



# EU Emissions Trading System

Aviation sector

Advice on charges 2013

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# 1 INTRODUCTION

## 1.1 Purpose of this document

The purpose of this document is to provide advice on charges applicable to the aviation sector under the EU Emission Trading System, and to explain the methods of payment.

The different types of charges are explained in section 2, and the methods and terms of payment for these charges are provided in section 3.

## 1.2 The legislation

Forecasts from the Department for Transport suggest that by 2030, aviation could contribute up to about a quarter of the UK's greenhouse gas emissions. The government believes that the best way of ensuring aviation contributes towards climate stabilisation is through an emissions trading regime.

The European Emissions Trading System (EU ETS) was introduced across Europe to encourage businesses to reduce greenhouse gas emissions. The aviation sector joined this system in 2009.

In the UK the EU ETS Directive in relation to aviation is implemented through the Greenhouse Gas Emissions Trading Scheme Regulations 2012 ("the Regulations").

## 1.3 Charging powers and financial duties

Charges for aircraft operators are contained in an Environment Agency charging scheme made under section 41A of the Environment Act 1995.

The Environment Agency has a number of duties with respect to setting charges. We must recover all relevant costs, and adhere to the guidance given in HM Treasury's Managing Public Money Guide on the costing of services provided by bodies such as ours. We must also ensure that income raised through charging is only applied to the regulatory regime to which it relates.

On this basis, we ensure that all types of regulatory expenditure associated with the aviation sector under the EU ETS, whether they are the direct costs of regulatory activities, or the infrastructure necessary to support them, are reflected in charges.

## 1.4 Changes to the previous charging scheme

There are no changes to last year's aviation charges.

# 2 TYPES OF CHARGE

## 2.1 Types of charge

The following types of charge are payable in respect of aircraft operators:

- Emissions plan charge
- Benchmarking plan charge
- Opening an aircraft operator holding account
- Annual subsistence charge
- Variation charge
- Application to the special reserve
- Determining emissions
- Change of an authorised representative

## 2.2 Emissions plan charge

The charge for applying for an emissions plan is £750

## 2.3 Benchmarking plan charge

The charge for applying for a benchmarking plan is £830. This is in relation to an application by a UK administered operator for a free allocation of aviation allowances.

However, a separate fee is not payable where an application for a benchmarking plan forms part of an application to the special reserve (see paragraph 2.7).

## 2.4 Opening an aircraft operator holding account

There is no charge for this.

You may appoint up to 6 authorised representatives and 3 additional authorised representatives for the account.

## 2.5 Annual subsistence charge

An annual subsistence charge is payable by all 'UK aircraft operators'. This captures all UK administered operators who have performed an aviation activity within a particular compliance year.

If you have not performed an aviation activity within a particular compliance year you are not deemed to be a UK aircraft operator for that year and are not due a subsistence charge.

The subsistence charge covers the cost we incur in maintaining you as a UK aircraft operator for a particular year. It includes the work we undertake in processing notifications from operators, dealing with administrative or minor variations to plans, ongoing regulation, compliance auditing, resolving any issues with individual operators, end of year reporting and the provision of our helpdesk.

The level of subsistence charge depends on the estimated emissions for the calendar year in question. In most cases this will be based on the level of previously reported emissions, or where this is not applicable, the estimated emissions provided in your **emissions** plan.

There are two parts to the subsistence charge – a base and a variable charge. Both elements are based on a UK aircraft operator's estimated emissions during the compliance year.

### *Base charge*

This is a fixed part of the subsistence charge, payable if you are a UK aircraft operator for any part of the compliance year.

Charges are as follows:

Estimated annual emissions of carbon dioxide	
Less than 50kt	£1,920
50kt - 500kt	£2,490
More than 500kt	£3,060

### *Variable charge*

This part of the subsistence charge depends upon the length of time you have had an emissions plan in place during a particular compliance year.

Charges are as follows:

Estimated annual emissions of carbon dioxide	
Less than 50kt	£630
50kt - 500kt	£830
More than 500kt	£1,020

Where your variable charge becomes payable part way through a compliance year (for example if the date you qualify as a UK aircraft operator is later than 1st January) you will be charged (pro rata) for the number of whole days remaining in the year. The charge commences from the date that is indicated on your emissions plan, rather than the date you made your application.

In the event that you permanently cease to be a UK aircraft operator part way through a compliance year, you will be liable for the subsistence charge (by daily pro rata) up until the day that you have completed all the requirements associated with your aviation activities during the year. This means that you must have ceased flying, submitted a verified report and surrendered all necessary allowances.

