

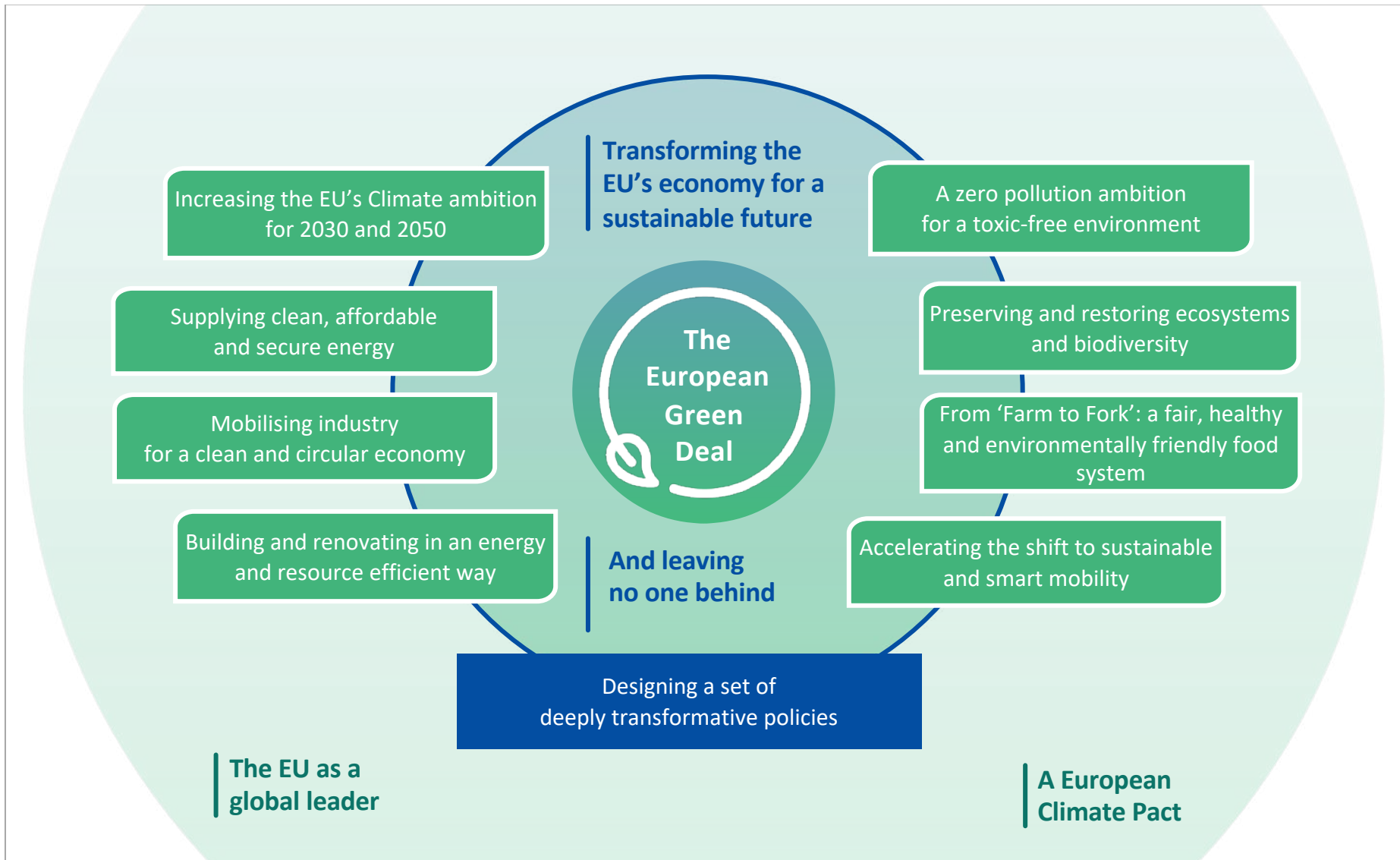


ISCC Stakeholder Meeting  
"Decarbonisation of the Aviation Sector"  
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# CORSIA and SAF: EU perspective

