



## Key areas of disagreement over European legislation to include aviation in the EU Emissions Trading scheme

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	Cap	Start date	Weight exemption	Treatment of non-CO2 effects	Allocation: auctioning or benchmarking	Gateway for CDM/JI	Gateway to other sectors
<b>European Commission Directive: 2003/87/EC</b>	100% of the average aviation emissions from 2004-2006	Intra-EU flights January 2011; flights to and from the rest of the world January 2012	Aircraft of 5,700 kg or lighter should be exempt.	Nitrogen oxide emissions (Nox emissions) should be addressed in other legislation.	Combination of benchmarking and auctioning. The percentage of allocation which is auctioned should correspond 'to the average percentage proposed by the Member States including auctioning in their national allocation plans' for phase II (NGOs estimated this as 3%).	Emission Reduction Units and Certified Emission Reductions should be permitted from the Clean Development Mechanism or Joint Implementation projects.	
<b>Environment Committee draft opinion</b>	75% of the average aviation emissions from 2004-2006, decreasing over time to help meet the 20 or 30% reduction targets by 2020.	2010 for all flights		Pending further study into Nox, a multiplier of 2 is needed; cirrus cloud and contrail formation should be limited by effective air traffic control.	50% of the allocation should be by auction, with a proportion of allowances set aside for new entrants to the market. This proportion may be increased in future.		

<b>Parliament vote November 07</b>	90% of 2004-2006 average emissions; baseline can be revised only downward	2011 for all flights	Aircraft of 20,000 kg or lighter to be exempt (but only if they participate in a credible offset scheme - mention of gold standard)	A multiplier of 2 should be applied till NOx measures are in place	25% by auction; from 2013 the level of auction should be equal to the highest level for any other sector	Access to credits from other sectors or from CDM/JI limited to 13% for aviation sector	
<b>Council common position April 08</b>	100% of average 2004-2006 levels (equivalent to 90% above 1990 levels, calculates WWF)	2012 for all flights	Weight exemption as in Commission proposal (5,700 kg)	Nox emissions to be addressed independently by 2008; no multiplier proposed	10% by auction; revenues from this 'should' be used for climate change mitigation, but this would not be mandatory; 3% of total allowances to be set aside in a 'special reserve' for new entrants or very fast growing airlines; benchmark based on 110 kg per passenger	Only 15% of allowances can be from CDM/JI projects	No proposed limits on access to credits from other sectors

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<b>NGO position</b>	50% of average 2004-2006 emissions for the phase ending 2012; after that, the cap should be determined by the 30% by 2020 reduction target.	2010 for all flights		A multiplier of at least 2 should be used pending specific policies on nitrous oxide and aviation-induced clouds.	100% by auction	Stringent quantitative and qualitative limits should be set on use of CDM and JI credits. The limit should be set at a fraction of the cap, not a fraction of emissions.	
<b>Final negotiated agreement July 08</b>	97% of 2004-2006 levels for 2012; 95% from 2013 unless amendments arising from the general ETS review specify otherwise	2012 for all flights	Aircraft with a maximum take-off mass of less than 5,700 kg will be exempted	Nox emissions will be addressed in other legislation brought forward by the Commission in 2008 and research on the formation of contrails and cirrus clouds should be promoted.	15% by auction (while those being allocated for free will use an RTK benchmark based on 100 kg per passenger); from 2013 this percentage may be increased as part of the general ETS review	For 2012, up to 15% of allowances can be from CDM/JI projects (CERs and ERUs); from 2013, this percentage will be reviewed as part of the general ETS review	No restrictions on airlines' purchase of credits from other sectors

It was agreed at an early stage that the scheme should cover all flights arriving at or departing from the EU.

The council proposed a de minimis clause exempting airlines with very low traffic levels. The final agreement endorses this, and adds a further exemption for those with low emissions levels. Specifically, it excludes flights operated by a commercial air transport operator operating either (i) fewer than 243 flights per 4 month period for three consecutive periods, or (ii) flights with total annual emissions lower than 10,000 tonnes per year.