

EU Environmental Trading Scheme: Operators' Responsibility and Liabilities

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Operators' Responsibilities in EU ETS.

Overview.

- Draft a monitoring plan for emissions.
- Monitor these emissions in accordance with the approved monitoring plan.
- Update the monitoring plan in case of changes.
- Each year by 31 March, submit a verified emissions report.
- From 2013 surrender emission allowances equivalent to the verified reported emissions.
- If applying for free allowances: Draft a monitoring plan for tonne-kilometre data.
- Monitor these tonne-kilometre in accordance with that monitoring plan.
- By 31 March 2011 submit a verified tonne-kilometre report for the year 2010 serving as a basis for the application of free allowances for the first and second trading period.



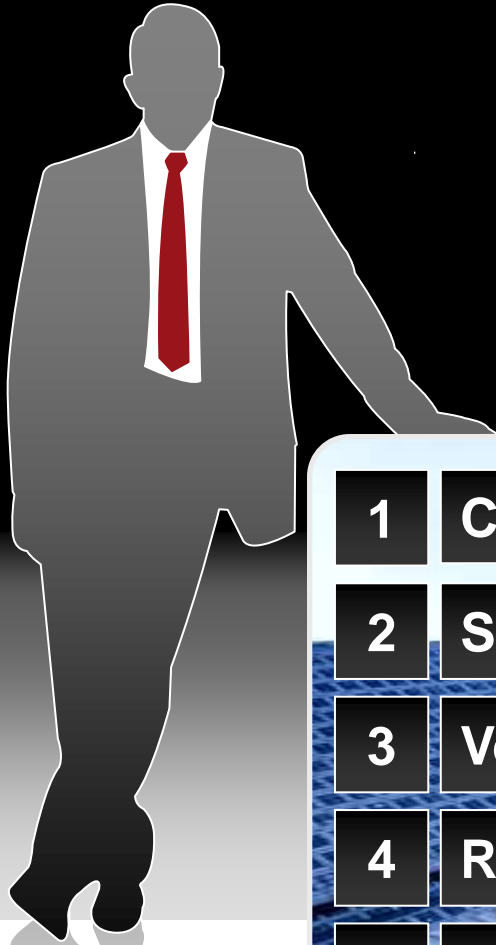
Done?

End of Presentation.

Questions?



EU ETS: Operators' Responsibility and Liabilities.



