

ECAC/EU Conference
Meeting
the Environmental Challenge

Feedback from
breakout sessions

29 October 2008

Session A:

Monitoring, Verification and Reporting

- Consultation is now underway on MRV guidelines
- Action for operators starts in 2009
- Member States are working on detailed MRV plans
- MRV has flexibility to deal with alternative fuels and mergers/acquisitions
- Need operator awareness (even if not operating in/to EU now)
- Balance between allowing time for consultation v. pressure on deadlines later in the MRV process

Session A:

Equivalence for non-EU States

- EU not prescriptive about equivalence - any proposals would be subject to dialogue (and agreement) with other states
- But equivalence could be very challenging to consider, especially where there are not just bilateral interests
- Will EU states be too interested in revenue? No, but can they prove it?
- Criteria for assessment could be helpful

Session B:

Allocations, Auctioning and Scope for Passing on Opportunity Costs

- Ben Smith (DfT UK)
- Main features of the inclusion of aviation in the ETS:
- Start in 2012,
- Cap 97% of 2005 emissions in 2012
- Cap 95% of 2005 emissions from 2013
- Auctioning at 15% of cap (-3% special reserve)
- Access to CER/ERU up to 15% of emissions
- Risk of windfall profits if operators pass on the price of allowances they received for free

Session B:

Allocations, Auctioning and Scope for Passing on Opportunity Costs

- Jasper Faber (CE Delft)
- In the general revision of the ETS Directive, auctioning rate would be :
 - 100% for power sector
 - Increase 20% to 100% (2013 to 2020) for other sectors
- Parameters for aviation still under discussion
- Operators will probably pass on the cost of CO₂
- Impact on ticket price between 0.7% to 6.4%, depending on price of CO₂ (20 to 50 euros) and auctioning rate (0 to 100%)

Session B:

Operating in the Carbon Markets

- Martin Berg (Merrill Lynch)
- Global carbon markets 62.8 billion \$ in 2007, for 2.7 billion tCO₂e
- EU ETS 1.6 billion tCO₂e
- Aviation need an estimated 79 MtCO₂ (2012)
- You can buy everything on the market:
 - Allowances, future allowances, CER/ERU, VER...
- Combine hedging of jet fuel and risk of price variation of the carbon credits

Session B:

Operating in the Carbon Markets

- Martin Casey (CEMEX)
- Cement industry emit 5% of CO₂
- Subject to carbon leakage
- Phase II of ETS more challenging, and more mature market
- Carbon strategy is an integral part of the sustainability management

Session C:

Technology Research and Development

- **Marco Brusati**, DG Research, EC
- **Michel Laroche**, ACARE, SAFRAN
- ACARE goals as basis for European Research Agenda: aspirational but not unrealistic
- Clean Sky JTI: multi-sector, multi-partner
- Clean Sky JTI: open for worldwide participation (FP conditions apply)

Session C:

ATM Infrastructure Modernisation

- **Alain Siebert**, SESAR Joint Undertaking
- **Guido Kerkhofs**, EUROCONTROL
- Eurocontrol: Provision of data as basis for action (modelling of traffic and of potential gains)
- SESAR: PPP, stepwise or phased approach
- Discussion of CO₂-reduction potential through ATM improvement (SESAR, FABEC, etc.)

Session D:

Operational Improvements

- Airlines incentivised to reduce fuel burn
 - Win/win for emissions/costs, pilots/ATCOs
- Greatest control over operational measures
 - Fleet modernisation
 - Operational procedures (weight, E&M, CDAs, flight planning/dispatch, routes etc.)
- Cooperation w/ airports/ANSPs critical
 - SES/NextGen
 - CDAs
 - Fuel efficient traffic de-conflicting

Session D:

Greening Airports

- Holistic approach necessary
 - Balance: noise, emissions, local air, land use
 - Sources: aircraft, grnd ops, infrstrctr, srfc access
 - Solutions: regulate, tech, operatnal, economic
- Complexity challenges
- Measure, reduce, influence, offset
 - ZRH example: de-coupling possible
- Regulatory incentives
 - Australia: report emissions under airport's control
- Carbon neutrality a challenge