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Consultation outcome

Implementing the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA): UK government response

Updated 28 April 2021

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Introduction

The UK recognises the importance of international action to tackle emissions from international aviation and has been instrumental in agreeing and developing a global offsetting scheme – the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA) (<https://www.icao.int/environmental-protection/CORSA/Pages/default.aspx>) – aimed at meeting the International Civil Aviation Organization’s (ICAO’s) medium-term climate change goal of Carbon Neutral Growth from 2020 (CNG2020).

As a contracting state of ICAO, the UK is obliged to implement the ICAO international standards and recommended practices, annex 16, volume IV (‘CORSA SARPs’) (<https://elibrary.icao.int/home/product-details/229739#page=1>) in its national law. CORSA implementation can be split into 2 parts, according to the obligations CORSA imposes on aeroplane operators. These are the:

- monitoring, reporting and verification (MRV) of CO₂ emissions contained in chapters 1 and 2 of the CORSA SARPs and aeroplane operators have been monitoring, reporting and verifying their international emissions since 2019 to set the baseline emissions level for the scheme
- offsetting of CO₂ emissions by aeroplane operators contained in chapters 3 and 4 of the CORSA SARPs

We plan to consult again during summer 2021 on detailed proposals for implementing CORSA offsetting in the UK.

On 18 January 2021, the Department for Transport (DfT) launched a consultation on Implementing the CORSA in the UK. The consultation closed on 28 February 2021 and we received 23 responses, 19 responding on behalf of organisations and 4 from individuals. Responses were received from a range of organisations including airlines, non-governmental organisations (NGOs), businesses and business associations.

The consultation set out the government’s proposed approach to implementing CORSA in the UK and covered the detail of the CORSA MRV provisions. These MRV provisions constitute the first statutory instrument (SI) for CORSA and we invited views on a copy of the draft Air Navigation Order (ANO) (https://www.gov.uk/government/consultations/implementing-the-carbon-offsetting-and-reduction-scheme-for-international-aviation#attachment_4921400).

Responses have been taken into account in finalising the ANO. This document sets out the government’s position on the points raised by respondents through the consultation process.

The second SI, an amendment to the ANO, will cover the second part of CORSA implementation (the offsetting requirements) and we intend that this SI will come into force during spring 2022. The design of this part of the policy will need to take into account the UK Emissions Trading Scheme (UK ETS) as legislated for through the Greenhouse Gas Emissions Trading Scheme Order 2020 (“the UK ETS Order”) (<https://www.legislation.gov.uk/uksi/2020/1265/contents/made>).

The consultation therefore contained high-level options for implementing CORSA alongside the UK ETS and invited initial views. It noted that the government’s initial preferred option is the ‘Supply-Adjusted Hybrid’. Taking into account the responses to this consultation, the second consultation will consider the detailed policy design of any interaction between the 2 schemes and the second SI will bring into law the CORSA offsetting requirements.

Consequential amendments to the UK ETS Order 2020 may be required as a result of the chosen policy option for interaction between CORSA and the UK ETS. Any such amendments to both the ANO and UK ETS Order will be in force no later than the start of UK ETS Phase 1(b) in 2024.

CORSIA monitoring, reporting and verification

Summary of proposals

In this consultation, we proposed implementing the provisions covered by chapters 1, 2 and some elements of chapter 3 (3.1.3 and 3.3) within part 2 of annex 16, volume IV of the Chicago Convention into UK law through an ANO, a draft of which was made available alongside the consultation document.

Principally, this ANO covers the attribution of aeroplane operators to the UK, the role of the regulators in implementing CORSIA and details the monitoring, reporting and verification processes and requirements of CORSIA. It also covers the requirements of state reporting to ICAO. The monitoring, reporting and verification of CO₂ emissions produced using CORSIA eligible fuels (CEF) are also covered, as well as the enforcement action that aeroplane operators will be subject to if they do not comply with their obligations under the scheme.

