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As forecasters predict a sharp rise in the trading price of CO₂, airlines participating in the EU ETS will need to focus on the free carbon credits at stake and the accuracy of their 2010 emissions reports. ETS Aviation and BSI are developing a streamlined verification system they say will help operators minimise error and enjoy verification efficiencies.



THE EUROPEAN COMMISSION HAS announced that it plans to cap greenhouse gas emissions (GHGs) covered by all installations currently included in the European Union Emissions Trading Scheme (EU ETS) at 1.927 billion tonnes of CO₂ in 2013. Aviation, which joins the scheme in 2012, has been excluded from the decision.

Some analysts are predicting that the tightening of the cap through to the end of the 2013-2020 trading period will drive up the cost of carbon to between €40 and €50 by 2020, from a current price of around €15.

It is alarming news for airline operators and it places even greater importance on the accuracy of mandatory annual emissions [AE] and tonne/kilometre [TK] reports. The tonne/kilometre reports will determine an operator's allowance of free carbon credits for the entire reporting cycle – that's eight years.

Airlines are now waking up to the fact that the TK reports they have to prepare and submit in just a few months time will have a massive impact on their operations over the next decade. These reports are based on 2010 flight activity and must be verified before the 31st March 2011. Average sized airlines with 400,000 tonnes of CO₂ in 2010 could get around 80 per cent of their 2010 total emissions back in carbon credits, worth up to

€16m per year. So, the 2010 AE and TK reporting will have a major financial impact, worth in the region of €128m over the eight year period.

Uncharted territory

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Airlines need a low cost yet highly accurate and user friendly tool to record, monitor and report their aviation emissions with minimum error, according to ETS emissions data specialists, ETS Aviation. The company identified that many flight operations departments are not resourced to maintain day-to-day auditing of such crucial data effectively. After 18 months and "considerable investment in ground-breaking software", the company launched its solution, "AVIATION FOOTPRINTER".

Emissions trading data management: are the warning lights flashing?



"We are already over halfway through the year for recording this crucial emissions data, so the alarm bells should be ringing," says David Carlisle, CEO of ETS Aviation. "We have invested heavily these past 18 months to develop the perfect tool for ETS data management and auditing. It's a tailor-made solution for the aviation industry and will pay huge dividends to operators who use it in minimising errors and maximising carbon credit allocations. Our AVIATION FOOTPRINTER system is incredibly user-friendly and accessible from anywhere in the world using a secure login. So verifiers and regulators will love it."

According to ETS Aviation, AVIATION FOOTPRINTER is a "low cost and very potent reporting, monitoring and error catching software tool". It has already been selected by several airlines and business aviation flight departments included in the EU ETS.

"The smart money is on being prepared now and being accurate," states Gerold Tumulka of Air Seychelles, who says that the devil is in the detail and even a small inaccuracy in the data management and reporting would be very costly for his airline.

According to Tumulka, one of the key upsides of ETS Aviation's system is its inbuilt cross-check logic which he says irons out most mistakes in input data, or at least flags them for corrective action. He also identified as an advantage the production of an annual report which can be audited and submitted with the simple click of a mouse. AVIATION FOOTPRINTER has a full suite of

verification functionality specifically designed to help the EU-accredited verifier. This in turn will ensure the highest accuracy in the AE and TK reports which Air Seychelles, like other airlines, will have to submit to the EU early next year, and every year thereafter, and which will determine the number of credits the national carrier will be allocated.

Tony Economides, ground operation manager of Eurocypria, said: "We have all our data in perfect shape, with no data gaps and no inaccuracies. Our verification should run very smoothly and be completed efficiently. We have already carried out an online 'trial verification' with the help of ETS Aviation and BSI, which proved to be a valuable tool on our verification journey. Additionally, it has highlighted potential verification cost savings through efficiencies due to the capabilities of AVIATION FOOTPRINTER."

Keeping the verifier happy

BSI, a European provider of verification services to organisations within the EU ETS and with extensive EU ETS experience and IATA trained verifiers, is well placed to help airlines with the verification requirements. Antony Barrett, BSI's market engagement manager, says that operators "should now be engaging with verifiers and not leaving it to the last minute". "We are already working a large number of airlines, but want to encourage more to start thinking about their verification plans, so that they can ensure their verification is completed in a time and fashion that is convenient to them," he states.

BSI has welcomed ETS Aviation to their Associate Consultancy Programme and is committed to providing airlines worldwide with cost effective and efficient verification services. "Products like AVIATION FOOTPRINTER have a significant role to play in streamlining the verification process and minimising all the potential errors, inconsistencies and data gaps that the verifiers are anticipating," says Barrett. "Remote access to the data on line will also open up the possibilities of less intrusion and site visits and may facilitate many other cost and productivity efficiencies, which benefit both operator and verifier."

