

Workshop on Demonstration of Sustainability Certification for Marien Bunker Fuels

WORKSHOP 25JUN

The present document contains the redrawn diagrams, incorporating and addressing the input received during the Workshop on Demonstration of Sustainability Certification for Marien Bunker Fuels.

INTRO

The present document follows from the Workshop and contains the relevant elements proposed in support of the **demonstration of sustainability certification of marine bunker fuels** used under FuelEU Maritime (FEUM), covering two phases:

- PHASE 1 (2025) – Limited use of the Union Database (UDB) complemented by use of paper-based documented evidence (Proof of Compliance – PoC)
- PHASE 2 (2026 onwards) – Use of the UDB as single instrument to demonstrate sustainability certification of the fuels used

For both phases the process is defined, including:

- Relevant stakeholders to consider.
- Different concepts, steps and process flow
- How the FEUM verifier can confirm the sustainability certification of the fuels used onboard.
- Identification of relevant elements for implementation.

Annexes-I, II and III include the representative diagrams for PHASE 1 and 2. The process outline presented for PHASE 2 should be considered as a starting point for the technical specifications of the UDB adaptation to cover full demonstration of sustainability certification for fuels used by maritime transport.

The present document builds on:

- Work of the ESSF SAPS Workstream 2 (Lead by the Maersk McKinney Moller Centre for Zero Carbon Shipping) during 2023-24
- Several meetings held between DGs - MOVE, CLIMA and ENER – at desk officer level which allowed to better understand the options for the use of the UDB in the context of FuelEU and ETS implementation.
- Conclusions of an online workshop on the topic of demonstration of sustainability certification for marine bunker fuels, held on 25 June.

To the extent that demonstration of certification of marine bunker fuels is also important for ETS (in the context of the zero-rating in ETS for RED-certified marine fuels), the relevant concepts and procedures for both phases defined above are also relevant for DG-CLIMA. To this end, colleagues from this DG have always taken part in the different discussions leading to this note.

PHASE1 – USE OF PROOF OF COMPLIANCE – INTERIM SOLUTION

PHASE 1 (proposed to be in place between 1JAN2025 and Q1 2026) is based on partial use of the UDB to the extent possible. This should be complemented with documented evidence provided by fuel suppliers/bunker suppliers, ensuring that Proof of Sustainability information is allowed to flow through the bunker transaction up to the Verifier. Since in the EU the Proof of Sustainability (PoS) is delivered to EU MS RED competent authorities (as evidence of input towards EU MS RED targets) a new document needs to be derived for the purpose of demonstration of sustainability certification under FEUM (and ETS). This is the Proof of Compliance (PoC) as illustrated in Annex-I and II.

Annex I and II, as presented, differ from each other with respect to the Bunker Supplier/Operator. While in Annex-I the fuel is supplied to a ship via a Bunker Operators, not directly involved in the economic transaction of the fuel, in the Annex-II the Bunker Supplier is also involved in the economic transaction. This reflects the 2 different business realities in the marine bunker business.

A) BUNKER OPERATOR (NOT INVOLVED IN ECONOMIC TRANSACTION)

Below the process associated to PHASE 1 (with bunker operator only providing bunkering service, and not involved in the transaction of the fuel) – See also Annex-I.

STEP1

- Scope of the UDB, covering Feedstock Suppliers, Fuel Producers and Fuel Suppliers (RED quota obligated party)
- Fuel Supplier delivers sustainable fuels to EU market – in this case for shipping
- Proof of Sustainability (PoS) delivered to EU MS together with mass of sustainable fuels delivered.
- Proof of Compliance (PoC) delivered to the Bunker Operators. It consists basically of a copy of the PoS.

