



ICAO CORSIA & EU ETS - MRV implementation in EU and Malta

SEMINAR - 22ND JANUARY 2019

MALTA RESOURCES AUTHORITY

IN COLLABORATION WITH TRANSPORT MALTA-CIVIL AVIATION DIRECTORATE

Presentation overview

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- ▶ Implementing CORSIA in the EU: overview of legislative framework.
- ▶ MRV requirements: some basic technical elements.
- ▶ MRV requirements: practical implementation in Malta with emphasis on 1st step – preparation of emissions monitoring plans.

- ▶ Afternoon session will focus on the new EU ETS+CORSIA emissions monitoring plan template.

EU ETS & CORSIA

legislative implementation in EU: story so far

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EU ETS established

Directive 2003/87/EC

Inclusion of aviation (full scope)

Directive 2008/101/EC

Intra-EEA scope until end 2016

Regulation (EU) 421/2014
(art 28a of ETS Dir)

Intra-EEA scope until end 2023

Regulation (EU) 2017/2392
(art 28a of ETS Dir)

Implementing CORSIA

Implementing CORSIA thru EU ETS Directive (1)



Implementing CORSIA

- ▶ Commission Implementing Regulation (EU) 2018/2066 ('new' MRR) includes improvements to monitoring and reporting of emissions that take into account best practices in CORSIA SARPs...
- ▶ Amends **articles 52, 54, 55 and 65** of Commission Regulation (EU) 601/2012 ('current' MRR) in accordance with above...
- ▶ Regulation (EU) 2018/2066 comes into effect on 1 January 2021, but above listed articles apply immediately from now.

Implementing CORSIA thru EU ETS Directive (2)



Implementing CORSIA

- ▶ Article 28c of ETS Directive empowers the Commission “to adopt delegated acts [...] to supplement [the EU ETS] Directive concerning the appropriate monitoring, reporting and verification of emissions for the purpose on implementing the ICAO’s [CORSIA] on all routes covered by it”
- ▶ Draft delegated act currently being prepared (draft was available for public consultation until 26/12/2018).
- ▶ Provides for reporting of additional verified emissions by civil AOs with an AOC - from/place of judicial registration in - EU MS, that produce > 10 000 tonnes CO₂ per annum from international flights using aeroplanes of MTOW > 5 700 kg:
 - ▶ Flights between EU MS and 3rd country (mandatory);
 - ▶ Flights between EU MS and outermost regions, dependencies and territories of other EU MS (mandatory);
 - ▶ Flights between 3rd country aerodromes (recommendation);
- ▶ AOs exempt under ETS exemption (j) (<243 flights per period for 3 consecutive 4-month periods) also recommended to report international flights emissions)

Implementing CORSIA thru EU ETS Directive (3)

- ▶ Article 28b of ETS Directive mandates the Commission to:
 - ▶ Regularly report on progress in the ICAO negotiations to implement CORSIA, in particular with regard to: (i) ICAO SARPs, (ii) ICAO Council-approved recommendations, (iii) establishment of a global registry, (iv) measures by 3rd countries, (v) implications of 3rd country reservations, and (vi) relevant international developments and instruments;
 - ▶ Within 12 months of adoption of ICAO instruments, report on ways for **ICAO instruments to be implemented in Union law through a revision of the EU ETS Directive**, also considering rules applicable in respect of flights within the EEA, and examining the ambition and environmental integrity of CORSIA including in relation to the Paris Agreement;
 - ▶ Make a proposal, where appropriate to amend, delete, extend or replace the derogations provided in Art 28a, that is consistent with the Union economy-wide GHG emissions reduction commitment for 2030.



Implementing CORSIA

Monitoring, Reporting & Verification requirements

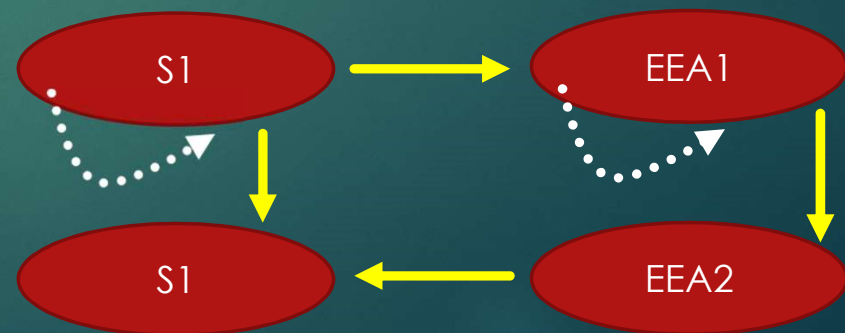
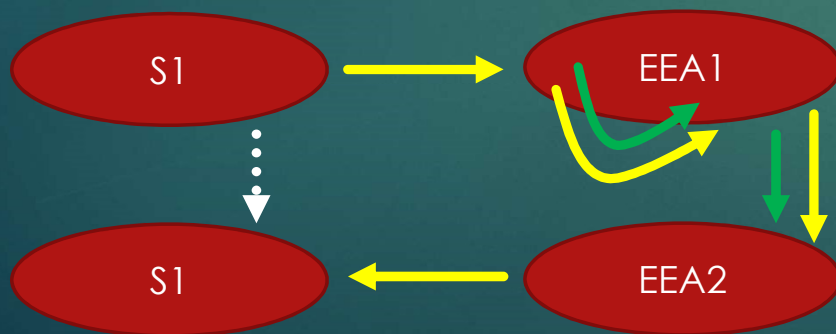
EU ETS & CORSIA MRV scope: flights covered