ETS Aviation's Carlisle believes operators need to look at six key areas to control cost and maximise efficiency and carbon credit potential allocation, "which could be worth many millions of euros". He identifies them as:

Bulk data auditing, pre-verification products will prove their worth this year... The value of just 1,000 flights could be upwards of €3m in value in free carbon certificates for the reporting cycle 2012-2020.

1. In-house quick fixes versus purpose built IT solutions

Some operators are looking at developing or modifying an internal system. But the investment, hassle and potential pitfalls of taking this strategy shouldn't be underestimated. Inaccurate emissions reporting could also have some serious financial implications. AVIATION FOOTPRINTER is custom designed for ETS data management and auditing, but much cheaper to create and easier to maintain and run.

2. Day-to-day management

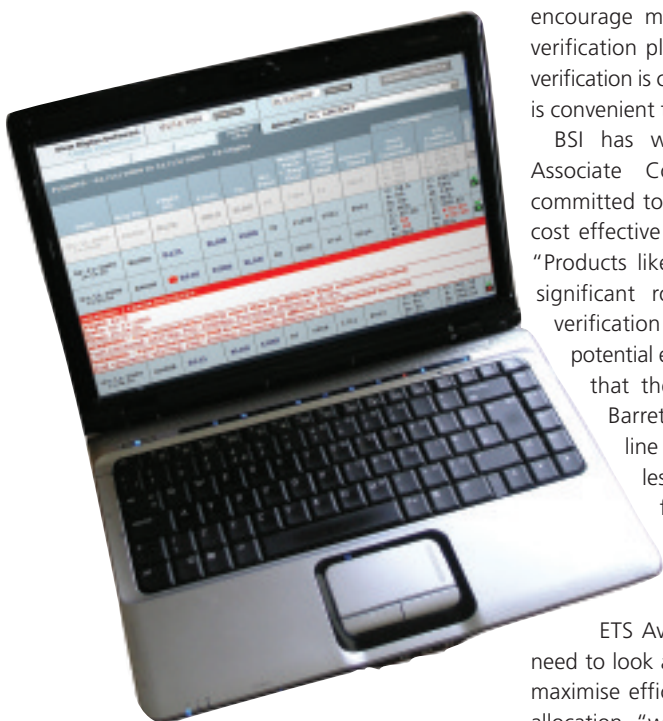
Day-to-day auditing and maintenance of an in-house system can be a major headache – and a major investment. A software package, specifically designed to manage the ETS data, can greatly reduce day-to-day internal auditing, administrative procedures and processes and time.

