

*SINCE THE EUROPEAN UNION'S announcement last spring of its plans to implement its Emissions Trading Scheme (ETS), uncertainty and confusion about the plan and what was required has been widespread. While many operators have struggled with the uncertainty of the requirements and deadlines, which have changed frequently, what is certain is that ETS is not going away and similar plans are likely to come soon in other regions of the world.*

*To help clear up some of the industry's confusion on the topic, Universal Weather and Aviation, Inc. Manager of Regulatory Services, Laura Everington, provided the answers to some of the most commonly asked questions she and her team answer daily.*



## EVERYTHING YOU ALWAYS WANTED TO KNOW ABOUT EU ETS (BUT DIDN'T KNOW WHO TO ASK)



### What exactly is ETS and why is the EU implementing this?

Emissions trading schemes are developed to help limit environmental pollutants such as acid rain or greenhouse gases by creating a central government authority, which then sets a cap as to the amount of pollutants a company can emit into the environ-

ment. The central authority provides allowances, which regulate the amount of pollutants a company can emit. These "allowances" can be bought and sold just like a stock or bond would be sold in the stock market.

EU ETS plans are already in existence for industries like ground trans-

portation and railroads. Business Aviation was selected as the next industry to be regulated by the EU ETS. For more of a history on EU ETS, I recommend visiting the Environment page of European Commission's Web site:

[http://ec.europa.eu/environment/climat/emission/index\\_en.htm](http://ec.europa.eu/environment/climat/emission/index_en.htm)

While the EU is the first group to bring an ETS plan to aviation, it will not be the last. I expect that in the years to come, similar plans will be created in the United States and other regions of the world.

### When does EU ETS go into affect?

Mandatory compliance with EU ETS begins **Jan. 1, 2012**. At that time, all aircraft operators flying to, from, or within European Union Member States will be required to monitor emissions and report emissions on a recurring basis to the regulatory agency of their administering Member State

However, although the mandatory phase of EU ETS does not go into effect for another two years, I highly recommend participating in the Monitoring and Benchmarking Program, which starts **Jan. 1, 2010**.

### AUTHORITY

When in doubt, ask an expert!



### What is the EU ETS Benchmarking plan and why should I participate?

The Monitoring and Benchmarking Program is a voluntary program that allows operators to receive future free allowances (2012-2020) of carbon emissions by providing a monitoring plan to the appropriate regulatory authority and monitoring and reporting their emissions from 2010 to 2012. The benchmarking plan sets out how operators plan to monitor metric ton-kilometer data. A verified report of those emissions must be submitted to the regulator by March 31, 2011.

The potential cost saving advantages of participating in the Benchmarking Program could be significant. The EU has announced that the amount of free allowances could range from a minimum of three percent to a maximum of 10 percent in the first stage of the ETS, which runs from 2012-2020.

While this might not sound like much, the savings could be significant and will be important, especially for flight departments that make frequent trips to and within Europe.

While there is an upfront fee that must be paid to an operators' Member State to submit a tonne-kilometer plan, the savings in the long run will far outweigh the initial investment. The upfront fee varies from Member State to Member State but one example fee for a popular Member State is around 700 Euro. And remember, operators not participating in the benchmarking plan will pay 100 percent of their emissions starting in 2012.

#### SOLUTIONS

The team at Universal Weather and Aviation answers the most commonly asked questions about EU ETS on a daily basis.



### How do I participate in the Benchmarking Plan?

The first step is to identify the corresponding Member State to which your aircraft has been assigned. These are generally, but not always, the country you operate to most frequently. Therefore some nations, such as the UK, have many more operators assigned to it than other smaller countries that receive less traffic. To find out what Member State you are assigned to visit [http://ec.europa.eu/environment/climat/aviation/operators\\_en.htm](http://ec.europa.eu/environment/climat/aviation/operators_en.htm).

The deadline to submit a Benchmarking Plan for many Member States has already expired. However, due to some issues that occurred when some aircraft were incorrectly

registered to their Member State under the name of their service provider, some countries have extended their deadlines. The next fleet list for the UK, for example, will be published in February.

The fleet list issue occurred as a result of member states incorrectly listing many aircraft under the name of their service provider rather than their corporation's name. This occurred because the fleet list was created based on what company paid Nav fees for flight plans. Third-party service providers paying Nav fees were then added to the fleet list for the corresponding aircraft. Sorting this issue out has taken time and remains an ongoing issue. It's important to note that if your aircraft is not yet on the operators list

for its Member Country, you are not subject to the plan submission deadline of that Member State.

If you are able to identify your Member State, your next course of action is to submit your benchmarking plan. To learn more about the EU ETS and how to post a Monitoring and Benchmarking Plan, visit

[http://ec.europa.eu/environment/climat/aviation\\_en.htm](http://ec.europa.eu/environment/climat/aviation_en.htm). (See the EU ETS Sidebar Toolkit for Templates and links to help you complete a plan).

### **How difficult is it to create a Benchmarking Plan?**

It has been my experience that once an operator understands exactly what is being asked for in the plan, it only takes a day or two to create. Unfortunately, a lot of fear and misinformation has been spread throughout the industry. I would strongly advise any operator to be especially wary of any person or company that offers to create a Benchmarking Plan for a large amount of money.

There is ample free information available from both the EU Member States as well as service providers.

### **What does the Benchmarking plan calculate?**

Data is to be calculated as follows:

○ **Weight of passengers** (actual weight plus luggage, or a default value of 100kg (includes luggage) for each passenger can be used plus

○ **Cargo** (freight and/or mail) carried, multiplied by

○ **Distances** over which it was carried (Great Circle distance [km] plus 95 kilometres)

### **How do I calculate this information?**

Talk to your service provider and your Member State. Much of the information you need to calculate is already included in your flight plans and service providers like Universal will be providing free online tools and assistance to help operators make their calculations and complete the necessary forms.

### **Ultimately, how is EU ETS going to impact my flight department?**

Like I said previously, ETS is here to stay. I recommend adapting now and participating in the Benchmarking Program as it will save you money in

the long run. Even if you have not yet been assigned a Member State or submitted a Benchmarking Plan, you can still begin tracking your emissions. This will provide familiarity with the requirements and allow a simple transition when your plan is accepted or when the mandatory compliance date of Jan. 1, 2012 arrives.

### **I'm still confused. What should I do?**

Contact your Member State or a service provider like Universal. Our Regulatory Services team answers hundreds of EU ETS questions daily. Free information is available and in my experience, the EU Member States are happy to help.

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