



Dear Sir/Madam

Aviation ETS. Compliance obligations in 2014.

Reference is made to the Proposal for a Directive of the European Parliament and of the Council 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.

Among other amendments, the aforementioned proposal foresees that, regarding 2013, emissions from flights operated to and from third countries are fully exempted from the EU ETS, while the EU ETS will continue to be enforced in full for the flights between airports in the European Economic Area (EEA), including flights to and from outermost regions.

The proposal establishes an extraordinary compliance cycle for 2013 aviation emissions to defer its deadlines for one year, so that they coincide with those for 2014 emissions. These emissions need to be reported by 31 March 2015 (separate reports to be submitted for each year) and allowances to be surrendered by 30 April 2015. Starting with emissions of 2015, the annual compliance cycle will resume. So, according to this proposal, **no compliance actions would be required in March/April 2014 regarding 2013 emissions.**

The Commission Proposal is co-decision legislation which requires approval by EU Member States and the European Parliament. This proposal is expected to be agreed between the European Parliament and the Council before 30 April 2014.

Nevertheless, we acknowledge that there is a risk that the co-decision procedure could eventually take more time than expected. In this regard, in a coordinated manner among the EU Commission and the EU Member States, we would like to clarify that, pending completion of the legislative process, it should not be expected that the Commission requires Member States to take enforcement activities against aircraft operators in respect of not having reported emissions before 31 March 2014 or surrendered allowances before 30 April 2014 with regard to flights operated in 2013, as stated by the Commission in its FAQ document about the proposal, that can be found on the website:

http://ec.europa.eu/clima/policies/transport/aviation/docs/faq_eraa_en.pdf

Please be also aware that no allowances will be issued in 2014 before the proposal is approved, as the new rules will require a recalculation of the free allocation, as well as of the amount of allowances to be auctioned, both for 2013 and for 2014 to 2020.

New communications may be sent after the completion of the legislative process, in order to provide further clarity and guidance regarding the new legal framework. The Commission will also regularly update the FAQ on its website.

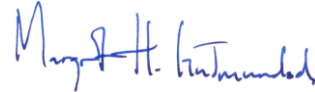
The Environment Agency of Iceland will inform you as soon as a decision has been made by the European Union. **While the situation is unclear, the EAI will not make use of any enforcement measures with regards to reporting and surrendering for the year 2013.**

If you have any questions, do not hesitate to contact us via: ets-aviation@ust.is

Yours sincerely,



Ólafur A. Jónsson
Director



Margrét H. Guðmundsdóttir
Advisor