EU ETS:

- ▶ Full scope - determinant of eligibility to comply: all flights departing from, or arriving at, an aerodrome in the EEA;
- ▶ Intra-EEA (reduced) scope - MRV (and surrender) scope under derogations: all flights departing from an aerodrome in the EEA and arriving at another aerodrome in the EEA;
- ▶ Not in scope.

CORSIA:

- ▶ Flights between two different States (domestic flights exempt);
- ▶ In scope.
- ▶ Not in scope.



EU ETS & CORSIA MRV

scope: exemptions

EU ETS:

- ▶ **State flights** other than of an EEA MS;
- ▶ **Military flights performed by military aircraft**, customs and police flights;
- ▶ Search and rescue, **fire-fighting, humanitarian, authorised emergency medical service flights**;
- ▶ Flights exclusively under visual flight rules;
- ▶ Training flights performed exclusively for obtaining a licence or flight crew rating; for scientific research or for checking, testing and certifying aircraft or equipment;
- ▶ Public Service Obligations flights;
- ▶ **Flights using aircraft <5 700 kgs MTOW**;
- ▶ **Commercial AOs with annual emissions < 10000 tonnes CO2 per annum** or < 243 flights per period for 3 consecutive 4-month periods (in same year);
- ▶ Non-commercial AOs with annual emissions < 1 000 tonnes CO2 per annum.

CORSIA:

- ▶ **Flights using aircraft < 5 700 kgs MTOW**;
- ▶ **AOs with annual emissions < 10 000 tonnes CO2 per annum**;
- ▶ **Military and State aeroplane flights**;
- ▶ **Humanitarian, medical, firefighting flights**;
- ▶ One or more flights preceding or following a humanitarian, medical or firefighting flight if operated with same aeroplane and related to that operation.

EU ETS MRV

thresholds for monitoring and reporting

EU ETS - **Commercial** operators:

- ▶ Full scope < 10 000 tonnes CO₂ per annum or < 243 flights per period for 3 consecutive 4-month periods: exempt from all compliance requirements;
- ▶ If full scope \geq 10 000 tonnes CO₂ per annum: MRV requirements apply (subject to exemptions);
- ▶ If full scope < 25 000 tonnes CO₂ per annum, no verification if AO uses EUROCONTROL report;
- ▶ If intra-EEA scope < 3 000 tonnes per annum, no verification if AO uses EUROCONTROL report.

EU ETS – **non-Commercial** operators:

- ▶ Full scope < 1 000 tonnes CO₂ per annum: exempt from all compliance requirements (until end 2030);
- ▶ If full scope \leq 1 000 tonne CO₂ per annum: MRV requirements apply (subject to exemptions);
- ▶ If full scope < 25 000 tonnes CO₂ per annum, no verification if AO uses EUROCONTROL report;
- ▶ If intra-EEA scope < 3 000 tonnes per annum, no verification if AO uses EUROCONTROL report.

CORSIA MRV

thresholds for monitoring and reporting

- ▶ If CO₂ emissions per annum \leq 10 000 tonnes: no M&R requirements under CORSIA
- ▶ Otherwise, all operators (including operators registered in states that are not implementing CORSIA), have to report CO₂ emissions from all international flights to their national competent authority.

| | \leq 10 000 tonnes CO ₂ | < 500 000 tonnes CO ₂ | \geq 500 000 tonnes CO ₂ |
|----------------------------------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------------------|
| Preliminary assessment (check eligibility to comply) | Can use CERT | Can use CERT | Can use CERT |
| CO₂ monitoring and reporting | No MRV requirement | MRV applies! Can use CERT | MRV applies! Not eligible to use CERT* |
| Filling data gaps | No MRV requirement | MRV applies! Can use CERT | MRV applies! Can use CERT |

