

European Union Emissions Trading System (EU ETS) Phase III

Guidance for aircraft operators administered by the UK

How to comply with the EU ETS for the period 2013 to 2016

December 2014



About this guidance

This guidance has been produced to assist aircraft operators who are administered by the UK, to understand the EU ETS and what they have to do to comply with it.

This guidance replaces any previous guidance for the scheme years 2013 to 2016, and reflects the [2014 amendment to the EU ETS Directive](#).

Failure to comply with the requirements of EU ETS, especially failing to surrender allowances equal to your reportable emissions may result in significant civil penalties.

If you are unclear about any of your obligations under the EU ETS or this guidance, please contact your [Regulator](#).

Key definitions

To assist in your understanding, the following definitions apply:

Full scope aviation activities – All commercial and non-commercial flights, as defined in Annex I to the EU ETS Directive (reproduced in [Appendix B](#)), that arrive or depart from an aerodrome located in the European Economic Area (EEA)¹.

Reduced scope aviation activities – All commercial and non-commercial flights, between aerodromes in the EEA (detailed in [Appendix A](#)), **which are not exempt** under points (a) to (k), under the heading ‘Aviation activities’ in Annex I of the Directive (reproduced in [Appendix B](#)).

UK Administered Operator – Aircraft operators that are identified on the [Commission list](#) as being administered by the UK, or have been designated by the Secretary of State, if not on the list.

UK Aircraft Operator – A UK Administered Operator that has performed a reduced scope aviation activity.

How will this guidance help me?

This guidance will help you meet your obligations under the [UK Regulations](#) and the [applicable European legislation](#). It will explain how to notify your Regulator, make applications (including emissions plan applications) and help you comply with the conditions in your approved emissions plan. To do this, we have divided the information into five sections:

1. [Do I have any obligations under the EU ETS in the UK?](#)
2. [How do I apply for an emissions plan?](#)
3. [I have an approved emissions plan, what do I need to do now?](#)
4. [Things have changed, what should I do?](#)
5. [I'm not happy with a decision, what should I do?](#)

Each section is structured so that your key actions/obligations are detailed either at the beginning of a section or **in bold**, with any additional information in the relevant section.

¹ All EU Member States (including a number of overseas territories to which the treaty applies) and the additional EEA states of Norway, Iceland and Liechtenstein.

For more information

We have provided hyperlinks throughout this document for further information. If you are reading a printed copy of this guidance, you can turn to [Appendix D](#) for a full list of documents and websites.

If you have any other questions, please contact your Regulator's [helpdesk](#). See the table below to find the Regulator responsible for you.

Although there are four Regulators² in the UK that regulate EU ETS aviation activities, currently only the three below regulate UK Administered Operators. This is based on the location of their registered office in the UK or, where there is no registered office in the UK, on their attributable emissions.

Location of registered office	EU ETS aviation Regulator
England	Environment Agency
Scotland	Scottish Environment Protection Agency (SEPA)
Wales	Natural Resources Wales

We expect to next update this guidance towards the end of 2016 to cover scheme years 2017 onwards. Any updates to this and other UK guidance will be notified on our [website](#).

EU ETS – further information

This guidance focuses on compliance only. The European Commission (EC) has published extensive guidance documents that deal with [monitoring and reporting and verification](#), as well as the [allocation of allowances and entry into the scheme](#).

² The four Regulators that regulate EU ETS aviation activities in the UK are [The Environment Agency](#), [Natural Resources Wales](#), [Northern Ireland Environment Agency \(NIEA\)](#) and [The Scottish Environment Protection Agency \(SEPA\)](#).

Contents

About this guidance	2
Key definitions	2
How will this guidance help me?	2
For more information.....	3
EU ETS – further information	3
1 Do I have any obligations under the EU ETS in the UK?	6
1.1. Am I a UK Administered Operator?	6
1.2. Am I performing, or planning to perform reduced scope aviation activities?	8
1.3. I became a UK Administered Operator after 1 January 2013, what do I need to do?	9
1.4. I became a UK Administered Operator before 31 December 2012 what do I need to do? ..	11
1.5. How do I notify my Regulator?	12
2. How do I apply for an emissions plan?	13
How much will my approved emissions plan cost?	13
General information about applications	13
2.1. Step 1: Submit an application for an emissions plan via ETSWAP	13
2.2. Step 2: Open a Union Registry account.....	14
2.3. Step 3: Allowances and the special reserve (if applicable).....	15
I do not have enough allowances for surrender, where can I buy them?	15
Special Reserve	16
3. I have an approved emissions plan, what do I need to do now?	17
Complying with your approved emissions plan.....	18
3.1. Monitor your emissions.....	18
Notify your Regulator of non-significant changes to the approved emissions plan	18
3.2. Start your Annual Emissions Report	19
Reporting the use of biofuels	19
Record keeping	19
3.3. Emissions less than 25,000 tonnes CO ₂ (based on full scope aviation activities).....	19
3.4. Ask your verifier to start the annual verification process	19
Site visits (where a verifier has been appointed).....	20
3.5. Submit your annual emissions report by 31 March	20
3.6. Enter your emissions into the Union Registry by 31 March	21
3.7. Surrender allowances by 30 April	22
3.8. Improvement reports	22
4. Things have changed, what should I do?	23
4.1. Changes requiring 14 day advance notice	23
4.2. Other changes requiring notification	23
4.3. Variations	24
4.4. Mergers and splits	24

4.5. Transfer from/to another Member State.....	25
5. I'm not happy with a decision, what should I do?	26
Glossary of terms for EU ETS	27
Appendix A: Flights covered under EU ETS for the period 2013 to 2016	29
Appendix B: Annex I of the EU ETS Directive relating to aviation	31
Appendix C: The Union Registry	33
What is the Union Registry?	33
What type of account must I have?.....	33
Other types of accounts?.....	34
Changes to allocation and recovery of allowances	35
Public information.....	35
Appendix D: List of quoted guidance and websites.....	36

1 Do I have any obligations under the EU ETS in the UK?

This section will help you determine if you have any obligations under the EU ETS in the UK. The key points you need to establish are:

- [Am I a UK Administered Operator?](#)
- [Am I performing, or planning to perform reduced scope aviation activities?](#)
- [I became a UK Administered Operator after 1 January 2013, what do I need to do?](#)
- [I became a UK Administered Operator before 31 December 2012, what do I need to do?](#)
- [How do I notify my Regulator?](#)

1.1. Am I a UK Administered Operator?

Your EU ETS obligations will differ depending on whether you were first placed on the [Commission list](#)³ (or designated by the Secretary of State) before the 2013 scheme year, or have appeared on the list for the first time after 1 January 2013. If you are on the list and assigned to the UK or have been designated you are a UK Administered Operator. **Therefore, your first step is to confirm if you are on the [Commission list](#) or designated. Once you have confirmed you are a UK Administered Operator, you need to consider your aviation activities for the relevant scheme year ([section 1.2](#)).**

Please see the flow chart on the next page as it will provide an overview of the questions you need to ask yourself and point you to the relevant sections on where you will find out what you need to do. Please pay particular attention to the relevant timescales in sections 1.3 and 1.4.

The [UK Regulations](#) only require that a person should be 'identified' on the Commission list. This means that the name on the Commission list need not be exactly the same as the name of your legal entity.

If you are on the Commission list as being administered by the UK, then you will remain a UK Administered Operator until you are removed from the Commission list, or you meet the criteria for transfer to another Member State. If you aren't on this list but think you should be, you should contact the [European Commission](#) and inform them of your qualification to participate in the EU ETS.

If you know that you should be administered by the UK, you should at the same time apply to the Secretary of State to designate the UK as your administering Member State. If this is the case, please contact your [Regulator](#) for information on how to proceed.

