

REPORT: Workshop on Demonstration of Sustainability Certification of Marine Bunker Fuels – 25 June

Objectives: Workshop organized by MOVE-D1 to discuss: **1)** Present/test the concept for demonstration of certification for marine bunker fuels under FuelEU/ETS; **2)** Integration of the entire supply chain for marine bunker fuels into the RED Union Database and **3)** Collect challenges regarding certification of marine bunker fuels for structured follow-up. Agenda attached.

Participants

COM: MOVE, CLIMA, ENER (AM period), EMSA

Close to 200 participants from:

- EU Member States competent authorities (for ETS, FuelEU and RED)
- RLCF
- ESSF

Presentations

Presentations attached.

Workshop/Discussion

Demonstration of sustainability certification for marine bunker fuels

1. MOVE and CLIMA presented on the relevance of ensuring a robust process for **demonstration of sustainability certification of marine bunker fuels** – Specific aspects of FuelEU and MRV/ETS were highlighted. The Verifier needs to be reassured with documented evidence of sustainability certification for the sustainable fuel used onboard throughout the reporting period – it is an essential element to assess compliance under FuelEU and to allow zero-rating or sustainable fuels in accordance with relevant ETS provisions.
2. The importance of mitigating the risk of fraud, erroneous reporting or adulteration of quantities/sustainability characteristics in the documented evidence of sustainability of marine bunker fuels has been agreed by all workshop participants. Existing RED-certification framework, and work of voluntary/national schemes, are already providing a good level of reassurance in the certification of sustainable fuels when they are introduced in the EU market.
3. ENER presented the Union Database main principles behind the use of the UDB for sustainable marine fuels certification. Timeline for main UDB developments was presented. Integration of maritime presented as a development for 2025. New development will ensure that under all possible scenarios, inside and outside the EU: 1) bunker suppliers will be able to register in the UDB, whether they are or not RED-quota obligated party; 2) ships as location of fuel transfer can be registered; 3) Bunker Suppliers/Operators / Shipping companies can receive the consignment transaction on UDB; 4) shipping companies can mark the fuel as consumed.
4. Maersk Mc-Kinney Moller Centre for Zero Carbon Shipping (MMKMCZCS) as leader of EuropeESSF SAPS Workstream 2 (Fuel Certification) presented the work of this ESSF group which, over the past year 2023/24 has developed draft guidelines with a proposed approach for demonstration of sustainability certification of marine bunker fuels. SAPS WS2
5. ISCC presented their work as certification scheme approved for EU-RED certification – presented briefly their work on the development of a Proof of Compliance (PoC)

document to ensure that the Proof of Sustainability information can be passed along the supply chain, including point of delivery/bunkering and Verifier.

6. Some participants highlighted that it is important to ensure that bunker suppliers can already be part of the UDB in PHASE1. Different scenarios were however discussed (A – bunker supplier in EU as “RED-quota obligated party”; B – bunker supplier in or outside EU as “service provider, not owning the fuels” and C – bunker supplier in or outside EU as “non-RED quota obligated party”).

Use of the UDB for demonstration of RED-certification for marine bunker fuels

1. Developments in UDB shall also allow for full traceability and demonstration of sustainability certification of marine bunker fuels under FuelEU and ETS, up to the relevant Verifier under each framework. Such development will however still require time to become a reality and, for the purpose of FuelEU and ETS implementation it is important to ensure that all stakeholders have already a process in place that allows the transfer of sustainability information, along with the Bunker Delivery Note (BDN) for all sustainable marine bunker fuels used onboard.
2. In view of point 1, above, COM presented a 2-Phase Approach: **PHASE1** – making use of the UDB to the extent already possible today, together with a Proof of Compliance (PoC) document passed by the last registered EO in the UDB, albeit the bunker supplier or fuel supplier just before; **PHASE2** – with UDB coverage up to the Bunker supplier.
3. Some participants questioned the legal basis for using the UDB for FuelEU/EYS. COM highlighted that the Shipping companies will have to demonstrate sustainability certification of marine bunker fuels. Use of the UDB will become an essential part of that demonstration. Legal Basis provided by:
 - FuelEU:
 - Article 10 - FuelEU requires RED Certification of sustainable marine bunker fuels.
 - Also, FuelEU Annex-I, in respect of the annex to the BDN and, in Annex-II, regarding the footnote for Column 4.
 - EU ETS:
 - The EU ETS under Implementing Regulation 2023/2122, Annex Xa and Annex Xb states that shipping companies provide, and fuel suppliers, separately, need to report types and amounts of fuels to regulator.

How to ensure PoC are effectively safeguarding against fraud or double-counting

1. Several participants expressed concerns with the use of PoC
2. COM expressed to be currently working to ensure that Guidelines are in place instructing what elements a PoC template should have + what should be required with a view to ensure mitigation of fraud in the issuing of PoCs.
3. Once the **Guidelines for demonstration of sustainability certification of marine bunker fuels** are ready and published all International Certification companies will be able to follow them with a view to ensure that PoCs are in place as effective added value elements in the mitigation of fraud.
4. The following measures are suggested to mitigate the risk of double counting or fraudulent use of PoCs:
 - a. Bunker suppliers/operators supplying sustainable fuels/PoC, must be RED certified and subject to auditing process
 - b. Certification companies should publish PoC documents online (at least non-commercial info – number and volume)
 - c. Linking PoC to the PoS that originated them (reference number)
 - d. Clear link of PoC and BDN

- e. Possible future development: EMSA to introduce functionality in THETIS-MRV/FuelEU database to allow Mass Balance safeguard mechanism through PoC reference numbers.

Challenges regarding certification of marine bunker fuels

1. Different participants expressed concerns with the certification of biomethane or biomethane-derived bio methanol, by mass-balance certification over the grid, outside the EU. The challenges presented are related to the extension of the UDB to cover also gaseous fuels, associated to the lack/difficulties of recognition of interconnected gas grids outside the EU as “mass-balance systems”.
2. Notwithstanding the objective of the Workshop being the focus on demonstration of sustainability certification (and not difficulties in certifying specific products) COM took note of difficulties expressed for adequate follow-up.

Follow-up

1. The result of the Workshop on Demonstration of Sustainability Certification of Marine Bunker Fuels - 25JUN is materialized in the Post-Workshop Diagrams for PHASE1 and PHASE2 – this is included attached for further consideration/ consultation.
2. Draft Guidelines on demonstration of sustainability certification to be finalized reflecting the need to focus on PHASE1 operationalization and preparation for PHASE2.