



Brussels, 01 MARS 2018

MOVE.DDG2.E/IB/rd

The Secretary General
International Civil Aviation Organization
999 Robert Bourassa Boulevard
Montréal, Quebec
Canada, H3C 5H7
Email : officeenv@icao.int

Subject: State Letter AN 1/17.14 – 17/129: Agreement with comments

Dear Secretary General,

Thank you for your letter of 5 December 2017 with reference AN 1/17.14 – 17/129 inviting comments on the Proposal for the First Edition of Annex 16, Volume IV, concerning Standards and Recommended Practices relating to the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

The European Union welcomes progress made in implementing Assembly Resolution 39-3 and supports the Package Proposal which reflects the consensus achieved at the 212th Council session, as recorded in C-DEC 212/7. The European Union welcomes that ICAO's Global Market-Based Mechanism, CORSIA, is being put in place to start in 2019 with offsetting beginning as of 2021 and underlines that effective rules and implementation are critical in order to ensure that CORSIA delivers on its objectives.

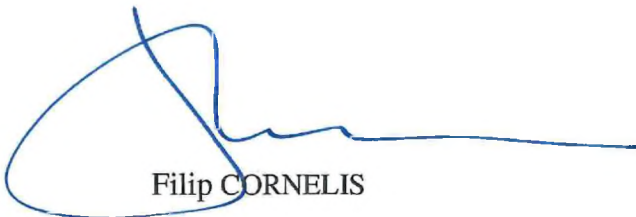
The European Union compliments the hard work that has gone into the drafting of this proposal. EU Member States and the European Union have been fully committed to assisting this process, along with experts in the European Aviation Safety Agency and EUROCONTROL. This Proposal represents a delicate compromise between all involved in its elaboration through CAEP and its respective working groups, through the Advisory Group on CORSIA and the Air Navigation Commission, and of the ICAO Council, where the European Union has shown significant flexibility so far.

The European Union, like other States and stakeholders, is not completely satisfied with the different elements. Nevertheless, in the interest of reaching and maintaining agreement, the European Union endorses the consensus achieved at the 212th Council session, as recorded in C-DEC 212/7, and strongly urges the adoption of the Proposal without further amendment. Any attempts to weaken key elements of the package, notably on Emissions Unit Eligibility Criteria, transparency and Sustainability Criteria for Alternative Fuels, all of them critical to CORSIA's environmental effectiveness and uniform application, would be strongly opposed. In the case that discussions on the CORSIA Package are re-opened, the European Union would like to raise the comments attached to this letter, which would improve the environmental performance of the scheme. These are consistent with the positions that have consistently been taken by the European States. The European Union recalls that 44 of the 73 States that have volunteered to join CORSIA from the start are States of the European Civil Aviation Convention (ECAC).

Finally, the European Union expresses its willingness to swiftly move towards the implementation of CORSIA on the basis of the proposal circulated and follow-up work that will remain to be completed in due time so as to enable an effective implementation. In this respect, the European Union would like to remind that work has to be finalised on a number of issues, including on registries, on eligible emission units or, as recorded in C-DEC 212/7, on further Sustainability Criteria themes, which need to be adopted before the end of the pilot phase. The outcome of these discussions is considered by the European Union as key for the environmental integrity of CORSIA.

I would wish to thank you once again for taking note of this position.

Please accept, Secretary-General, the assurances of my highest consideration,

A handwritten signature in blue ink, consisting of a large, stylized loop followed by a horizontal line.

Filip CORNELIS

Director

I. ATTACHMENT B TO STATE LETTER AN 1/17.14 – 17/129

Agreement with comments

Comments:

1. Effective and uniform application of CORSIA

Emission unit eligibility criteria and sustainability criteria for eligibility of sustainable aviation fuels contained in the Implementation Elements are critical to CORSIA's environmental integrity, effectiveness and uniform application, and thus the overall credibility of the scheme. It is understood that these criteria are legally binding.

Their integrity is to be maintained for an effective functioning of the scheme. There should be no discretion or exception in their application in order to guarantee legal certainty and a level playing field between States and Aeroplane Operators.

