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Cc: Lindsey Oliver
Subject: EMISSIONS TRADING SCHEME UPDATE

Dear Member

Emissions trading Scheme update

As of 17th February 2010, the UK Department for Transport confirmed that 269 operators' ETS Emissions Plans are now approved, with another 100 in work. 174 operators have formally been exempted, mostly commercial operators under 10,000 tonnes CO2 per year, with another 10 in work. From the total UK list of 894 operators, this leaves 341 (38%) unaccounted for and potentially not in compliance with this mandatory element of the ETS scheme. Not surprisingly, though, the 38% of 'missing' operators accounts for less than 1% of the UK's aviation emissions included in the scope of ETS, which underlines the issues we have raised from Day One about the workability of the scheme, especially for small foreign operators. We continue to press the European Commission in conjunction with the EBAA to increase the de minimis provisions so that more small emitters are exempted from the scheme.

Registration figures for the optional Benchmarking element of ETS registration, which enables operators to claim any free allowances they may be entitled to, are doing better with 163 operators' plans approved, and another 75 in work. This represents about 65% of the operators who have registered for the scheme.

BBGA's advice continues to be that if you are on any Member State's ETS list, as published by the Commission, do get in touch with the regulator in the country to which you are assigned as soon as possible. We can help identify contact names and numbers if necessary – just email our office at info@bbga.aero.

The development of the long-awaited PAGODA system, which will be used by small emitters to estimate fuel burn and hence CO2 emissions, is now being delayed further while EU Member States' resolve how to fund the staggering £1M+ 'development' costs (for a system which EuroControl said a year ago didn't need further development), and the ongoing annual fees (£TBA). There are basically three funding options on the table for the development work:

- 1) Member States share the total cost pro rata by the number of operators registered in their country (the UK's preference);
- 2) Member States share the total cost pro rata by the quantity of emissions;
- 3) The European Commission pays for it (unlikely!)

Nonetheless, the UK DfT is confidently predicting that the tool will be completed in time for small operators to comply with the 'simplified method' of reporting emissions, and are hopeful that the additional development of PAGODA will enable small emitters to comply with the ETS scheme without expensive (and unresourced) verification visits. Watch this space for further updates!

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