Questions

1. Do you agree with the overall approach taken to the implementation of CORSIA MRV in the UK, through the draft Air Navigation Order which is based closely on the CORSIA SARPs, supplemented by provisions from the UK ETS Order where necessary? If not, please explain why.
2. Do you agree with the specific provisions contained in the draft Air Navigation Order and summarised here? If not, please explain why.
3. Is there anything that should additionally be included in the draft Air Navigation Order? If so, what?

Summary of responses

With regard to question 1, 14 respondents (61%) agreed with the overall approach taken to the implementation of CORSIA MRV in the UK. No respondents stated they disagreed with the overall approach. Three respondents said they welcomed the approach to implement the CORSIA SARPs as closely as possible. Another respondent said they thought the overall approach taken was balanced and appropriate.

Question 1 responses	Amount
Yes	14
No	0
Unclear or no comment	9

In response to question 2, no respondents stated that they disagreed with the specific provisions contained in the ANO and summarised in the consultation document.

Question 2 responses	Amount
Yes	5

Question 2 responses	Amount
No	0
Unclear or no comment	18

Question 3 asked if there was anything that should be additionally included in the draft ANO. 5 respondents (22%) made suggestions on additional provisions.

Question 2 responses	Amount
Yes	5
No or no comment	18

11 respondents made further comments on specific provisions of the draft ANO and the issues raised in these responses will be addressed in turn, in the order they appear in the ANO.

Monitoring of CO2 emissions: eligibility of monitoring methods

Provisions for the monitoring of CO2 emissions were contained in article 22 of the draft ANO. Aeroplane operators will be required to monitor and record their fuel use from international flights in accordance with one of 5 eligible monitoring methods approved for use in CORSIA.

Two respondents expressed concern that only 2 of the 5 fuel use monitoring methods approved for CORSIA were eligible under the UK ETS and that this may prove restrictive for operators.

One respondent suggested that allowing aeroplane operators to choose different monitoring methods for CORSIA and the UK ETS could potentially lead to disparities in reporting between operators who use one method for both schemes and those who use different methods.

Government response

Under the UK ETS operators may choose any one of the 5 fuel use monitoring methods approved for use in CORSIA. This will provide consistency across the schemes and enable those with both UK ETS and CORSIA obligations to use the same fuel use monitoring method for both schemes. Our intention is to simplify administrative processes for operators complying with both schemes, while offering a wider choice of eligible fuel use monitoring methods.

Reporting of fuel mass and CO2 emissions

Aeroplane operators will be required to submit a verified emissions report for approval by the designated regulator. In line with paragraph 2.3.1 of the SARPs, article 31 of the draft ANO allows an operator to request that its CO2 emissions data should not be published at the aeroplane operator level if it would harm its commercial interests.

Two respondents commented on the transparency of data reported by aeroplane operators. They suggested article 31 of the draft ANO should include provisions for the information reported under CORSIA to be made publicly available at the individual operator level. One respondent suggested this data could be used to support other purposes, including 'eco-labelling' and greenhouse gas reporting. They also suggested that the ANO should provide a clearer definition of 'commercial interest' as they believed operators may apply a liberal definition of the term.

Government response

The ANQ follows the provisions contained in the CORSIA SARPs regarding the publication of data. Paragraphs 2.3.1.6. and 2.3.1.7. of the SARPs enable aeroplane operators to request data is not published at the aeroplane operator or state pair level to protect its commercial interests and allow the operator's state to determine whether the data is confidential. Therefore, it would not be appropriate to mandate the publishing of individual operators' data through the ANQ. With regard to using data reported under CORSIA for other purposes, data collected by public bodies can only be used by that body for the purposes for which it was collected. Initiatives such as 'eco-labelling' would be out of scope of this purpose.

Data will be made available from the CORSIA Central Registry (CCR) and published on ICAO's website. We will look to publish additional data where possible. More widely, measures to improve consumer information will be considered in DfT's upcoming strategy on net zero aviation.