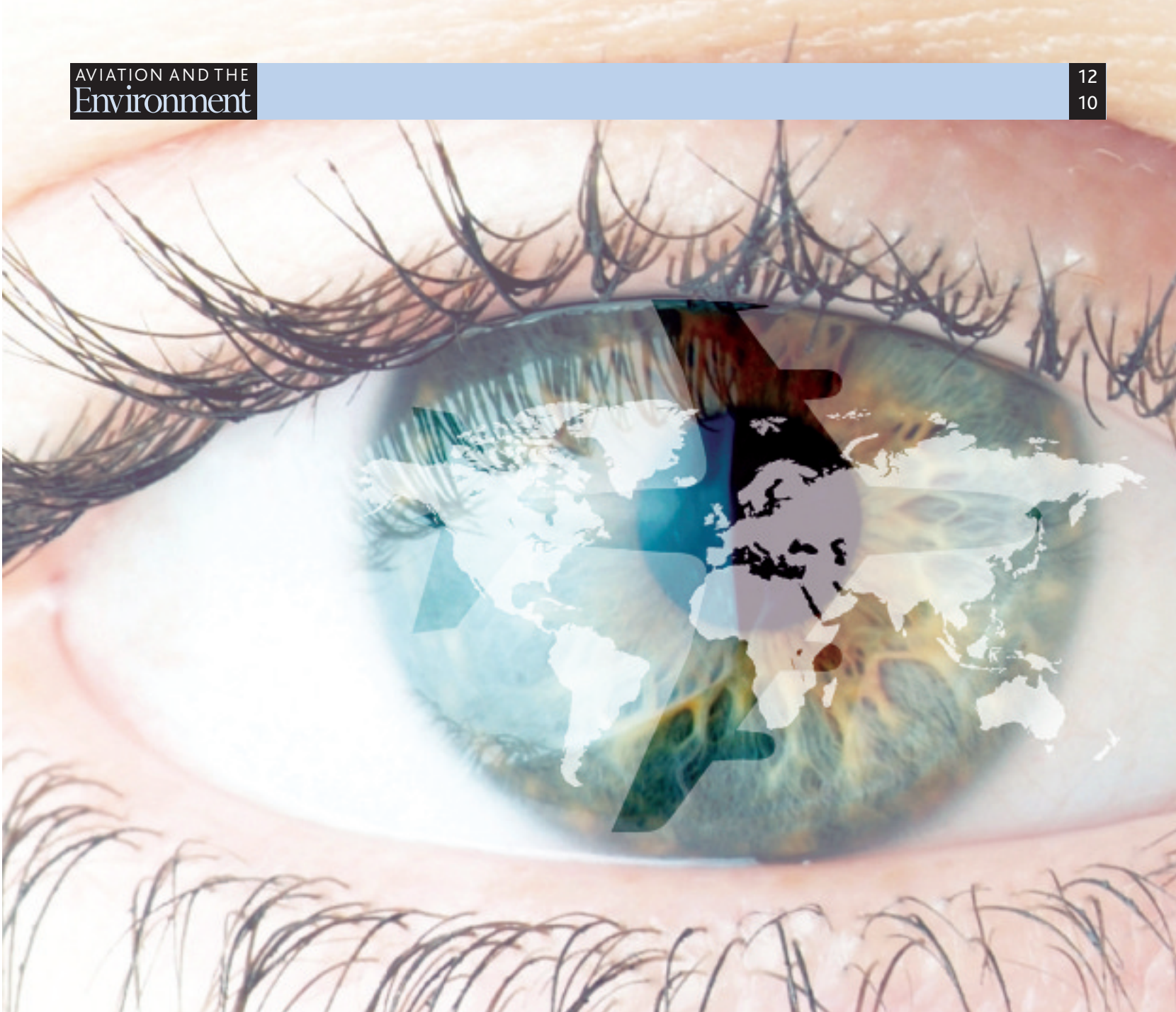
3. Accuracy

Failure to spot and fix data gaps, from IT glitches and human error, to all sorts of transcription faults along the data collection and reporting line, could result in massive under allocation of carbon credits and overpayment of emissions charges. The AVIATION FOOTPRINTER system is designed to locate and flag these potentially costly inconsistencies.

4. Verifier ready data and get at least part "on line" auditing facility agreed with your verifier

The easier operators make life for the verifier, the more savings they'll make in the long run. The AVIATION FOOTPRINTER system and our on line aviation experts streamline the auditing process ready for the verifier, ensuring zero transcription error with reports made in seconds. The system arranges and clearly presents hundreds of elements concerning the ETS flight listings with the click of a mouse and in good order. The verifier can upload a clean set of pre-verified accounts remotely on line with ease. We have worked closely with BSI to get all the efficiencies we can think of in order to save all stakeholders time, increase accuracy and therefore reduce costs





5. The future

Look at a system which will and can adapt to a changing technical or political environment – our system is web based and compatible with existing software and data housing systems. It hosts ETS data on a remotely accessible, highly secure, dedicated data-base. It's easy to manage from anywhere in the world, 24/7. It is designed to adapt to a worldwide reporting system or any other changes that we could be faced with.

6. Small errors, big costs

The big one is the huge cost in even a small percentage of error. Operators who are cutting corners are running a potentially very expensive strategy. False economies here could come back to haunt them, with errors in TK reporting the major potential loss factor this year. This is where AVIATION FOOTPRINTER really comes into its own. It has the capability to record, monitor and report with mind-boggling accuracy.

A company with vision

ETS Aviation was established to simplify emissions reporting and maximise the efficiencies inherent in specially developed software to reduce the administrative burden placed on both large and small operators. Carlisle says that ETS Aviation's consultants and partners have expertise in aviation operations, cutting-edge software development and sustainability. "This combination is unique and makes ETS Aviation a potent and cost-effective service provider to the aviation industry," he concludes.

"Bulk data auditing, pre-verification products will prove their worth this year," says Denis Quinn, who heads ETS Aviation's Support Service. "The value of just 1,000 flights could be upwards of

€3m in value in free carbon certificates for the reporting cycle 2012-2020. We can upload that data into our software, pre-verify very efficiently and accurately, reporting possible data gaps and inconsistencies back to the operator for corrective action and upload support documentation to simplify the job of the verifier. We act as a virtual, in house auditing department for a fraction of what it would cost in time, manpower or IT. What's more, we act as a bridge to the Aviation Verification Service providers, such as BSI, with the aim of streamlining the verification process and exploring all the benefits and cost efficiencies potentially offered through electronic data and remote auditing."