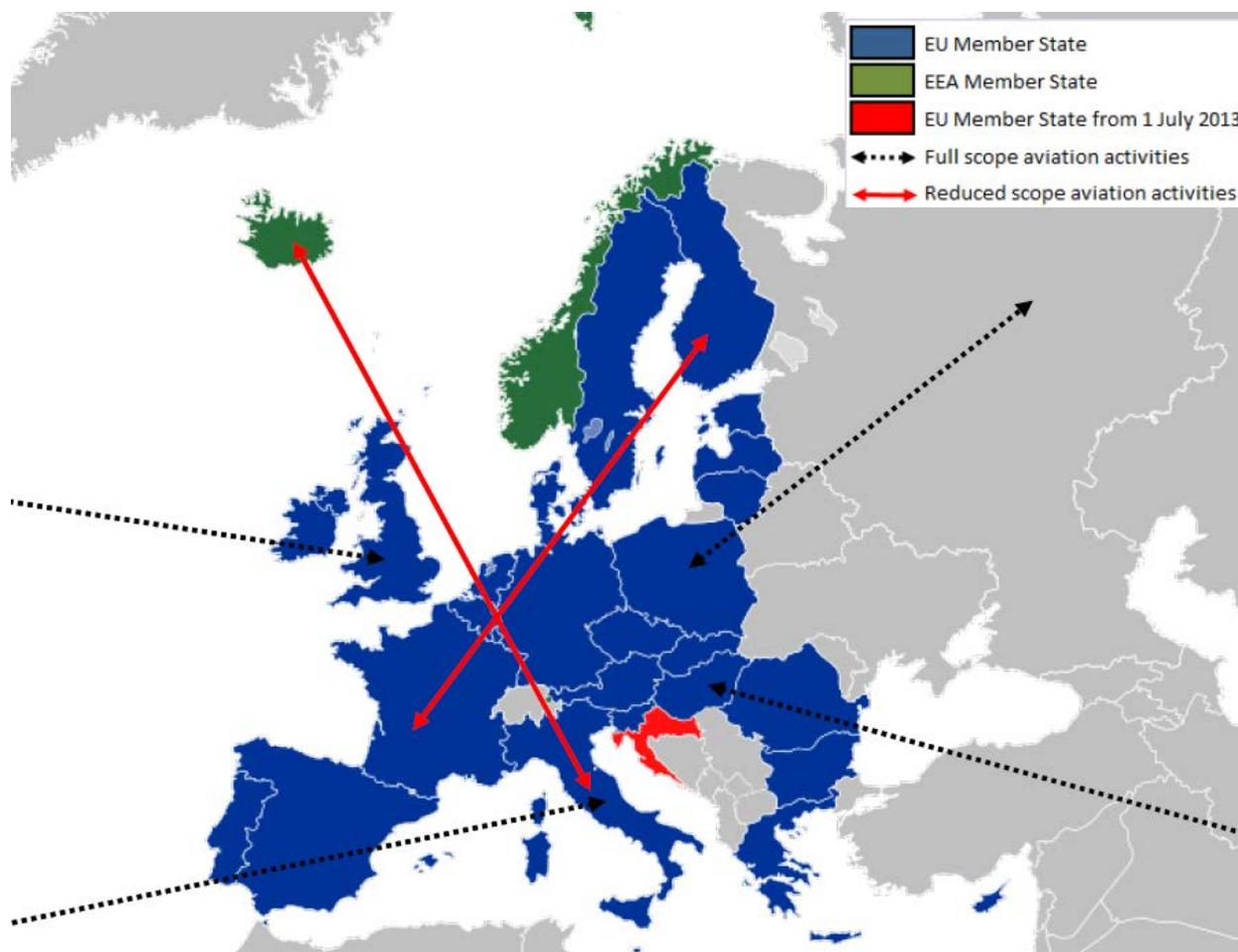
³ The Commission list is published annually and shows operators that have performed an aviation activity on or after 1 January 2006. Where the operator has been issued with an EU Operating Licence it is assigned to the Member State responsible for issuing that licence. Otherwise it is assigned to a Member State based on its greatest attributable proportion of CO₂ emissions. Please note an EU Operating Licence is a valid operating licence granted by a Member State in accordance with the provisions of Council Regulation (EEC) No 2407/92 of 23 July 1992 on licensing of air carriers.



1.2. Am I performing, or planning to perform reduced scope aviation activities?

If you are a UK Administered Operator, you then need to consider your reduced scope aviation activities for the relevant scheme year. Your EU ETS obligations will differ depending on whether you were a UK Administered Operator prior to 2013 or have appeared on the list for the first time after 1 January 2013, and whether you are performing, or planning to perform reduced scope aviation activities.

As defined at the beginning of this guidance, reduced scope aviation activities are all your commercial and non-commercial flights between aerodromes in the EEA (detailed in [Appendix A](#)), **which are not exempt** under points (a) to (k) of the Aviation Activities section of Annex I of the Directive (reproduced in [Appendix B](#)). The figure below gives an overview of the flights regulated under EU ETS. However, please refer to the specified appendices for the full details to establish for each scheme year if any of the flights you are currently performing, or intend to perform are classed as reduced scope aviation activities.



Please check which of the following categories you fall under and what your obligations are in [section 1.3](#) and [section 1.4](#) for each scheme year:

- I am currently **not performing** any reduced scope aviation activities, and **do not plan** on doing so during the scheme year.
- I am currently **not performing** any reduced scope aviation activities, **but plan on** doing so during the scheme year.
- I am currently **performing** reduced scope aviation activities.

- All of my flights for the scheme year fall under an **exemption** listed in (a) to (k) of Annex I (reproduced in [Appendix B](#)).

If you are a UK Administered Operator that has performed reduced scope aviation activities in a scheme year, then under the [UK Regulations](#) you are a UK Aircraft Operator for that scheme year.

1.3. I became a UK Administered Operator after 1 January 2013, what do I need to do?

If you have been included for the first time on the [Commission list](#) after 1 January 2013 and assigned to the UK **you must take the appropriate action within the specified timescale, as set out in the table below depending on which scheme year you became a UK Administered Operator**. If you have not taken the required action within the stated timescale you should contact your [Regulator](#) as soon as possible.

Please note the **relevant date** is the last day of the 12 week period beginning with the date on which you became a UK Administered Operator i.e. the date on which you appeared on the Commission list as allocated to the UK.

	Scheme year you first appeared on the list.			
	2013	2014	2015	2016
I am currently not performing any reduced scope aviation activities, and do not plan on doing so during the scheme year.	Notify your Regulator you will not perform any reduced scope aviation activities in the four months after the relevant date . If you miss this deadline please get in touch with your Regulator as soon as possible.			Notify your Regulator you will not perform any reduced scope aviation activities in the four months after the relevant date ⁴ .
I am currently not performing any reduced scope aviation activities, but plan on performing reduced scope aviation activities during the scheme year.	Apply for an emissions plan no later than four months before you commence your reduced scope aviation activities.	Apply for an emissions plan by the later of four months before you commence your reduced scope aviation activities, or by 31 January 2015.	Apply for an emissions plan no later than four months before you commence your reduced scope aviation activities.	
----- If you miss these deadlines please get in touch with your Regulator as soon as possible.				

⁴ **If the relevant date is before 1 September 2016**, you must notify if you only plan on performing activities other than reduced scope aviation activities within this four month period. **If the relevant date is after 1 September 2016**, you must notify your Regulator if following the relevant date you will not be performing any reduced scope aviation activities before the end of 2016 or any full scope aviation activities for any part of the four months that falls within the 2017 scheme year.

		Scheme year you first appeared on the list.			
		2013	2014	2015	2016
I am currently performing reduced scope aviation activities.	<p>You should have applied for an emissions plan in advance of performing your reduced scope aviation activities.</p> <p>If you apply afterwards you should do so without undue delay and in any event within six weeks with an explanation for the delay. If you are outside the six week time limit you should contact your Regulator immediately, who will assist you to submit an application⁵.</p>				
All of my flights for the scheme year fall under an exemption listed in (a) to (k) of Annex I (reproduced in Appendix B).	<p>You do not need an emissions plan under the UK Regulations.</p> <p>If you consider this is the case, you may want to confirm with your Regulator, who may ask for supporting evidence. Your Regulator will review this alongside data provided by Eurocontrol and inform you in writing of its assessment.</p>				

Please note that the timescales differ if you become a UK Administered Operator at a later point during a scheme year, for example, if you have been transferred or designated as a UK Administered Operator by the Secretary of State, in which case you should contact your [Regulator](#) as soon as possible.

Current European and UK legislation provides that from 1 January 2017 the EU ETS applies to full scope aviation activities. If you did not apply for an emissions plan for the 2013 to 2016 scheme years because you were only performing full scope aviation activities (flights into the EEA from aerodromes outside the EEA) and therefore did not perform any reduced scope aviation activities, you will need to apply by 1 September 2016 for an emissions plan for the 2017 scheme year to cover your full scope aviation activities.

⁵ If the only reason for your delay for scheme years 2015 and 2016 is that you did not know your administering member state you should apply without delay once you do know it and no later than six weeks after the reduced scope aviation activities commenced including a statement why this was not done earlier.

1.4. I became a UK Administered Operator before 31 December 2012 what do I need to do?

If you became a UK Administered Operator before 31 December 2012 **please ensure you have taken the appropriate action as set out below.**

	I have an emissions plan	I don't have an emissions plan
I am currently not performing any reduced scope aviation activities, and do not plan on doing so during the scheme year.	<p>You do not need to take any action.</p> <p>Your Regulator will change your status in ETSWAP to exempt, either on the basis of you submitting a report stating so, or on the basis of Eurocontrol data. When you are marked as exempt you will get an automated email from your Regulator informing you this has been done and asking you to get in touch if you believe this is incorrect. If you are marked as exempt you will not need to carry out any compliance obligations but you will still get six monthly reminders that you must inform your Regulator if you have carried out reduced scope aviation activities.</p>	
I am currently not performing any reduced scope aviation activities, but plan on performing reduced scope aviation activities during the scheme year.	<p>You must comply with the conditions as set out in your emissions plan.</p>	<p>You must apply for an emissions plan no later than four months before you commence your reduced scope aviation activities or, if you have missed this deadline, without undue delay and no later than six weeks after the performance of the aviation activity providing an adequate justification for your delay.</p>
I am currently performing reduced scope aviation activities.	<p>You must comply with the conditions as set out in your emissions plan.</p>	<p>You should have applied for an emissions plan in advance of performing your reduced scope aviation activities.</p> <p>If you apply afterwards you should do so without undue delay and in any event within six weeks with an explanation for the delay. If you are outside the six week time limit you should contact your Regulator immediately, who will assist you to submit an application.</p>
All of my flights for the scheme year fall under an exemption listed in (a) to (k) of Annex I (reproduced in Appendix B).	<p>You do not need an emissions plan under the UK Regulations.</p> <p>If you consider this is the case, you may want to confirm with your Regulator, who may ask for supporting evidence. Your Regulator will review this alongside data provided by Eurocontrol and inform you in writing of its assessment.</p>	

1.5. How do I notify my Regulator?

Depending on what your actions/obligations are based on the information above, in most cases your first step will be to notify your respective [Regulator](#) through [ETSWAP](#)⁶.