STEP2

- Bunker Operator (operating as a service provider, **not involved in the economic transaction of the fuel**)
- The Bunker Operator, in this case, is not within the scope of the UDB – UDB only covers transactions of the fuels.
- Sustainable fuel is “booked out” of the UDB before it reaches the final bunkering transaction.
- Bunker Operator supplies to Recipient Ship the “**bunkering file**”:
 1. Proof of Compliance (PoC) as received from Upstream Fuel Supplier
 2. Bunker Delivery Note (BDN)
 3. FEUM Annex (as defined in FEUM Annex-I)
 4. Invoice (ultimately relevant for Verifier Check)

STEP3

- **Bunkering File** is received by each relevant company taking responsibility for the ship in the context of FEUM and ETS.
- **Each company will then be responsible for keeping the info provided as part of the monitored and recorded data under the different regulatory frameworks.**
- **Companies provide the set of Bunkering documents to Verifiers**

STEP4

- Companies will forward the **entire bunkering files** to their Verifiers.

WORKSHOP RESULT - Demonstration of Sustainability Certification of Marine Bunker Fuels

- MRV/ETS and FEUM, for the same ship, may involve different verifiers.
- Verifier receives relevant information on fuels used onboard in the FuelEU report.
- Not all “bunkering files” would need to be checked.

STEPS

- Verifiers **need to assess the validity and conformity of PoC documents.**
- PoC docs should be only issued by economic operators (Fuel Suppliers, Bunker Suppliers, Bunker Operators).
- **Fuel Certification companies should ensure publication of PoC numbers and correspondence to PoS.**
- **BDN and Invoice** should provide minimum level of safeguard against fraud.

B) BUNKER SUPPLIER (INVOLVED IN ECONOMIC TRANSACTION)

Below the process associated to PHASE 1 (with bunker operator also involved in the economic transaction of the fuel) – See also Annex-II.

STEP1

- Scope of the UDB, covering Feedstock Suppliers, Fuel Producers and Fuel Suppliers (RED quota obligated party) – Here the Fuel Supplier is the Bunker Supplier
- Bunker Supplier delivers sustainable fuels to EU market
- As opposed to Case 1 in Annex-I, the Bunker Supplier is here also the economic operator involved in the economic transaction of the fuel
- Proof of Sustainability (PoS) delivered to EU MS together with mass of sustainable fuels delivered.
- Proof of Compliance (PoC) delivered to the Bunker Operators. It consists basically of a copy of the PoS

STEP2

- Bunker Supplier is here also **performing the economic transaction of the fuel)**
- The Bunker Operator, in this case, is not within the scope of the UDB – UDB only covers transactions of the fuels.
- Sustainable fuel is “booked out” at the same time as it reaches the final bunker transaction.
- Bunker Supplier provides to Recipient Ship the “**bunkering file**”:
 1. Proof of Compliance (PoC) as received from Upstream Fuel Supplier
 2. Bunker Delivery Note (BDN)
 3. FEUM Annex (as defined in FEUM Annex-I)
 4. Invoice (ultimately relevant for Verifier Check)

STEP3

- **Bunkering File** is received by each relevant company taking responsibility for the ship in the context of FEUM and ETS.
- **Each company will then be responsible for keeping the info provided as part of the monitored and recorded data under the different regulatory frameworks.**
- **Companies provide the set of Bunkering documents to Verifiers**

STEP4

- Companies will forward the **entire bunkering files** to their Verifiers.
- MRV/ETS and FEUM, for the same ship, may involve different verifiers.
- Verifier receives relevant information on fuels used onboard in the FuelEU report.

WORKSHOP RESULT - Demonstration of Sustainability Certification of Marine Bunker Fuels

- Not all “bunkering files” would need to be checked.

STEPS

- Verifiers **need to assess the validity and conformity of PoC documents.**
- PoC docs should be only issued by economic operators (Fuel Suppliers, Bunker Suppliers, Bunker Operators).
- **Fuel Certification companies should ensure publication of PoC numbers and correspondence to PoS.**
- **BDN and Invoice** should provide minimum level of safeguard against fraud.

