

ECSCA WEBINAR - 20 JUNE 2023

PRESENTATION OF THE FUELEU MARITIME REGULATION

ECSCA

European Community
Shipowners' Associations

Represents 20 national shipowners associations in the EU and Norway

Promotes and protects the interests of European shipping towards the European policymakers

Founded in 1965

Brussels Secretariat

WEBINAR STRUCTURE



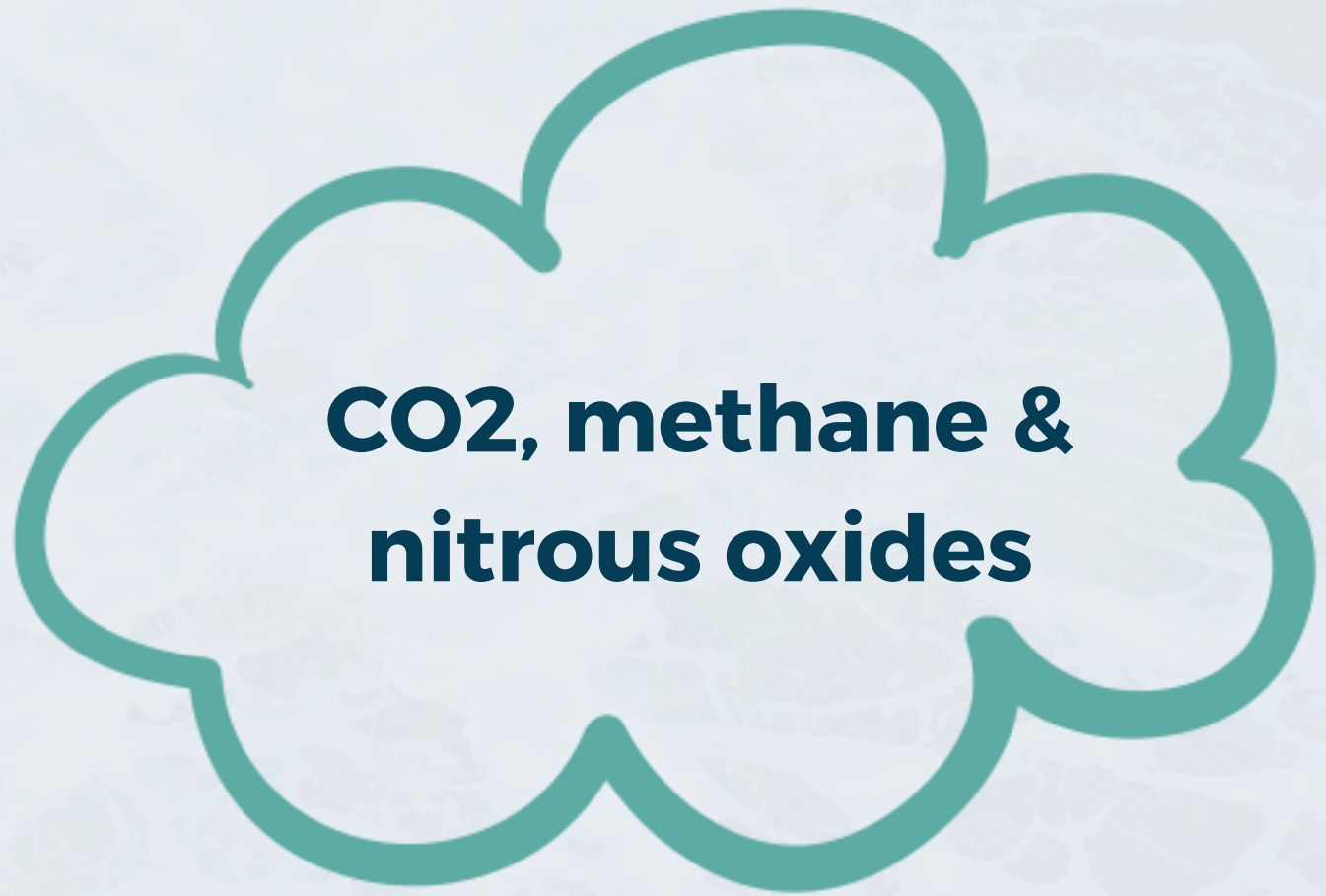
- Scope (emissions, ship types and geographical area) & exemptions
- GHG intensity reduction targets & Onshore Power Supply
- Reporting obligations
- Banking & pooling mechanisms
- Penalties
- Revision clauses & Next steps




SCOPE

EMISSIONS, SHIP TYPES,
GEOGRAPHICAL SCOPE & EXEMPTIONS

EMISSIONS



**CO₂, methane &
nitrous oxides**



By end of 2027 & every 5 years afterwards,
report of the Commission on the possibility to extend the scope to black carbon

Scope - ship types



SHIPS ABOVE 5000 GT

transporting passengers or cargo
for commercial purposes



SHIPS BETWEEN 400 GT & 5000 GT

By end of 2027 & every five years
afterwards, the Commission will assess if
they should be included in the scope.