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# The European Green Deal



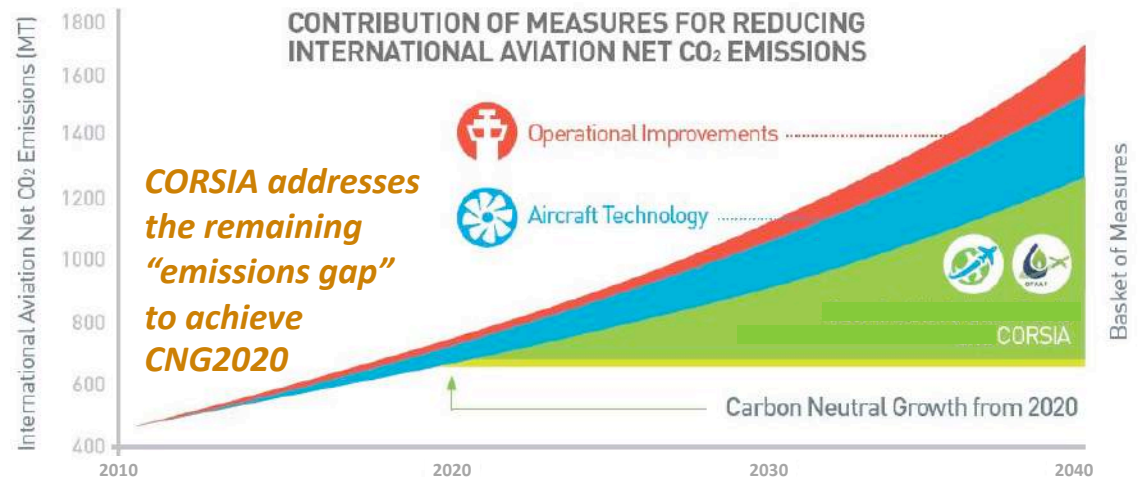


# CORSIA

To achieve ICAO's global aspirational goal of carbon neutral growth from 2020 (CNG 2020), CORSIA is one complementary element in the basket of measures of the State Action Plan to:

- aircraft technology
- operational improvements
- sustainable aviation fuels

Adopted through Assembly Resolution 39-3 and is the **first global MBM scheme** for any industry sector



## CORSIA Timeline

- First Edition of ICAO Annex 16 Volume IV “CORSIA” entered into force on 22nd October 2018
- MRV-requirements became applicable on 1st January 2019
- Offsetting/SAF use requirements will become applicable on 1st January 2021



## CORSIA's phased implementation

- Participation of States in the pilot phase (2021 to 2023) and first phase (2024 to 2026) is voluntary as regards offsetting requirements.
- For the second phase from 2027 to 2035, all States are required to comply with offsetting requirements.



# SAF and Sustainable Aviation Fuels

- Airlines can reduce their offsetting requirements by claiming emissions reductions from CORSIA Eligible Fuels (CEF)
- At the end of each compliance period, the State deducts the emissions savings achieved by the CEF from the total offsetting requirements,





# CORSIA and Sustainable Aviation Fuels

- **Sustainable aviation fuels** (SAF - renewables and waste derived fuels) OR **lower carbon aviation fuels** (LCAF – fossil based fuels)
- To be eligible, SAF have to meet sustainability criteria. For the pilot phase, 3 criteria have been agreed. Europe is in favour of a full set of 12 criteria to apply beyond 2023.
- LCAF are currently not eligible under CORSIA, since no sustainability framework exists yet.



## International commitment to CORSIA

- To date, 88 States representing more than 76% of international aviation emissions will volunteer from CORSIA pilot phase.
- The BRICs have not yet announced when/if they will volunteer too.
- 45 European States have committed to participate voluntarily in CORSIA from its outset.