Please note, unless agreed with your Regulator, it is a legal requirement for all notifications to your Regulator to take place through [ETSWAP](#). Using ETSWAP enables notifications to and from your Regulator, sends timely reminders of any actions that might need to be taken, and allows the submission of annual emissions reports and verifier statements.

In order to use [ETSWAP](#), you need to contact your Regulator to obtain the login details. Please e-mail your Regulator's helpdesk with the following information:

- UK Administered Operator or UK Aircraft Operator name
- UK Administered Operator or UK Aircraft Operator code as specified on the [Commission list](#) (this is the same as your Central Route Charges Office number)
- first name
- surname
- telephone contact number
- email address
- date/expected date of the first aviation activity in the year that you appear on the [Commission list](#) (i.e. become a UK Administered Operator)

Once your Regulator has this information, they will be able to set you up with an account on ETSWAP and provide you with login details.

Please refer to the [ETSWAP Help Page](#) for further help in using ETSWAP.

⁶ Emissions Trading System Workflow Automation Program (ETSWAP).

2. How do I apply for an emissions plan?

This section is only relevant to you if you are applying for an emissions plan via [ETSWAP](#) as per [section 1.3](#) or [section 1.4](#).

Your Regulator manages all emissions plan applications, variations, notifications and submissions of reports through [ETSWAP](#). Once you have established that you have obligations under the [UK Regulations](#), there are three steps that you need to go through:

1. submit an application for an emissions plan via [ETSWAP](#)
2. open a Union Registry account (to receive, trade and surrender allowances)
3. buy allowances or apply to the special reserve (if applicable)

How much will my approved emissions plan cost?

You need to pay an application charge when you apply for an emissions plan. There are also annual subsistence charges to cover Regulator's costs⁷. ETSWAP will inform you of the fees during the application process. You can find out more under '[fees and charges](#)' in [Appendix D](#) for your Regulator.

General information about applications

The following applies to any application, report or notice you submit to your Regulator under the [UK Regulations](#) or in relation to meeting emissions plan conditions.

- All applications must be in writing and, unless otherwise agreed with your Regulator, submitted on a form available from it. The forms will set out the information required to determine an application or set out the matters required to be included in a report.
- If your Regulator asks you to submit the form through ETSWAP, you must do this.
- All applications must include the name, postal address and telephone number of the applicant, together with an address where documents may be served. This can be an e-mail or postal address in the UK.
- All applications must include the relevant fee, if required.
- An application isn't 'duly made' unless it contains all the information required by the UK Regulations, and your Regulator has received its completed forms and relevant fee.
- Your Regulator has to determine all applications made under the UK Regulations within two months from the date that the application is duly made (or longer, if agreed in writing).

2.1. Step 1: Submit an application for an emissions plan via ETSWAP

Once you have your login details ([section 1.5](#)), [log onto ETSWAP](#). You will first be prompted to **specify if all of your flights are exempt**, for example if you are a non-commercial aircraft operator who emits less than 1,000 tonnes CO₂ per year (based on full scope aviation activities).

If you answer 'yes' to this question you may be asked to submit the supporting evidence to your Regulator.

⁷ These costs will be based on the scope of the EU ETS and whether or not you are exempt.

If you answer 'no' to this question, you will be prompted to complete an application for an emissions plan and provide supporting evidence. You must submit your completed application to your Regulator via ETSWAP.

Depending on your circumstances, you must submit your emissions plan application within the timescales outlined in [section 1.3](#) or [section 1.4](#). If you cannot meet these deadlines, you must provide a written explanation as to the reasons why.

We advise you to read carefully the [Monitoring and Reporting Regulation and the relevant guidance documents](#) to make sure that you provide all the necessary information with your application.

The forms within ETSWAP have been designed to help operators provide the information that is required under the [UK Regulations](#) and include guidance on how to complete specific fields within the forms. Where relevant, the forms also provide references to additional guidance documents or legislation for further information.

Once you have submitted your application for an emissions plan, your Regulator will assess it and contact you if it has any further questions or requires additional information.

Once approved under the [UK Regulations](#), the emissions plan issued to you will satisfy the requirements of the Monitoring and Reporting Regulation to describe the measures planned to monitor and report specified emissions.

You can find more detailed information and guidance on submitting an emissions plan application in the following documents:

- [Monitoring and Reporting Regulation](#)
- [Monitoring and Reporting Regulation - General Guidance for Aircraft Operators](#)
- [Other relevant Commission Guidance](#)

2.2. Step 2: Open a Union Registry account

The Union Registry operates in a similar way to an internet bank account and is hosted and managed by the European Commission. It records [allowance](#) allocations for aircraft operators, annual verified emissions, allowance transfers and surrenders of allowances.

You must apply for a Union Registry Aircraft Operator Holding Account (AOHA) within 20 working days of being issued with an approved emissions plan. This is in addition to having an ETSWAP account.

To open a Union Registry AOHA, you must:

- Register at least two users in the Union Registry. To do this you must first:
 - Make sure that at least two people have registered with the European Commission Authentication Service ([ECAS](#)).
 - Once they have done this, they need to go to the [Union Registry](#) UK website, select 'Login', follow the instructions and provide their personal details.
 - Once completed, all of the ECAS registered people that you have nominated will be issued with a Union Registry Identification Number (URID), which they need to pass on to you.
- Once the above is complete, you then need to:
 - Go to the [Union Registry](#) UK website and select 'Account request' and then choose 'Aircraft operator holding account' in the dropdown box.
 - Nominate between a minimum of two and a maximum of six Authorised Representatives (and optionally Additional Authorised Representatives). This will be the people above that have provided you their URID.

- Wait for the [UK National Administrator](#)⁸ to contact you with what documents need to be provided.
- Provide these documents to the UK National Administrator.
- Wait for the UK National Administrator to confirm your account has been opened and send your Authorised Representatives their enrolment key (subject to their details and documents being successfully validated).

As the Union Registry is in effect a bank for allowances, the opening of a Union Registry account and validation of individuals must undergo the same scrutiny as when opening a bank account. As such, this process can take up to two months. If you need any help with this, please contact our Registry [helpdesk](#).

You can find further links to information about the Union Registry in the [Registry](#) section of [Appendix D](#). Information on the types of accounts, allowances, as well as transactions that can be performed in the Union Registry can be found in [Appendix C](#).

2.3. Step 3: Allowances and the special reserve (if applicable)

One allowance allows you to emit one tonne of CO₂. The principle of the EU ETS is that you must monitor your reportable emissions each year, and in the following year, report them and surrender a number of allowances equal to those emissions. Failure to do this may result in significant penalties.

Most aircraft operators will receive a number of free allowances⁹ from the European Commission. Free allowances are allocated into your Aircraft Operator Holding Account annually by 28 February. Most of the aircraft operators on the Commission list submitted data to the Commission during a 2010 benchmarking process, based on which this free allocation has been calculated. Details of your free allocation (if eligible) can be found [here](#). For scheme years 2013 to 2016 you will only receive free allowances if you are performing reduced scope aviation activities.

If you have not gone through the 2010 benchmarking exercise, then you will not have a free allocation and will have to buy allowances, or may be eligible to the special reserve if you meet the criteria below.

I do not have enough allowances for surrender, where can I buy them?

If you do not have enough allowances to meet your surrender obligation either because your free allocation is not sufficient, or you are not eligible for free allowances, or unsuccessful in your application for free allowances from the special reserve, the only other available options for obtaining allowances are purchasing them on the carbon market or through an auction.

If purchasing allowances through the carbon market, you need to ensure they are eligible for EU ETS compliance purposes. Only EUA's and EUAA's (please see [Glossary](#)) or certain international project credits¹⁰ are eligible for compliance. **Please note it can take up to nine working days from purchase to receiving allowances in your account. You should confirm the date of delivery of allowances into your account with the supplier.**

⁸ The Environment Agency is the National Administrator for the whole of the UK.

