

## Consultation on carbon units, the net UK carbon account and carbon accounting



19<sup>th</sup> January 2009

The Aviation Environment Federation (AEF) is the principal UK non-profit making environmental association concerned with the environmental effects of aviation and supported by individuals and community groups affected by the UK's airfields and airports. We promote a sustainable future for aviation which fully recognises, and takes account of, all its environmental and amenity effects. These range from aircraft noise issues associated with small airstrips or helipads to the contribution of airline emissions to climate change.

AEF strongly supported the inclusion of emissions from international aviation in the UK's Climate Change Bill. We note that some important amendments to the bill, the publication of the Committee on Climate Change report to government, and the statement by Secretary of State for climate Ed Miliband that the government accepts in full the recommendations of this report all took place after the publication of this consultation. In particular, we note that the advice of the Committee on Climate Change, issued in December 2008, was that the target to reduce 1990 emissions by 80% by 2050 should apply to the sum of all sectors of the UK economy, including international aviation and shipping, and to the extent that international aviation and shipping emissions are not reduced by 80%, more effort would have to be made in other sectors.

Although the Committee recommended that international aviation emissions should not at this time be formally included in the budgeting process, it is clear from the Committee's advice and from the wording of the Climate Act that these emissions must be monitored and taken account of in the short term, and must not be allowed to compromise the longer-term targets. We therefore believe that the Department of Energy and Climate Change needs to consider carefully – even at this stage – how to account for these emissions appropriately.

We welcome the fact that the Bill will now apply to all greenhouse gases covered by the Kyoto Protocol, but we are concerned that this could create a disparity in relation to aviation emissions, as the non-CO<sub>2</sub> impacts of aviation (including the impact of nitrogen oxides, water vapour and soot) are not covered by the Kyoto 'basket' of greenhouse gases. At international level, progress towards tackling emissions from aviation has been slow. We welcome the statement on 15<sup>th</sup> January 2009 by the Transport Minister Geoff Hoon that the Government will be pushing hard for international aviation to be part of the global deal on climate change to be discussed at Copenhagen later this year.

We believe that in the meantime an uplift factor of 1.9 should be applied to the carbon dioxide figures for aviation emissions, to take account of their full climate impact. This is consistent with many Defra and DfT publications and with the latest IPCC research. While the use of RFI as a forward-looking metric may be scientifically imperfect, we are convinced that some account must be made of these impacts to avoid the gross distortion that would arise from using figures for all greenhouse gases when dealing with other sectors, but using CO<sub>2</sub>-only data when dealing with aviation.

We have responded to this consultation on the basis of our expertise in aviation only, and have not attempted to answer all the questions.

## Responses to questions

### **Question 1: Do you agree with the proposal that all carbon units which are recognised under the Kyoto Protocol and EU Emissions Trading Scheme should be eligible to count towards the net UK carbon account? Should any other units also be recognised or should additional restrictions be considered?**

We do not agree that an unlimited number of carbon units from outside the UK should be eligible to count towards the UK carbon account.

We note the conclusion of the Committee on Climate Change that “The majority of the 80% cut will in the long term need to be achieved via domestic action” and we are concerned that unlimited access to carbon units generated from reductions (or supposed reductions) outside the UK will undermine this goal. The Committee recommends that, in line with this principle, access to credits generated under the Clean Development Mechanism should be restricted. We are concerned, however, that by allowing open access to units from the EU Emissions Trading Scheme CDM units could enter the system by the back door. The EU Energy Package just agreed allows very large proportions of emissions reductions to be purchased from outside the EU, potentially generating surplus, displaced EUAs and seriously diluting the effectiveness of the schemes supposed cap.

The consultation document refers repeatedly to the additional ‘costs’ of taking action domestically compared with simply purchasing units from outside the UK. We consider this approach short-sighted and inconsistent with other areas of policy. The Government has, in recent months, made bold and important statements about the possibility of tackling both economic and environmental problems together by creating jobs in the low-carbon technologies of the future. And the Committee on Climate Change has confirmed the findings of the Stern Review that to be effective, action must be taken early to dramatically reduce emissions and that we must take great care to avoid locking ourselves into a high-carbon future with inappropriate investment.