## 81 States intend to voluntarily participate in CORSIA from 2021

Albania	Estonia	Lithuania	Republic of Moldova
Armenia	Finland	Luxembourg	Romania
Australia	France	Malaysia	San Marino
Austria	Gabon	Malta	Saudi Arabia
Azerbaijan	Georgia	Marshall Islands	Serbia
Belgium	Germany	Mexico	Singapore
Bosnia and Herzegovina	Ghana	Monaco	Slovakia
Botswana	Greece	Montenegro	Slovenia
Bulgaria	Guatemala	Namibia	Spain
Burkina Faso	Guyana	Netherlands	Sweden
Cameroon	Hungary	New Zealand	Switzerland
Canada	Iceland	Nigeria	Thailand
Costa Rica	Indonesia	North Macedonia	Turkey
Croatia	Ireland	Norway	Uganda
Cyprus	Israel	Papua New Guinea	Ukraine
Czechia	Italy	Philippines	United Arab Emirates
Democratic Republic of the Congo	Jamaica	Poland	United Kingdom
Denmark	Japan	Portugal	United Republic of Tanzania
Dominican Republic	Kenya	Qatar	United States
El Salvador	Latvia	Republic of Korea	Zambia
Equatorial Guinea			





Photo: ICAO

## **COVID-19!** (CORSA Decision June 2020)

- During the pilot phase (2021-23), 2019 emissions shall be used instead of 2020 emissions, for
  - Baseline
  - Option for calculation of offsetting requirements
  - New entrants threshold
- Consider amendments by the 41<sup>st</sup> Assembly (in 2022) to Resolution A40-19 to also use only 2019 emissions beyond the pilot phase.
- The first review of CORSIA to also examine COVID-19 impacts on CORSIA's implementation phases, growth factors etc.



# Implementing CORSIA through the EU ETS

- 1<sup>st</sup> step completed: appropriate provisions are now in 3 pieces of binding EU-wide legislation:
  - Implementing Regulation (EU) 2018/2066 on Monitoring and Reporting
  - Implementing Regulation (EU) 2018/2067 on the verification of greenhouse gas emission reports and accreditation of verifiers
  - Delegated Regulation (EU) 2019/1603 as regards monitoring, reporting and verification for CORSIA

Difference to ICAO CORSIA SARP adopted in November 2018 to avoid EU law being superseded

# Implementing CORSIA through the EU ETS

The Commission shall report to the European Parliament and the Council on ways to implement CORSIA in EU law through a revision of the EU ETS.

The report shall look at, *inter alia*:

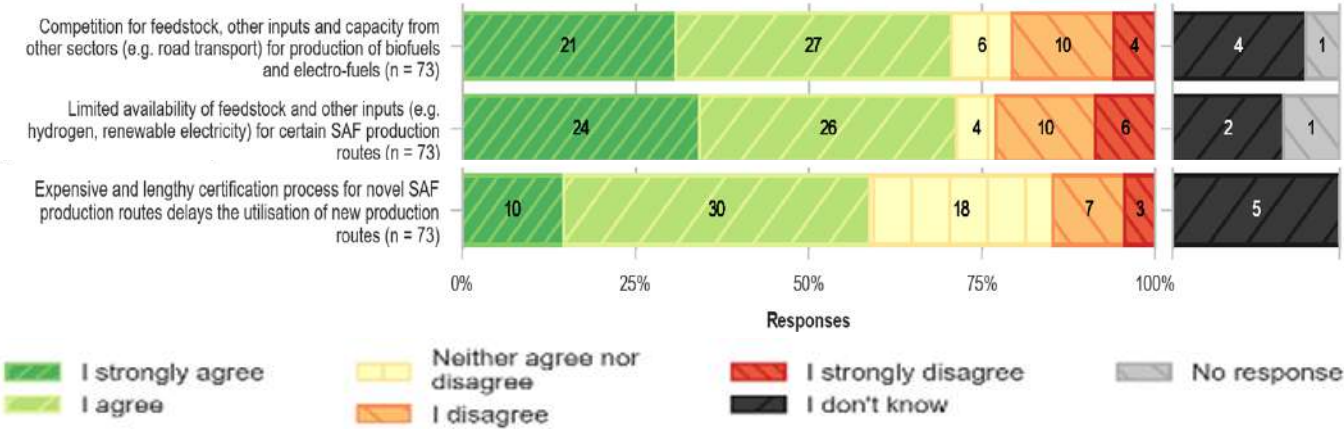
- level of participation in CORSIA,
- enforceability,
- transparency,
- penalties for non-compliance,
- environmental integrity,
- quality of offset credits,
- Monitoring Reporting and Verification,
- rules for biofuels.