The Environmental Information Regulations 2004

(<https://www.legislation.gov.uk/ukxi/2004/3391/contents/made>) and the Freedom of Information Act 2000 (<https://www.legislation.gov.uk/ukpga/2000/36/contents>) protect certain information where its disclosure would or would likely affect the commercial interests of a business. 'Commercial interest' is not defined in the CORSIA SARPs and the term is used in other UK legislation without definition, including in the Environmental Information Regulations 2004. We have therefore decided that an amendment to the ANQ to define the term is not necessary.

Reporting of non-CO2 effects

Two respondents suggested that the draft ANQ should also require operators to monitor and report estimated non-CO2 effects of international flights covered by CORSIA.

Government response

Currently, CORSIA only applies to CO2 emissions. Due to the uncertainties surrounding aviation's non-CO2 climate impacts, ICAO does not include these in its climate policies. While the scientific understanding of these effects has advanced in the last 10 years, several uncertainties remain, and new ones have emerged. A principal difficulty remains how to assess the climate impact of these effects in relation to that of CO2.

The UK continues to negotiate in ICAO for increased environmental ambition and supports continued work on aviation's non-CO2 climate impacts, their trade-offs with CO2 and possible mitigation measures. The government keeps non-CO2 emissions under review and reassesses the UK's policy position as more evidence becomes available.

Reporting of CORSIA eligible fuels (CEF)

Provisions for reporting the use of CEF were covered under article 32 of the draft ANQ and follow paragraph 2.3.3 of the CORSIA SARPs. This means that aeroplane operators must report any emissions reductions they wish to claim for the use of CEF through their emissions report, after having subtracted any CEF traded or sold. It also means that fuels used to reduce CORSIA obligations cannot be used to claim emissions reductions under any other greenhouse gas (GHG) scheme in which the aeroplane operator participates.

One respondent expressed concern with operators being unable to claim emissions reductions from the use of CEF under both CORSIA and the UK ETS if the schemes are implemented independently. They argued this would result in operators being charged multiple times for the same CO2 emissions.

The respondent also proposed that article 32 of the draft ANQ could cover the introduction of a sustainable aviation fuel (SAF) mandate. They suggested the article could be amended to require fuel suppliers to provide an alternative emissions reduction factor for the SAF they supply to the UK. Alternatively, the respondent suggested the article should be amended to ensure the supplier provides the relevant emissions reduction information to the aeroplane operator.

Government response

With regard to aeroplane operators being unable to claim emissions reductions from CEF under other GHG schemes, the respondent's concern is dependent on a decision by the government to implement CORSA and the UK ETS independently (option 4 in the CORSA-ETS interaction options proposed (<https://www.gov.uk/government/consultations/implementing-the-carbon-offsetting-and-reduction-scheme-for-international-aviation/implementing-the-carbon-offsetting-and-reduction-scheme-for-international-aviation-corsia#policy-options-for-interaction-between-corsia-and-a-uk-emissions-trading-scheme>)). We will therefore address this as part of the second consultation, which will cover the detailed policy design of any interaction between the 2 schemes.

Mandating a SAF minimum is not appropriate for inclusion in the ANQ. The provisions in the ANQ are drafted, as in the CORSA SARP, to encourage rather than mandate the use of SAF. Supported by existing stakeholder engagement, including through the Jet Zero Council SAF Delivery Group (<https://www.gov.uk/government/groups/jet-zero-council#delivery-groups>), work is already in progress to explore the feedstock, technology and cost implications underpinned by a UK SAF mandate. A consultation, expected to be published in 2021, will help us refine and develop this policy further. If a UK SAF mandate is introduced in the future, we will ensure it is introduced in a way that is consistent with existing legislation and international agreements.

The application of an alternative emissions factor to 3.16 for CORSA (or 3.15 for the UK ETS) to all fuel uplifted by an operator, as suggested by the respondent, would be inconsistent with the requirements of the schemes.