We believe that unrestricted access to carbon units generated under the Kyoto Protocol and the EU Emissions Trading Scheme is at odds with such ambition. Every ‘cheap’ reduction bought up by the UK from a non-Annex 1 country is one fewer easy, early reduction that can be made by that country if and when it agrees to targets of its own, putting a truly global deal on climate yet further from reach. While we appreciate the attractiveness of allowing the scheme to ‘talk to’ others in the world, we believe that such conversation could only really be effective if all countries, inside and outside the EU, had similar national reduction targets in place.

We urge the DECC to consider restricting access to carbon units from outside the UK to ensure that genuine domestic reductions are stimulated. We feel that both credibility of the 80% target with the voting public and the potential for the Climate Act to have real impact on the UK’s emissions would be undermined by a failure to impose such restrictions.

**Question 2: Do you agree with the proposals for the circumstances in which units should be credited to or debited from the net UK carbon account? Are there any other circumstances in which carbon units should be considered as credits or debits?**

We are very concerned about the suggestion that units generated through voluntary offset schemes, including those related to carbon neutrality commitments, should be treated as credits to the net UK carbon account. In addition to the concerns outlined above in relation to a reliance on carbon units generated outside the UK, units generated from voluntary offset schemes raise additional concerns over quality, and whether these units represent genuine carbon reductions that would not otherwise have taken place.

We are also concerned about the approach suggested in Proposal 5 to the use of units from the EU ETS. While we appreciate that the ‘Interim’ and ‘Intended’ budgets outlined by the Committee on Climate Change have been designed to be compatible with EU policy (on a 20 or 30% reduction by 2020). But future budgets set under the EU ETS will not necessarily match those of the Climate Act. For aviation, for example, the cap for 2012 has been set at 97% of the average emissions between 2004 and 2006, and thereafter at 95% of this level – far less stringent than the necessary reductions implied by the UK Climate Act. Furthermore, the decision on aviation’s allocation is not one to be taken by the UK government alone, as part of a national allocation plan, but represents a European-wide sectoral target to be agreed amongst the EU27. We foresee serious problems in continuing the attempt to marry EU ETS commitments with UK commitments after 2013.

AEF supported the inclusion of aviation in the EU ETS on the basis that it represented a first step towards bringing the sector in line with wider climate targets. But the impact of ETS on aviation emissions will be minimal and the cap that aviation will enjoy is far more generous than that for other sectors. At best, aviation’s inclusion in the scheme will put pressure on other sectors to compensate for aviation emissions. At worst, it will provide an excuse to delay any effective constraints being imposed on aviation emissions. We consider it essential to include aviation in the UK’s carbon budget at the earliest opportunity to ensure that it plays a fair part in UK climate policy.

**Question 3: Do you agree that the proposals to cancel units equivalent to the difference in stringency between the UK budget and the Assigned Amount under Kyoto by the end of the budget period is necessary and sufficient to comply with clause 26(4) of the Bill?**

We consider this approach to be necessary but not sufficient. As outlined in our answer to the previous question, we believe that a similar process will be necessary for the use of EUAs, to account for differences between the two schemes. The UK should be at liberty to impose targets that are informed by the best climate science and to lead Europe and the rest of the world by example, even if this means setting different targets from those agreed by the EU.

**Question 5: Do you agree that compensatory adjustments to retrospective emissions figures should be made in the final net UK carbon account for the whole budgetary period?**

While it is clearly preferable for adjustments to be made as soon as possible we recognise the advantages of making any necessary adjustments to the final net carbon account rather than earlier in the period.

**Question 6: Do you agree that the administration and operation of the UK carbon accounting system should build on the existing carbon accounting systems under the UK Registry?**

Yes – we would support the administrative simplicity of this proposal. We would like to suggest, however, that UK net emissions should be published alongside the UK net carbon account and not be relegated to a footnote or, worse, remain unpublished. We welcome the commitment to record the amount of units credited to and debited from the UK carbon account but believe that for the sake of transparency and honesty the UK's actual, domestic progress towards a low-carbon future must be clearly stated.