Despite a historic and costly slowdown in air travel due to COVID-19 impacts, the Carbon Offsetting and Reduction Scheme for International Airlines (CORSIA) continues to advance in several key areas. Recent developments include the key issues of setting a greenhouse gas (GHG) emissions baseline in the face of decreased air travel in 2020 and certifying additional offset programs.

Key Takeaways

- **Moving Forward:** The United Nations’ International Civil Aviation Organization (ICAO) continues to make progress on CORSIA in anticipation of the program’s pilot phase, beginning in 2021.

- **Baseline Decision:** At its June meeting, ICAO is expected to consider important changes to the CORSIA baseline to account for the effect of COVID-19 on emissions in the aviation sector. On June 9, 2020 the Council of the
European Union adopted a decision to seek an exclusion of 2020 from the baseline, and ICAO is positioned to address this issue imminently.

- **Carbon Offset Eligibility:** ICAO’s Technical Advisory Board (TAB) is accepting public comment on whether to approve ten additional carbon-offset programs—beyond the six approved earlier this year—as eligible offset providers under CORSIA.

## Baseline Decision

ICAO will consider whether to adopt a significant change to the CORSIA baseline that accounts for COVID-19’s effects on international air travel. ICAO has repeatedly recognized and reaffirmed CORSIA’s goal of achieving “carbon-neutral growth” for international aviation. Defining what constitutes “growth” under CORSIA depends on what metric is used for an emissions baseline. Currently, CORSIA provides that growth will be measured against a baseline of the sector’s average emissions in the 2019–2020 period.

Due to the COVID-19 pandemic during 2020, the international aviation sector’s miles traveled and corresponding GHG emissions are at historically low levels. According to Airlines for America, demand for U.S. air travel was down 89% at the end of May compared to last year, and nearly half of the U.S. domestic fleet has been forced to idle. ICAO estimates that, because of the pandemic, aviation emissions in 2020 are likely to be 40% lower than in 2016.

The use of 2020 emissions in the CORSIA baseline will result in a baseline that is significantly lower than what ICAO previously assumed it would be, based on ordinary times. As a result, much of the sector’s return to normalcy during the 2021–2023 pilot phase would be treated as sector “growth” subject to offsetting under CORSIA. That consequence has polarized stakeholders’ perspectives of the baseline calculations.

On the one hand, industry stakeholders, such as the International Air Transport Association (IATA) and the International Business Aviation Council (IBAC), have called for ICAO to jettison 2020 from the baseline calculation, relying solely on 2019 emissions. “There is no other workable solution,” writes IATA, given the significant impact of COVID-19 on air travel. On the other hand, an assembly of non-governmental organizations (NGOs) led by the Environmental Defense Fund (EDF) have cautioned against any significant changes. These NGOs question the pace at which air travel will rebound to pre-COVID-19 levels, and advise against a wholesale removal of 2020’s emissions from the baseline calculation. A report from EDF estimates that if ICAO used only 2019 emissions as the basis for carbon-neutral growth, airplane operators could likely avoid any offset requirements for the first three to five years of the program. Rather than eliminating 2020 from the CORSIA baseline, these NGOs urge ICAO to use flexibilities during the CORSIA pilot phase and the program’s first three-year review cycle to make only minor baseline adjustments—if any at all.

On June 9, the Council of the European Union adopted a decision that (1) modifies the EU’s position with respect to CORSIA baseline and (2) calls for an amended CORSIA baseline period to refer only to 2019, while excluding 2020 due to COVID-
19’s severe impacts on air travel.

An accurate baseline is vital to any market-based GHG reduction program; how ICAO ultimately resolves this issue is of vital importance to both the short and long term health of the CORSIA program.

Carbon Offset Eligibility

At the same time the ICAO Council considers baseline changes, ICAO’s Technical Advisory Body (TAB) is taking public comment through June 26, 2020 on a second round of applications for entities to provide carbon offsets under CORSIA.

Just a few months ago, ICAO approved six carbon-offset programs for use during CORSIA’s 2021–2023 pilot phase. Those actions provided increased certainty for CORSIA participants regarding the availability of offsets and the potential cost of compliance. Since then, the ICAO TAB has announced a public comment period on ten additional carbon-offset program applications. Two of the applications (for the Forest Carbon Partnership and for Verra’s Verified Carbon Standard) are repeats from the first assessment cycle, updated with revisions responsive to the TAB’s comments. The other eight applications are new to CORSIA, and include programs administered by the governments of Indian and Japan—important players given their membership in the governing ICAO Council. Also among those eight is an application for the Regional Greenhouse Gas Initiative (RGGI)—a market-based program to reduce power-sector emissions in the northeastern United States—which was apparently submitted without the approval of any RGGI member states. Because the RGGI offset program is not active (with only one offset project ever approved), and has limited approved protocols, it is not clear how RGGI could realistically serve as a significant source of offsets in any event.

Below is the full list of applicants for the second assessment cycle, as well as links to their applications:

- Architecture for REDD+ Transactions (application)
- BioCarbon Fund Initiative for Sustainable Forest Landscapes (application)
- Cercarbono (application)
- Compte CO2 (application)
- Forest Carbon Partnership Facility (revised application)
- India Ministry of Power’s “Perform, Achieve, and Trade Scheme” (application)
- Joint Crediting Mechanism between Japan and Mongolia (application)
- Kenya Electricity Generating Co.’s Olkaria IV Geothermal Project (application)
- Regional Greenhouse Gas Initiative (application)
- Verified Carbon Standard, managed by Verra (revised application)
The deadline for submitting public comments to TAB is June 26, 2020. Interested stakeholders would be wise to focus their comments on applicants’ conformity or non-conformity with CORSIA’s Emissions Unit Eligibility Criteria (EUCs). Those criteria, which previously drove ICAO’s decisions on the initial round of applications, include: (1) emission reductions, avoidance, or removals that are additional; (2) credits based on a realistic and credible baseline; (3) units that are quantified, monitored, reported and verified; (4) a clear and transparent chain of custody within the offset program; (5) emissions reductions, avoidance, or carbon sequestration that are permanent; (6) a system with measures in place to assess and mitigate incidences of material leakage; (7) a system to prevent double-counting towards a mitigation obligation; and (8) emissions reductions, avoidance, or carbon sequestration from projects that do no net harm.

June 2020 will be a consequential month for carbon offsets under the CORSIA program—both in terms of the quantity of carbon offsets required by the baseline, as well as which programs will be eligible to supply those offsets in the first place. Both decisions will have economic ramifications for operators as they prepare for CORSIA’s pilot phase to take off next year.

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Source URL: https://www.natlawreview.com/article/corsia-updates-baseline-decision-imminent-and-new-offset-programs-works