TYPES OF ACTIVITIES

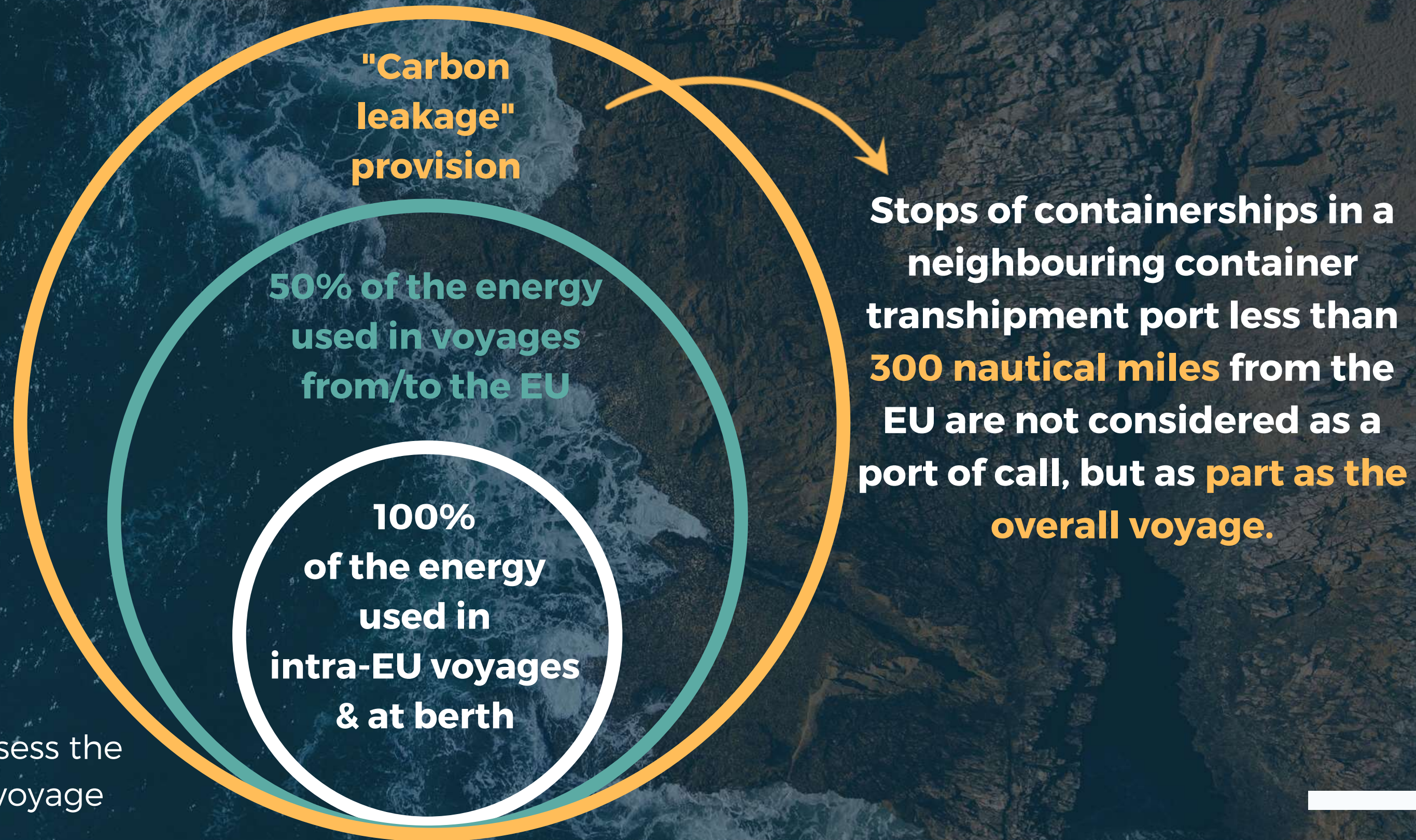
■ Are covered stops to:

- Load or unload **cargo**,
- Embark or disembark **passengers**.

■ Are exempted stops for the sole purposes of:

- **Refuelling**, obtaining supplies, relieving the crew,
- Going into dry-dock or making **repairs** to the ship and/or its equipment,
- Taking shelter from adverse weather, being in need of assistance or in distress, or **search and rescue activities**,
- **Ship-to-ship transfers** carried out outside ports.
- And stops of containerships in a **neighbouring container transshipment port**.

Geographical scope



By end of 2027 & every five years thereafter, the Commission will assess the possibility to extend the scope to voyage to/from third countries.