1 Check your status

2 Setup of MRV plan

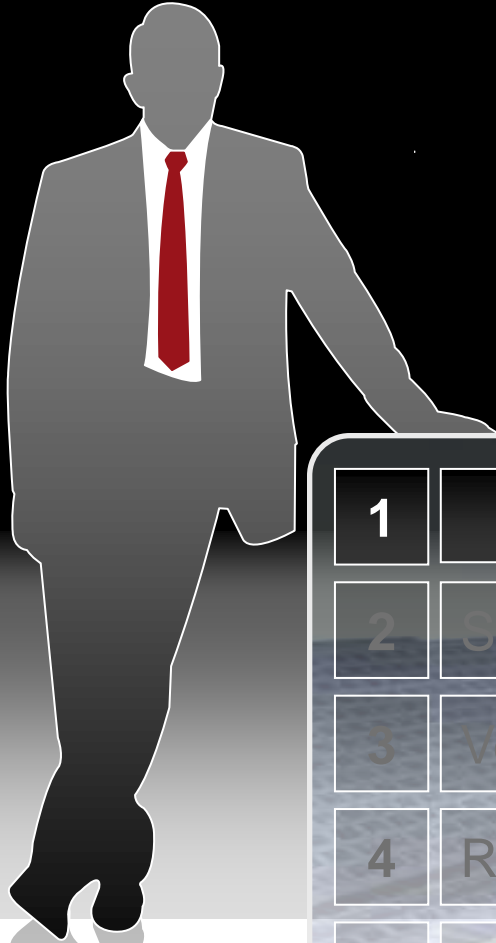
3 Verification Process

4 Reporting Data

5 Helping Hands

6 Conclusion

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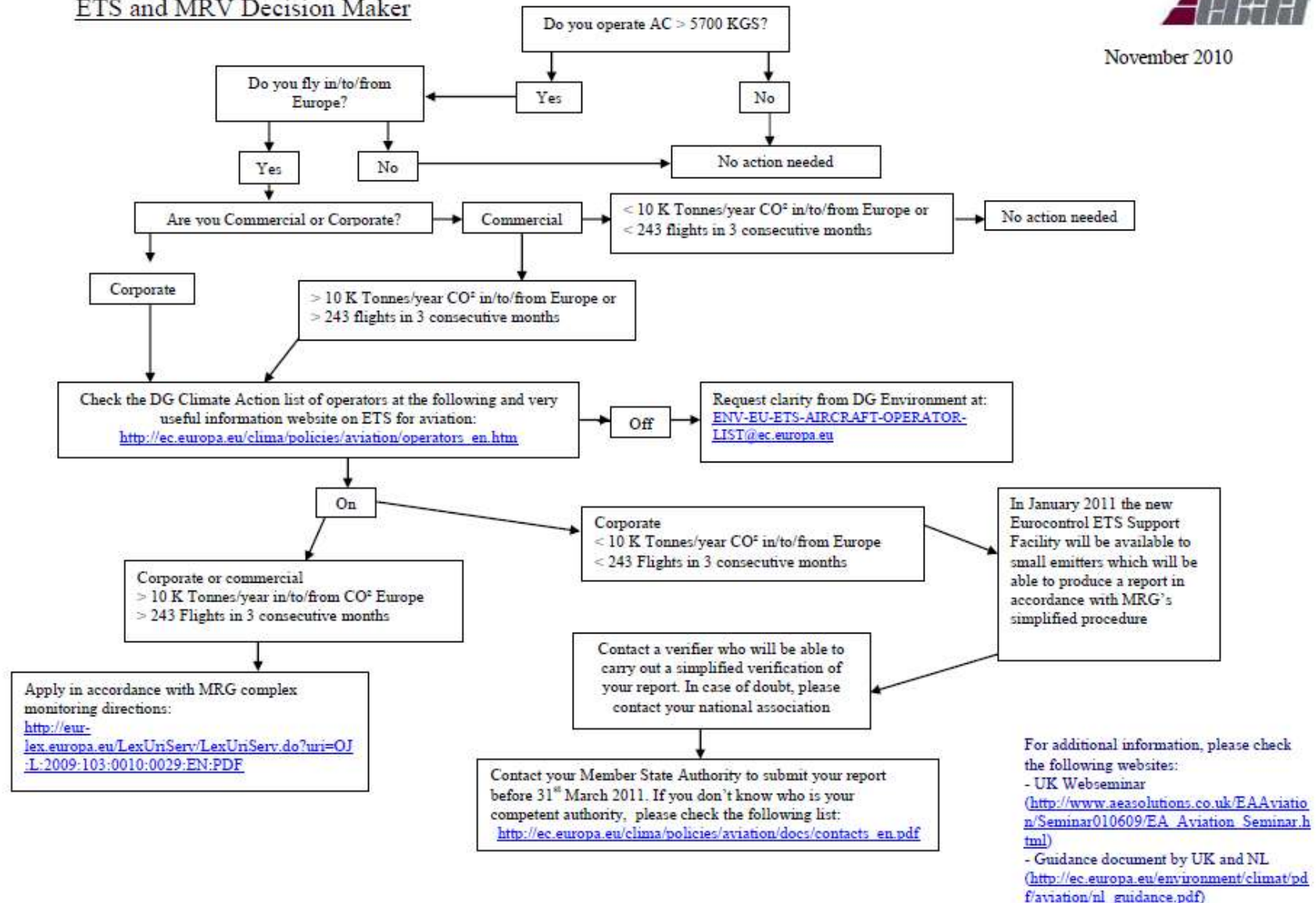
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Check your status. IN or OUT of scope?

ETS and MRV Decision Maker



November 2010



Check your status. Where do you report to?

- Check of EC aircraft operator (AO) list for inclusion and assignment to an EU Member State for ETS administration (Competent Authority).
- The list is legally binding regarding the determination of the administering Member State made in the list.
- It ensures
 - a. that each operator knows which Member State it will be regulated by.
 - b. that Member States are clear on which operators they should regulate.



Check your status. Good to know.

