

March 4, 2019

## JetGreen

### Environment, Conservation & Fuel

- While CORSIA is indeed underway with the monitoring phase in effect since Jan. 1, some make-or-break details are still to be determined—details akin to whether the house will be made of bricks or straw. In a letter last week, environmentalists urged the ICAO Council to adopt stringent criteria for CORSIA's (Carbon Offsetting and Reduction Scheme for International Aviation) emissions credits, which are the building blocks of any offsetting plan. Dubious credits, environmentalists would argue, invite disaster—in this case having the illusion of carbon mitigation with little actual environmental benefit. The ICAO Council is expected to decide on the emissions credit criteria by March 15. Last week's letter, sent from the International Coalition for Sustainable Aviation—a group of NGOs including the Environmental Defense Fund (EDF), the WWF and the International Council on Clean Transportation—spells out measures and procedures to avoid the double-counting of credits or credits with little environmental benefit. In a statement, the EDF specifically called out the E.U. members of the ICAO Council, reminding them that the threat of re-applying the E.U.'s Emissions Trading System to intercontinental aviation remains the best leverage in shaping CORSIA. And if you're going to persuade Europeans of anything, a soccer analogy can't hurt. The EDF warned that without high standards, "ICAO could become the FIFA of the carbon markets."
- In the U.S., the Green New Deal (GND)—a transformational proposal to reduce U.S. greenhouse gases that has been floated by some Democrats—caught the attention of A4A, the lobbying group for U.S. airlines. This wasn't too surprising, considering the proposal's calls for enough high-speed rail to effectively eliminate the U.S. domestic airline market. Speaking before the House Committee on Transportation & Infrastructure last week, Nancy Young, A4A's Vice President of Environmental Affairs, said the group "has a lot of concern about any plan where the rhetoric around it is saying that we're going to eliminate air travel." She added that the industry is "already motivated" and taking up a number of the measures suggested in the GND. Young listed the strides made by the industry in sustainable alternative fuels, operations and infrastructure and added that the industry is doing all that without government mandate. Separately, **Frontier** also clearly noticed the GND. The airline took a different tack, however, in its case referencing the proposal in a marketing message: "We've Got A Green New Deal For You! Save 75% on flights!"

February 11, 2019

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- Fresh off their sweeping November victory in the U.S. House of Representatives, some Democrats have floated a stunningly ambitious proposal that includes the U.S. economy getting to net-zero carbon emissions in just 10 years. Of course, the "Green New Deal" is a long way from becoming law. The Democrats would have to win the Senate and the White House in 2020, for starters. On the other hand, they seem to have some momentum in America, enough that the airline industry might ask itself: What if this does ever become law? The answer might be concerning for airline investors because the Green New Deal essentially calls for expanding high-speed rail so much that, as *The New York Times* put it, "most air travel would be rendered obsolete." Whoa. But wouldn't all this high-speed rail take a generation to build? Fortunately, the authors of the Green New Deal have left themselves some wiggle room, saying in an FAQ: "We set a goal to get to net-zero, rather than zero emissions, in 10 years because we aren't sure that we'll be able to fully get rid of farting cows and airplanes that fast." So airlines, like cows, can breathe a sigh of relief knowing neither would be *fully* gone in 10 years.
- If the enormous Super Bowl crowd last week and the enormous carbon footprint it surely required to fly so many fans to Atlanta made you uneasy, relax! Hartsfield-Jackson Atlanta International Airport (ATL) picked up the tab to offset 71,000 airline trips to The Big Game. Using The Good Traveler, an aviation-focused carbon offset program, ATL offset 18,000 metric tons (39,682,800 pounds) of carbon, which (according to calculations ATL provided) equates to 1,624 air miles for each of the 71,000 seats in Mercedes Benz Stadium. Or, another way of looking at it: More than 23,000 trips were offset for each point the Rams scored. Just sayin'.

January 28, 2019

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- The Dutch air force started using a 5% bio-jet blend in its F-16s this month. The plan, officials say, is to gradually increase the mix to 20% by 2030 and 70% by 2050. In 2016, the U.S. military also dabbled in biofuels, to the tune of millions of gallons. Is it good for airlines that governments are interested in bio-jet fuel? Probably. Because the more fuel that is purchased, the faster the supply chain will evolve, bringing down the price. Unlike airlines, governments and their militaries don't have to operate at a profit. So why not let them do the heavy lifting in getting biofuels off the ground? The government's purchase of expensive bio-jet is essentially what the airline industry for years has been asking for: that governments—through policy or subsidy—jumpstart the bio-jet fuel industry.
- The European Aviation Environmental Report hit the streets last week, and unsurprisingly, the emissions numbers weren't pretty. Although the authors—including the European Aviation Safety Agency (EASA), the European Environment Agency (EEA) and Eurocontrol—are quick to acknowledge the economic benefits and improved connectivity that a growing airline industry provides the E.U., with that growth comes a growing carbon footprint. Furthermore, the report says advancements in technology and operations have been helpful but haven't kept pace with emissions growth. Through 2017, passenger kilometers in the E.U. are up 20% since 2014, while absolute carbon emissions are up 10%. The fact that emissions have increased only half as much as passenger kilometers is a credit to improved efficiency. The report says the fuel burned per passenger kilometer is down 8% since 2014 and a whopping 24% since 2005. Those efficiency gains and more will be needed as forecasts expect flights in the E.U. to increase by 42% between 2017 and 2040.