Geographical scope - "Carbon leakage" provision



List of ports to be established by the Commission
in an **implementing act by the end of 2025**
(updated every 2 years)




- Ports where **the share of transshipment of containers**, measured in twenty-foot equivalent unit, **exceeds 65% of the total container traffic of that port** during the most recent twelve-month period



- Transshipment = Containers are **unloaded** from a ship to the port **for** the sole purpose of **loading them on another ship**.



-  Ports located in a **third country** which has **equivalent measures** to the FuelEU Maritime will not be included.

EXEMPTIONS FOR OUTERMOST REGIONS

For all ship types, until end of 2030

■ Automatic exemption

- **50%** of the energy used on voyages departing from or to a port of call located in an outermost region of a Member State will be exempted.

■ Possible exemption

- For specific routes or ports, voyages between **a port** in an outermost region **& another port** located in an outermost region, and the **activities within a port** in relation to those voyages can be exempted.
- Member States to notify the exemptions to the Commission prior to their entry into force.
- Commission to publish them in the EU Official Journal.

EXEMPTIONS FOR SMALL ISLANDS

For passenger ships other than cruise ships

■ Scope

- For islands with **less than 200 000 permanent residents**
- For specific routes or ports, can be exempted:
 - voyages performed between a port of this island and a port of the same Member State.
 - Energy used while in the port of the island.

■ Until end of 2030

- Member States **may** exempt specific routes and ports
- Member States to notify the exemptions to the Commission prior to their entry into force.
- Commission to publish them in the EU Official Journal.

EXEMPTIONS FOR PASSENGER SHIPS

Until end of 2030

■ National level

- **Possibility** for the Member States to exempt:
 - passenger ships providing maritime transport services (maritime cabotage) under public service obligation or public service contract,
 - **operating before the entry into force of FuelEU Maritime**,
 - for specific routes between their mainland ports of call and ports of call under their jurisdiction located in an island or the cities of Ceuta and Melilla.

■ Transnational level

- **Possibility** for the Member States having **no land border** with another Member State to exempt the passenger ships performing transnational voyages under the public service obligations or public service contracts to the port of calls **of other Member States**.
- ex: Malta, Cyprus, or Ireland

ICE CLASS & sailing in ice conditions

Until end of 2035 (with possible extension)

■ Sailing in ice conditions

- For ships having ice-class IC, IB, IA or IA Super or an equivalent ice class.
- Possibility for the company to request to exclude the additional energy consumption **due to sailing in ice conditions** from the calculation of the energy used on-board (formula in Annex IV).

■ Ice-class

- For ships having ice-class IA or IA Super or an equivalent ice class,
- Possibility for the company to request to exclude the additional energy consumption **due to the technical characteristics of the ship** from the calculation of the energy used on-board,
- 5% of the verified emissions of the voyage will not be surrendered (formula in Annex IV)

FuelEU Maritime's objectives



Reduction of the Greenhouse gas intensity limit of energy used on-board by a ship