⁹ You can find more details about eligibility and the free allocation methodology on the [Commission's website](#) and in [Commission Decision of 26 September 2011 on benchmarks to allocate greenhouse gas emission allowances free of charge to aircraft operators pursuant to Article 3e of Directive 2003/87/EC \(2011/638/EU\)](#)

¹⁰ Please note any eligible international project credits will have to be exchanged into EUAA's (limited to a maximum of 1.5% of your annual verified emissions) before they can be used to meet your surrender obligations.

We cannot recommend any particular person or organisation that sell allowances but you may wish to contact any member of the [International Emissions Trading Association](#), or other EU ETS participants that might have a surplus of allowances. You can of course use the various internet based search engines to find information on other sources.

Auctions take place at set dates throughout a year. For the most up to date information about auctioning, please refer to the Department of Energy and Climate Change (DECC) [website](#). The [Commission website](#) also has details of auction calendars for aviation allowances.

Special Reserve

In accordance with Article 3(f) of the EU ETS Directive, for the period beginning 1 January 2013, 3% of the total quantity of allowances will be set aside in a special reserve for aircraft operators¹¹. If you are a UK Aircraft Operator eligible to apply for a free allocation of allowances from the special reserve, you should contact your [Regulator](#) who will advise you how to apply. **To be eligible to make an application for allowances from the special reserve you must be:**

- (a) A person who becomes a UK Aircraft Operator after the benchmarking year¹² for a trading period and has not previously received an allocation of aviation allowances for that trading period¹³; **or**
- (b) A UK Aircraft Operator whose tonne-km data in the second calendar year of the trading period exceeds by more than 93.9% its tonne-kilometre data in the benchmarking year for that trading period.

A person or UK Aircraft Operator is not eligible if the aviation activity which forms the basis of the application to the special reserve is wholly or partly a continuation of an activity previously performed by another person who is or has been an 'aircraft operator' as defined in Article 3(o) of the Directive, unless the criteria in (b) above has been met.

You must make any application to the special reserve for Phase III by 30 June 2015 by submitting a monitoring plan for the monitoring and reporting of tonne-kilometre data in accordance with Article 51(2) of the Monitoring and Reporting Regulation, together with supporting documents submitted under Article 12(1) of the Monitoring and Reporting Regulation.

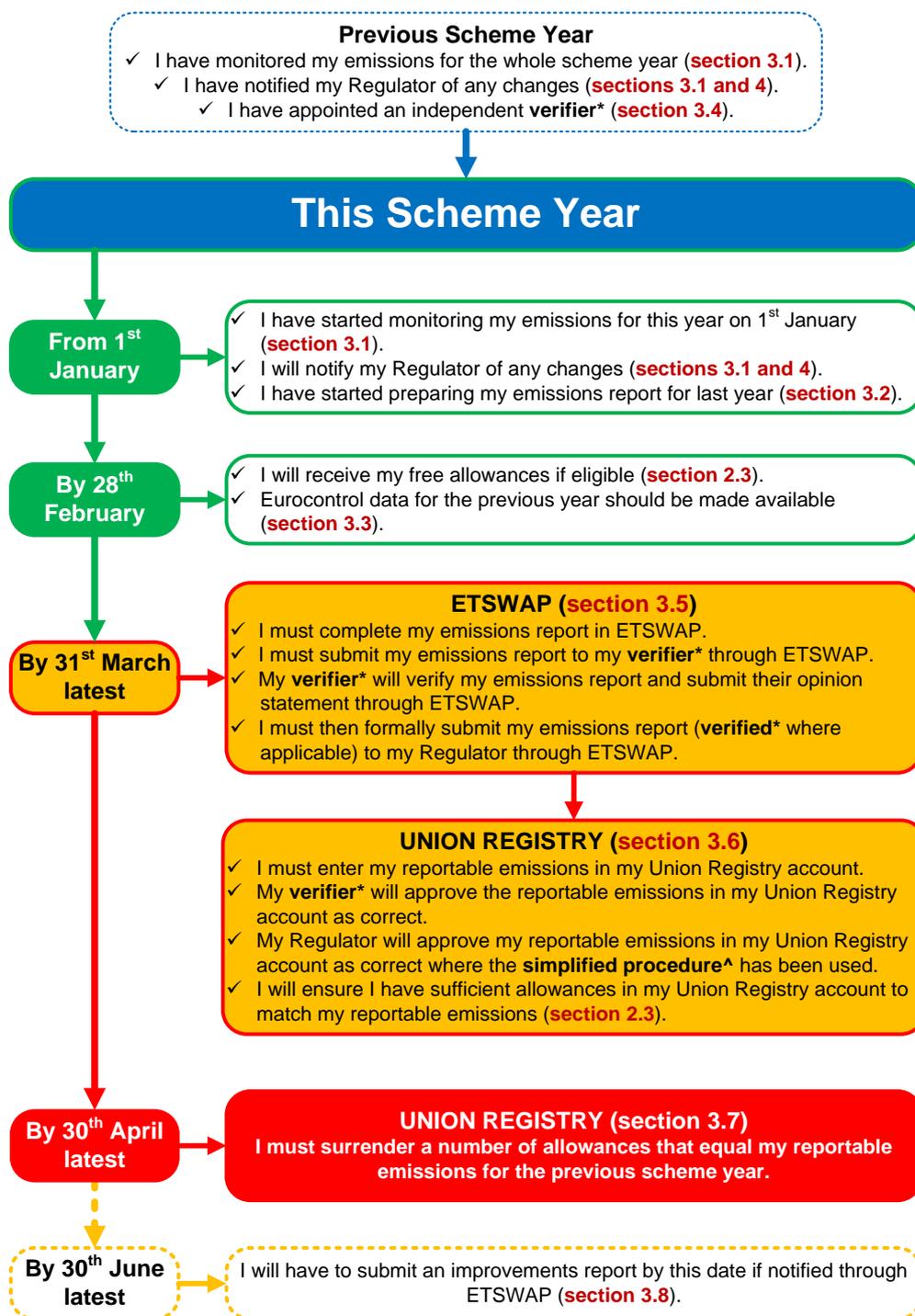
¹¹ The quantities of allowances made available either through free allocation, auctioning, or the special reserve are based on the scope of flights covered under EU ETS and are adjusted accordingly if the scope is changed.

¹² 'Benchmarking year', in relation to a trading period, means the calendar year ending 24 months before the beginning of the period.

¹³ The EU ETS trading periods are set out in the EU ETS Directive. This Guidance applies to part of the 2013-2020 trading period.

3. I have an approved emissions plan, what do I need to do now?

Once your Regulator has approved your emissions plan, there are a number of requirements you need to comply with. It is important that you **take the time to read and understand your approved emissions plan**, as the introductory note and conditions have been developed to help you comply with the requirements of the [UK Regulations](#). **This section and the flowchart below will describe your obligations and the relevant timescales.**



* Where an independent verifier has been appointed (section 3.4).

[^] Where the simplified procedures has been used (section 3.3).

If you fail to comply with a condition of your approved emissions plan (or other requirements in the [UK Regulations](#)), you may be liable to a civil penalty. If you fail to surrender sufficient allowances by 30 April each year to cover your reportable emissions for the previous year you will be liable to a significant penalty of €100 per tonne of CO₂ and will still have to surrender the allowances by 30 April in the following year.

A few examples of where penalties would apply and the size of the penalty are presented below:

Example 1: Your reportable annual emissions are 10,000 tonnes CO₂. You fail to monitor and report your emissions, as well as fail to surrender allowances. The result would be:

10,000 x €100 = **€1,000,000 mandatory penalty**
+ surrender 10,000 allowances
+ possible penalties for failure to monitor and report
+ costs for determination of emissions by your Regulator

Example 2: Your reportable annual emissions are 10,000 tonnes CO₂. You submit your annual report (verified where applicable) stating 10,000 tonnes CO₂ by 31 March and enter the same amount in your Union Registry account. You surrender 7,000 allowances by 30 April. The result would be:

3,000 (10,000 – 7,000) x €100 = **€300,000 mandatory penalty**
+ surrender 3,000 allowances

You can find further information on [civil penalties](#) and the Environment Agency's approach to enforcement and sanctions in [Appendix D](#).

Complying with your approved emissions plan

To make sure you comply with your approved emissions plan, you need to complete the tasks below and meet the specified legislative deadlines.

3.1. Monitor your emissions

You must monitor your reportable emissions from 1 January until 31 December for each scheme year in which you are a UK Aircraft Operator (i.e. a UK Administered Operator that has performed reduced scope aviation activities).

You must monitor your emissions in accordance with your approved emissions plan (including the written procedures supplementing that plan) and the [Monitoring and Reporting Regulation](#). **The emissions data monitored during one scheme year will be used to produce the Annual Emissions Report that you must submit by 31 March in the following scheme year.**

Notify your Regulator of non-significant changes to the approved emissions plan

You must notify your Regulator of any non-significant changes to the approved emissions plan through ETSWAP **by 31 December** in the year in which the change was planned or has occurred.