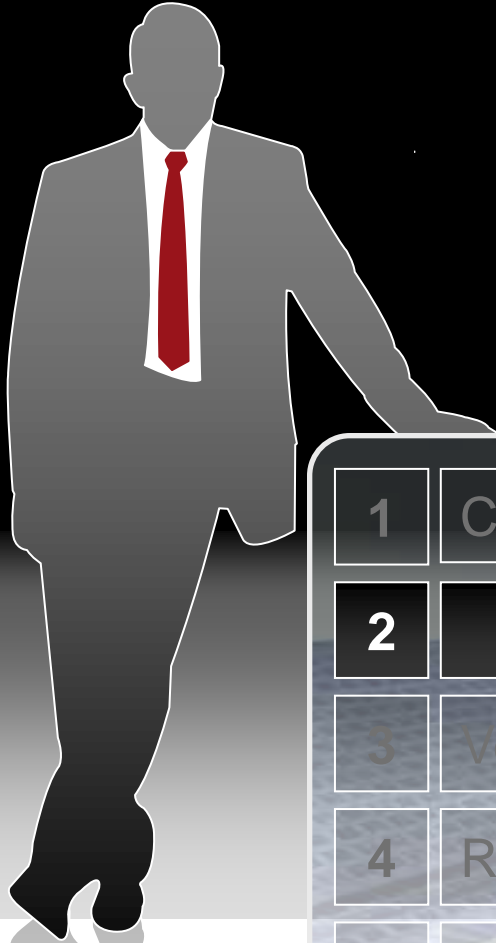


- Activity is the trigger, not inclusion or exclusion.
- Aircraft operators that perform an aviation activity listed in Annex I to Directive 2003/87/EC are covered by the EU ETS whether or not they are on the list of aircraft operators at the time of the activity.
- Likewise operators which cease performing an aviation activity are excluded from the scheme once they cease to perform an aviation activity listed in Directive 2003/87/EC, not at the point they are removed from the list.

Check your status. Obstacles you might encounter.

- Not included in AO list.
- Aircraft Lease.
- Out of scope, but future flight operations will be in scope.

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1 Check your status

2 **Setup of MRV plan**

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Setup of MRV plan. Simplify it?

- Procedures vary based on status as either
 - a. Small emitter non-commercial (**why not exempted as their commercial brethren???**) or
 - b. Large emitter regardless of whether non-commercial or commercial.

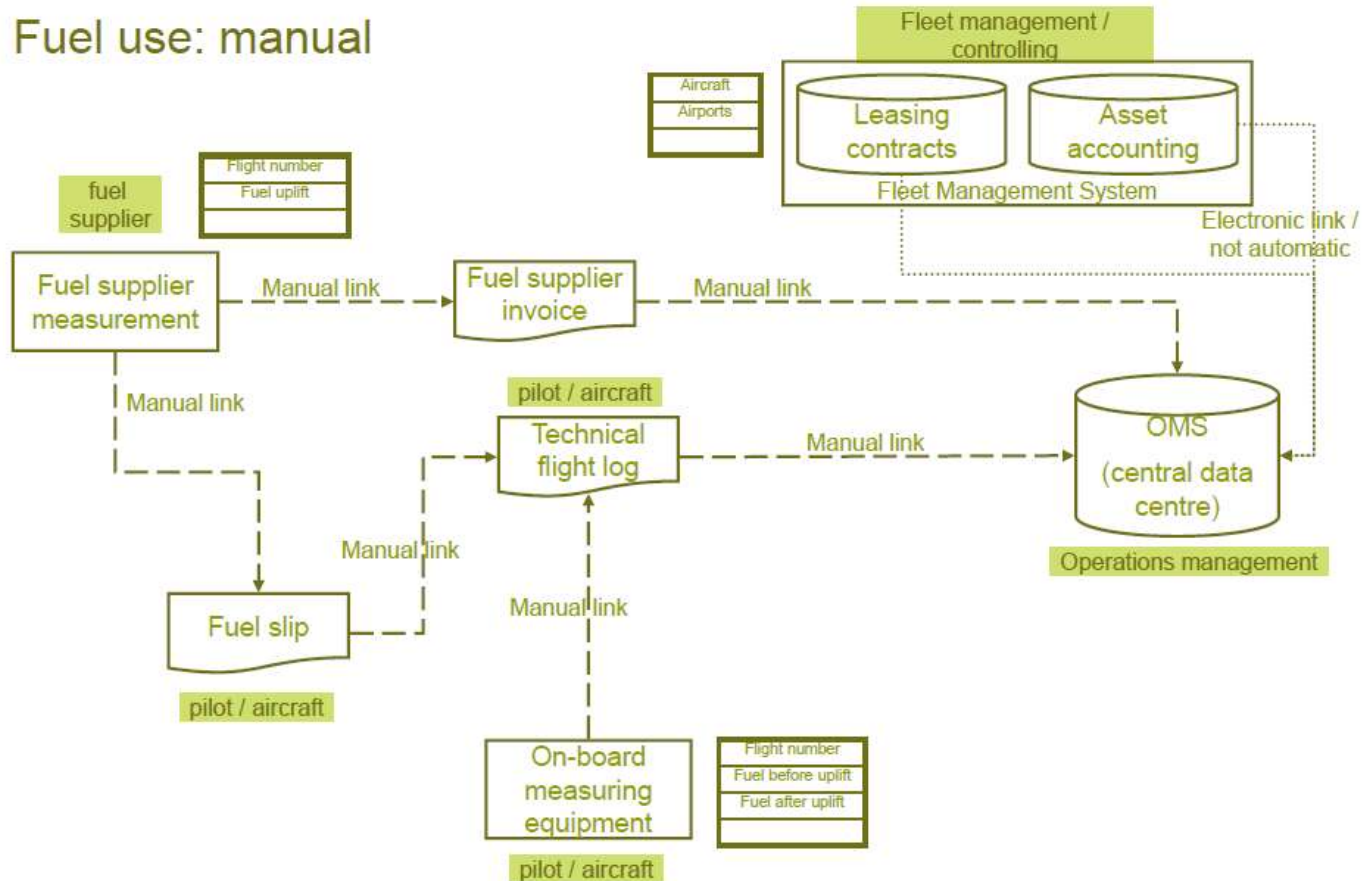
BUT: Simplified procedures open to small emitters only apply to emissions reporting. Requirements for monitoring and reporting tonne-kilometre data by small emitters are the same as for regular aircraft operators.