1. PHASE2 – FULL USE OF UDB

With reference to Annex-III, the procedure described below reflects generally the full use of the UDB for demonstration of sustainability certification of marine bunker fuels.

STEP1

- Scope of UDB covering all relevant transactions of sustainable marine bunker fuels.
- Both cases (Bunker Supplier or Bunker Operator) can be considered. Irrespective of any involvement in the economic transactions, bunker operators need to be certified and registered in the UDB.
- Need to ensure that all economic operators can register and be able to register transactions (even when not involved in the economic transaction of the fuel, only as service provider)

STEP2

- Sustainable fuel is “booked out” directly to Ships (identified by IMO unique identifiers) – A .
- Bunker Supplier still provides to Recipient Ship the “**bunkering file**” (see Step 2 of Annexes I and II), but the demonstration of sustainability certification can solely rely on PoS.
- UDB performs mass balance check. Same PoS cannot be claimed for more mass of fuel than introduced in the system (MASS IN = MASS OUT)
- Need to have a list of SHIPS introduced in the UDB and give the possibility to “book out” the fuels directly to SHIP RECIPIENTS.
- Master of the SHIP could be the responsible entity for the confirmation of reception of the fuel in the UDB – Alternatively this could be a task devoted to the SHIP AGENT. Ideally the confirmation of reception could be skipped.

STEP3

- **All companies with responsibility for the SHIP, under FEUM or ETS should have access to the UDB so as to check transactions of the bunkered sustainable fuels.**
- Need to create account in UDB for different companies, allowing them to have access to transactions.
- Companies should have access only to transactions associated to ships under their responsibility.
- To be noted that BDN, Invoice and FEUM Annex to BDN are here not relevant. UDB ensures that each transaction is subject to mass balance safeguard mechanism.

STEP4

- Companies will forward the **entire bunkering files** to their Verifiers.
- MRV/ETS and FEUM, for the same ship, may involve different verifiers.
- Verifier receives relevant information on fuels used onboard in the FuelEU report.

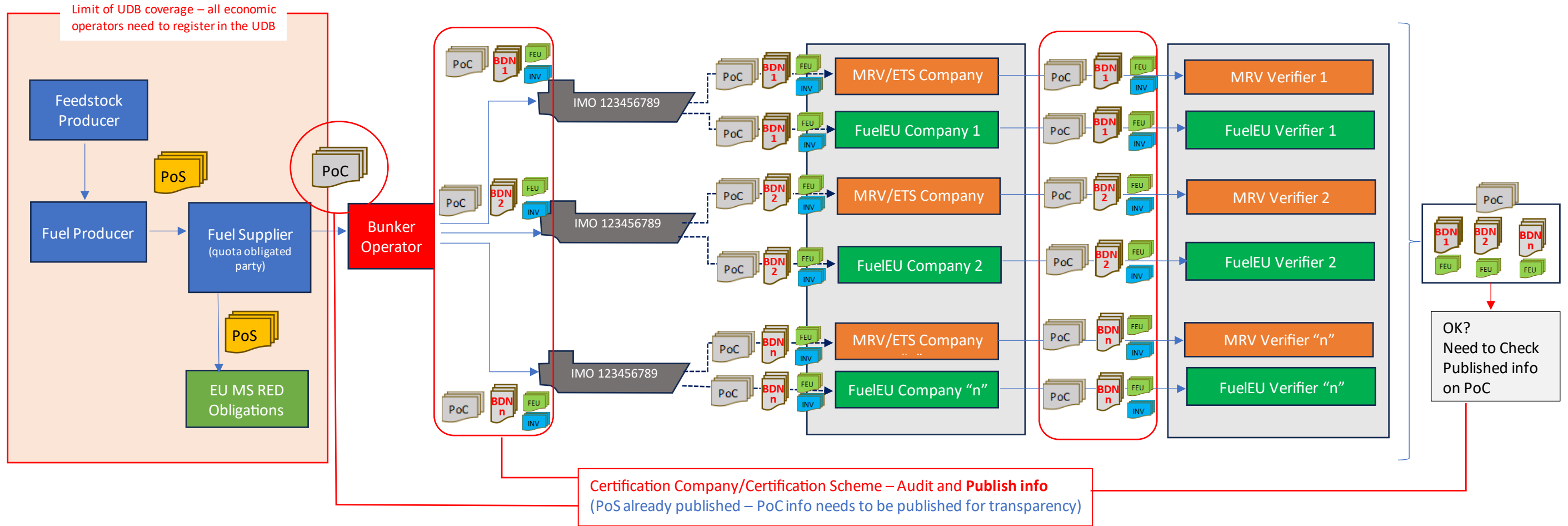
WORKSHOP RESULT - Demonstration of Sustainability Certification of Marine Bunker Fuels

