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## **Aviation and emissions trading: benchmarking study**

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The Department for Transport and The Environment Agency commissioned Manchester Metropolitan University and CE Delft to research the economic, environmental and distributional impacts of various carbon allowance allocation methodologies on different airline models. It also looked at how the methodologies might incentivise behavioural change and reward early action.

The report concludes that:

- Benchmarking is preferred as an allocation methodology for free carbon allowances over 'grandfathering' according to historical emissions.
- Of all the benchmark options examined using UK data, the two with the least distributional impacts were; a revenue tonne kilometre benchmark with a passenger mass of 150 kg; and a benchmark based on historical emissions with a fleet age adjustment of 1% per fleet age year.
- The benchmarks with the largest distributional impact were: the capacity benchmarks based on maximum payload kilometre and maximum take-off weight kilometre; and the benchmark based on historical emissions with a fleet age adjustment of 2.5% per fleet age year.
- Some airlines do not fare well under any of the benchmarks due to the short distances flown and the fuel efficiency of the aircraft used.
- There is evidence to suggest that a constant distance of up to 100km could be added to a benchmark to represent the difference between great circle distance and actual distance flown.

This report represents the views of the consultants and not of the UK. The UK Government will now analyse these research findings along with the stakeholder responses to our recent consultation in order to finalise the UK's position on the most efficient benchmark for allocating free carbon allowances to the airlines.

### **Executive summary (61 kb)**

Aviation and emissions trading benchmarking study: impacts of different benchmarking methodologies on airlines.

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## **UK study: Impacts of different benchmarking methodologies on airlines (423 kb)**

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