If you propose to make a significant change to the approved emissions plan, you must apply to your Regulator to vary the approved emissions plan at least **14 days before** you make the change or, where this is not practicable, as soon as possible afterwards.

More information on dealing with changes to the approved emissions plan is provided in [section 4](#).

3.2. Start your Annual Emissions Report

It is advisable to **start preparing your Annual Emissions Report towards the end of the year to which it relates**. As this report must be submitted by 31 March in the following year, this will give you enough time to complete the report, have it verified (if required) and correct any errors before you submit it.

Please note all data should be rounded as specified in Article 72 of the Monitoring and Reporting Regulation. More information regarding this is available in section 4.9 of the [Accreditation and Verification in the EU ETS FAQ](#).

Reporting the use of biofuels

The Monitoring and Reporting Regulation specifies that if an emission factor of zero has been reported in respect of the use of biofuels, you must satisfy your Regulator that the sustainability criteria set out in Article 17(2) to (5) of the [Renewable Energy Directive](#) have been fulfilled in accordance with Article 18(1) of that Directive.

Record keeping

Annual emissions reports are subject to periodic Regulator audits. You must, therefore, keep records of all relevant data and information for **at least 10 years**¹⁴ in line with Article 66 of the Monitoring and Reporting Regulation.

3.3. Emissions less than 25,000 tonnes CO₂ (based on full scope aviation activities)

Aircraft operators emitting **less than 25,000 tonnes of CO₂ per year** (based on full scope aviation activities as defined in Annex I to the EU ETS Directive), can choose to use the '**simplified procedure**' as an alternative to using an independent verifier. The simplified procedure involves determining emissions using the [small emitters' tool](#) approved under [Regulation 606/2010/EC](#). In such cases, data used for determining emissions must originate from Eurocontrol and **aircraft operators taking advantage of this simplified procedure in ETSWAP must use data from the ETS Support Facility, without any modification**. The data for one year is usually made available by Eurocontrol at the end of February in the following year.

3.4. Ask your verifier to start the annual verification process

If you are a commercial or non-commercial aircraft operator emitting more than 25,000 tonnes of CO₂ per year (based on full scope aviation activities as defined in Annex I to the EU ETS Directive), you must appoint an independent verifier to verify your emissions.

It is your responsibility to find a verifier that is accredited (or certified) for the regulated activity you are reporting and provide them with all the information that they need (a list of the minimum information that you need to provide is given in Article 10 of the [Accreditation and Verification Regulation](#)).

During verification, your verifier will assess the monitoring methods, information, data and calculations you have used to compile your annual emissions reports. Verification involves checks

¹⁴ In practice this is 10 years from the date of the report submission, however the data used in preparing the report will have to be kept as well, even though it will be older than 10 years.

to ensure that the emissions data in annual emissions reports accurately represent emissions monitored and are reported in accordance with your approved emissions plan and the [Monitoring and Reporting Regulation](#).

To ensure you can report your emissions on time, we recommend you appoint a verifier before you start preparing your Annual Emissions Report and at least nine months before you need to submit it. This would allow your verifier to start the verification process as soon as possible, check compliance and the monitoring data for the first half to three quarters of the year, and avoid a heavy workload in January/February of the following year, which could cause delays in completing the verification process by 31 March.

You can find more information on verification and a list of UK based accredited verifiers for EU ETS at:

- [Monitoring, Reporting and Verification \(DECC website\)](#)
- [Finding an accredited verifier in the UK](#)
- UK Accreditation Service ([UKAS](#))

Site visits (where a verifier has been appointed)

Site visits are an integral part of the annual verification process and, without a site visit, your verifier may not be able to give a positive opinion statement. The [Accreditation and Verification Regulation](#) defines a 'site' to mean 'locations where the monitoring process is defined and managed, including the locations where relevant data and information are controlled and stored'. This definition means that your verifier does not necessarily need to physically visit every aircraft or aerodrome because much of the data is often centralised. This is particularly so if you are a small emitter using the [Eurocontrol Support Facility](#) or you are approved to use the [Eurocontrol small emitter tool](#) for determining your fuel consumption. In these circumstances your verifier may, based on his risk analysis, consider that a site visit is not needed.

Site visits are about gathering evidence and include interviewing staff and testing, among other things, the effectiveness of internal processes and control procedures. It is therefore unlikely that a site visit will be waived, and the number of locations and the selection of them are dependent upon your verifier's risk analysis.

A site visit waiver cannot be applied for without the agreement of your verifier. More information on site visit waivers can be found in:

- Articles 21 and 32 of the [Accreditation and Verification Regulation](#)
- [Accreditation and Verification Regulation Explanatory Guidance III \(EGD III\)](#)

3.5. Submit your annual emissions report by 31 March

You must by 31 March latest, submit your annual emissions report (verified where applicable) for the previous reporting year to your Regulator via [ETSWAP](#). The last day for report submission for each scheme year is outlined in the table below.

	2013 and 2014 emissions	2015 emissions	2016 emissions
Report latest by:	31 March 2015	31 March 2016	31 March 2017

It is important to note that reportable emissions for 2013 and 2014 will have to be reported in two separate annual emissions reports by 31 March 2015.

Verifiers (where applicable) will also need to submit their 'verification opinion statement' via ETSWAP by this date. This report must be in accordance with the [Monitoring and Reporting Regulation](#) and the [Accreditation and Verification Regulation](#).

If you have not performed an aviation activity during the reporting year, you are deemed not to be a UK Aircraft Operator in relation to that scheme year, and are not required to monitor emissions or submit a verified report for that year. Your Regulator will change your status in ETSWAP to exempt, either on the basis of you submitting a report saying so, or through using Eurocontrol data.

You need to follow these steps to formally submit your annual emissions report to your Regulator:

1. Complete the annual emissions report in [ETSWAP](#). **If while completing the report you choose to use the 'simplified procedure' please go straight to step 5 below.**¹⁵
2. Once you have completed the report you must select a verifier to verify your report from the drop down list available (having previously spoken to them and set up a contract with them).
3. You should then submit your report to your chosen verifier for verification.
4. Once the verification process has been completed, your verifier will return the verified report to you via ETSWAP.
5. Formally submit your annual emissions report to your Regulator. ETSWAP will display the following message when the report has been successfully submitted 'AEM Report section: Action: AEM report submitted for assessment'.

Please note your report has not been formally submitted until step 5 above has been completed.

You can find guidance on completing this task in ETSWAP and also at:

- [ETSWAP Help Page](#)
- [The Monitoring and Reporting Regulation – General guidance for Aircraft Operators](#)

If you fail to submit an emissions report (verified where applicable) by this date, you may be liable to a civil penalty. If no emissions report is submitted your Regulator will then estimate your reportable emissions in accordance with the [UK Regulations](#) and the [Monitoring and Reporting Regulation](#). Your Regulator is entitled to recover the costs for this work.

3.6. Enter your emissions into the Union Registry by 31 March

You must enter your emissions figure into your Union Registry Aircraft Operator Holding Account no later than 31 March each year. Please note this is in addition to your obligations in ETSWAP. The last day to enter your emissions for each scheme year is outlined in the table below.

	2013 and 2014 emissions	2015 emissions	2016 emissions
Enter emissions latest by:	31 March 2015	31 March 2016	31 March 2017

Emissions for 2013 and 2014 will have to be entered separately by 31 March 2015.

Where a verifier has been used, they must first be appointed to your Union Registry Aircraft Operator Holding Account if not already done so. They must then log on to the Union Registry and

¹⁵ This will only apply to aircraft operators emitting less than 25,000 tonnes of CO₂ per year (based on full scope aviation activities as defined in Annex I to the EU ETS Directive).

approve the emissions you entered are correct and match the figure submitted through ETSWAP as per [section 3.5](#). To allow time for this, it is advisable to enter the annual emissions in the Union Registry some days before the 31 March deadline.

Where the simplified procedure has been used and no independent verifier appointed, then your Regulator will approve the emissions you entered in the Union Registry are correct and match the figure submitted through ETSWAP.

If you fail to comply with this requirement, your Union Registry account will be blocked on 1 April (see [Appendix C](#)).

3.7. Surrender allowances by 30 April

You must surrender allowances from your Union Registry Aircraft Operator Holding Account equal to your annual reportable emissions made in the previous reporting year by 30 April each year. If you fail to do this on time you will be liable to a mandatory penalty of €100 per tonne of CO₂, and will still have to surrender the outstanding allowances when you surrender for the following scheme year. We have no discretion in relation to this penalty which will apply even if you surrender after 30 April.

The last day for surrender for each scheme year is outlined in the table below.

	2013 and 2014 emissions	2015 emissions	2016 emissions
Surrender allowances latest by:	30 April 2015	30 April 2016	30 April 2017

Surrender of allowances relating to 2013 and 2014 emissions must take place by 30 April 2015. **Please refer to [section 2.3](#) and ensure you have sufficient allowances to meet both your 2013 and 2014 surrender obligations.**

3.8. Improvement reports

If your verifier (or Regulator) identifies any recommendations for improvements and/or non-conformities in the annual verification report, you must submit a 'verifier recommended improvement report' **by 30 June in the year when the report was submitted**. That report must describe how and when you addressed or plan to address the non-conformities and implement the recommended improvements. Non-conformities will usually relate to specific non-compliances in implementing your approved emissions plan or in your annual emissions report, and you should address these as soon as possible.