Article 32(5) of the draft ANQ placed an obligation on the supplier to provide the requisite documentation for the aeroplane operator to be able to claim emissions reductions from the use of CEF. This follows paragraph 2.3.3.5 of the CORSA SARPs. The draft ANQ originally required this documentation to be provided to the regulator. This has been amended so the supplier is required to provide the documentation to the aeroplane operator. The amended article is:

32(5) If the aeroplane operator purchases fuel from a supplier downstream from the fuel blender, such as a distributor, another aeroplane operator, or an aerodrome-based fuel distributor, this fuel supplier must provide to the aeroplane operator all of the requisite documentation in order for the emissions reductions from the use of CORSA eligible fuels to be claimed by the aeroplane operator in accordance with articles 29 and 30.

Data management

Provisions for data management and control were contained in chapter 5 of part 3 of the draft ANQ and are consistent with article 24 and schedule 4 of the UK ETS Order 2020 which amend provisions within Commission Implementing Regulation (EU) 2018/2066 (<https://www.legislation.gov.uk/eur/2018/2066/contents>).

One respondent questioned why references to tonne-kilometre data had been included in chapter 5 of the draft ANQ when chapters 2 and 3 on monitoring and reporting of emissions did not make reference to tonne-kilometres.

Government response

All references to tonne-kilometre data have been removed from the ANO as this information is not applicable to the monitoring, reporting and verification processes and requirements of CORSA. The amended article is:

40(1) Total annual emissions must be reported as tonnes of CO₂ rounded to the nearest whole number. (2) Unless otherwise provided in this Order, all variables used to calculate the emissions must be rounded to the nearest whole number for the purpose of calculating and reporting emissions.

Data gaps

The issue of data gaps and error corrections was implemented in articles 37 and 38 of the draft ANO and aligns with sections 2.5 and 2.6 of the CORSA SARPs. On the treatment of data gaps, provisions are consistent with article 24 of the UK ETS Order 2020. These provisions mean that aeroplane operators will be required to engage with their regulator to ensure the correct action can be taken to mitigate any data gaps or errors.

Two respondents expressed concern that the draft ANO requires aeroplane operators to use the CORSA CO₂ Estimation and Reporting Tool (CERT) to fill in data gaps. To allow more flexibility, the respondents suggested that article 37 of the draft ANO should be amended to allow operators to fill in data gaps using either the CERT or an alternative estimation method approved in the Emissions Monitoring Plan.

Government response

The suggested amendments are not consistent with the CORSA SARP requirement which specifies that the CERT is to be used to fill data gaps. However, the ANO allows the Secretary of State to approve equivalent measures that demonstrably meet the requirements of the SARP. This provision provides some flexibility and allows operators the possibility to apply to use equivalent procedures, if necessary.

Charging

Provisions for charging an applicant, aeroplane operator or any other person in relation to CORSA MRV were covered in articles 42 to 44 of the draft ANO. These provisions follow articles 35 to 37 of the UK ETS Order 2020 and mean that the regulator can charge any of the above persons to recover costs that the regulator incurs when performing activities related to CORSA.

They also mean that the regulator must publish a document that sets out the charges payable and, before publishing this document, must notify the persons likely to be affected and specify opportunities for those affected to object to the charges.

One respondent said they would like the ANO to include additional clarity about any additional charges to be borne by aeroplane operators for administrative support.

Government response

Charges in relation to CORSA MRV are established by the regulator following consultation with affected parties and approval by the relevant minister. As such, itemised charges are not appropriate for inclusion in the ANO.

On 7 December 2020, the Environment Agency published a consultation on the proposed charging scheme for the UK ETS (<https://consult.environment-agency.gov.uk/environment-and-business/ea-charge-proposal-emissions-trading-scheme/>). The consultation covered proposals for UK ETS and CORSA related charges and closed on the 29 January 2021.

