



## AES Newsletter January 2021

Dear Operator,

Welcome to our January 2021 ETS newsletter. We hope you are staying safe and well.

Following an unprecedented year that has seen aviation profoundly impacted by the Covid crisis, we are once again nearing another ETS reporting year. No corner of our industry has been left unaffected by the downturn. The challenges have been great and will continue through 2021. The good news is that, with vaccines now in place, a gradual return to normal is on the horizon with a steady recovery anticipated for our industry. We wish everyone a speedy return to normality.

In this month's newsletter, we would like to share some of the latest ETS developments and changes coming in 2021. Firstly.....

### 2020 Impact on Flight Movements

Due to reduced movements in 2020, there will be a number of operators who previously needed to report who will fall below the reporting threshold and, as a consequence, will not need to report in 2021. However, it remains the operator's responsibility to monitor movements to ensure that thresholds are not exceeded. Please do not hesitate to get in touch if you are unsure or need advice or assistance.

### Key Changes in 2021

- **Phase IV EU ETS** – This is the 4<sup>th</sup> phase of the scheme and runs from 2021-2030. Changes mainly hinge around functionality and guidelines (generally requiring no operator action):
  - It will no longer be possible to exchange CERs and ERUs for EU allowances after 30 Apr 2021. Therefore, it would be advisable to ensure that all remaining CERs and ERUs in registry accounts are exchanged before this date.
  - All pending requests in the task list are automatically deleted at the end of the year.
  - The names of the authorised representatives' roles change.
  - There are changes related to the transfer of accounts and the trusted accounts list.
- **UK ETS** – The UK scheme commences on 1 Jan 2021, with 2021 being the first monitoring period. The reporting deadline for 2021 flights will be 31 March 2022. The scheme is very similar to EU ETS but with some additions that will bring it more into line with CORSIA.
  - Phase I of the scheme will run from 2021-2030.
  - Carbon offsetting is not planned within the scheme.
  - For those already regulated by the UK for EU ETS, a UK Emissions Monitoring Plan (EMP) will be issued to operators based on their EU EMP (no action required by the operator). Those without an EMP must contact their regulatory authority and apply within 6 weeks of becoming an operator.
  - A UK Aircraft Operator Holding Account (AOHA) must be opened to allow transactions to take place within the scheme. Only UK allowances will be valid.
  - Non-commercial operators emitting less than 1,000 tonnes of CO<sup>2</sup> are exempt. A commercial operator emitting less than 10,000 tonnes of CO<sup>2</sup> is exempt (or if less than 243 full-scope flights are operated per period for 3 consecutive 4-month periods).
  - It will be possible to apply for a free allowance allocation based on historical aviation activity. However, in order to apply a completed 2010 tkm data report will need to be produced and subsequently verified by an independent, third party verifier. The



report must include passenger numbers for each flight. In our experience, given the tiny number of allowances to be allocated, the cost of compiling the report, and the cost of verification, it will not be financially worthwhile for Small Emitter operators to apply. Please contact us for more information.

- All EU ETS compliance obligations for 2020 flight movements remain in place until the end of April 2021. Operators will only be required to comply with the UK ETS for flight movements taking place in 2021 onwards, and only those operators that exceed the exemption threshold for the EU ETS and have at least one UK ETS qualifying flight.

## **.....and for a brief synopsis of the geographical scope of the major ETS schemes.....**

### **EU ETS**

Intra-EEA flights (all EU countries plus Iceland, Norway and Liechtenstein). Also included are territories of member states that are part of the EEA and outermost regions of EEA member countries; domestic flights within any EEA member state.

### **CORSIA**

International flights between the vast majority of ICAO member states. Domestic flights are not included in this scheme.

### **SWISS ETS**

Domestic flights within Switzerland or flights from Switzerland to the European Economic Area (EEA).

### **UK ETS**

Flights from the UK to EEA member states or territories (excluding outermost regions); flights between UK and Gibraltar; UK domestic flights; UK to UK (or EEA) offshore installations (predominantly helicopter operations to oil installations).

As ever, if you require any help with any aspect of ETS matters, please contact us. We are here year-round to assist.

That's it for now. All that remains is for us to say, stay safe and have an enjoyable festive season.

With our best wishes for 2021,

The AES Team