

**Sujet:** TEST - EU ETS Newsletter from VerifAvia  
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## ***EU ETS Newsletter from VerifAvia***



Attention

With a view to keeping you up-to-date about the EU ETS, please read below some important information and recommendations.

### ***The TK data was submitted to the EC***

On 30 June, all competent authorities submitted the TK data to the European Commission (EC). The EC will now aggregate the TK data and calculate the benchmark value that will allow you to determine the annual number of free allowances you will be entitled to. The EC is expected to publish the benchmark value on 30 September 2011.

### ***Estimate your Emissions shortfall***

We estimate the benchmark value to be between 0.0007 and 0.0009. If we call "Bench" the benchmark value and "TK" your reported TK data in 2010, this means that you will receive [Bench \* TK] allowances for free in 2012. Now in order to estimate your allowances shortfall, you will need to estimate your 2012 emissions (equal to [2010 reported emissions \* (1 + growth rate)] or [most recent 12 months emissions \* (1 + growth rate)]), and deduct the number of free allowances. Please be informed that the current price of a carbon allowance is approximately 12.3€ as of July 18, 2011.

### ***Think about budgeting, pricing and revenue management [airlines only]***

We remind you that the real thing will start on 1 January 2012. This means that starting from this date, each tonne of CO<sub>2</sub> on your EU ETS flights will need to be offset by a carbon credit. Some or all of the cost of carbon will need to be passed on to the customer. The 'cost pass-through rate' should depend on the competitive environment, price elasticity and general pricing strategy. Although the carbon credits will need to be surrendered in April 2013 for the first time, it may be better to integrate the cost of EU ETS in the 2012 budget. We strongly recommend you involve your Financial Department and your Pricing & Revenue Management Department as soon as possible.

### ***Think about carbon trading [airlines only for the moment]***

The shortfall of carbon credits will need to be purchased through auctioning or on the carbon markets. There are several carbon credits available: EUAA, EUA, CER and ERU. You can buy Spots (immediate delivery), Futures (generally December delivery) or more sophisticated financial products such as forwards, options and swaps. It might be helpful if you set up a carbon trading strategy and establish a carbon trading desk internally or work with a brokerage firm. We strongly recommend you involve your Financial Department and other departments as soon as possible. We will get back to you in September with more information about carbon trading.

### ***Make sure to register with Eurocontrol to get your invoices online***

If you are not already a subscriber of CEFA (CRCO Extranet for Airspace users), we suggest you should request access to CEFA as soon as possible by writing to [r3.crco@eurocontrol.int](mailto:r3.crco@eurocontrol.int). The online access to your Eurocontrol invoices will make the verification process easier next time. More information on [http://www.eurocontrol.int/crco/public/standard\\_page/cefa\\_presentation.html](http://www.eurocontrol.int/crco/public/standard_page/cefa_presentation.html).

There is no additional cost from Eurocontrol to obtain invoices online. Also, if you request the 'Excel macros', you will be able to use Excel to match your flights in the Eurocontrol invoices with flights included in your operations database. This means you will be able to automate the 'Eurocontrol invoice cross-check', an important EU ETS control activity. This will be especially helpful for large emitters with many flights that were previously checked manually or not at all.

### ***Help Eurocontrol to improve the accuracy of the 'small emitters tool'***

Eurocontrol launched a project to improve some Aircraft Types models and Fuel Consumption estimates in the 'small emitters tool'. If you would like to help Eurocontrol by providing some actual fuel consumption data, please

check [http://www.eurocontrol.int/environment/public/standard\\_page/small\\_emitters.html](http://www.eurocontrol.int/environment/public/standard_page/small_emitters.html). For any details or request of information on the process or on the data submission please send an email to [antonio.astorino@eurocontrol.int](mailto:antonio.astorino@eurocontrol.int).

If you are a large emitter and use the 'small emitters tool' for data gaps, it is in your interest to compare the output of the 'small emitters tool' with your internal fuel consumption calculations. If you notice any large discrepancies, you should contact Eurocontrol. Also, you might want to consider changing your Annual Emissions Monitoring Plan data gap procedure if the 'small emitters tool' overestimates your CO2. Otherwise, you might pay higher CO2 emissions charges.

### ***Update your monitoring plans***

In case of a change in your procedures to monitor and report the Annual Emissions, we strongly suggest you update your monitoring plans and request approval by the Competent Authority. In particular, please check your verification statement (non-conformities and recommendations) for any recommendations to update your monitoring plan. We recommend you to read carefully the verification statement (non-conformities and recommendations) in order to implement any recommendation or correct any non-conformity your EU ETS Lead Auditor might have identified.

Even if there are none in the verification statement, you are required to update your monitoring plan if your implemented procedures are different to the approved procedures contained in your approved monitoring plan.

### ***Perform quality control activities [big emitters only]***

You should not wait until 2012 to control the quality of your EU ETS data. We recommend you to perform monthly or quarterly control activities on your raw EU ETS data. We also recommend you to prepare your Annual Emissions report monthly or quarterly as part of your control activities. This regular control process will give you time to identify and correct any potential problem with the data, or any issue with the monitoring procedures. This will make the reporting and verification process smoother and avoid any last minute work overload just before the March 31 deadline.

If you have any question, please don't hesitate to ask your EU ETS Lead Auditor. I am also personally available at anytime for any question or remark.

Thank you again for selecting VerifAvia as your EU ETS verifier. We look forward to working with you again for the verification of your 2011 Annual Emissions report!

On behalf of the VerifAvia team,  
Gary, Ivan, Nicolas, Stefan and Tobias,

**Julien Dufour**  
**CEO, VerifAvia (UK) Ltd & VerifAvia SARL**

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