Wider responses to the implementation of CORSA

Summary of responses

Several respondents also commented more widely on the implementation of CORSA than the provisions contained within the ANO. Responses that made suggestions for additional provisions, separate from MRV requirements, to be included in the ANO or that referred to general compatibility considerations between CORSA and the UK ETS are considered here. There will be a second consultation later this year on the detailed policy design of any interaction between the 2 schemes and detailed comments on this will be addressed then.

Use of Sustainable Aviation Fuel (SAF)

Two respondents expressed concern that SAF is treated differently under CORSA and the UK ETS. The respondents suggested that better alignment on sustainability criteria and calculation of emissions reductions from the use of SAF is needed between the schemes.

Government response

Provisions for the monitoring, reporting and verification of CO₂ emissions produced using CEF are contained within the draft ANO. Decisions regarding the use of CEF to reduce an aeroplane operator's CORSA obligations are the responsibility of ICAO. An operator can also use biomass to reduce their obligations under the UK ETS. Biomass regulations are determined by UK ETS legislation and are therefore out of scope of this consultation.

'International flight' definition

Two respondents noted that CORSA and the UK ETS define 'international flights' differently. Referencing that this has resulted in flights between the UK and its Overseas Territories and Crown Dependencies being omitted from both CORSA and the UK ETS, one respondent suggested these flights should be included in a domestic scheme to ensure carbon pricing is applied equally.

Government response

For the purposes of the Chicago Convention, British Crown Dependencies and Overseas Territories are treated as part of the UK. For this reason, flights between the UK and its Crown Dependencies and Overseas Territories are domestic flights under CORSA and are not subject to MRV or offsetting requirements.

With the exception of Gibraltar, flights between the UK and its Crown Dependencies and Overseas Territories are not currently covered under the UK ETS.

Monitoring for small emitters

One respondent noted the different simplified monitoring provisions for small emitters under CORSA and the UK ETS, highlighting that the CERT is used under CORSA, and the EUROCONTROL small emitters tool (<https://www.eurocontrol.int/tool/small-emitters-tool>) is used under the UK ETS. They said this would create an additional administrative burden for operators.

Government response

The CERT is a tool developed by ICAO that can be used by small emitters to support the monitoring and reporting of their CO₂ emissions. This is currently the only tool eligible for use under CORSIA and it cannot be used under other greenhouse gas schemes, such as the UK and EU ETS. Decisions regarding the eligibility of the CERT under other schemes and different emissions monitoring tools under CORSIA are the responsibility of ICAO.

Verification bodies and verification of small emitters

One respondent expressed concern that foreign operators may need to seek various verification bodies to fulfil the accreditation requirements of CORSIA, the UK ETS and the EU ETS. They highlighted that alternatively if an operator chose a single verification body for multiple schemes this would unfairly advantage UK and EU verification bodies with regard to competitiveness.

The respondent also expressed concern that CORSIA requires all emission reports to be verified, including those from small emitters, while the UK ETS does not require emission reports from small emitters to be verified. The respondent suggested this would be particularly unfair to international operators classed as small emitters.

Government response

Under the UK ETS, participants must use a United Kingdom Accreditation Service (UKAS) accredited verifier. If a verifier wishes to increase their competitiveness, then they can gain accreditation for EU ETS, UK ETS and CORSIA from an appropriate National Accreditation body.

Provisions for the annual verification of an aeroplane operator's CO₂ emissions under CORSIA were set out in articles 34 to 36 of the draft ANQ and align with the provisions of paragraph 2.4 of the CORSIA SARPs. This means all aeroplane operators will be required to engage a verification body from the list on the ICAO CORSIA website to verify their annual emissions report. Requirements for the verification of CO₂ emissions under the UK ETS apply to all aircraft operators who operate flights on UK ETS routes, regardless of nationality.

Compliance cycles

One respondent noted that the draft ANQ did not contain any provisions regarding the cancellation of emissions units and timeframes. They highlighted that CORSIA's 3-year compliance cycles would impact the CORSIA-UK ETS interaction options proposed in the latter part of the consultation.