Proposed text:

Annex 16 Vol. IV	Current text	Proposed text
Part II. Chapter 1. Administration, Note 2.	The ICAO documents referred to in this Volume of Annex 16 and listed below are material approved by the Council for publication by ICAO to support this Volume and are essential to the implementation of the CORSIA. These documents are available on the ICAO CORSIA website and may only be amended by the Council.	The ICAO documents referred to in this Volume of Annex 16 and listed below are material approved by the Council for publication by ICAO to support this Volume and are essential to the implementation of the CORSIA. <u>Their use is mandatory where this Volume of Annex 16 requires their application.</u> These documents are available on the ICAO CORSIA website and may only be amended by the Council.

2. Eligible emission units

Emission units eligibility criteria

CORSIA will be effective only if the growth of aviation emissions from 2020 is effectively compensated by projects on the ground generating emission units that represent real, additional, permanent and verified reductions of greenhouse gases that are accounted for only once towards any climate mitigation obligation or voluntary action. The quality and integrity of emission units is critical to CORSIA environmental added-value and credibility.

The full application of Emissions Unit Eligibility Criteria as defined in the current draft Implementation Elements is a necessary and a first condition for the quality and integrity of eligible emission units. In accordance with Assembly Resolution A39-3, paragraph 20(c)¹, the Emissions Unit Eligibility Criteria must be legally binding in full and consistently applied. There should not be any discretion or exception in the application of the Emission Unit Eligibility Criteria. Emissions Unit Eligibility Criteria needs to be subject to a robust and transparent governance process for changes to them in line with Assembly resolution paragraph 20(e).

Only emission units that meet all CORSIA Emissions Unit Eligibility Criteria as defined in the current draft Implementation Elements would be eligible under CORSIA. The eligibility of UNFCCC credits must also be conditional to those credits fulfilling CORSIA Emission Unit Eligibility Criteria and, as agreed in the Assembly Resolution A39-3, vintages should be defined.

Vintages

Before becoming operational, the SARPs and the Implementation Elements should also provide certainty on the unit vintages, also known as eligibility dates (i.e. dates / periods to which emission reductions are referenced which are acceptable/eligible under the scheme). Unit vintage eligibility is essential information for operators to properly prepare for the implementation of CORSIA, otherwise they risk purchasing units that may ultimately not be eligible.

CORSIA has only an environmental added value compared to a scenario without CORSIA if it leads to the generation of additional emission reductions. Emission reductions that have already been achieved prior to agreement by the ICAO Assembly on the CORSIA Resolution would have been generated even in the absence of CORSIA. Therefore, only emissions units that originate from projects with a start date after the CORSIA Resolution, namely after 31 December 2016, should be admissible under CORSIA.

¹ 20. (c) the Council to develop, with the technical contribution of CAEP, the SARPs and related guidance material for Emissions Unit Criteria (EUC) to support the purchase of appropriate emissions units by aircraft operators under the scheme, taking into account relevant developments in the UNFCCC and Article 6 of the Paris Agreement, for adoption by the Council as soon as possible but not later than 2018

Proposed text (EUC and vintages)

Annex 16 Vol. IV	Current text	Proposed text
<p>Part II. Chapter 4. Emission units, 4.2 Cancelling CORSIA Eligible Emissions Units, paragraph 4.2.1</p>	<p>The aeroplane operator shall meet its offsetting requirements according to 3.4.4, as calculated by the State to which it is attributed, by cancelling CORSIA Eligible Emissions Units in a quantity equal to the sum of its final offsetting requirements for a given compliance period (i.e., FOR_c). The CORSIA Eligible Emissions Units are only those units described in the ICAO document entitled "CORSIA Eligible Emissions Units", which meet the CORSIA Emissions Unit Eligibility Criteria contained in the ICAO document entitled "CORSIA Emissions Unit Eligibility Criteria". These ICAO documents are available on the ICAO CORSIA website.</p>	<p>The aeroplane operator shall meet its offsetting requirements according to 3.4.4, as calculated by the State to which it is attributed, by cancelling CORSIA Eligible Emissions Units in a quantity equal to the sum of its final offsetting requirements for a given compliance period (i.e., FOR_c). <u>The CORSIA Eligible Emissions Units shall represent real, additional, permanent and verified reductions of greenhouses gases, that are accounted for only once towards any climate mitigation obligation or voluntary action, and are generated from projects which started after 31st December 2016.</u> The CORSIA Eligible Emissions Units are only those units described in the ICAO document entitled "CORSIA Eligible Emissions Units", which meet the CORSIA Emissions Unit Eligibility Criteria contained in the ICAO document entitled "CORSIA Emissions Unit Eligibility Criteria". These ICAO documents are available on the ICAO CORSIA website.</p>