**Driver 1: Production is limited by the availability of feedstock, raw materials and resources**

- Stakeholders largely agree that limited **availability of and competition for feedstock** are constraining factors
- **Lengthy and costly fuel certification process** are also seen as a problem predominantly impacting new entrants to the market

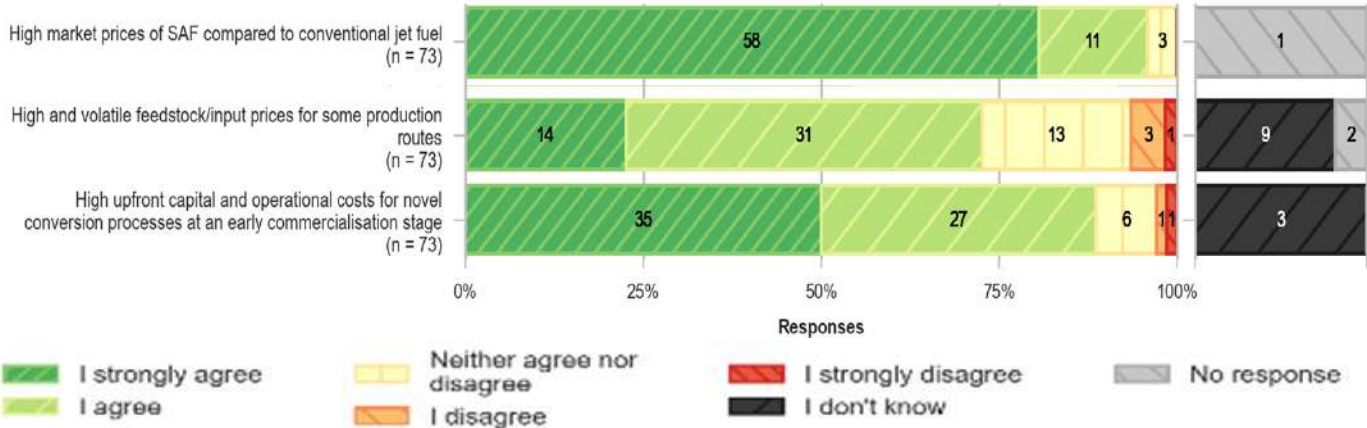
**To what extent do you agree or disagree that the following issues have contributed to the current challenges for production and uptake of SAF?**



**Driver 2: High upfront capital and operational costs for SAF production**

- Stakeholders largely agree that **high market prices** compared to conventional aviation fuel and **high capital and operational costs** contribute significantly to a low SAF production and uptake
- Feedstock prices volatility is also seen as a contributor to the problem but stakeholders feel less strong about this factor.

**To what extent do you agree or disagree that the following issues have contributed to the current challenges for production and uptake of SAF?**

