International Civil Aviation Organisation (ICAO). We have played an active role in the discussions and agreement on CORSIA, and in the development of the EU and UK emissions trading systems.

## **Context**

While both seek to address carbon dioxide emissions from the aviation sector, CORSIA and the UK emissions trading system (UK ETS) are fundamentally different in their design, scope and environmental goals. Although ICAO set an aspirational long-term goal of net zero emissions from international aviation by 2050 at its Assembly in 2022, CORSIA's current baseline of 85% of the emissions from international aviation in 2019 is designed to meet ICAO's near-term aspirational goal of carbon-neutral growth from 2020, and is neither net zero nor Paris Agreement compatible. There is no carbon price on emissions below the baseline. As an offsetting scheme, supplied by the voluntary offset markets, overall emissions from the sector are not capped, while the available supply of emissions units means that compliance costs are relatively low, typically around £3-4 per tonne of carbon dioxide. In the wider context of aviation decarbonisation, this provides little incentive to accelerate a transition towards cleaner fuels and technology, and arguably inhibits action by providing a lower cost means of delivering ICAO's goals.

In contrast, the UK Government has committed to ensuring that the UK ETS is aligned with net zero by 2050, and that free allowances will be phased out so all emissions within the scope of

the ETS attract a carbon price. The overall ETS cap can ensure consistency with UK carbon budgets which will be important for aviation when international aviation and shipping are formally included in the Sixth Carbon Budget (the Climate Change Committee, in its Sixth Carbon Budget report, advised that CORSIA should not be used for compliance with carbon budgets, and in March 2021<sup>1</sup>, wrote to the Secretary of State stressing that the use of international offset credits should be regarded as additional to domestic action). The UK ETS is likely to be a more effective driver of in-sector decarbonisation, applying a carbon price of around £40tCO<sub>2</sub> today, and estimated to increase to £300-400tCO<sub>2</sub> by 2050.

We encourage the UK Government to continue to explore the potential for reforming CORSIA to deliver more effective environmental outcomes in the future, but based on the anticipated outcomes of ICAO's 2025 CORSIA review, and the continued political uncertainty surrounding the extent of global participation ahead of the mandatory phase in 2027, we believe that CORSIA is unlikely to be able to match the ambition and rigour of the UK ETS. For this reason, and for those stated above, we strongly believe that the UK ETS is a more robust and effective scheme and, as a general principle, should be prioritised over CORSIA when there is any overlap in scope. We welcome, therefore, the decision to eliminate a CORSIA-only proposal from the scope of this consultation.

***Question 1. Do you agree or disagree with the overall approach taken to the implementation of CORSIA offsetting in the UK, through the draft amending SI, which is based closely on the CORSIA SARPs, supplemented by provisions from the UK ETS Order where necessary?***

Following the CORSIA SARP while adding supplementary provisions consistent with UK ETS requirements is a reasonable approach that promotes consistency.

***Question 4. Is there any additional data reported under CORSIA that you consider the UK should seek to publish, as outlined in Paragraph 1.20? What data on the use of CORSIA Eligible Fuels should the UK seek to publish?***

In the interests of promoting transparency we support all data being published. While there is an option to apply for an exemption for some data based on commercial confidentiality, this should be scrutinised in each case to ensure that information is not unfairly withheld from the public. Reporting on the use of CORSIA Eligible Fuels (CEFs) is important to help reduce the risk of any double claiming across the two schemes: this should include unique identifiers that allow traceability linking to methodologies and the claimed carbon savings. The Government should also consider how CORSIA data can be adapted to support wider data needs, for example, consumer information on the emissions associated with a flight at or before the point of sale.

---

<sup>1</sup> <https://www.theccc.org.uk/publication/net-zero-the-uks-contribution-to-stopping-global-warming/>

***Question 5. Do you agree or disagree that a deficit notice and corresponding penalty should be applied for CORSIA offsetting requirements, as outlined in Paragraph 1.24?***

Agree. We support the UK ETS Authority's intention to make operators responsible for making up the deficit if there is a shortfall in the number of required allowances surrendered under the UK ETS. We also believe there should be an equal incentive to comply with CORSIA, and that one scheme isn't more or less onerous than another. On this basis, we support the principle of applying a deficit notice and corresponding penalty to the implementation requirements of CORSIA.

