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## **MEETING DOCUMENT**

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From:	General Secretariat of the Council
To:	Working Party on the Environment

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Subject:	Fit for 55 package (ETS revision): WPE meeting on 5 July 2022 - EP amendments on ETS aviation
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With a view to the WPE meeting on 5 July 2022, delegations will find attached an overview of the EP amendments in relation to ETS aviation.

## Revision of the EU Emissions Trading System for aviation: Examination of EP amendments at the WPE meeting on 5 July 2022

The objective of the meeting is to examine the amendments agreed at the plenary session of the European Parliament on 22 June 2022 (available at: [https://www.europarl.europa.eu/doceo/document/TA-9-2022-0230\\_EN.html](https://www.europarl.europa.eu/doceo/document/TA-9-2022-0230_EN.html)). Delegations will be invited to indicate their positions/initial reactions on all amendments.

To facilitate the debate, the amendments have been grouped in clusters (Table 1) and briefly summarised (Tables 2 and 3) below.

**Table 1: Clusters**

Scope of EU ETS	Recitals : AM 1, 2, 17, 29, 63+79, 33 Articles : AM 65+80, 45,
Auctioning and phase out of free allocation	Recitals: AM 19, Articles: AM 39, 40, 41, 42
Use of revenues	Recitals: AM 13, 31, 32, Articles: AM 44, 46,
Support the use of SAF	Recitals: AM 20 Articles: AM 36, 37, 42
Implementation of CORSIA	Recitals: AM 6, 24, 28, , Articles: AM 47, 48, 55, 56, 57, 58, 59
Ambition of CORSIA	Recitals: AM 21, 23, 25, 26, 27 Articles: AM 61
Ambition	Recitals: AM 3, 4, 5, 8, 9, 15 Articles: AM 60, 62, 72
Scope (Non-CO <sub>2</sub> )	Recitals: AM 10, 11, 32 Articles: AM35, 46, 50, 51
Technical issues	Recitals: AM 6, 7, 12, 16, 18 Articles: AM 43, 49, 53, 54
Other changes	Recitals: AM 14, 22, 34, Articles: AM 52, 62, 72

## Brief summary of adopted Amendments:

**Table 2 - Recitals**

Cluster	AM No.	New? N=no Y=yes	Recital No.	Summary
Scope	1	n	1	1) Specifying aviation activities as flights departing from or arriving in the EU 2) Reference to the ECJ decision stating that aviation within EU ETS does not violate international law
Scope	2	y	1a	Reference to the “stop-the-clock” derogations, excluding extra-EU flights from the EU ETS
Ambition	3	n	2	Reference to the Paris Agreement and COP26 (pace of global warming)
Ambition	4	y	2a	Reference to the IPCC (pace of global warming) and share of CO2 and non-CO2 aviation emissions on overall transport emissions with projected increase by 2040
Ambition	5	y	2b	Reference to ICAO estimation regarding international aviation emissions before COVID 19 pandemic
Implementation of CORSIA	6	n	3	Implementation of CORSIA from 2021
Technical	7	n	6	Correction of the NDCs abbreviation (commitment vs contribution)
Ambition	8	n	7	Reference to the European Climate Law (ECL) targets
Ambition	9	n	8	Reference to the European Climate Law targets
Non-CO <sub>2</sub>	10	y	8a	Reference to the EASA analysis regarding non-CO2 emissions
Non-CO <sub>2</sub>	11	y	8b	EP binds the Commission to set up monitoring, reporting and verification scheme for non-CO2 aviation emissions by 31.12. 2026, based on impact assessment. Also, it calls on Commission to submit a legislative proposal to mitigate non-CO2 aviation emissions and incorporate them into the EU ETS.
Technical	12	n	9	Specifying emission reduction goals as objectives laid down in ECL and Paris Agreement
Use of revenues	13	n	10	Increased revenues to the aviation sector through Climate Investment Fund aiming at innovations. 15% of all revenues from aviation allowances allocated to the UNFCCC Climate Funds
Other	14	y	10a	Request for Commission to present a report to the EP and Council regarding the social dimension of the transition of aviation sector
Ambition	15	y	10b	Call to set up measures limiting/alternating short-range flights within 1000km
Technical	16	n	11	Reference to ECL targets (Regulation 2021/1119)
Scope of EU ETS	17	y	11a	EU ETS to be implemented on all departing flights from the EEA. Costs of CORSIA deductible.