If you consider that the recommended improvements would not improve the monitoring methodology or would be unreasonably expensive, you must provide your Regulator with the reasons for this together with any supporting evidence.

ETSWAP will automatically generate this task if certain sections have been answered in the annual emissions report.

If your verifier identifies any errors or non-conformities in the approved emissions plan, you could be required to resubmit an updated emissions plan to your Regulator for approval.

4. Things have changed, what should I do?

You should regularly check if your approved emissions plan reflects the nature of your operations and whether you can improve the monitoring methodology. This also includes regularly reviewing your risk assessment to identify if there are changes to the risks that you initially identified and if the control measures that you have put into place are still effective.

You must let your Regulator know about any deviations from the approved emissions plan. This may mean you will need to vary your plan.

You must notify us of these changes via ETSWAP. Please remember to read the guidance on the relevant ETSWAP pages and note that specific types of notification do have time limits, as explained below.

When reading this section please refer to the [General guidance for aircraft operators](#), as well as [other relevant Commission guidance](#). You should also refer to your approved emissions plan conditions, [Schedule 8 of the UK Regulations](#), and [Articles 14, 15 and 16 of the Monitoring and Reporting Regulation](#).

A brief summary of some of the changes to your approved emissions plan are shown below.

4.1. Changes requiring 14 day advance notice

You must notify your Regulator at least **14 days before** any of the activities listed below take place or, where this isn't practicable, as soon as possible afterwards:

- Your proposed change to the approved emissions plan is significant, or the name of the UK Aircraft Operator is changing (see [section 4.3](#)).
- You are classed as a small emitter, but have exceeded the relevant threshold as specified in Article 54(4) of the Monitoring and Reporting Regulation.

4.2. Other changes requiring notification

Unless already notified (as required by other emissions plan conditions), you must let your Regulator know of any non-significant changes to the approved emissions plan **by 31 December** in the year in which the change was planned or has occurred. [Section 4.3](#) lists changes that are considered significant. However, please note this list is not exhaustive, and some changes, although not listed, could be considered significant by your Regulator.

The following changes will mean you have to modify your emissions plan:

- New emissions occur because new activities¹⁶ are carried out or new fuels or materials not yet contained in the emissions plan are used.
- The change in data available, due to using new types of measuring instruments, sampling methods or analysis methods means emissions can be determined more accurately.
- Data resulting from the previously applied monitoring methodology has been found incorrect.
- Changing the emissions plan makes the reported data more accurate, unless this is technically not feasible or incurs unreasonable costs.

¹⁶ This does not apply to fleet changes.

- The emissions plan does not meet the requirements of the Monitoring and Reporting Regulation and your Regulator asks you to change it.
- You have to respond to suggestions to improve the emissions plan contained in a verification report.

In relation to changes to the emissions plan, the notification must describe the change, set out whether and how it affects the information in the emissions plan and explain how the change is in accordance with the Monitoring and Reporting Regulation.

If the proposed changes are not significant, or where monitoring in accordance with the original emissions plan would lead to incomplete emission data, you may carry out monitoring and reporting using the modified emissions plan before it is approved by your Regulator. If you are not sure, you must carry out all monitoring and reporting using both the modified and the original emissions plan and make sure it is all documented until your Regulator has approved the modified emissions plan.

If your proposed change to the emissions plan is significant, or the name of the UK Aircraft Operator is changing, you must apply for a variation instead (see [section 4.3](#)).

4.3. Variations

If your proposed change to the emissions plan is significant, or a corporate UK Aircraft Operator is changing its name, you must apply to vary the approved emissions plan at least **14 days before** you make the change or, where this is not practicable, as soon as possible afterwards.

Significant changes to the emissions plan shall include:

- a change of tiers related to fuel consumption
- a change of emission factor values laid down in the emissions plan
- a change between calculation methods as laid down in Annex III of the Monitoring and Reporting Regulation
- the introduction of new source streams
- a change in the categorisation of source streams where a minor source stream changes to a major source stream
- changes in the status of the aircraft operator as a small emitter within the meaning of Article 54(1) of the Monitoring and Reporting Regulation

Significant changes to the tonne-kilometre data monitoring plan shall include:

- a change between a non-commercial and commercial status of the air transport service provided
- a change in the object (passengers, freight or mail) of the air-transport service

The application to vary must contain a description of the proposed change and set out whether and how it affects the information contained in the emissions plan and explain how the change is in accordance with the Monitoring and Reporting Regulation.

Applications for variations should be made as soon as required via ETSWAP.

4.4. Mergers and splits

You must notify your Regulator and the UK National Administrator within 10 working days if you have undergone a merger involving two or more aircraft operators or a split into two or more aircraft operators. This will enable your Regulator to advise if a variation to your emissions

plan is required, and the UK National Administrator to make any changes to the national allocation table.

In this context, the terms 'merger' and 'split' will be interpreted widely in the UK to include any split, merger, acquisition, consolidation or other transaction involving the transfer of the aviation business of an existing aircraft operator to another new or existing aircraft operator.

4.5. Transfer from/to another Member State

If you are a UK Administered Operator and do not perform an aviation activity in the UK during the first two years of Phase III, you will be reassigned to the Member State with the greatest proportion of attributable emissions during those two years. However, the transfer will not take place until the start of the following trading period (2021). You will continue to be a UK Administered Operator until the Commission list is updated.

5. I'm not happy with a decision, what should I do?

Generally, if you are dissatisfied for any reason with a decision by your Regulator, please discuss it with them first. In some cases, you may have a right of appeal which your Regulator will give you details about.

Please note, in the case of an appeal against:

- A decision by the Scottish Environment Protection Agency (SEPA), the appeal body is the Scottish Ministers.
- A decision by the chief inspector (Northern Ireland), the appeal body is the Planning Appeals Commission.
- Any other decision, the appeal body is the First-tier Tribunal.

If you are dissatisfied for any reason with your verifier, **please discuss it with them first**¹⁷. If you are still not satisfied, you should contact the relevant national accreditation body and also inform your Regulator.

¹⁷ Clause 5.9 Of EN ISO/IEC 17011 requires national accreditation bodies to allow the accredited verifier the opportunity to deal with complaints before the national accreditation body intervenes.

Glossary of terms for EU ETS

The table below contains the basic definitions of common terms used in EU ETS.

General Terms	
Accreditation and Verification Regulation (AVR)	Commission Regulation 600/2012 of 21 June 2012 on the verification of greenhouse gas emission reports and tonne-kilometre reports and the accreditation of verifiers pursuant to Directive 2003/87/EC of the European Parliament and of the Council Text with EEA relevance.
Allowance	An allowance to emit one tonne of carbon dioxide equivalent.
Annex I activity	An activity falling within the description in Annex I to the EU Directive.
AR	Authorised Representative for the Union Registry account.
AAR	Additional Authorised Representative for the Union Registry account.
Benchmarking plan	A monitoring and reporting plan for tonne kilometre data.
Civil penalty	Financial penalty relating to certain failures to comply with the UK Regulations.
CO ₂	Carbon dioxide.
CO ₂ e	Carbon dioxide equivalent.
ktCO ₂ pa	Kilotonnes of carbon dioxide per annum.
tCO ₂	Tonnes of CO ₂ .
DECC	Department of Energy and Climate Change.
EMS	Environmental Management System.
ETSWAP	Emissions Trading System Workflow Automation Program.
EUA	European Union Allowance.
EUAA	European Union Aviation Allowance.
EU ETS	European Union Emissions Trading System.
GHG	Greenhouse gas.
ISO	International Standards Organisation.

M and R Plan	Monitoring and Reporting Plan - methodology for monitoring and reporting emissions of CO ₂ .
Monitoring and Reporting Regulation (MRR)	Commission Regulation 601/2012 of 21 June 2012 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council.
Phase III	Third phase of the EU ETS, runs from 1 Jan 2013 to 31 Dec 2020.
Special reserve	Reserve of free allowances set aside for aircraft operators.
TKM or tonne kilometre plan	A tonne of payload carried a distance of one kilometre.
UK Aircraft Operator	Defined in the UK Regulations as a legal entity identified on the Commission list as administered by the UK that has performed a reduced scope aviation activity.
UK Regulations	The UK Greenhouse Gas Emissions Trading Scheme Regulations 2012 (as amended).
UKAS	United Kingdom Accreditation Service.
UNFCCC	United Nations Framework Convention on Climate Change.
Verifiers	Independent bodies accredited by the national accreditation body (e.g. UKAS) or certified by a national certification authority to carry out EU ETS verification.
Monitoring and Reporting Terms (simplified definitions)	
Activity data	Volume or mass of fuels/materials.
EF	Emission factor.
NCV	Net calorific value.
Source stream (de minimis)	Group of source streams jointly emitting <1,000 tonnes, or < 2% of total emissions (up to max of 20,000 tonnes).
Source stream (major)	Major fuels or materials used on site (defined as not being minor source streams).
Source stream (minor)	Group of source streams jointly emitting < 5,000 tonnes, or <10% of total emissions (or <100,000 tonnes).
Tier	A set requirement used for determining activity data, calculation factors, annual emission and annual average hourly emission, as well as for payload.