***Question 6. Do you prefer the 'UK ETS only' or 'price-based hybrid' approach to implementing CORSIA alongside the UK ETS?***

Both options have some merits and disadvantages but we have a preference for the UK ETS only option.

For the ETS-only option, the main advantage is administrative simplicity as it avoids the need to consider mechanisms for financial compensation. We agree with the advantages listed in the consultation. The consultation also noted two disadvantages, notably that it doesn't fully implement CORSIA's ambition and scope, and secondly, that the UK can only exempt UK operators under CORSIA, potentially creating uncertainty for non-UK operators. It should be noted that while the ETS-only option would remove the majority of international departing flights at UK airports from the scope of CORSIA, the majority of emissions associated with all international flights from the UK would still be covered by CORSIA due to the disproportionate contribution from long-haul flights. This would still demonstrate the UK's commitment towards CORSIA and the ICAO process. Any concerns to the contrary may have more weight if there was a clear and immediate opportunity for significant CORSIA reform, but it is our understanding that substantive changes are unlikely to be on the agenda for the 2025 CORSIA review. The second argument relates to the UK's inability to exempt non-UK registered operators from CORSIA obligations on the applicable routes given that they are administered by authorities in other states. Again, we think this presents a low risk as the relevant administering states are largely those in EEA states or countries that are participating in the EU ETS. Given that the EU has already signalled that it is exempting routes in the EU ETS from its CORSIA implementation, there is a strong likelihood that non-UK operators will be granted the necessary dispensations. Potential alignment with the EU ETS approach is also a strong consideration.

***Question 10. Under a price-based hybrid scheme, would you prefer compensation to account for CORSIA costs to be made through a reduction in UK ETS obligations, reimbursement of UK ETS Allowances, or financial reimbursements?***

Of the three compensation options set out in the consultation - reducing UK ETS surrender obligations, reimbursing operators with UK ETS Allowances and financial compensation - we only support the last option. As indicated we do not consider the two schemes to be equal in terms of their respective requirements, with the UK ETS providing a more robust means to

reduce aviation emissions. Allowing airlines to reduce their UK ETS surrender obligations on the basis of a tonne for a tonne or price suggests parity, and this would undermine the effectiveness of the UK ETS. The same issues apply to reimbursing operators with UK ETS Allowances, with the proposed phase-out of free allowances also being a complicating factor in the future. In both cases the low cost of CORSIA units is rewarded with more valuable ETS Allowances, not only compensating them for expenditure on CORSIA units but discounting the future cost of ETS compliance. We only support the financial compensation option if it avoids any direct ringfencing of ETS revenues to ensure it doesn't create a precedent for these revenues flowing back to the industry.

***Question 13. Under a price-based hybrid scheme, do you agree or disagree that compensation should be conditional on aeroplane operators providing evidence of compliance with CORSIA?***

Yes we agree that any offer of compensation to airlines should only be put forward when there is a rigorous verification of any claimed emissions reductions through complying with CORSIA.

The global adoption and implementation of CORSIA is still in its infancy, the number of projects approved as CORSIA Eligible Units (CEUs) is relatively small, and the global production of SAF is only 0.3% of global production (IATA). Given such a low number of obligations to surrender units under CORSIA to date, the system for verifying the emissions reduction has not had time to mature. The carbon accounting for the use of CEFs has also not reached full maturity and there should be extra safeguards in place. As the global SAF industry is expected to scale rapidly, and airlines surrender more CEUs there will likely be an exponential increase in the number of claims that need processing. If the carbon reductions calculations are not robustly verified before this happens, there is a very real risk that any errors and weaknesses in the system will be compounded.

**AEF**

**10 February 2025**