

Effects of Aviation on Demand and Supply in the EU ETS

- Insights derived from ICF's carbon pricing model *InCaP*

- Additional demand from Aviation in Phase II

Intra-EU 2011 & 2012	Intra-EU 2011 & All EU 2012
40 MtCO₂	100 MtCO₂

- Additional CDM/JI credits available for compliance

	Intra-EU 2011 & 2012	Intra EU 2011 & All EU 2012
Average EU ETS cap	15 MtCO₂	35 MtCO₂
No restriction on imports	40 MtCO₂	100 MtCO₂

- Effect on EU ETS prices:

- ✓ In most scenarios, impact of aviation is **not material**
- ✓ Key question = anticipation of additional demand by the market
=> possible effect of **+2 to +5 EUR/t if not anticipated**