



EU Emissions Trading System

Aviation sector

Advice on charges 2013

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Your environment is the air you breathe, the water you drink and the ground you walk on. Working with business, Government and society as a whole, we are making your environment cleaner and healthier.

The Environment Agency. Out there, making your environment a better place.

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1 INTRODUCTION

1.1 Purpose of this document

The purpose of this document is to provide advice on charges applicable to the aviation sector under the EU Emission Trading System, and to explain the methods of payment.

The different types of charges are explained in section 2, and the methods and terms of payment for these charges are provided in section 3.

1.2 The legislation

Forecasts from the Department for Transport suggest that by 2030, aviation could contribute up to about a quarter of the UK's greenhouse gas emissions. The government believes that the best way of ensuring aviation contributes towards climate stabilisation is through an emissions trading regime.

The European Emissions Trading System (EU ETS) was introduced across Europe to encourage businesses to reduce greenhouse gas emissions. The aviation sector joined this system in 2009, and 2010 represented the first year whereby aircraft operators had to monitor their annual emissions and provide benchmarking data.

In the UK the EU ETS Directive in relation to aviation was implemented through the Aviation Greenhouse Gas Emissions Trading Scheme Regulations 2010 ("the 2010 Regulations"). However, on 1 January 2013, the Greenhouse Gas Emissions Trading Scheme Regulations 2012 ("the 2012 Regulations") came into force, which replace and consolidate previous implementing Regulations.

1.3 Charging powers and financial duties

Charges for aircraft operators are contained in an Environment Agency charging scheme made under section 41 and 41A of the Environment Act 1995.

The Environment Agency has a number of duties in respect to setting charges. These include ensuring that, taking one year with another, our income from EU ETS participants covers the costs incurred in issuing and maintaining emission plans. We must also recover all relevant costs, and adhere to the guidance given in HM Treasury's Managing Public Money Guide on the costing of services provided by bodies such as ours. We must also ensure that income raised through charging is only applied to the regulatory regime to which it relates.

On this basis, we ensure that all types of regulatory expenditure associated with the aviation sector under the EU ETS, whether they are the direct costs of regulatory activities, or the infrastructure necessary to support them, are reflected in charges.

1.4 Changes to the 2011/12 charging scheme

The Secretary of State has approved the following:

- A charge increase of 0% for last year's charges. The only exception to this is an increase to the 'Determining emissions' hourly charge from £115 to £125 per hour where we must calculate reportable emissions on your behalf. This is to bring the hourly charge in line with the other EU ETS hourly charges and our standard hourly charge.
- Charges have been moved from The Aviation Greenhouse Gas Emissions Trading Scheme Regulations 2010 to an Environment Agency charging scheme. The charging scheme is published on our website.
- The introduction of new registry charges in respect of verifiers, Authorised Representatives and Additional Authorised Representatives. These charges are not detailed in this document but in the 'EU ETS 2012 charging scheme advice' document published on our website.

1.5 Re-issue of this document in January 2013

This advice note has been re-issued to reflect the 2012 Regulations. References to the legislation have been updated.

2 TYPES OF CHARGE

2.1 Types of charge

The following types of charge are payable in respect of aircraft operators:

- Emissions plan charge
- Benchmarking plan charge
- Opening an aircraft operator holding account
- Annual subsistence charge
- Variation charge
- Application to the special reserve
- Determining emissions
- Change of an authorised representative

Section 3 of this guide explains how and where to send payment for these charges.

2.2 Emissions plan charge

The charge for applying for an emissions plan is £750

2.3 Benchmarking plan charge

The charge for applying for a benchmarking plan is £830

2.4 Opening an aircraft operator holding account

There is no charge for this.

You may appoint up to 6 authorised representatives and 3 additional authorised representatives for the account.

2.5 Annual subsistence charge

An annual subsistence charge is payable by all UK administered operators who have performed an aviation activity within a particular compliance year.

If you have not performed an aviation activity within a particular compliance year you are not deemed to be a UK aircraft operator for that year and are not due a subsistence charge.

The subsistence charge covers the cost we incur in maintaining you as a UK aircraft operator for a particular year. It includes the work we undertake in processing notifications from operators, dealing with administrative or minor variations to plans, ongoing regulation, compliance auditing, resolving any issues with individual operators, end of year reporting and the provision of our helpdesk.

The level of subsistence charge depends on the estimated emissions for the calendar year in question. In most cases this will be based on the level of previously reported emissions, or where this is not applicable, the estimated emissions provided in your monitoring plan.

There are two parts to the subsistence charge – a base and a variable charge. Both elements are based on an operators estimated emissions during the compliance year.

Base charge

This is a fixed part of the subsistence charge, payable if you are a UK aircraft operator for any part of the compliance year.

Charges are as follows:

Estimated annual emissions of carbon dioxide	
Less than 50kt	£1,920
50kt - 500kt	£2,490
More than 500kt	£3,060

Variable charge

This part of the subsistence charge depends upon the length of time you have had an emissions plan in place during a particular compliance year.

