



IATA response to the consultation on updating EU ETS MRV rules

In support of robust MRV development and accounting rules for eligible aviation fuel and the importance of international alignment

International Air Transport Association (IATA), the trade association for the world's airlines represents over 300 airline members and accounts for 83% of the total global air traffic.

IATA acknowledged the adoption of EU Directive 2023/958, which confirms the extension of the “stop-the-clock” provisions with regard to the application of EU ETS on aviation until 2027. IATA is concerned about the provisions for the future assessment of EU ETS, which implies the assessment will be based on the implementation and emission coverage of CORSIA. ICAO 41st Assembly decided to change CORSIA's baseline to 85% of 2019 emissions. IATA considers the new CORSIA baseline has strengthened the environmental ambition of the scheme. With the revision of the CORSIA baseline, aircraft operators' offsetting requirements under the scheme would start from 2024. It is critical to preserve the advances made in ICAO and foster further multilateral cooperation. IATA's response to the consultation should not be interpreted as IATA agrees with provisions laid out in EU Directive 2023/958, but rather to improve the MRV rules, notably the provisions in relation to eligible aviation fuels as introduced in Article 54a.

Definition of “eligible aviation fuel”

The proposed revision on EU ETS MRV implementing regulation lacks clarity on the definition of eligible aviation fuel. The regulation shall explicitly list the scope of eligible aviation fuels. Prior to its amendment, neither the term “sustainable aviation fuel” (SAF) as used by CORSIA nor the term “eligible aviation fuel” were implemented in the EU ETS legislation, particularly in its monitoring and reporting regulation (MRR). From 2022, the EU ETS MRR aligns the requirements on biomass and biofuel monitoring with the requirements of Directive 2018/2001 on the promotion of the use of energy from renewable sources, the so-called REDII. IATA urges the MRV Implementing Regulation to specify the fuel types that would be identified as “eligible aviation fuel” and its relevance to the biofuel, as regulated in the previous EU ETS Directive. Also, considering the close interlinkage between different pieces of EU legislation on eligible aviation fuel, IATA urges full alignment of eligible aviation fuel under EU ETS with the recently agreed ReFuelEU aviation regulation.

Reporting of eligible aviation fuel under EU ETS

IATA appreciates the European Commission's decision to allocate 20 million free allowances for incentivizing the use of sustainable aviation fuel under EU ETS. Understanding the intention of those free allocations is to bridge the price differential between the use of fossil kerosene and eligible aviation fuel, we believe the reporting requirements should be further tailored to facilitate aircraft operators' application of free allocation. One of the challenges we foresee is the possibility of disclosing commercially sensitive information, i.e., SAF procurement price. The requirement of such could easily lead to market distortion, especially taking into account that each aircraft operator would have different negotiation power and would end up with a different deal when it comes to SAF procurement. To address this point, IATA is of the view that the allocation of free allocations should be based on the eligible aviation fuel volume that the aircraft operator uplifted, irrespective of the price associated therein.

Claiming the environmental attributes of eligible aviation fuel

Clarification on "Proportionality"

Article 54a (5) requests aircraft operators to attribute eligible aviation fuels to the flights within the EU ETS application scope, proportionally to the emissions from those flights departing from the aerodrome situated in EEA. IATA found that "proportionality" under this context could easily be misinterpreted. Our view is that for all the uplifted eligible aviation fuels, as long as they meet the sustainability criteria in REDII and are not claimed under other regimes or by other parties, aircraft operators should be allowed to fully claim the environmental attributions of the eligible aviation fuel under EU ETS.

Also, IATA urges the EU to remove the geographic constraints on the uplift of SAF within EEA airports so as to optimize the LCA value of the eligible aviation fuel in concern. Practically, irrespective of where the eligible aviation fuel is uplifted, aircraft operators should be able to claim its environmental attributions under EU ETS, as long as there are proof of no double counting. This requirement also aligns with the international standards under CORSIA on claiming the emissions reductions of SAF, which does not require the aircraft operator to distinguish the SAF consumed for domestic flights and international flights, as long as the SAF meet all of the sustainability requirements endorsed by the scheme and has not been claimed on other GHG frameworks.

Interaction with national SAF mandates

A few States in Europe have introduced SAF mandates since early 2020. Member States' authorities in charge of the SAF mandate implementation have confirmed that aircraft operators uplift SAF under the mandates can claim its environmental benefits against the international and regional regimes, for example, CORSIA and EU ETS as long as the SAF is certified under the appropriate sustainability certifications schemes endorsed by the respective frameworks. IATA sees added value in the EU ETS MRV regulation to confirm the acceptability of SAF environmental attributions achieved from national SAF mandates. The provisions of such could further shed light on the sustainability certification schemes in terms of issuing and managing the proof of sustainability (PoS). In the operational sense, upon the request of aircraft operators, the SCS could issue a copy of the PoS to them for claiming purposes under EU ETS. Otherwise, airlines need to seek approval from each competent authority prior to their claim, which would introduce extra administrative burden and also time-consuming.

Eligible aviation fuel accounting and no double counting

Sustainable aviation plays an important role in decarbonizing the aviation industry. It is widely recognized that a robust SAF accounting framework, based on a trusted chain of custody approach, is necessary to support aviation to decarbonize. IATA supports the no double counting requirements and believes it is most effective to address the risk of double counting at the level where the problem would occur. The requirements contained in Annex Xa is helpful to identify and prevent double use and double reporting, but when it comes to addressing double claiming, a master registry, or a group of interoperating registries will be needed to sure no double claiming occurs. IATA has recently developed a policy paper on SAF accounting based on robust chain of custody approaches, which presents key considerations for policymakers on SAF accounting and common principles of a robust SAF accounting approach. We would like to attach this policy paper for reference and would be happy to coordinate a session to explain further and discuss how a harmonized accounting approach and principles could be applied in the context of EU ETS moving forward.