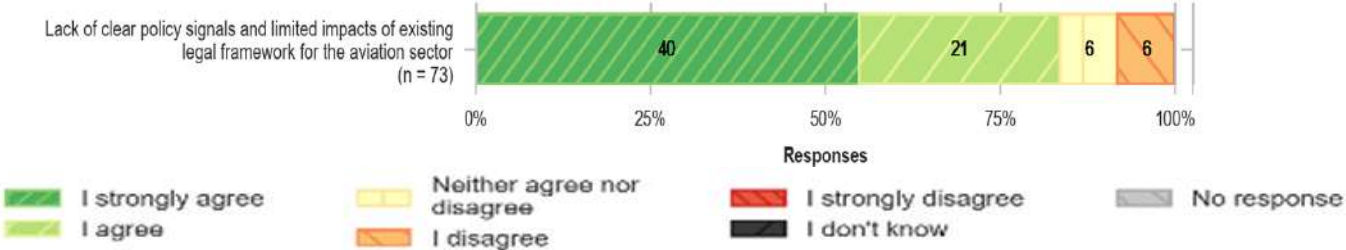




**Driver 3: Regulatory and fiscal frameworks don't encourage SAF production**

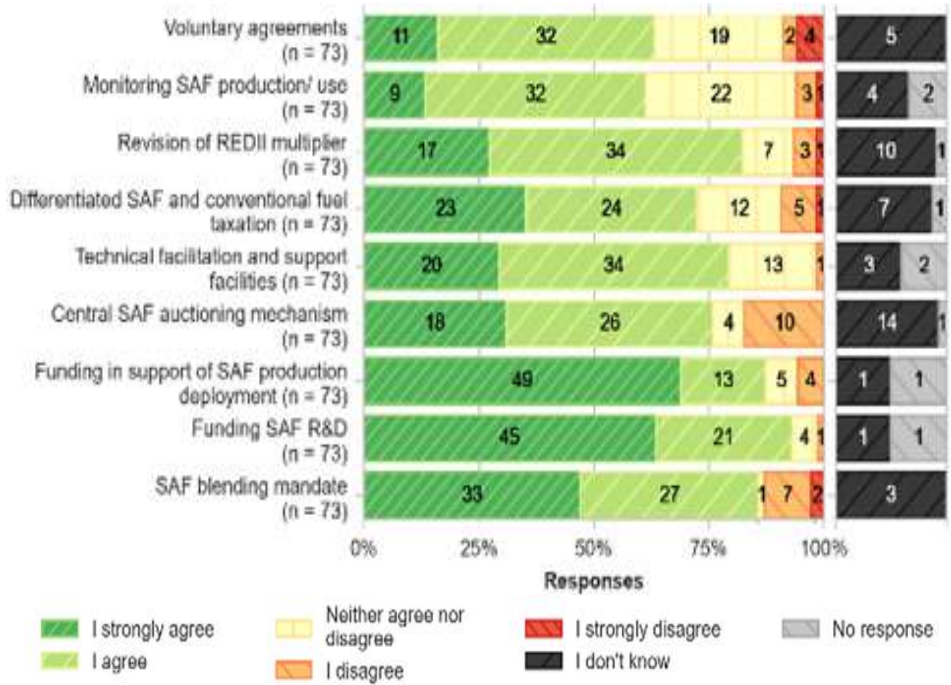
- **Limited existing incentives** for the use of SAF:
  - RED II foresees only a voluntary opt-in for aviation in meeting the renewable energy usage goal (including a multiplier of 1.2)
  - Cost of EU ETS Aviation Allowances have been too low to encourage SAF use. Unclear whether the price of CORSIA offsets will provide economic incentive for SAF use.
  - SAF and fossil jet fuel are on equal footing from a fiscal perspective
- Since EU air carriers operate in a **highly competitive environment**, the current framework is **not provide a strong enough incentive** for SAF use.

**To what extent do you agree or disagree that the following issues have contributed to the current challenges for production and uptake of SAF?**





- Most effective measures according to stakeholder feedback:
  1. Funding R&D (66/73 strongly agree or agree)
  2. Funding in support of SAF production deployment (62/73)
  3. Blending mandate (60/73)
  4. Technical facilitation for certify (54/73)
  5. Revision of RED multiplier (51/73)



# Policy Options

A. SAF obligation on the supply side

B. SAF obligation on the demand side

C. SAF obligation on supply and demand sides

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## Other measures considered to boost SAF

- Preferential tax treatment of SAF versus fossil kerosene
- Strengthening of the EU ETS for aviation
- Modulation of air navigation charges
- Revision of multipliers for sustainable aviation fuel

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## “Flanking measures”

- **Funding** (e.g. R&D for new pathways, development of production capacity)
- **Facilitation** provided to fuel producers for SAF approval (certif)
- **Strategic Alliance** to support the deployment of SAF
- **Intensify efforts at ICAO** level on SAF



Thank you!