Setup of MRV plan. Still got to have these items covered.

- Get to know what data you have to submit in your annual emissions report and tonne-kilometre report.
- Map the actual data flow in your operation.
- Perform a risk assessment in regards to misstatements and non-conformities.
- Determine control activities.

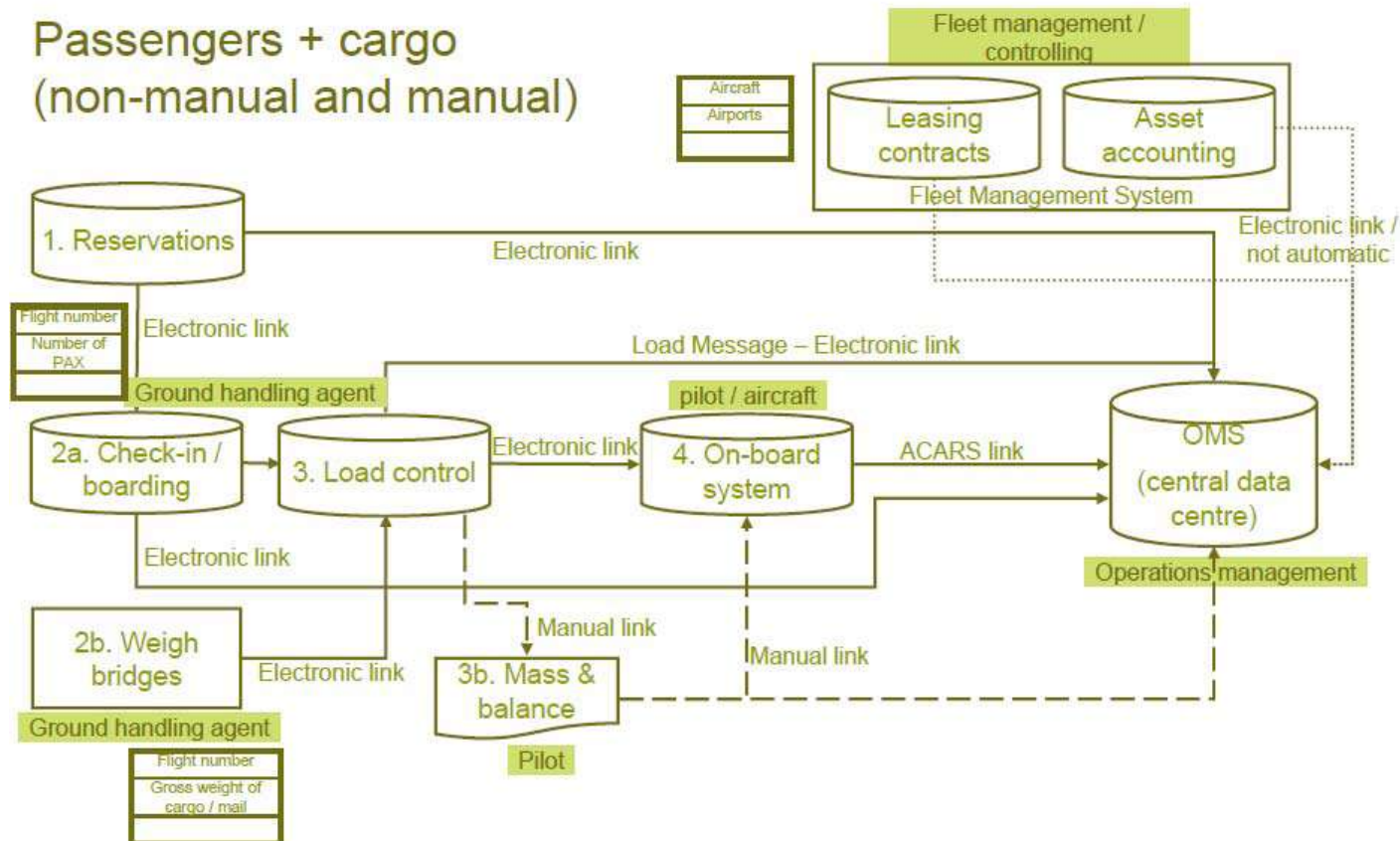
Setup of MRV plan. Sample Data Management Schemes (1/2).