Appendix A: Flights covered under EU ETS for the period 2013 to 2016

EEA States:

Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom, Norway, Iceland, Liechtenstein. Basel-Mulhouse-Freiburg aerodrome (LFSB and LSZM) is located in French territory.

Territories of Member States which are part of the EEA:

Melilla, Ceuta (ES); Åland Islands (FI); Jan Mayen (NO); Gibraltar (UK).

Flights between aerodromes in these territories and any aerodrome in the EEA remain fully covered.

Flights between any aerodromes in the EEA and offshore installations of EEA countries that are outside territorial waters (e.g. oil and gas production or exploration platforms) also remain fully covered under the EU ETS.

Outermost Regions:

Canary Islands (ES); French Guiana; Guadeloupe; Martinique; Mayotte (from 2014); Réunion; Saint Martin (FR); Azores; Madeira (PT).

		Arriving to:		
		EEA States and territories of Member States (e.g. France or Melilla)	Outermost Regions of EEA States* (i.e. flights within the same region e.g. Canary Islands)	Croatia**
Departing from:				
EEA States and territories of Member States (e.g. UK or Gibraltar)				
Outermost Regions of EEA States* (i.e. flights within the same region e.g. Canary Islands)				
Croatia**				

Key:	
Reportable flights	
Non-reportable flights	

* Internal flights within Outermost Regions are included (i.e. Canary Islands to Canary Islands); however flights between Outermost Regions (e.g. Canary Islands to Madeira) are not included.

** Flights between Croatia and EEA States are fully included from 1 January 2013. Domestic flights within Croatia must be reported from 1 July 2013 to 31 December 2013, but with no surrender obligation for these emissions. Emissions from flights within Croatia are fully covered, with regards to reporting and surrendering from 1 January 2014.

It should also be noted that the following (overseas) countries and territories of Member States are **not part of the EEA**. Flights from aerodromes in the EEA to aerodromes in these countries and territories are therefore excluded from the EU ETS for 2013 to 2016.

DK	Greenland Faeroe Islands
FR	French Polynesia Mayotte (<i>until 2013; from 2014 Mayotte is considered an outermost region</i>) New Caledonia Saint Barthélemy Saint Pierre and Miquelon Wallis and Futuna
NL	Aruba Bonaire Saba Sint Eustatius Curaçao Sint Maarten
NO	Svalbard
UK	Anguilla Bermuda British Antarctic Territory British Indian Ocean Territory British Virgin Islands Cayman Islands Falkland Islands Bailiwick of Guernsey Isle of Man Jersey Montserrat Pitcairn, Henderson, Ducie and Oeno Islands Saint Helena Ascension and Tristan da Cunha South Georgia and the South Sandwich Islands Turks and Caicos Islands Akrotiri Dhekelia

Appendix B: Annex I of the EU ETS Directive relating to aviation

From 1 January 2012 all flights which arrive at or depart from an aerodrome situated in the territory of a Member State to which the Treaty applies shall be included (please also refer to [Appendix A](#)).

Activities	Greenhouse gases
<p>Flights which depart from or arrive in an aerodrome situated in the territory of a Member State to which the Treaty applies.</p> <p>This activity shall not include:</p> <ol style="list-style-type: none"> a) Flights performed exclusively for the transport, on official mission, of a reigning Monarch and his immediate family, Heads of State, Heads of Government and Government Ministers, of a country other than a Member State, where this is substantiated by an appropriate status indicator in the flight plan. b) Military flights performed by military aircraft and customs and police flights. c) Flights related to search and rescue, fire-fighting flights, humanitarian flights and emergency medical service flights authorised by the appropriate competent authority. d) Any flights performed exclusively under visual flight rules as defined in Annex 2 to the Chicago Convention. e) Flights terminating at the aerodrome from which the aircraft has taken off and during which no intermediate landing has been made. f) Training flights performed exclusively for the purpose of obtaining a licence, or a rating in the case of cockpit flight crew where this is substantiated by an appropriate remark in the flight plan provided that the flight does not serve for the transport of passengers and/or cargo or for the positioning or ferrying of the aircraft. g) Flights performed exclusively for the purpose of scientific research or for the purpose of checking, testing or certifying aircraft or equipment whether airborne or ground-based. h) Flights performed by aircraft with a certified maximum take-off mass of less than 5,700 kg. i) Flights performed in the framework of public service obligations imposed in accordance with Regulation (EEC) No 2408/92 on routes within outermost regions, as specified in Article 299(2) of the Treaty, or on routes where the capacity offered does not exceed 30,000 seats per year; and j) Flights which, but for this point, would fall within this activity, performed by a commercial air transport operator operating either: <ul style="list-style-type: none"> • fewer than 243 flights per period for three consecutive four-month periods, or • flights with total annual emissions lower than 10,000 tonnes per year <p>Flights performed exclusively for the transport, on official mission, of a</p>	<p>Carbon dioxide</p>

reigning Monarch and his immediate family, Heads of State, Heads of Government and Government Ministers, of a Member State may not be excluded under this point.

- k) From 1 January 2013 to 31 December 2020, flights which, but for this point, would fall within this activity, performed by a non-commercial aircraft operator operating flights with total annual emissions lower than 1,000 tonnes per year.

Appendix C: The Union Registry

What is the Union Registry?

Operational since January 2005, the registry system ensures the accurate accounting of all units (allowances) issued under the European Union Emissions Trading System (EU ETS).

The revised EU ETS Directive that was adopted in 2009 centralised the EU ETS operations into a single European Union Registry, hosted, maintained and operated by the Commission. The single Union Registry has replaced all EU ETS and Kyoto registries hosted in the Member States and covers all EU Member States as well as Norway, Iceland and Liechtenstein. Each Member State has its own National Administrator and national registry section within the Union Registry. The National Administrator for the UK is the Environment Agency.

The Union Registry is an online database that operates in much the same way as an internet bank account and records annual allowance allocations (if eligible), annual verified emissions, transaction history of unit transfers and the surrenders of allowances. The Union Registry is comprised of EU ETS Registries and Kyoto Registries. The Union Registry is mainly used for compliance and/or trading. General and aviation allowances may be traded between EU ETS Registry accounts. In addition to EU ETS general and aviation allowances, EU ETS Registry accounts may also hold Kyoto units which the European Commission has deemed eligible for use within the EU ETS. Each aircraft operator will have a limited number of eligible Kyoto units that they may exchange for EU ETS aviation allowances, which will be based on their verified emissions. Once the eligible Kyoto units have been exchanged, the resulting aviation allowances can be surrendered for compliance purposes.

Non-eligible Kyoto units can only be traded between Kyoto Registry accounts and cannot be used for EU ETS compliance or held within EU ETS part of the Union Registry. As such, there is a choice of account types depending on your circumstances and what you wish to do with your units.

What type of account must I have?

If you hold an approved emissions plan in the UK, you will be required to open and maintain an Aircraft Operator Holding Account (AOHA) in order to meet your EU ETS compliance obligations. The requirements for this application are set out on the Environment Agency's [website](#).

Each year you must enter your reportable emissions into your AOHA and have these approved by your verifier (or your Regulator if you are using the simplified procedure) by 31 March. General or aviation allowances equalling your verified or approved emissions must then be surrendered by 30 April each year.

If you have not entered your verifier (or Regulator) approved reportable emissions by 31 March, your AOHA will be blocked from 1 April. No processes may be initiated from blocked accounts, except surrendering allowances, entering verified emissions, and updating your account details.

Your AOHA will also allow you to receive your free allocation (if eligible) as well as acquire additional allowances through auctions that will take place throughout the year from a variety of sources (United Kingdom, Germany, the EU and Poland) or through the carbon market. You must have these allowances in your AOHA in time to meet your surrender obligations on 30 April each year. You should take into account the fact that it can take up to nine working days to complete the transfer of allowances. The supplier of your allowances will be able to confirm how long it will take to finalise the transaction.

You can also use your AOHA to transfer (trade) any surplus allowances to a third party. In order to be able to transfer allowances out of your AOHA to a third party, you must set up the third party

registry account as a 'Trusted Account'. This takes seven working days to complete. You cannot transfer allowances to an account that is not trusted.

Any proposed transfers out of your AOHA will be subject to a 26-hour delay before being finalised¹⁸. If you have appointed an Additional Authorised Representative (AAR) to your AOHA, their approval for the transaction will be required before the 26 hour delay is started. Please note, nominating Additional Authorised Representatives is optional. Surrender transactions are not subject to the 26 hour delay; however, they will require approval by a second Authorised Representative (or Additional Authorised Representative if one has been appointed).

