

Departures

Opinions On Current Issues In Aviation

Time For Debate Is Past: EU Emissions Mandates Are Here

By Klaus-Peter Warnke, Managing Director, FuelPlus Software GmbH

You might come down on one side of the climate change debate or the other, but for Europe, we know that the new rules are set in stone, and some airlines are just waking up to the fact that they have to file plans during the summer of 2009 about how they will comply with new European Union aircraft emissions mandates.

The first stage of Europe's Emissions Trading Scheme (ETS) requires all airlines operating to, from or within European Union member states to file a monitoring plan that shows how each carrier will track emissions from every flight and every type of fuel. Just nine months from now, on Jan. 1, 2010, airlines will be required to monitor and report tonne-kilometer and CO₂ emissions for all flights to, from and within the EU. Annual emissions reports must be filed before March 31 of the following year in order to avoid severe penalties.

As airlines ramp up to meet new EU deadlines each year between now and 2012, there are many decisions that need to be made. Those decisions are extremely critical because once an airline's tonne-kilometer level is established, that will set the basis for future emission allowance allocations and possible payments.

Airlines are faced with tracking every flight, every gallon or liter of fuel, and every type of fuel used on a daily basis. It's not an easy task, but we've been working on airline fuel issues since we began as a company, and we're confident airlines are up to the challenge.

By our estimates, there are more than 155 passenger and cargo airlines from all world regions that must comply with EU mandates. Approximately 90 of those airlines have at least 20 aircraft with daily flights to, from or within Europe from North and South America, Africa, Asia, Australia and from within Europe itself.

The decisions made now will shape not only airlines' emissions profiles as they move toward the 2012 ETS reporting, but it also will determine whether emissions will be managed for efficiency and envi-

ronmental stewardship, or whether emissions rules will manage them.

Once each carrier applies for and is awarded its free allocations for emission allowances during 2012, every data point above that level will cost the company money. We are moving toward a time when emissions will become a significant component of both route planning and aircraft acquisition decisions.

As the industry matured, airlines have long faced additional planning factors, such as security fees, new taxes, the availability of route data, new Internet selling options, an evolved aircraft leasing business and en route navigation charges. During each instance, the industry has adjusted, and in some cases, airlines profited from other carriers' lack of planning.

Emissions issues are no different. There is an adjustment period, followed by implementation. While some would like a chance to debate the need or timing, the European Parliament has had that debate and the new rules are immovable. U.S. President Obama has given early indications that he may extend the cap-and-trade scheme to the U.S. in the coming years as well.

From this point, airlines need to put in place the most accurate and efficient systems that give them the ability to track every flight's emissions and eventually to calculate its cost using real-time market data. Because when we reach 2012, this "emissions account" will have to be actively managed much the way that airlines manage jet fuel: use as little as possible, buy only what you need, and have the best data possible about the price implications of your business decisions.

While each gallon or liter of fuel is watched now with many sets of eyes and spreadsheets, carbon emissions should receive the same priority.

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