Fuel use: manual



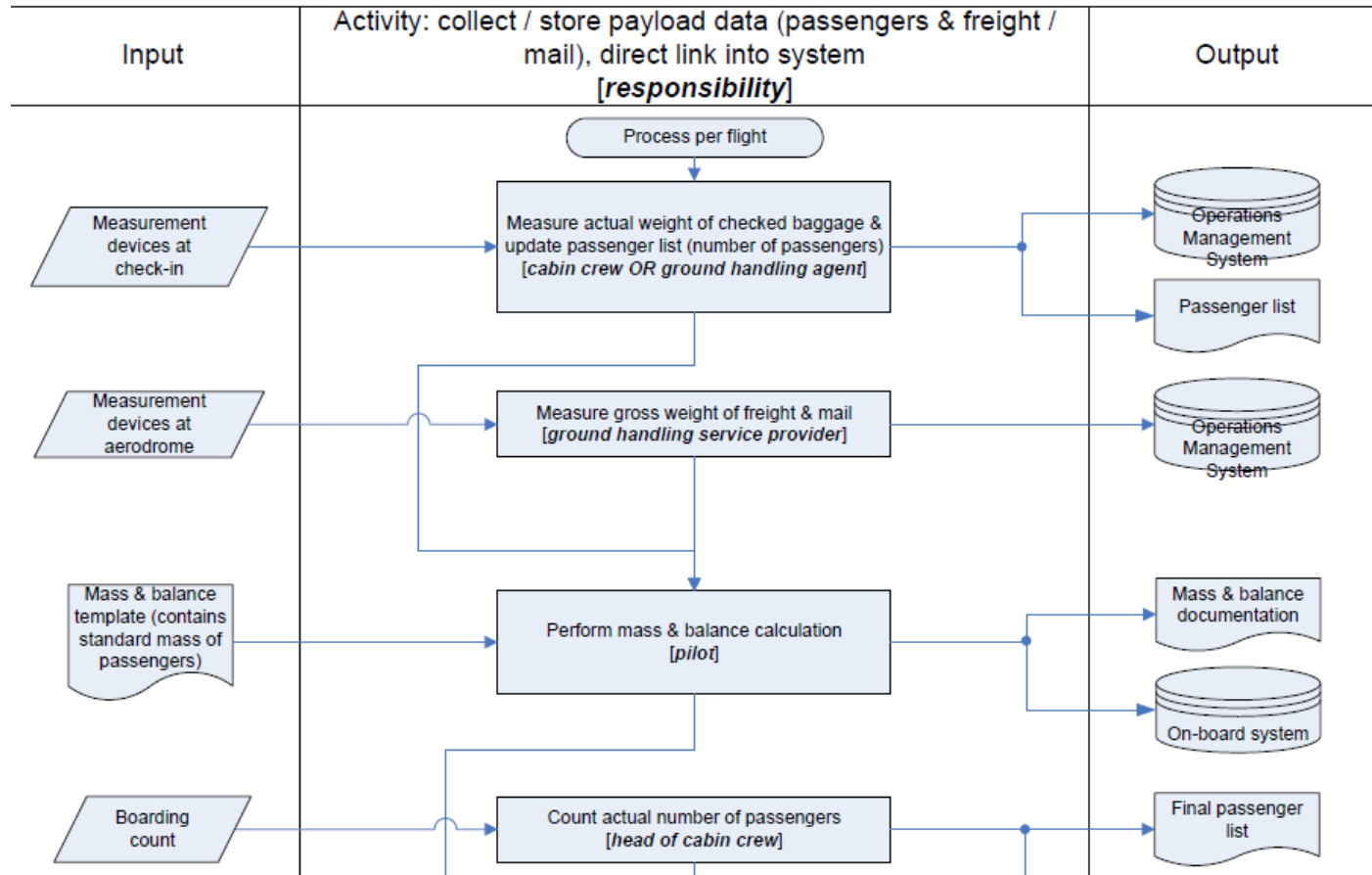
Setup of MRV plan. Sample Data Management Schemes (2/2).