EU ETS & CORSIA MRV new entrants

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EU ETS:

- ▶ Aircraft operators who:
 - ▶ Start performing an aviation activity falling within EU ETS scope after the monitoring year for which tonne-km data was submitted (for the purposes of free allocation in respect of a specific phase); or,
 - ▶ Whose tonne-km data increases by an average > 18% annually between the monitoring year for which tonne-km data was submitted (for the purposes of free allocation in respect of a specific phase) and the 2nd calendar year of that period; and,
 - ▶ Whose activity under points above is not in whole or in part a continuation of an aviation activity previously performed by another aircraft operator.
 - ▶ MRV apply as of year when relevant thresholds were exceeded.

CORSIA:

- ▶ Any aeroplane operator:
 - ▶ That commences an aviation activity falling within the scope of the ICAO SARPs on or after its entry into force; and,
 - ▶ Whose activity is not in whole or in part a continuation of an aviation activity previously performed by another aeroplane operator.
 - ▶ MRV apply as of 1st year following year when relevant thresholds were exceeded.

Planning your monitoring and reporting approach

EU ETS & CORSIA MRV monitoring plan (1)

- ▶ EU ETS: *“The administering Member State shall ensure that each aircraft operator submits to the competent authority in that Member State a monitoring plan setting out measures to monitor and report emissions [...] and that such plans are approved by the competent authority [...]”*
- ▶ CORSIA: *“The aeroplane operator shall monitor and record its fuel use for international flights [...] in accordance with an eligible monitoring method [...] approved by the State to which it is attributed.”* For existing AOs, to be **submitted by 28 February 2019** and to be **approved by 30 April 2019**.
- ▶ EU implementation: one common template for EU ETS and CORSIA EMPs
- ▶ Afternoon session will focus on the EU ETS+CORSIA EMP template ...

EU ETS & CORSIA MRV monitoring plan (2)

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| ETS scope? | CORSIA scope? | |
|-----------------|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Yes – incumbent | Yes | Must submit EMP for ETS + CORSIA |
| Yes – incumbent | No | Not required to submit updated ETS EMP (unless required vis ETS) Consider including CORSIA EMP if you are close to CORSIA threshold or expect to be above threshold in future |
| No | Yes | Must submit EMP for CORSIA Consider including ETS MP if you are close to ETS threshold or expect to be above threshold in foreseeable future |
| No | No | No need to submit EMP, Recommended to do so if you are close to ETS and/or CORSIA threshold(s) or expect to be above threshold(s) in foreseeable future |
| New entrant | No | Must submit EMP for ETS immediately after falling within scope |
| No | New entrant | Must submit EMP for CORSIA within 3 months of falling within scope |

IMPORTANT: always engage with the competent authority ASAP if in any doubt on compliance applicability!

Emissions monitoring and verification

EU ETS & CORSIA MRV emissions reports

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- ▶ EU ETS deadline for **submission of annual emission reports: 31st March** of year following year of emissions.
- ▶ CORSIA deadline for submission of annual verified baseline emissions reports:
 - ▶ In respect of **2019 baseline emissions, by 31st May 2020**;
 - ▶ In respect of **2020 baseline emissions, by 31st May 2021**.
- ▶ EU implementation: expected to be thru one emissions report for each ETS+CORSIA cycle.
- ▶ Therefore, unless otherwise provided for by EU legislation, common deadline for submission of ETS+CORSIA emissions reports is **31st March (2020 vis 2019 ETS/CORSIA emissions & 2021 vis 2020 ETS/CORSIA emissions)**.
- ▶ **Recommendation: do not leave the preparation of your report for the last minute.**
- ▶ **Recommendation: integrate your ETS/CORSIA monitoring in your routine internal procedures.**
- ▶ **Recommendation: carry out regular checks on the implementation of your monitoring approach, including thru formal internal audits.**
- ▶ **Engage immediately with the competent authority if you identify problems or need to revise/update the monitoring plan.**

EU ETS & CORSIA MRV

verification of emissions reports

- ▶ EU ETS & CORSIA: reports submitted must be verified by competent, independent, accredited (by designated national accreditation body of an EU MS), third party verifiers.
 - ▶ Objectives of verification:
 - ▶ To ensure that the monitoring of emissions has been undertaken in accordance with the approved emissions monitoring plan;
 - ▶ To ensure that reported emissions are accurate and supported by sufficient reliable evidence. The level of uncertainty of the reported emissions will be assessed in accordance with the applicable materiality thresholds.
 - ▶ If verification is satisfied with the accuracy of the reported emissions, the verifier will issue a verification statement that shall also be submitted to the competent authority with the emissions report.
- ! report NOT verified satisfactory = report NOT accepted.**
- ▶ **Recommendation: identify a verifier and engage with them as early as possible.**
 - ▶ **Recommendation: carry out checks to ensure that your systems and documentation are in order as a matter of routine practice.**
 - ▶ **Upon withdrawal of UK from EU, UK-accredited (UKAS) verifiers will no longer be eligible to issue verification statements under EU rules for ETS and CORSIA!**