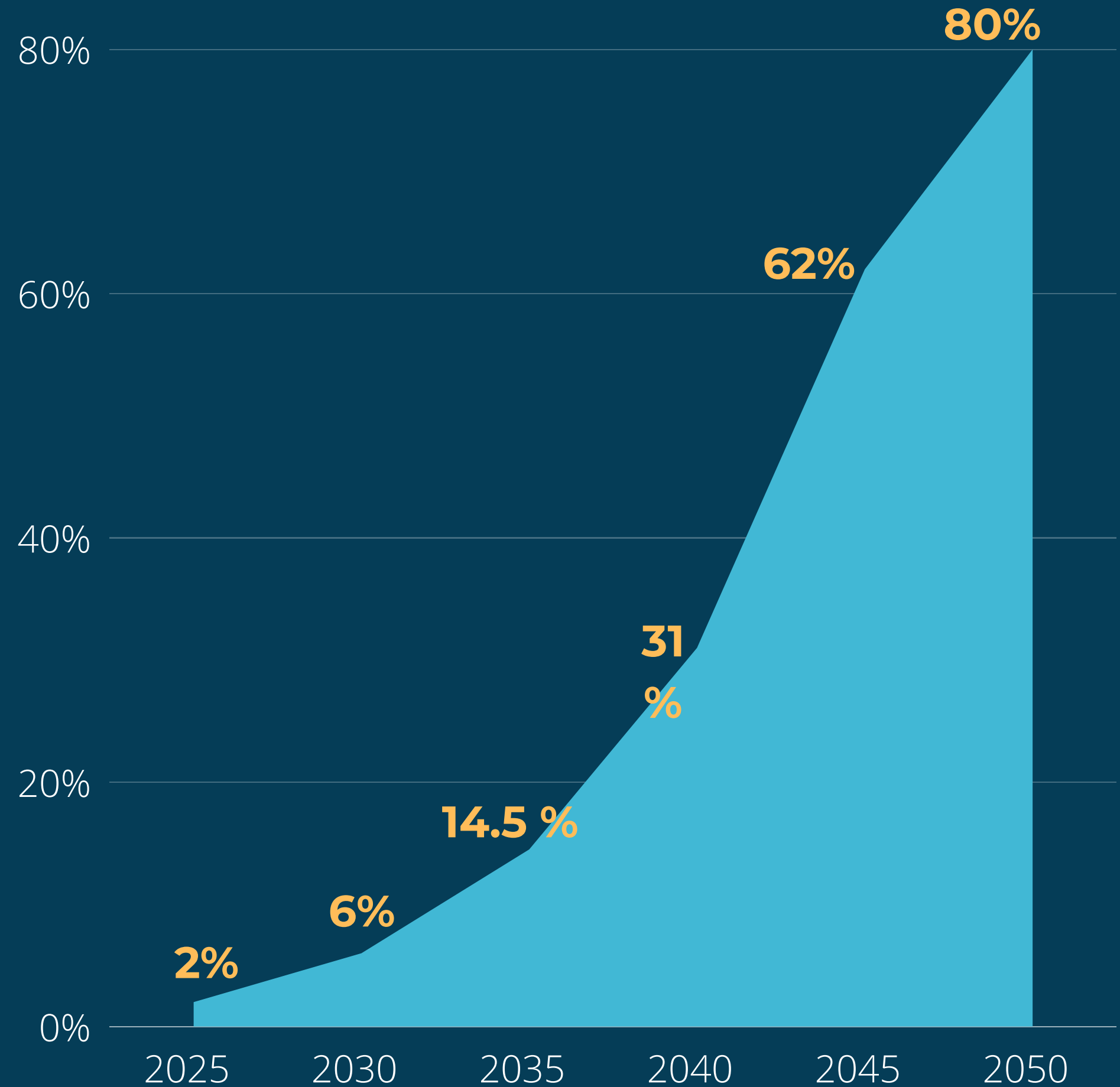


Onshore Power Supply mandate for certain ship types

Reduction of the yearly average of GHG intensity of the energy used on-board

Obligations on the ships

- Commission's targets increased by the co-legislators from 2035 onwards
- Reference value of 91.16 grams of CO₂ equivalent per MJ
- By end of 2027 & every 5 years afterwards, report of the Commission on the possibility to review the targets



Renewable Fuels of Non-Biological Origin



x2

MULTIPLIER

- Reward factor for the use of RFNBOs when calculating the GHG intensity of the energy used on-board by a ship
- **From 2025 to end of 2033**



SUB-TARGET

- Commission to monitor annually the share of RFNBOs in the yearly energy used on-board by ships covered
- If the share of RFNBOs for 2031 is less than 1%, **a sub-target of 2%** for RFNBOs in the yearly energy used on-board by a ship **will apply from 1 January 2034.**