Passengers + cargo
(non-manual and manual)



Setup of MRV plan.

Example tonne-kilometer data flow chart.

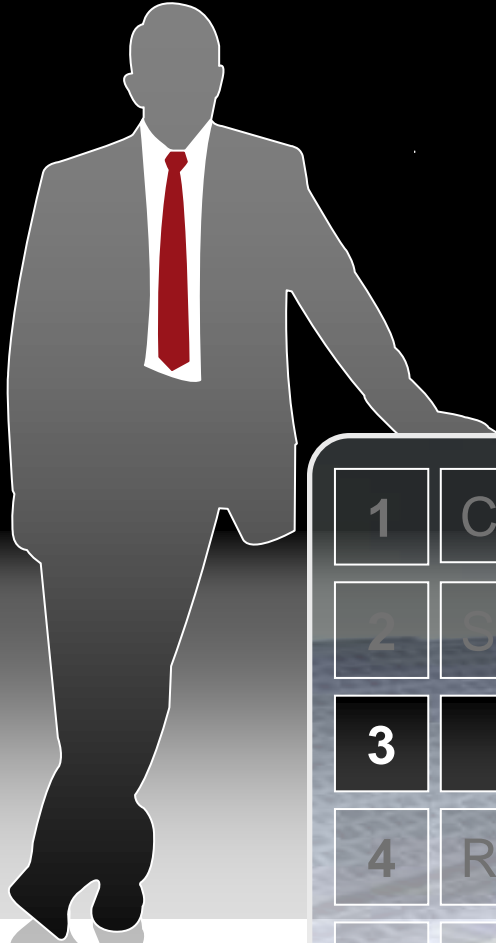


To be continued...

Setup of MRV plan. Obstacles you might encounter.

- Rejection of your MRV Plans due to over-simplification.
- Methods and complexity of submitting plans to the Competent Authority vary widely within the EU.
- Proof of data validity for Airport Coordinates and Great Circle Distance.
- In the UK the charge for applying for an emission plan is £750.
- Likewise the charge for applying for a benchmarking (TKM) plan is £830.

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Verification Process. Selecting a Verifier.

- Independent of the aircraft operator.
- Competent to carry out EU ETS verification activities.
- Accredited in the aircraft operator's country to verify the aircraft operator's EU ETS reports.
- Competent Authorities publish lists of accredited verifiers.
- No uniform accreditation process yet throughout Europe.

Verification Process. EUROCONTROL ETS Support Facility (1/2).

First Experience: Process and Data Delivery

- Only available from March 2nd, 2011.
- User account could not be created before March 2nd.
- At that late date Germany had not yet sent the confirmation file of approved MPs to EUROCONTROL. Delay by another day.
- Data delivery March 4th (Friday), 18.23 CET.
- Time frame for the verification process was therefore 15 working days.
- 400 EUR Fee, no receipt. PDF Receipt must be requested by sending another e-mail.
- On March 11th, a corrected data file was sent to operator after EUROCONTROL quality check indicated exempted flight had been erroneously included.

Verification Process. EUROCONTROL ETS Support Facility (2/2).