Charges are as follows:

Estimated annual emissions of carbon dioxide	
Less than 50kt	£630
50kt - 500kt	£830
More than 500kt	£1,020

Where your variable charge becomes payable part way through a financial year (for example if the date you qualify as an operator is later than 1st January) you will be charged (pro rata) for the number of whole days remaining in the year. The charge commences from the date that is indicated on your emissions plan, rather than the date you made your application.

Calculation and invoicing

You will receive an invoice for both the base and variable elements of the annual subsistence charge in January or February following the calendar year in which you are an operator.

Examples

1. If your estimated emissions in the year 2012 are 100kt, and your emissions plan for this year covers 1 Jan to 31 Dec 2012, you will receive a single invoice in January or February 2013 for £3,320 (which covers the base charge of £2,490 plus the full (unadjusted) variable charge of £830).
2. If your emissions plan however is dated from 1 July, and you cease to qualify as an operator, and complete all requirements by 30 September, your subsistence charge will be £2,699. This is calculated from the base charge of £2,490 plus the variable charge of £209 ($92/365 \text{ days} \times £830$).

Within any one calendar year, if your emissions plan is suspended, and then restarted again mid-year the variable part of the charge will not be adjusted. In other words to calculate your variable charge we will use the first date that you have an approved emissions plan, and the last date within the year that you cease to be an operator.

We will use Eurocontrol, and our own data, to identify the dates to calculate the variable part of the charge. If on receipt of the invoice however you disagree with our calculation please contact etaviationhelp@environment-agency.gov.uk

2.6 Variation to an emissions plan

Not all variations to your emissions plan incur a charge. If you are notifying us of a change of a purely administrative nature only, there is no charge.

However, if you are submitting a variation application that requires a technical assessment, the charge is £430. The variation charge is also payable in the event that we serve a variation notice on you. In this instance we will send you an invoice for the charge.

If you are unsure as to whether or not a variation is chargeable please email us at etaviationhelp@environment-agency.gov.uk

2.7 Application to the special reserve

A charge of £1,120 must be submitted with an application for free allowances from the special reserve.

2.8 Determining emissions

In certain circumstances we have a duty to calculate your reportable emissions on your behalf. We charge £125 per hour for this work and we will send you an invoice for the appropriate amount.

2.9 Change of an authorised representative

If you have an aircraft operator holding account you will not be charged for changing an authorised representative or additional authorised representative, as this cost is included in your subsistence charge.

3 PAYMENT OF CHARGES

3.1 Method and terms of payment

This section provides details of how to pay charges and where to send payments. It also deals with the procedure for withdrawing applications and the action that will be taken on non-payment of charges.

3.1.1 Applications

These charges must be submitted along with the application, and payment may be made by credit card, debit card, or by BACS. Unfortunately we are **not** able to accept cheques for these application types.

Debit or credit card

Payment can either be made online through your ETSWAP account (please select online payment method and follow the instructions) or over the telephone by calling (01925) 542079.

BACS payments should be made to the following account:

Citibank, Citigroup Centre, Canada Square, London E14 5LB

IBAN: GB45 CITI0833 0012 8005 43

SWIFTBIC: CITI GB2LXXX

Account number: 12800543 Sort code: 08-33-00

Please quote your Unique Reference number with any BACS payments or we will be unable to identify the individual transaction.

If you have any payment queries please email us at etaviationhelp@environment-agency.gov.uk or telephone us on 01925 542059.

3.1.2 Annual subsistence charges, hourly charges, and charges arising where we serve a notice on you

For these charges, you will be sent an invoice. Charges are payable immediately on receipt of the invoice.

Payment options include credit card, debit card and BACs. Full details on how to pay by each method can be found on the rear of the invoice.

3.2 Withdrawn applications

Where an operator withdraws an application, the Agency reserves the right to retain the application charge in full with no refund. A refund may be made where the Agency has not undertaken any work in respect of the application.

Where an application is submitted for an operator that we subsequently deem to be exempt from regulation, we will make a full refund of the application charge provided that no emissions plan has been issued. Refunds of charges will not normally be made after emissions plans have been issued.

3.3 Non-payment of charges

Applications that are not accompanied by the appropriate fee in full will not be processed. If the charge submitted is insufficient we will advise you accordingly and ask you to pay the balance. We will be unable to complete the processing of any application where part of the fee is outstanding.

If any subsistence charge is not paid the Agency will take action to recover the debt. This may include the seizure and sale of allowances to cover the value of unpaid charges, as well as the expenses incurred by us in recovering the debt.

**Would you like to find out more about us,
or about your environment?**

Then call us on

08708 506 506* (Mon-Fri 8-6)

email

enquiries@environment-agency.gov.uk

or visit our website

www.environment-agency.gov.uk

incident hotline 0800 80 70 60 (24hrs)

floodline 0845 988 1188

* Approximate call costs: 8p plus 6p per minute (standard landline).
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