

# Ready for take off?\*

## Emissions Trading in the aviation sector

The European Commission has put forward a proposal to extend the reach of the EU Emissions Trading Scheme (EU ETS) by targeting the CO<sub>2</sub> emissions of aircrafts. The European Parliament (EP) looks to be receptive to the proposal. On 13 November 2007 it adopted a modified Commission proposal at first reading with a broad majority. The Council of Ministers is scheduled to discuss the proposal on 20 December 2007, followed by a second reading in the EP.



### Setting the Scene

All aircraft operators flying to and from an airport in the EU need to take action now. To be ready for take-off, planning for the EU ETS, both strategically and at an operational level, should already be underway. Changes will be required across the full range of activities in the organisation. The clock is already ticking: the year beginning 1 January 2008 may mark an important benchmarking period for the allocation of emissions credits.

Emissions reporting is slated to ramp up in January 2010; and in 2011 all operators will probably be required to document full compliance with the scheme.

### Are you prepared?

Aircraft operators need to treat their inclusion in the EU ETS as a strategic business issue rather than merely a matter of environmental compliance. Our research indicates that aircraft operators are still far from being fully prepared.

Three main issues should be at the top of your agenda now:

1. Climate change readiness - companies need to assess possible risks to their organisation
2. Carbon business impact - companies need to perform a systematic review of the overall impact of the new scheme on their business
3. Allocation monitoring & verification - companies need to ensure that effective systems are in place to meet obligations in the allocation phase of the scheme planned for 2008

*'All aircraft operators flying to/from the EU need to take action now to be ready for the proposed allocation phase in 2008.'*

## Our service offering

PricewaterhouseCoopers leverages environmental, corporate finance, tax and assurance expertise to devise global sustainability solutions that enhance shareholder value. Drawing on our deep experience in the aviation industry, we also bring an industry perspective to support aircraft operators in meeting the challenges posed by the EU ETS.

### Carbon Health Check

We help companies systematically identify and evaluate the risks presented by climate change and emissions trading, and to develop effective risk management measures in the context of an often fluid and uncertain external environment. Our services range from a Carbon Health Check to more detailed reviews assistance with implementation. The Health Check consists of a high-level review of 12 focus areas (including regulatory, accounting, tax, legal, monitoring, IT etc.).

### Carbon Business Impact Assessment

We help clients analyse carbon markets and policy developments and integrate climate-change challenges and opportunities into their corporate strategy and plans. We can help with scenario planning, market analysis and commercial, regulatory and environmental strategy development.

### Allocation monitoring & verification

The initial allocation process will already require robust data management systems and quality control over reported information. We help our clients establish greenhouse gas inventories to meet emerging international best practice. In addition, we provide external assurance of the accuracy and reliability of greenhouse gas data, both within international emissions trading regimes and within the context of sustainability reporting.

Other services include carbon finance and transactions and CDM and JI project design and development.

Download our report 'Ready for take-off?\*' from the PwC website:

[www.pwc.com/aviationETS](http://www.pwc.com/aviationETS)

Transportation & Logistics  
Climate Change Services

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The inclusion of aircraft operators in the EU Emissions Trading Scheme



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