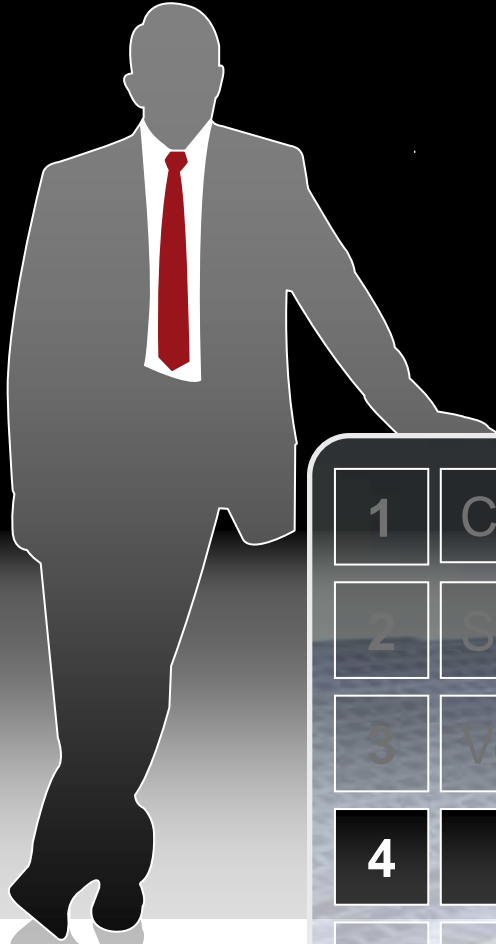
First Experience: Content, Accuracy and Usability (Germany)

- Data in .XLS and .CSV Format
- Accuracy was within 2% of own Flight Operations System Data.
- Format and content would have allowed file printing (after enrichment with pax & freight data for the TKM report), then signing and sending a PDF of this directly to a Competent Authority.
- Nevertheless Germany does require data entry in to FMS and can only upload .XML format. UK ETSWAP accepts .CSV upload.

Verification Process. On Site Verification Small Emitter.

- Internal preparation 2 days (invoice retrieval EUROCONTROL, fuel, logbooks, pax data, exemption list)
- Time frame for verification on site 1 day.
- Size of operation was 2 aircraft, ca. 500 flights/year

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Reporting Data. Qualified contact with Competent Authority.

- Germany → FMS (Form Management System), VPS (Virtual Post Office), software based electronic signature and timestamp, Log-in via Username, Password and PIN.
- UK → ETSWAP (Emissions Trading Scheme Workflow Automated Process) Emissaire, Log-in via Username, Password and PIN.

Both systems allow completion and submission of verified emissions and benchmarking reports, viewing of approved emissions/benchmarking plans for existing aircraft operators as well as submission of emissions plans for new aircraft operators added to the Commission's list in 2011.

- Italy → e-mail with QES mandatory, virtually no guidance.

Reporting Data. Obstacles you might encounter.

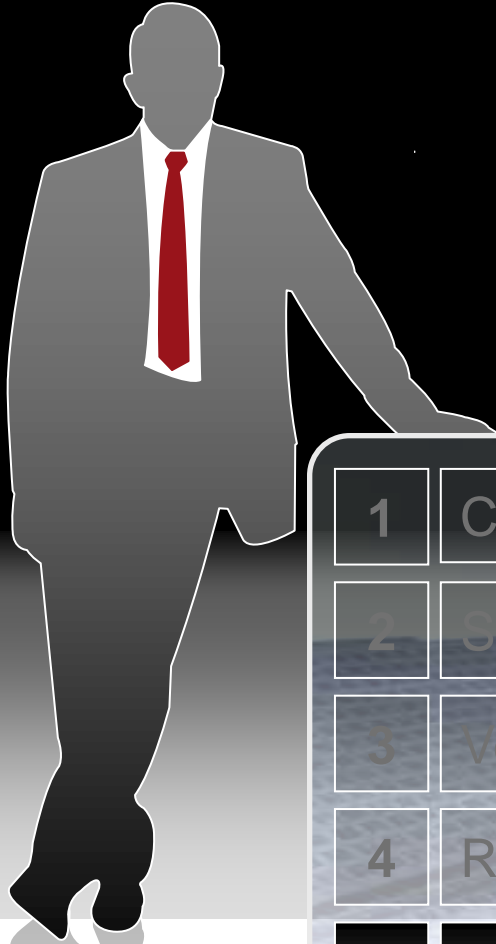
- Late opening of online portals in first year.
- Data format required for entering into the Competent Authority's system in your country may not match the one you have from EUROCONTROL.
- Burdensome single entries for every airport pair.
- Time frame for data entry appr. 2 days for before mentioned type of operation.

Reporting Data.

Additional administrative charges.