Renewable Fuels of Non-Biological Origin

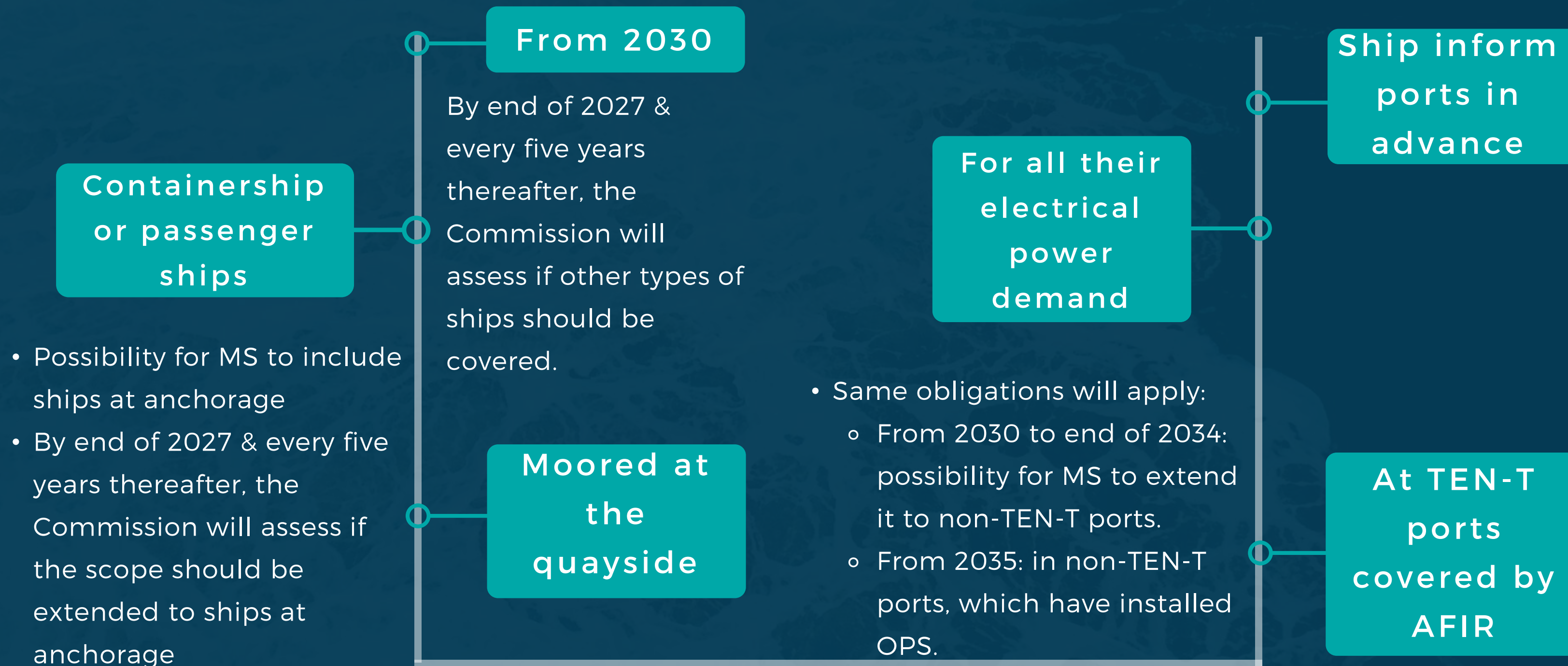


THE SUB-TARGET WILL NOT APPLY:

- If the monitoring results:
 - available before 1 January 2033 demonstrate that **the share of RFNBOs is higher than 2%**.
 - and the Commission's assessment, find evidence of insufficient production capacity and availability to the maritime sector, uneven geographical distribution or a too high price of RFNBOs
- **After the introduction of the sub-target of 2%**
- To a ship, which demonstrates that the same share of the yearly energy used on-board is met by certified fuels providing equivalent GHG savings.



Onshore Power Supply (OPS)



OPS - Exemptions

- Stay of less than 2 hours
 - Use zero-emission technologies
 - Unscheduled port call for safety reasons, due to unforeseen circumstances beyond the control of the ship
 - Use of on-board energy generation for:
 - emergency situations
 - maintenance tests
 - Impossibility to connect due to:
 - unavailable connection points in a port,
 - the electrical grid stability being at risk,
 - insufficient available shore-power,
 - incompatibility with shore installation if the ship's installation is certified in accordance with AFIR.
- From 2035: these exemptions can be used for **max. 10% of the ship's total number of port** calls or to **max. 10 port calls** during the reporting period whichever is lower.
- Revision clause by end of 2027 & every five years thereafter.**



REPORTING OBLIGATIONS

ADMINISTERING AUTHORITY

= EU ETS



**Registered in a
Member State**

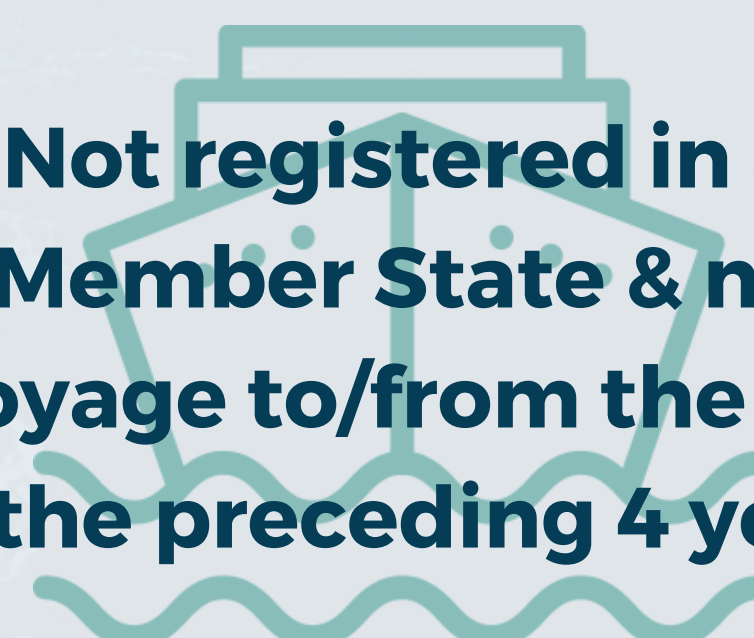
THIS MEMBER STATE



**Not registered in
a Member State**

THE MEMBER STATE

where it had the highest
number of port calls in the last
four monitoring years



**Not registered in a
Member State & no
voyage to/from the EU
in the preceding 4 years**

THE MEMBER STATE

where its first voyage falling
under the scope of the EU ETS
arrived or started

→ Implementing act to list the shipping companies &
their administering authority, with regular updates

Monitoring plan per ship

METHODOLOGY

- **Annex I: formulas & methodology** to calculate the yearly average GHG intensity of the energy used,
- Companies can **diverge from the default values of non-fossil fuels**:
 - for the **well-to-tank** if actual values are certified,
 - for **tank-to-wake** emission factors if actual values are certified or directly measured.