Government response

The 3-year compliance cycles under CORSIA relate to the offsetting requirements of the scheme and are therefore out of scope of this first SI. The government recognises that the differing lengths of compliance cycles under CORSIA and the UK ETS have implications for any interaction between the 2 schemes and this will be addressed as part of the second consultation.

International obligations

Two respondents expressed concern that the implementation of the UK ETS alongside CORSIA would conflict with the CORSIA SARPs, stipulating that aeroplane operators shall be administrated and regulated by their national authority with respect to CO₂ emissions on international flights. They also argued that implementing the UK ETS would conflict with the international agreement that CORSIA should be the only market-based measure for international aviation.

Government response

The ~~CORSA~~ ~~ANO~~ does not alter the SARP requirement that aeroplane operators will still only be administered by their national authority for ~~CORSA~~. However, any aeroplane operator with flights in scope of the UK ETS will also need to be administered by the relevant UK regulator for the purposes of the UK scheme.

As set out in the government's response to the future of UK carbon pricing consultation (https://www.gov.uk/government/consultations/the-future-of-uk-carbon-pricing#attachment_4241523), the UK government and the devolved administrations have higher climate change ambitions than those currently set by ~~ICAO~~. To exclude international aviation from the scope of a UK ETS would represent a reduction in environmental ambition compared to previous ETS coverage. That is why flights departing the UK to aerodromes in the European Economic Area (EEA) were included under the UK ETS from 1 January 2021.

We recognise the intention of ~~ICAO~~ Assembly Resolution A40-19 to avoid CO₂ emissions from international aviation being addressed more than once, and we have taken this into account in developing the interaction options presented in the consultation.

Expanding the scope of the UK ETS

One respondent suggested that the scope of the UK ETS should be expanded to cover the emissions on international flights from the UK to States not participating in the pilot and first phases of ~~CORSA~~, highlighting that emissions from these flights will not be covered under ~~CORSA~~ during its initial phases.

Government response

Expanding the scope of the UK ETS, as suggested here by the respondent, would require amendments to UK ETS legislation and cannot be legislated for through the ~~ANO~~. The UK ETS covers emissions from domestic flights, flights from the UK to the EEA and flights between the UK and Gibraltar. In 2019, these flights made up 44% of all commercial flights to and from UK airports^[footnote 1]. We have never intended to extend the scope of the UK ETS beyond those flights that were previously covered by the EU ETS without the agreement of the destination state.

Conclusions and next steps

We have carefully considered the responses to this consultation and have made a number of necessary small amendments to the proposed statutory instrument. For the reasons given, no substantive changes to the proposed statutory instrument have been deemed necessary.

Respondents were also asked to comment on 6 high-level options for interaction between ~~CORSA~~ and the UK ETS on international flights covered under both schemes. Comments relating to these options will be taken into account when developing the design of any interaction between the 2 schemes and addressed as part of the second consultation, which we plan to publish in summer 2021.

The second consultation will cover the detailed policy design of any interaction between the schemes and will be followed by a second statutory instrument covering the ~~CORSA~~ offsetting requirements. Our aim is for this ~~SJ~~ to come into force by April 2022.

Consequential amendments to the UK ETS Order 2020 may be required as a result of the chosen policy option for interaction between ~~CORSA~~ and the UK ETS. Any such amendments to the UK ETS Order will be in force no later than the start of UK ETS Phase 1(b) in 2024. It remains the case that, due to the impact of coronavirus (COVID-19) on the aviation sector's emissions, aeroplane operators are not expected to accrue ~~CORSA~~ offsetting obligations in the pilot phase.

Footnotes

1. DfT analysis of Civil Aviation Authority UK airport data (<https://www.caa.co.uk/data-and-analysis/uk-aviation-market/airports/datasets/uk-airport-data/>).

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