## Examples

1. If your estimated emissions in the year 2013 are 100kt, and your emissions plan for this year covers 1 Jan to 31 Dec 2013, you will receive a single invoice in January or February 2014 for £3,320 (which covers the base charge of £2,490 plus the full (unadjusted) variable charge of £830).
2. If your emissions plan however is dated from 1 July, and you cease to qualify as a UK aircraft operator, and complete all requirements by 30 September, your subsistence charge will be £2,699. This is calculated from the base charge of £2,490 plus the variable charge of £209 ( $92/365$  days x £830).

Within any one calendar year, if your emissions plan is suspended, and then restarted again mid-year the variable part of the charge will not be adjusted. In other words, to calculate your variable charge, we will use the first date that you have an emissions plan, and the last date within the year that you complete all requirements connected to your aviation activities.

We will use Eurocontrol, and our own data, to identify the dates to calculate the variable part of the charge. If on receipt of the invoice you disagree with our calculation please contact [etaviationhelp@environment-agency.gov.uk](mailto:etaviationhelp@environment-agency.gov.uk).

## 2.6 Variation to an emissions plan

If you are submitting a variation application that requires a technical assessment, the charge is £430. The variation charge is also payable in the event that we serve a variation notice on you. In this instance we will send you an invoice for the charge.

However, not all variations to your emissions plan incur a charge. If we consider that the variation amounts to a change of a purely administrative nature only, there is no charge.

If you are unsure as to whether or not a variation is chargeable please email us at [etaviationhelp@environment-agency.gov.uk](mailto:etaviationhelp@environment-agency.gov.uk)

## 2.7 Application to the special reserve

A charge of £1,120 must be submitted with an application for free allowances from the special reserve. The application process includes an application for a benchmarking

plan and, since this is the first step in the process, the charge is payable at the time of submission of the application for a plan.

## 2.8 Determining emissions

In certain circumstances we have a power to estimate your reportable emissions on your behalf. We charge £125 per hour for this work and we will send you an invoice for the appropriate amount.

## 2.9 Change of an authorised representative

If you have an aircraft operator holding account, you will not be charged for changing an authorised representative or additional authorised representative, as this cost is included in your subsistence charge.

# 3 PAYMENT OF CHARGES

## 3.1 Method and terms of payment

This section provides details of how to pay charges and where to send payments. It also deals with the financial implications of withdrawing applications, and the action that will be taken on non-payment of charges.

### 3.1.1 Applications

These charges must be submitted along with the application, and payment may be made by credit card, debit card, or by BACS. Unfortunately we are **not** able to accept cheques for these application types.

#### Debit or credit card

Payment can either be made online through your ETSWAP account (please select online payment method and follow the instructions) or over the telephone by calling (01925) 542079.

**BACS** payments should be made to the following account:

Citibank, Citigroup Centre, Canada Square, London E14 5LB

IBAN: GB23 CITI0833 0012 8005 43

SWIFTBIC: CITI GB2LXXX

Account number: 12800543

Sort code: 08-33-00

Please quote your Unique Reference number with any BACS payments or we will be unable to identify the individual transaction.

If you have any payment queries please email us at [etaviationhelp@environment-agency.gov.uk](mailto:etaviationhelp@environment-agency.gov.uk) or telephone us on 01925 542059.

### 3.1.2 Annual subsistence charges, hourly charges, and charges arising when we serve a notice on you

For these charges, you will be sent an invoice. Charges are payable on receipt of the invoice.

In respect of the annual subsistence charge we will send you an invoice for both the base and variable elements of the charge in January or February following the calendar year in which you are a UK aircraft operator.

Payment options include credit card, debit card and BACs. Full details on how to pay by each method can be found on the invoice.

### 3.2 Withdrawn applications

Where an operator withdraws an application, the Agency reserves the right to retain the application charge in full with no refund. A refund may be made where the Agency has not undertaken any work in respect of the application.

Where an application is submitted for an operator that we subsequently decide is exempt from regulation, we will make a full refund of the charge provided that no emissions plan has been issued. Refunds of charges will not normally be made after emissions plans have been issued.

### 3.3 Non-payment of charges

Applications that are not accompanied by the appropriate fee in full will not be processed. If the charge submitted is insufficient we will advise you accordingly and ask you to pay the balance. We will be unable to complete the processing of any application where part of the fee is outstanding.

If any subsistence charge is not paid the Agency will take action to recover the debt. This may include the seizure and sale of allowances to cover the value of unpaid charges, as well as the expenses incurred by us in recovering the debt.

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