MONITORING PLAN

- List of information to be compiled **per ship**,
- Indication of the method chosen to monitor & report the fuel consumption & tank-to-wake emission factors.
- Monitoring of information when sailing in ice conditions
- Description of the wind propulsion equipment onboard

REPORTING

- **By 31 August 2024**: a plan for each ship will be submitted to the verifiers.
- **After this date**: for new vessels, a plan will need to be submitted no later than 2 months after the ship's first call in an EU port.

Least favourable pathway



Will be considered to have the same emission factors as the least favourable fossil fuel pathway for this type of fuel

- Biofuels, biogas, renewable fuels of non-biological origin or recycled carbon fuels that **do not comply with the sustainability and GHG saving criteria set out in RED**

- Biofuels or biogas produced from **food and feed crops**

- Other fuels unless they have been certified pursuant to an **EU legislation for the internal markets in renewable and natural gases and in hydrogen**, establishing a GHG emission saving threshold & an associated methodology to calculate GHG emission from production of such fuels.

Verification & database

VERIFICATION

- The provisions on the independence, impartiality and knowledge in shipping of the verifiers were strengthened.

FUELEU DATABASE

- Record of the actions related to verification activities, the compliance balance of the ships, the use of the flexibility mechanisms & of the exemptions, the payment of the penalties & the issuance of the FuelEU document of compliance

THETIS-MRV

- Parliament wanted the database to be integrated in the THETIS-MRV system.
- Trilogue: the FuelEU database should build upon the existing THETIS-MRV module or, to the extent possible, should be developed as an upgraded version of it.

Monitoring, reporting & verification



Per voyage

Companies monitor & record :

- Date, time & port calls,
- Amount of energy used at sea & berth,
- Use of OPS, if relevant,
- Well-to-tank & tank-to-wake emission factors of combusted fuels.
- Tank-to-wake emission factors of slipped fuels.
- The ship's ice class,
- Information on the ship's sailing in ice conditions

By 31 January

A ship-specific FuelEU report is sent to the verifier.



Transfer of ship:

- The previous company sends to the verifier the information for the corresponding period.
- The new company responsible for the operation of the ship on 31 Dec. of the reporting period is responsible for the compliance of the ship for the entire reporting period.

By 31 March

The verifier notifies the company & updates the database after calculating the:

- yearly average GHG intensity of the energy used on board,
- ship's compliance balance,
- number of non-compliant port calls,
- yearly energy used on-board by a ship,
 - excluding energy derived from OPS &
 - derived from RFNBOs.

Banking surplus for the same ship

- The **compliance surplus** on the **GHG intensity** or on the **RFNBOs sub-target** of a ship can be banked to the same ship's compliance balance for the following reporting period.

By 30 April, the company shall record the advance compliance surplus, following approval by its verifier, in the **FueIEU database**.

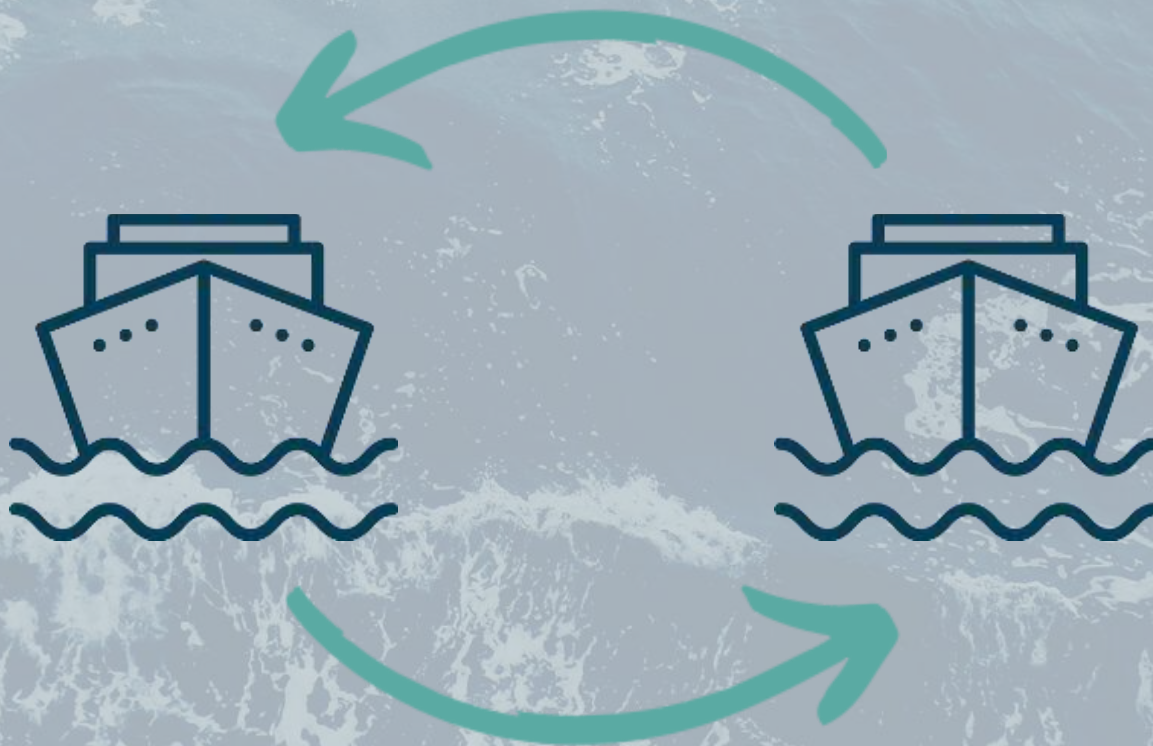
- If the ship has a **deficit**, it can borrow an **advance compliance surplus** from the following reporting period.