Practicalities of implementing EU ETS and CORSIA in Malta

EU ETS & CORSIA in Malta

institutional arrangements for MRV

Malta Resources Authority (MRA):

- ▶ Competent authority for EU ETS and CORSIA; lead interlocutor for EU discussions;
- ▶ Receipt of monitoring plans and approval;
- ▶ Receipt of annual emission reports and verification statements, review and acceptance;
- ▶ Order of magnitude checks;
- ▶ Lead interlocutor for EU discussions.

- ▶ Contact: **Saviour Vassallo**
- ▶ Contact emails:
 - ▶ EU ETS & CORSIA (EMPs, AERs, helpdesk queries): **ets-corsia@mra.org.mt**
 - ▶ EU ETS Registry only: **emissions_trading_scheme@mra.org.mt**

Transport Malta – Civil Aviation Directorate (TM-CAD):

- ▶ Focal point for CORSIA – lead interlocutor for ICAO discussions (and ECAC);
- ▶ Transmission of relevant data to ICAO as per CORSIA requirements.

- ▶ Contact: **Stephen Camilleri**
- ▶ Contact email: **corsia.tm@transport.gov.mt**

EU ETS & CORSIA in Malta practical (housekeeping) arrangements

- ▶ Preferably, competent authority should be contacted via email; unless urgent matters need to be communicated by phone.
- ▶ When sending emails, please indicate the company name in the subject caption – this facilitates our keeping track of correspondence history and filing.
- ▶ When sending files, the file name should indicate what the nature of the file is (e.g. EMP; AER): for official templates, please retain the original file name as sent to you by the competent authority and add company name and version number/date, as necessary.
- ▶ Information updates will continue to be issued as necessary – any suggestions you may have on this are welcomed. Other next steps will be discussed in the afternoon.
- ▶ MRA will be exploring the use of automated IT document management systems to facilitate communication between CA and AOs.

Reference material

- ▶ ICAO CORSIA page: <https://www.icao.int/CORSIA>
- ▶ EU ETS page – general (including MRV templates): https://ec.europa.eu/clima/policies/ets_en
- ▶ EU ETS page – aviation-ETS: https://ec.europa.eu/clima/policies/transport/aviation_en#tab-0-0
- ▶ IATA CORSIA page: <https://www.iata.org/policy/environment/Pages/corsia.aspx>
- ▶ European Cooperation on Accreditation (EA) access to national accreditation bodies of member states: <https://european-accreditation.org/ea-members/directory-of-ea-members-and-mla-signatories/>

The EU emissions monitoring plan template (refer to annotated EMP template)

Next steps (afternoon session)

Next steps what should AOs do?

- ▶ Ensure you have monitoring procedures in place;
- ▶ Keep track of your annual activities/emissions (use CERT for preliminary assessment);
- ▶ (If applicable) prepare your emissions monitoring plan (ETS and/or CORSIA) and submit to competent authority by 28 February 2019.

- ▶ To send to TM-CAD: ICAO Form M (fuel consumption and traffic statistics by aircraft type), for year 2017 and subsequent years.

Next steps national legislation, guidance material

- ▶ Amendments to Subsidiary Legislation S.L. 423.51 (Legal Notice 403 of 2012) to be prepared during Q1 and Q2 of 2019 to transpose amendments to EU ETS Directive introduced by Dir 2018/410 and implement, as may be applicable, aviation-ETS and CORSIA requirements;
- ▶ Further transposition of future amendments of the EU ETS Directive in respect of CORSIA.
- ▶ What additional guidance material would you like to have access to? e.g. FAQs? - your input would be highly desirable.

Next steps future seminars/workshops?

- ▶ Possible future topics:
 - ▶ ETS+CORSIA: Preparing for the submission of annual emissions reports: EU emissions report template (once available);
 - ▶ CORSIA: Offsetting requirements: revisiting theoretical aspects (presented earlier), eligible units, practical aspects of acquiring offsetting units, reporting on offsetting compliance;
 - ▶ ETS+CORSIA: consideration of Commission proposal under ETS Directive Art 28b;
 - ▶ ETS+CORSIA: consultation on transposition of EU ETS Directive into Maltese legislation.
- ▶ Your views and ideas on what, when, how, are welcomed.