

## **BALPA response to DESNZ consultation UK ETS: Future Markets Policy**

The British Airline Pilots' Association (BALPA) represents 10,000 UK pilots, working in the full spectrum of aviation, from passenger and cargo fixed wing airlines to helicopter companies, including North Sea oil transport and Search and Rescue operations.

BALPA's long history of working with Government is supported by a dedicated flight safety department, and our Environment Study Group continues to support Government's Jet Zero plans.

BALPA is responding directly to the questions set out in the consultation overview, namely: 1) *'Does the ETS markets policy remain fit for purpose'*, and 2) *'does it help to maintain stable and effective market conditions that continue to incentivise decarbonisation in the traded sector?'*

BALPA wants to see a thriving future for the aviation sector in the UK, one that provides jobs for our members and mobility for our population. Yet we are in the midst of a climate crisis and have a moral and legal obligation to ensure our future is a sustainable one. A careful balance needs to be struck.

It is imperative that the UK Government acts decisively to avert the risk of enforced limits on flying, and raises sufficient revenue to fully invest in decarbonising aviation as fast as practically possible.

The attitudes of the public towards expansion of aviation are changing<sup>1</sup>, and BALPA does not support - nor wish to see - measures that specifically limit capacity or inhibit demand. BALPA therefore supports an enhanced and improved ETS that fully functions as originally intended: to incentivise airlines to reduce their carbon output as much, and as fast, as possible.

### **ETS should consider non-CO<sub>2</sub> effects**

Aviation is unlike other industries in that CO<sub>2</sub> causes only part of its global warming effect. It is estimated that up to half of the impact<sup>2</sup> on the environment is from non-CO<sub>2</sub> effects, in particular the warming from contrail-induced cloudiness<sup>3</sup>. A revised ETS could incentivise airlines to address non-CO<sub>2</sub> effects.

This need not be expensive or complicated, for example in return for operating a contrail management system (and acting on its output) airlines could be offered relief from part of their ETS carbon obligations. This must follow the latest research in the field<sup>4</sup>, which the Department for Transport and Department for Business and Trade research into the non-CO<sub>2</sub> effects of aviation on the climate<sup>5</sup> will build upon. BALPA hopes to offer its practical operational expertise to this study.

### **Income from ETS should be reinvested in tackling aviation decarbonisation**

One of BALPA's longstanding calls for addressing aviation's impact on the climate is to make very substantial investment, early, to ensure the UK is at the forefront of technological change in aircraft design, power plant design, SAF technology and renewable energy generation. Made quickly, such investment will pay dividends by placing the UK aeronautical industry at the head of a global movement.

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<sup>1</sup> <https://www.nats.aero/wp-content/uploads/2023/09/Aviation-Index-2023.pdf>

<sup>2</sup> <https://nats.aero/blog/2023/12/leading-the-way-in-contrail-avoidance/>

<sup>3</sup> <https://www.balpa.org/campaign/environment-and-sustainability/>

<sup>4</sup> <https://d15khrjun3ryw0.cloudfront.net/2023/05/BALPA-Contrail-Environment-Briefing-Jan-2023.pdf>

<sup>5</sup> <https://www.ukri.org/opportunity/jet-zero-aviations-non-co2-impacts-on-the-climate/>

Reducing the environmental impact of aviation is such a massive and expensive challenge that it can't be left to industry alone. UK Government has set the Jet Zero Strategy and made some investment in research and design, including the Aerospace Technology Institute, Future Flight Challenge and Advanced Fuels Fund. This funding can and should come from aviation taxes such as ETS carbon credit purchases and Air Passenger Duty, which BALPA believes should be ringfenced to give guaranteed support to the significant challenge of aviation decarbonisation.

### **ETS should encourage use of Sustainable Aviation Fuels (SAF)**

SAF are a core component of the Government's Jet Zero Strategy and the Government's upcoming SAF mandate will require at least 10% of jet fuel to come from sustainable feedstocks by 2030. Exempting such fuels from carbon credit obligations will further incentivise use, which could include going above and beyond the minimum requirements of the upcoming mandate.

Only fuels made from genuine waste products should be used, to avoid competing with food production and avoid negative environmental effects from changing land use. Such incentivisation would also stimulate the UK becoming a leader in SAF production and further boost new jobs from the new SAF industry<sup>6</sup>.

However, the level of exemption should be in proportion to the verifiable lifecycle carbon reduction of the fuel used. For example, an airline that uses a 10% blend of SAF which has a 70% lifecycle carbon saving over fossil would effectively be 7% carbon free, and would still need to cover the remaining 93% of its fuel use by buying ETS carbon credits.

### **The ETS should not disadvantage UK airlines and remain harmonised with EU ETS**

The UK ETS must apply equally to all airlines operating into and within UK, otherwise we would be handing foreign competitors an unfair advantage. Significant differences in policy or carbon prices could have negative effects, such as encouraging economic fuel tankering. For the same reason, airlines should be required to purchase credits to cover their planned flight operation rather than the fuel actually loaded on the aircraft.

For similar reasons, the ETS needs to be compatible with the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

### **Free allowances should be phased out**

BALPA fully supports the phasing out of 'free allowances' in 2026 as recently announced by the Government<sup>7</sup> to expose airlines to carbon pricing as originally intended.

### **Contact**

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<sup>6</sup> <https://www.gov.uk/government/news/new-measures-to-support-sustainable-aviation-fuel-industry>

<sup>7</sup> <https://www.gov.uk/government/news/tighter-limit-on-industrial-power-and-aviation-emissions-as-uk-leads-the-way-to-net-zero>