3. Sustainable Aviation Fuels

Sustainability criteria are essential to CORSIA's environmental integrity when accounting for the use of Sustainable Aviation Fuels under the CORSIA. Only alternative fuels with significant emission reductions compared to conventional jet fuels and which do not create other negative environmental, social and economic impacts, may be eligible for claiming emissions reductions under the CORSIA.

Sustainability criteria related to themes 1 and 2 are critical to ensure that alternative fuels used by aeroplane operators do not have negative climate change impacts. However, criteria related to themes one and two are not sufficient to ensure environmental integrity and sustainability of aviation alternative fuels. In accordance with ICAO 212th Council decision, CAEP should continue to review SARPs provisions relating to the use of Sustainable Aviation Fuels in the CAEP/11 and CAEP/12 cycles, with the objective of recommending enhanced sustainability criteria to the ICAO Council as soon as possible and, in any case, before the end of the 2023.

A clear signal should be sent to markets so that only truly sustainable alternative fuels will be developed. When the ICAO CORSIA sustainability criteria are complemented and updated, compliance of all sustainable aviation fuels with the additional criteria should be required and certified from no later than 1st January 2024.

Proposed text:

Annex 16 Vol. IV	Current text	Proposed text
Part I. Chapter 1. Definitions	Sustainable aviation fuel. An aviation alternative fuel that meets the CORSIA Sustainability criteria under this Volume.	Sustainable aviation fuel. An aviation alternative fuel that meets the CORSIA Sustainability Criteria <u>as defined within the ICAO document entitled, "CORSIA Sustainability Criteria for Sustainable Aviation Fuels" that is available on the ICAO CORSIA website.</u>
Part II. Chapter 2. Monitoring, reporting and verification (MRV) of aeroplane operator annual CO ₂ emissions, 2.2 Monitoring of CO ₂ emissions, 2.2.4 Monitoring of sustainable aviation fuels claims, paragraph 2.2.4.1	The aeroplane operator that intends to claim for emissions reductions from the use of sustainable aviation fuels shall use a sustainable aviation fuel that meets the CORSIA Sustainability Criteria as defined within the ICAO document entitled, "CORSIA Sustainability Criteria for Sustainable Aviation Fuels" that is available on the ICAO CORSIA website.	The aeroplane operator that intends to claim for emissions reductions from the use of sustainable aviation fuels shall use a sustainable aviation fuel that meets the CORSIA Sustainability Criteria as defined within the ICAO document entitled, "CORSIA Sustainability Criteria for Sustainable Aviation Fuels" that is available on the ICAO CORSIA website.

		<p><u>Note. – Additional CORSIA sustainability criteria, as well as enhanced monitoring, verification and reporting requirements for the calculation of emission reductions that can be claimed from the use of sustainable aviation fuels during the period 1 January 2024 to 31 December 2035 will be determined by ICAO Council, with the technical contribution of CAEP.</u></p>
--	--	--

4. Third-party verification

Third Party verification in accordance with an internationally recognised standard is key to the effectiveness of CORSIA. Third Party verification alleviates the administrative burden on States and ensures a level- playing field. Third Party verification of emission reports ensures that offsetting obligations are determined on an accurate basis and Third Party verification of reports on cancellation of emissions units ensures that offsetting obligations are effectively met.

II. VOLUNTARY RESPONSE FORM FOR STATES WISHING TO COMMENT ON THE DRAFT ICAO CORSIA IMPLEMENTATION ELEMENTS

Comments on the draft ICAO CORSIA Implementation Elements:

Application of ICAO CORSIA Implementation Elements directly referenced in Volume IV of Annex 16 and required in the implementation of the SARPs must be mandatory in order to guarantee CORSIA's uniform application and effectiveness in terms of meeting its environmental objectives. As a matter of legal certainty, this reference must be clear and unequivocal also in ICAO CORSIA Implementation Elements.

