

LCCs condemn EU non-CO2 reporting exemption

Hugh Davies

24/06/2024

European low-cost carriers (LCCs) have criticised European Commission plans to exempt long-haul flights from rules on monitoring non-CO2 emissions, pointing to lobbying from the International Air Transport Association (IATA).

The proposal will look to exclude international flights from non-CO2 disclosure rules until 2027, according to a report from *Reuters*. The total impact of aviation, including non-CO2 impacts such as nitrogen oxides and contrail-cirrus clouds, is estimated at up to four times the amount of CO2 alone, however these emissions are currently not being priced.

Were the proposal to go ahead, European LCCs argue that it would undermine the original ambition of the EU's Monitoring, Reporting, and Verification (MRV) system and contravene EU co-decision-making procedures.

"The blanket exclusion of extra-EEA routes would give the misleading impression that these routes create no non-CO2 warming effects, misdirecting all future non-CO2 mitigation measures," airlines Easyjet, Ryanair and Wizz Air said in a joint statement distributed to EU governments.

"Extra-EEA (European Economic Area) long-haul flights already account for 75% of European aviation's carbon emissions. They also operate in geographical regions where contrail formations are most abundant and potentially most harmful."

French aviation emissions advisory firm Estuaire estimates that 65% of contrail impact will go unmonitored as a result of the decision. "Contrails represent the largest share of aviation's non-CO2 emissions," the firm stated.

In a report in April, IATA cited studies which have shown that the North Atlantic could be particularly prone to contrail-formation, covering as much as 10% of the sky area.

However, the report highlights the current limitations in measuring the impact of individual contrails, arguing that MRV for non-CO2 emissions are currently "incomplete and unlikely to represent reality or result in a reduction of aviation's climate impact".

One source questions whether the Commission was swayed by lobbying from European airlines or influenced by the lack of scientific data regarding contrails.

He also notes that the decision regarding non-CO2 reporting for international flights may be aligning the timeline with the decision on CORSIA outbound flights.

"What the EU Commission is clear on is the introduction of EU ETS compliance on outgoing CORSIA flights from 2026 should it decide that the ICAO scheme does not meet an equivalence test or that CORSIA is not being complied with by non-EU states.

"The big issue will be if the EU includes outbound flights under EU ETS as compliance costs will be much greater than under CORSIA and will also be subject to EU ETS non-compliance penalties of over €100 (\$107) per tonne."

Another source agrees that long-haul carriers have the ETS scope discussion in their mind for 2026. Recent revisions to the EU ETS mean that free allowances will be fully phased out by 2026 for aviation with the potential for this to include beyond-intra-EEA flights.

"Any precedent of the MRV applying to long-haul would increase the likelihood of carbon pricing," the source said.

Thank you for printing this article from Airfinance Global, your essential intelligence resource for aviation finance. If you have been given this article by a subscriber, you can contact us through email at accountmanager@airfinanceglobal.com or call us on +44 (0)20 7779 8015 to discuss our subscription options.