The advance surplus:

- is multiplied by 1.1 & subtracted from the following balance.
- cannot be borrowed for the amount exceeding by more than 2% the GHG limit.
- cannot be borrowed for two consecutive reporting periods.

Pooling mechanism

- **Possible between ships from the same or from different companies**
 - **Compliance balances for the GHG intensity and the RFNBO quota can be pooled.**
- A ship's compliance balance may not be included in more than one pool in the same reporting period.
 - Two separate pools may be used for GHG intensity target and for the RFNBOs sub-target.
- 
- A pool is valid only if:
- the total pooled compliance is positive,
 - ships which had a compliance deficit do not have a higher compliance deficit after the allocation of the pooled compliance and,
 - ships which had a compliance do not have a compliance deficit after the allocation of the pooled compliance.

Additional checks by an administering authority

- It can conduct additional checks on:
 - **the compliant FuelEU report,**
 - **the verification report,**
 - **the calculations made by the verifier.**

The company can be asked to provide additional documents.

- The administering authority will:
 - issue an "**additional checks report**" correcting the calculations and/or the FuelEU penalty.
 - ask for a **FuelEU penalty** or a modification of the amount of a FuelEU penalty already paid, where relevant.
 - **withdraw the FuelEU document of compliance** of the ship in the FuelEU database, if the company responsible for the ship during the period has not paid within one month.

An aerial photograph of a rugged coastline. The ocean is a deep, dark blue, with white foam from waves crashing against dark, jagged rocks. The rocks are brown and grey, with some green vegetation visible. The overall scene is dramatic and powerful.

PENALTIES

FuelEU document of compliance & penalties

■ By 30 June, document of compliance:

- Delivered by the verifier if the ship is compliant,
- Delivered by the national authority if the ship was not compliant but paid the penalty,
- Ship must hold the document of compliance onboard

■ Penalties for a deficit for the GHG intensity and the RFNBOs sub-target:

- Are calculated according to the formulas in Annex III,
- Are increased if a ship has a compliance deficit for two consecutive reporting periods or more.

Penalties for non-compliant port calls for OPS:

- Are calculated according to the formula in article 20

PENALTIES

- **Penalties are also due:**
 - If a ship does **not have any port call in the EU** during the reporting period and has borrowed an advance compliance surplus in the previous reporting period,
 - The amount of the FuelEU penalty initially avoided by means of borrowing this advance compliance surplus **will be multiplied by 1.1.**
- Penalties must be paid by 30 June.
- Member States shall endeavour to **use the revenues** generated from FuelEU penalties to support the rapid deployment & use of renewable and low carbon fuels in the maritime sector.

By 30 June 2030, and every five years thereafter, Member States will publish a report on the use of revenues generated from the Fuel EU penalties.

PENALTIES

The company remains responsible for the payment of the FuelEU penalties, without prejudice to the possibility to conclude contractual agreements with

The commercial operator

- that foresee the liability of the latter to reimburse the company for the payment of the FuelEU penalties
- when the commercial operator assumes the responsibility for the purchase of the fuel or the operation of the ship (determining the cargo carried, the route & the speed of the ship).

Fuel suppliers

- that foresee the liability of the latter to reimburse the company for the payment of the FuelEU penalties.