Cluster	AM No.	New? N=no Y=yes	Recital No.	Summary
Scope of EU ETS	18	n	12	Adjustment of total quantity of allowances for aviation – increased scope of EU ETS
Phase out of free allocation	19	n	13	Binding phase-out of free-allowances by 2025
Support the use of SAF	20	y	13b	1) Free-allowances for early deployment of sustainable aviation fuels (20 mil) during 2024 - 2029 in line with the ReFuelEU Regulation, support for operators flying to third countries who are covered by the EU ETS. 70% of these allowances allocated for the use of synthetic aviation fuels, prioritising RFNBOs. 2) Call on Commission to rate RFNBOs, evaluate them and based on an impact assessment introduce a legislative proposal with time-limited amount of allowances non-exceeding 31st December 2034
Ambition of CORSIA	21	n	14	Non-compliance if deviated from CORSIA baseline, credits originating only from Paris Agreement signatories
Other	22	n	15	Increased transparency of the emission data in compliance with Article 14(3a) of this Directive
Ambition of CORSIA	23	y	17a	Reference to the ICAO triennial assembly in 2022
Implementation of CORSIA	24	n	18	Call on Commission to publish a list of operators who do not apply CORSIA for flights to and from third countries
Ambition of CORSIA	25	n	19	Reference to double-accounting/offsetting CORSIA
Ambition of CORSIA	26	y	20a	Urge to the Commission to present a legislative proposal had the CORSIA been deemed insufficient
Ambition of CORSIA	27	y	20b	Urge to the Union to do its utmost to strengthen CORSIA within the Directive 2003/87/EC
Implementation of CORSIA	28	y	20c	Urge to increased transparency from the aircraft operators under CORSIA
Scope	29	n	21	Deletion of exemption of EU ETS and CORSIA flights to/from Least Developed Countries and Small Island Developing States
Scope of EU ETS	63+79	n	25	Extension of derogation from EU ETS regarding outermost regions
Use of revenues	31	y	26a	Specification of the utilization of Climate Investment Fund and description of its focus
Use of revenues	32	y	26b	Specification of the utilization of Climate Investment Fund and description of its focus

Cluster	AM No.	New? N=no Y=yes	Recital No.	Summary
Scope of EU ETS	33	y	26c	Extension of scope of the EU ETS to third countries
Other	34	y	27a	Call on Commission to reduce administrative burden

**Table 3: Articles**

Cluster	AM No.	New? N=no Y=yes	Article No.	Directive 2003/87/EC	Summary
Scope (non-CO <sub>2</sub> )	35	y	1/1	3	New definition of “non-CO2 emissions”
Use of revenues	36	y	1/1b	3c (5a)	Introduction of SAFs incentive – 20 mil of free-allowances to support sustainable aviation fuels during 2024 - 2029 in line with the ReFuelEU Regulation, support for operators covered by the EU ETS scope. 70% of these allowances allocated for the use of synthetic aviation fuels, prioritising RFNBOs.
Use of revenues	37	y	1	3c (5b)	Implementation of SAFs incentive: 1) Free-allowances for early deployment of sustainable aviation fuels (20 mil) during 2024 - 2029 in line with the ReFuelEU Regulation, support for all operators covered by the EU ETS. 70% of these allowances allocated for the use of synthetic aviation fuels, prioritising RFNBOs. 2) Call on Commission to zero-rate RFNBOs made from renewable hydrogen 2) Provided as carbon contract for difference 3) Commission shall publish details of CCFD between SAFs and kerosene on yearly basis 4) Call on Commission to carry out a yearly evaluation from December 2028, and based on an impact assessment, if appropriate, introduce a legislative proposal with capped and time-limited amount of allowances non-exceeding 31st December 2034
Scope of EU ETS	65+80	n	1/point 1b	3c (7)	Extension of derogation from EU ETS regarding outermost regions

Cluster	AM No.	New? N=no Y=yes	Article No.	Directive 2003/87/EC	Summary
Phase out of free allocation	39	n	1	3d (1)	Faster phase-out of free allocation of allowance - Auctioning of 50% allowances by 2024 instead of 25%
Phase out of free allocation	40	n	1	3d (1a)	Faster phase-out of free allocation of allowance – deletion of Commission proposal
Phase out of free allocation	41	n	1	3d (1b)	Faster phase-out of free allocation of allowance - deleted of Commission proposal
Phase out of free allocation + SAF support	42	n	1	3d (1c)	Faster phase-out of free allocation – 100 % auctions as from 2025 onwards
Use of revenues	43	n	1	3d (3)	New reference to the Decision 2020/2053 (EU, Euroatom)
Use of revenues	44	n	1	3d (4)	Revenues generated from the auctioning of allowances for aviation to be used for: 1) 75% innovation and support of new technologies in decarbonisation of aviation 2) 15% to UNFCCC Climate Funds 3) The rest to Member States under stated conditions
Scope of EU ETS	45	y	1	3ea (new)	Geographical scope of the EU ETS increase: 1) Aircraft operators to surrender allowances on flights departing EEA 2) Total number of allowances to be increased by the additional departing flights 3) Aircraft operators able to deduct credits used for CORSIA 4) Commission to present a report to the EP and Council on the implementation of ICAO Contracting States and complement it by legislative proposal where necessary
Scope (non-CO <sub>2</sub> )	46	y	1 point 4a	10a (8) sub 3a new	Revenues generated from the auctioning of allowances for aviation allocated to the Climate Investment Fund and used for:

Cluster	AM No.	New? N=no Y=yes	Article No.	Directive 2003/87/EC	Summary
					1) Deployments of SAFs, particularly RFNBOs and its accessibility to the Union airports 2) Improvement of operational aeronautics and airframe solutions to mitigate CO2 and non-CO2 emissions 3) Engine innovation development including alternative engines and airport infrastructure 4) Deployment of monitoring and reporting technologies 5) Research leading to technological innovation of non-CO2 emissions
Implement ation of CORSIA	47	n	4	11a (2) sub 1 point b	Use of CERs and ERUs - removing exemption with regards LDCs and Small Island Developing States.
Implement ation of CORSIA	48	n	1	11a (3) sub 3	Removing exemption with regards LDCs and Small Island
Technical issue	49	n	1	12 (6) sub 1 point b	Adding reference to the Commission Delegated Regulation 2019/1603 and moves the starting date to 2021 instead of 2019
Scope (non-CO <sub>2</sub> )	50	n	1	14 (1) sub 1	Call on Commission to adopt delegated instead of implementing acts concerning the arrangements for the monitoring and reporting of emissions and non-CO2 emissions
Scope (non-CO <sub>2</sub> )	51	y	1	14 (2) sub. 2a	1) Call on the Commission to adopt delegated act on MRV for non-CO2 emissions and should contain these data: fuel flow; mass of the aircraft; ambient humidity; latitude, longitude and altitude of the aircraft; average humidity and temperature; emission indices for CO2, H2O, SO2 and NOx; CO2 equivalents per flights 2) Commission to submit a legislative proposal expanding the scope of EU ETS to cover non-CO2 emissions by 2026 3) CO2 emissions factor shall be multiplied by 1,8 up to the end of 2028 to 1,9 and from the end of 2029 by 2,0 pending the previous point 4) Commission to submit on an annual basis a report to the EP and Council on the results of the MRV scheme

Cluster	AM No.	New? N=no Y=yes	Article No.	Directive 2003/87/EC	Summary
Other	52	y	1	14 (3a)	Commission to publish all aircraft operator emission data in user friendly manner (per operator and per airport pair). This data shall include: data broken down by operator and airport pair; load factors, aircraft type, fuel type and fuel consumption per each airport pair; amount of offsetting; amount and type of eligible fuels used to comply with part or all of their offsetting; carbon credits data used for compliance; total mass of freight and mail in tonnes during the reporting period per airport pair
Technical issues	53	n	1	18a (3) point b	Clarification – aircraft operators list publication
Technical issues	54	n	1	25a (2)	Clarification - global measures shall be aligned with the objectives of the ECL regulation (EU 2021/1119) and the Paris Agreement
Implementation of CORSIA	55	n	1	25a (3)	New once-a-year basis for adoption of implementing acts listing countries applying CORSIA and clarification of application 2019 – 2020 baseline from 2024
Implementation of CORSIA	56	y	1	25a (3a new)	Call on the Commission to publish a list of aircraft operators from countries who do not apply CORSIA to/from third countries
Implementation of CORSIA	57	n	1	25a (6)	Deleted
Implementation of CORSIA	58	n	1	25a (7)	Changes implementing acts into delegated acts and urges the Commission to publish information on how were criteria fulfilled
Implementation of CORSIA	59	n	1	25a (7a new)	Commission to adopt the delegated act laying down methodology for significant distortion of competition.
Ambition	60	y	1	25a (8a new)	Commission to present a report on application of this Directive and contribution of aviation sector to the objectives of Regulation 2021/1119, Paris Agreement, implementation of CORSIA and social impacts, by 2027



Cluster	AM No.	New? N=no Y=yes	Article No.	Directive 2003/87/EC	Summary
Ambition of CORSIA	61	n	1	28b	Changes date of reporting period from 2019 to 2027 as regards ICAO development on market based measure, and every two year after. Report to include (in addition) 1) any changes to baseline by ICAO 2) level of participation of third countries, including implication of their reservations etc. 3) adds reference to Paris Agreement 4) adds reference to the pledge for climate neutrality 5) urges Union and Member States to actively promote CORSIA and ICAO
Ambition	62	y	1	30 (4a new)	Commission to present a report to the EP and Council evaluation short-range flights from the environmental perspectives
Ambition	72	y	1	30 (4b new)	Commission to present an analysis of measures to reduce the climate impact of air travel by private aircraft by 2025