The types of allowances that you can hold in your AOHA and surrender/trade are:

- General allowances: issued to operators of installations.
- Aviation allowances: issued to aircraft operators, or as a result of exchanging eligible Kyoto units (up to 1.5% of verified emissions).

An AOHA is set to excluded once your Regulator notifies the UK National Administrator that no reduced scope aviation activities took place in the previous calendar year. It will remain excluded until your Regulator notifies the UK National Administrator that reduced scope aviation activities have resumed. For the years where your AOHA is set to excluded, you will not be able to transfer allowances out of the account, enter verified emissions, exchange eligible Kyoto units or receive a free allocation. Updating account details and surrendering allowances will still be possible and you can receive allowances from a third party.

Other types of accounts?

Verifier account

This type of account must be opened by verifiers to enable them to approve reportable emissions entered into Aircraft Operator Holding Accounts. It is not possible to hold units or trade from this type of account.

Person Account in National Registry

Person Accounts in National Registry may only be used to trade in Kyoto units. You will need this account if you wish to receive units directly from the Clean Development Mechanism (CDM) Registry or, if you wish to trade in units that cannot be held in or used for compliance within the EU ETS Registry. This account cannot be used to meet your EU ETS compliance obligations.

Person Holding Account (PHA)

Person Holding Accounts may be used to trade general allowances, aviation allowances and Kyoto units. This account cannot be used to meet your EU ETS compliance obligations.

Trading Account

Trading Accounts may trade general allowances, aviation allowances and Kyoto units. This account has more flexibility than the Person Holding Account but it cannot be used to meet your EU ETS compliance obligations.

¹⁸ All transactions initiated by the Authorised Representative on an account (and any approvals of transactions made by Additional Authorised Representatives) must be confirmed using an SMS code sent to the user's mobile (cellular) phone. Irrespective of the time of day a transaction is initiated it will not be processed outside the hours of 10:00 and 16:00 CET/CEST. Most transactions will not complete until 26 hours after their processing has commenced.

Changes to allocation and recovery of allowances

Your Regulator will notify the UK National Administrator of any changes to your free allocation (if eligible) resulting from exclusions, mergers and splits. The UK National Administrator will then either make the changes or notify the Commission so that the Central Administrator may make the changes (as appropriate) to the annual free allocation entitlement for affected aircraft operators for each remaining year of Phase III.

Certain changes to the free allocation need to be approved by the European Commission before your Regulator will trigger the change process.

Allowances issued by mistake, or to aircraft operators that were not entitled to receive them must be returned to a Regulator account in the Union Registry.

Public information

Please be aware that certain information about Union Registry accounts is made available to the public under the requirements of the Kyoto Protocol and Registries Regulation on the [European Union Transaction Log \(EUTL\)](#).

The type of information that will be made public is:

- Information regarding open accounts and their Account Holders. Authorised Representative information is regarded as confidential and is not published.
- Joint Implementation (JI) information as conversions to Emissions Reduction Units (ERUs). Please note, this does not apply to the UK.
- Information regarding transactions, holding information, and legal organisations authorised to hold units. Detailed information regarding accounts, their holdings and transactions is regarded as confidential and is not published. Transactional information is only made public after three years on the EUTL.

Appendix D: List of quoted guidance and websites

The links below are those referred to in the main body of this guidance document.

Environment Agency	Website	https://www.gov.uk/government/policies/reducing-the-uk-s-greenhouse-gas-emissions-by-80-by-2050/supporting-pages/eu-emissions-trading-system-eu-ets Compliance manual website and information https://www.gov.uk/government/publications/aircraft-operator-guide-how-to-comply-with-phase-iii-of-the-eu-ets
	Fees and charges	https://www.gov.uk/government/collections/environment-agency-charging-schemes
	Sanctions	https://www.gov.uk/government/publications/environment-agency-enforcement-and-sanctions-statement
	Civil penalties	Part 7 of the UK Regulations https://www.gov.uk/eu-ets-legislation-and-research-publications
	Helpdesk	etaviationhelp@environment-agency.gov.uk
Scottish Environment Protection Agency	Website	http://www.sepa.org.uk/climate_change/solutions/eu_emissions_trading_system.aspx
	Fees and charges	http://www.sepa.org.uk/about_us/charging_schemes/current_charging_schemes.aspx
	Helpdesk	emission.trading@sepa.org.uk
Natural Resources Wales	Website	http://naturalresourceswales.gov.uk/splash?orig=/
Northern Ireland Environment Agency	Website	http://www.ni-environment.gov.uk/pollution-home/emissionstrading.htm
ETSWAP	Help	https://euets.environment-agency.gov.uk/Common/Help.aspx
	Login	https://euets.environment-agency.gov.uk/Authentication/Logon.aspx?ReturnUrl=%2fDefault.aspx
Registry	Website	https://www.gov.uk/eu-ets-open-etswap-and-registry-accounts-and-make-applications#eu-ets-opening-your-union-registry-account
	UK	https://ets-registry.webgate.ec.europa.eu/euregistry/GB/index.xhtml
	Helpdesk	etregistryhelp@environment-agency.gov.uk

	Auctioning	https://www.gov.uk/eu-ets-carbon-markets
	EUTL	http://ec.europa.eu/environment/ets/
Regulations and Guidance	UK	<p>UK Regulations https://www.gov.uk/eu-ets-legislation-and-research-publications</p> <p>Free allocations to UK Aircraft Operators https://www.gov.uk/participating-in-the-eu-ets#aviation-in-the-eu-ets</p> <p>Monitoring, Reporting and Verification (DECC website) https://www.gov.uk/eu-ets-monitoring-and-reporting</p> <p>United Kingdom Accreditation Service (UKAS) http://www.ukas.com</p> <p>Finding an accredited verifier in the UK on the DECC website https://www.gov.uk/participating-in-the-eu-ets?mm#phase-iii-compliance</p> <p>International Emissions Trading Association (IATA) http://www.iet.org/our-members</p>
	EU	<p>Regulation 421/2014?EC of the European Parliament and of the Council of 16 April 2014 amending Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community, in view of the implementation by 2020 of an international agreement applying a single global market-based measure to international aviation emissions http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2014.129.01.0001.01.ENG</p> <p>EU ETS Directive and revisions http://ec.europa.eu/clima/policies/ets/documentation_en.htm</p> <p>Commission Regulation (EU) No 606/2010 of 9 July 2010 on the approval of a simplified tool developed by the European organisation for air safety navigation (Eurocontrol) to estimate the fuel consumption of certain small emitting aircraft operators http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32010R0606</p> <p>Monitoring and Reporting Regulation and Accreditation and Verification Regulation and relevant Guidance Documents http://ec.europa.eu/clima/policies/ets/monitoring/documentation_en.htm</p> <p>Accreditation and Verification Regulation Explanatory Guidance III (EGD III) http://ec.europa.eu/clima/policies/ets/monitoring/documentation_en.htm</p> <p>Commission list http://ec.europa.eu/clima/policies/transport/aviation/operators/documentation_en.htm</p> <p>Contact the Commission http://ec.europa.eu/clima/policies/transport/aviation/operators/ind</p>

		<p>ex_en.htm</p> <p>Eurocontrol http://www.eurocontrol.int/</p> <p>Eurocontrol Support Facility http://www.eurocontrol.int/articles/ets-support-facility</p> <p>Eurocontrol small emitter tool http://www.eurocontrol.int/articles/small-emitters-tool</p> <p>Commission Decision on the detailed interpretation of the aviation activities listed in Annex I to Directive 2003/87/EC of the European Parliament and of the Council (2009/450/EC) http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:149:0069:0072:EN:PDF</p> <p>Free allocation and benchmarking http://ec.europa.eu/clima/policies/transport/aviation/allowances/index_en.htm</p> <p>Commission Decision of 26 September 2011 on benchmarks to allocate greenhouse gas emission allowances free of charge to aircraft operators pursuant to Article 3e of Directive 2003/87/EC of the European Parliament and of the Council http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:252:0020:0021:EN:PDF</p> <p>The Monitoring and Reporting Regulation – General guidance for aircraft operators http://ec.europa.eu/clima/policies/ets/monitoring/docs/gd2_guidance_aircraft_en.pdf</p> <p>Auctioning calendar http://ec.europa.eu/clima/news/news_archives_en.htm#REGULATORY</p> <p>Renewable Energy Directive http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32009L0028</p>
--	--	---

This document is produced in accordance with the [Code of Practice on Guidance on Regulation](#) produced by the [Department of Business and Innovation Skills](#), and will be reviewed by 31 December 2016.

We welcome any questions or comments about this guidance, or suggestions about how we could improve it. Please email us at etaviationhelp@environment-agency.gov.uk, phone us on 03708 506 506 or write to us at:

Environment Agency
National Customer Contact Centre
PO Box 544
Rotherham
S60 1BY

LIT 7591

NA/EAD/December 2015/V3