



## **The Danish Government's position to the public consultation on the revision of the ETS Monitoring and Reporting Regulation**

Denmark welcomes the Commission's proposal for the revision of the Commission Implementing Regulation (EU) 2018/2066 on the monitoring and reporting of greenhouse gas emissions to reflect changes introduced by Directive (EU) 2023/958 and Directive (EU) 2023/959 revising Directive 2003/87/EC.

The EU has taken an important and decisive step towards a more cost-effective climate regulation architecture with the Fit for 55 package. The expansion of emissions trading and EU-wide sectoral standards provide clear rules and a level playing field for businesses across the EU and a high degree of certainty for delivering the needed reductions. Therefore, Denmark overall supports the revision of the ETS Monitoring and Reporting Regulation in order to align it with the revised ETS Directive.

However, Denmark is very concerned to see that in the draft act, for the period 2025-26 the scope for the monitoring and reporting of non-CO<sub>2</sub> aviation effects is reduced to flights involving two aerodromes located in the European Economic Area (EEA) and routes from an aerodrome located in the EEA departing to Switzerland or to the United Kingdom.

The revision of the EU ETS Directive in 2018 tasked the Commission with presenting an updated analysis of the non-CO<sub>2</sub> effects of aviation, accompanied, where appropriate, by a proposal on how best to address those effects. Consequently, the Commission tasked the European Union Aviation Safety Agency (EASA) with analyzing non-CO<sub>2</sub> effects of aviation. After careful review of the latest available science, EASA's results were published in a 2020 report, confirming that the climate impact of non-CO<sub>2</sub> effects is up to two thirds of the total aviation's climate impact. The report also proposed some mitigation policy measures. However, since then, no legislation has been proposed nor adopted to address the non-CO<sub>2</sub> aviation effects.

It was therefore highly positive that the revision of the ETS Directive for aviation includes a requirement for the Commission to implement an MRV of the non-CO<sub>2</sub> aviation effects and, where appropriate, present a proposal containing mitigation measures for non-CO<sub>2</sub> effects by 1 January 2028.



Thus, Denmark finds it very concerning that the draft proposal, for the period 2025-26, reduces the scope for the monitoring and reporting of non-CO<sub>2</sub> aviation effects.

Our concerns are based on the following reasons:

#### 1) Coherence with the ETS Directive

First, the reduced scope in 2025-26 is not in line with the ETS Directive. The agreement between the co-legislators, which is adopted as EU law, was to apply the MRV for non-CO<sub>2</sub> aviation effects to the full scope of EU ETS, i.e. including flights to and from third countries already from 2025. This follows very clearly from the ETS directive (article 14 and annex IV).

Thus, if the scope is reduced, it will not be in line with the ETS Directive, nor would it respect the agreement reached by co-legislators.

#### 2) Prejudging political discussions

The purpose of the monitoring and reporting is only to provide the necessary data for any future legislation, without prejudging the scope of such legislation. If the scope of the MRV is reduced for the first two years (2025-26) the consequences will be that data will be incomplete when the Commission, by 1 January 2028, shall report on the results and, where appropriate and based on an impact assessment, present a legislative proposal containing mitigation measures for non-CO<sub>2</sub> aviation effects.

A reduced MRV scope for 2025-26 will limit the scientific basis for the political discussions in 2028 and risk prejudging future legislation.

#### 3) Long-haul flights cause the largest non-CO<sub>2</sub> aviation effects

According to the Commission, the overall climate impact of non-CO<sub>2</sub> aviation effects represents 2 to 4 times the CO<sub>2</sub> – and long-haul flights account for the largest non-CO<sub>2</sub>-aviation effects due to the flight altitude. That is, excluding the most polluting flights means leaving out the most relevant data and it would be a missed opportunity of understanding a serious climate issue.

Finally, aircraft operators already monitor, report and verify CO<sub>2</sub> effects for extra EEA flights through ICAO. This was one of the arguments for the full scope of the MRV for non-CO<sub>2</sub> effects – that aircraft operators already have access to data regarding non-CO<sub>2</sub> effects and already have the necessary IT setup. Thus, the MRV is based on already available data and automatic collection. Aircraft operators will simply have to include data about non-CO<sub>2</sub> effects when they already report on CO<sub>2</sub> effects once a year. Consequently, there should be no significant administrative burdens associated with reporting non-CO<sub>2</sub> effects as the setup is already in place.