Proposed text:

	Current text	Proposed text
First paragraphs of section 2.1, section 2.2, section 2.3, section 2.4, section 2.5	"reflected"	replace by the word " <u>included</u> "

1. CORSIA Eligible Emission units

Quality of the emissions units used for compliance with offsetting requirements under CORSIA is determined by the Emissions Unit Eligibility Criteria which define the key principles for the eligibility of units.

Emission unit eligibility criteria are a core element of the CORSIA and their specific wording, as originally developed and recommended to the ICAO Council by the ICAO CAEP, must remain unchanged.

2. Use of Sustainable Aviation Fuels under the CORSIA

Sustainability criteria are essential to the environmental integrity when accounting for the use of Sustainable Aviation Fuels under the CORSIA. The importance of sustainability criteria is recognised in Article 2 of the Declaration of the ICAO CAAF/2 conference. Only alternative fuels with emission reductions compared to conventional jet fuels and which do not create other negative environmental, social and economic impacts, may be eligible for claiming emissions reductions under the CORSIA.

Sustainability criteria related to themes 1 and 2 are critical to ensure that alternative fuels used by aeroplane operators do not have negative climate change impacts and compliance should be certified by independent sustainability certification schemes meeting strict eligibility requirements. However, criteria related to themes 1 and 2 are not sufficient to ensure CORSIA environmental integrity and sustainability of aviation alternative fuels. The sustainability criteria must be enhanced as soon as possible and in any case by the end of the pilot phase to ensure that the production and use of alternative aviation fuels is sustainable on a large scale. In line with United Nations Sustainable Development Goals, Sustainable Aviation Fuels should meet Sustainability criteria that take into account all aspects of

sustainability. This includes environmental, social and economic criteria. With respect to the environmental criteria a range of aspects should be covered, including water use, soil quality and biodiversity.

A precautionary approach should apply ensuring that GHG benefits can only be claimed for alternative fuels which we can be confident deliver significant emission reductions compared to conventional jet fuels. The addition of CORSIA Default life cycle Emissions values for Sustainable Aviation Fuels with material land use impacts requires careful consideration on the basis of robust data and must properly account for uncertainties. In particular, emissions associated with induced land use change (ILUC) are subject to high levels of uncertainty and it will be important to reflect this uncertainty in CORSIA. Moreover, the completion of a robust LCA methodology is critical to CORSIA environmental integrity. The methodology must be reviewed on a regular basis to ensure it reflects the best available scientific evidence.

3. CORSIA Central Registry

Public access to information on CORSIA functioning is central to its credibility, its environmental integrity and level-playing-field between operators. The CORSIA Central Registry should provide information accessible to the public for each Aeroplane Operator on the offsetting obligations and the extent to which these obligations have been met.

Proposed text:

ICAO CORSIA Implementation Elements	Current text	Proposed text
2.5.2 CORSIA Central Registry (CCR): Information and Data for Transparency	<p>The information will include: [...]</p> <p>For each Aeroplane Operator:</p> <ul style="list-style-type: none"> o Aeroplane Operator name, o State in which Aeroplane Operator is attributed, o Reporting year, o Total annual CO₂ emissions, o Total annual CO₂ emissions for State pairs subject to offsetting requirements i.e. Annex 16 Volume IV Chapter 3, 3.1, o Total annual CO₂ emissions for State pairs that are not subject to offsetting requirements. <p>[...]</p>	<p>The information will include: [...]</p> <p>For each Aeroplane Operator: o</p> <ul style="list-style-type: none"> Aeroplane Operator name, o State in which Aeroplane Operator is attributed, o Reporting year, o Total annual CO₂ emissions, o Total annual CO₂ emissions for State pairs subject to offsetting requirements i.e. Annex 16 Volume IV Chapter 3, 3.1, o Total annual CO₂ emissions for State pairs that are not subject to offsetting requirements. o <u>Total final offsetting requirements over the compliance period;</u> o <u>Total quantity of emissions units cancelled over the compliance period to reconcile the total final offsetting requirements;</u> o <u>Consolidated identifying information for cancelled emissions units included in Field 5 of Table A5-7.</u> <p>[...]</p>