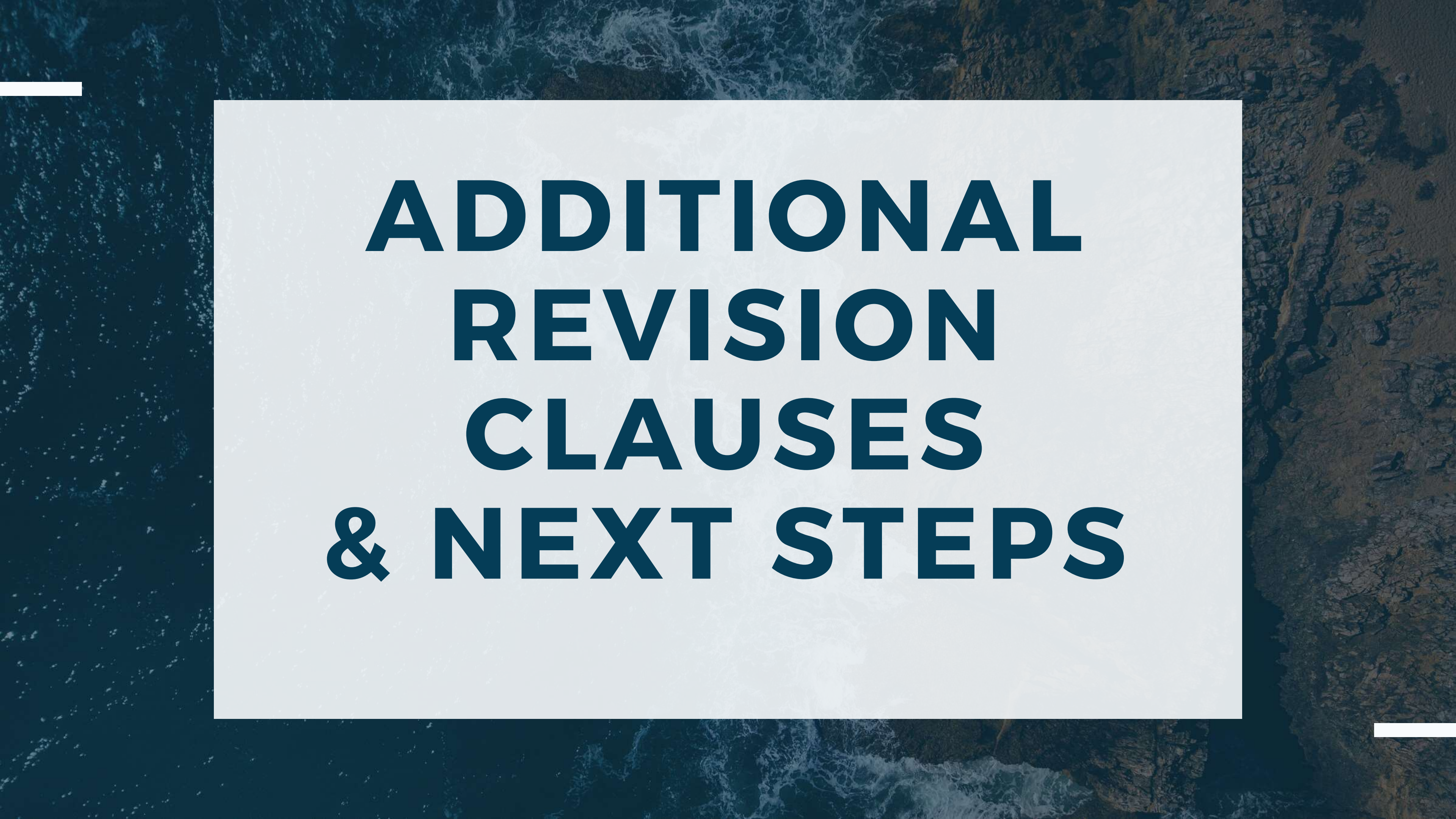
IF A VALID FUELEU DOCUMENT OF COMPLIANCE IS NOT CARRIED ON BOARD for two or more consecutive reporting periods

- **The Member State of the port of call can issue an expulsion order.**

All the Member States, but the Member State whose flag the ship is flying, should **refuse entry of the ship** into their ports until the company fulfils its obligations.

- **The Member State, which is the flag State, can detain the ship if it is in its ports.**

In both cases, the Commission, the Member States and the Flag State should be informed through the FuelEU database.



**ADDITIONAL
REVISION
CLAUSES
& NEXT STEPS**

OTHER REVISION CLAUSES

BY END OF 2027 & EVERY FIVE YEARS THEREAFTER

EVALUATION OF THE REGULATION

The Commission will prepare a report on the evaluation on the functioning of the Regulation, with a legislative proposal, if need be.

ADOPTION OF AN IMO GLOBAL GHG FUEL STANDARD

Without delay, report of the Commission examining any issue related to the alignment FuelEU Maritime with this measure with a legislative proposal, if need be.

WIND PROPULSION

The Commission will consider the possibility to include energy provided by wind in the calculation of the GHG intensity of the energy used onboard

NEW GHG ABATEMENT TECHNOLOGIES

The Commission will consider the possibility to include new GHG abatement technologies (ex: onboard carbon capture) in the calculation of the GHG intensity of the energy used onboard

Next steps





DO YOU HAVE ANY QUESTIONS?

Please give your name and the name
of your organisation/company