- In the UK the annual subsistence charge to maintain you in the scheme is split into a base charge and a variable charge.
- The base charge for estimated annual emissions of carbon dioxide of less than 50kt is £1,920. Interestingly the next step is 50kt - 500kt for only £570 more and then **capped** at £3,060 for all emissions of more than 500kt.
- The variable charge is meant to recover the yearly cost of the system and amounts to the following based on the estimated annual emissions of carbon dioxide: less than 50kt £630, 50kt - 500kt £830 and more than 500kt £1,020.

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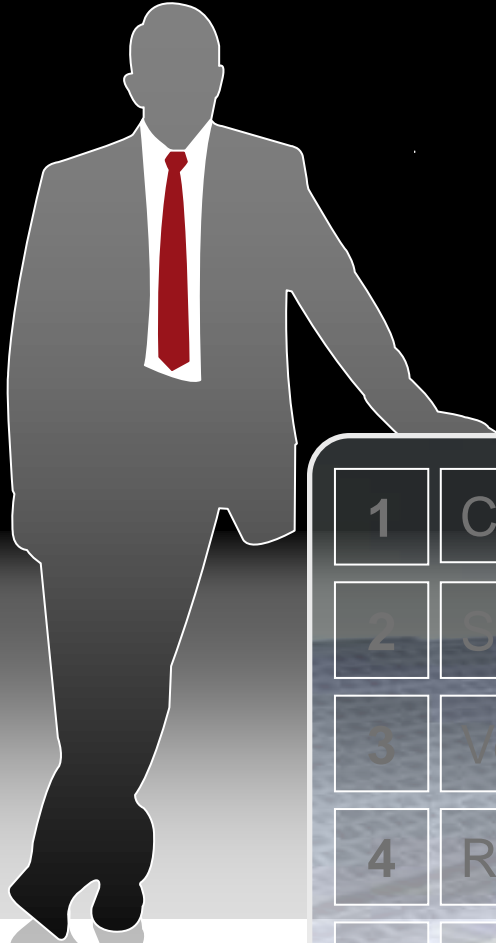


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Helping Hands.

- Consultants as well as flight planning providers can support your operation.
- Tailored solutions available from data monitoring via flight emission reports to complete packages including verification.
- This outsourcing may free time and personnel resources during the setup of the MRV and the annual data gathering, **BUT:**
- Registration as well as submission of the reports to the Competent Authority always remains with the operator.

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Conclusion. Operators' Perspective.

- Process is extremely burdensome for a small emitter based in the EU.
- Completely out of perspective for a very small emitter from outside the EU, flying into the EU once or twice a year (even more if being assigned to the UK).
- No reasonable explanation for the arbitrary inclusion of non-commercial small emitters in the ETS system.
- Using a EUROCONTROL ETS SF report shall not require additional verifying.
- Free allowances will be minimal for Business Aviation due to low pax load → effort in relation to outcome is doubtful.

Conclusion.

Sample Cost for an Operator.

- Example of costs for an operator (assigned to UK as administering Member State) flying a Falcon 900 from the US to Europe once a year:

Emission plan charge (first year only)	(£ 750)	€ 847
Annual subsistence charge	Base charge (€1920)	€ 2170
	Variable charge (€ 630)	€ 712
EUROCONTROL ETS SF		€ 400
Verifier		€ 1800

Total external administration cost € 5929

Internal cost ????

Emission certificates for 86t CO₂ @ €17/t
(mostly emitted outside the boundaries of the EU ETS area) € 1462

Facts.


Points to ponder.

- The European business aviation fleet is one of the youngest in the world.
- Hence, due to regulatory requirements already existing for noise reduction, the fleet consists mainly of the most advanced and environmentally friendly airframes and engines.
- Business aviation has a relatively low level of emissions: Business aircraft represent 7.8% of Eurocontrol traffic but less than 1% of aviation emissions and only 0.03-0.04 % of all EU emissions).
- The large majority of the estimated 1,500 business aviation operators in Europe have a small fleet (less than 5 aircraft) and are SMEs.

(Source: EBAA)

Conclusion. EU ETS missing the target?

Tonne - Kilometre distribution principle will translate in a very small number of free carbon credits for Business Aviation operators (around 10%) because of the average low passenger loads.



Business Aviation wants to continue to play its full part in protecting the environment through technological and operational advances without the burden of undue bureaucracy.

SIMPLIFY THE SYSTEM - CONSIDER APPROPRIATENESS!

“Emissions”?

Questions?



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Thank you !