- Companies do not provide a physical PoS to Verifiers. Instead, only the PoS number needs to be associated when reporting different fuels consumed in the Reporting Period.

STEPS

- Demonstration of sustainability certification of marine bunker fuels is made to Verifiers with the sole use of the UDB.
- Need to create account in UDB for Verifiers, allowing them to have access to transactions.
- Need to create the possibility for notifications from UDB, directly to Verifiers, once a transaction occurs.

ANNEX-I - PHASE 1 – PoC – CASE1 (Bunker Operator not involved in the fuel transaction – only providing bunkering services)



- STEP1**
- Scope of the UDB, covering Feedstock Suppliers, Fuel Producers and Fuel Suppliers (RED quota obligated party)
 - Fuel Supplier delivers sustainable fuels to EU market – in this case for shipping
 - Proof of Sustainability (PoS) delivered to EU MS together with mass of sustainable fuels delivered.
 - Proof of Compliance (PoC) delivered to the Bunker Operators. It consists basically of a copy of the PoS

- STEP2**
- Bunker Operator (operating as a service provider, **not involved in the economic transaction of the fuel**)
 - The Bunker Operator, in this case, is not within the scope of the UDB – UDB only covers transactions of the fuels.
 - Sustainable fuel is “booked out” of the UDB before it reaches the final bunkering transaction.
 - Bunker Operator supplies to Recipient Ship the “**bunkering file**”:
 1. Proof of Compliance (PoC) as received from Upstream Fuel Supplier
 2. Bunker Delivery Note (BDN)
 3. FEUM Annex (as defined in FEUM Annex-I)
 4. Invoice (ultimately relevant for Verifier Check)

- STEP3**
- **Bunkering File** is received by each relevant company taking responsibility for the ship in the context of FEUM and ETS.
 - **Each company will then be responsible for keeping the info provided as part of the monitored and recorded data under the different regulatory frameworks.**
 - **Companies provide the set of Bunkering documents to Verifiers**

- STEP4**
- Companies will forward the **entire bunkering files** to their Verifiers.
 - MRV/ETS and FEUM, for the same ship, may involve different verifiers.
 - Verifier receives relevant information on fuels used onboard in the FuelEU report.
 - Not all “bunkering files” would need to be checked.

- STEP5**
- Verifiers **need to assess the validity and conformity of PoC documents.**
 - PoC docs should be only issued by economic operators (Fuel Suppliers, Bunker Suppliers, Bunker Operators).
 - **Fuel Certification companies should ensure publication of PoC numbers and correspondence to PoS.**
 - **BDN and Invoice** should provide minimum level of safeguard against fraud.

IMO: Ships identified by their unique IMO identifier

PoC: Proof of Compliance document – issued by Fuel Suppliers/ Bunker Suppliers certified and audited by Certification companies.

BDN_n: Bunker Delivery Note (for blends, includes all mass of fuel(s) delivered, including fossil fuels).

FEU: FuelEU complement to BDN (according to FEUM Annex-I)

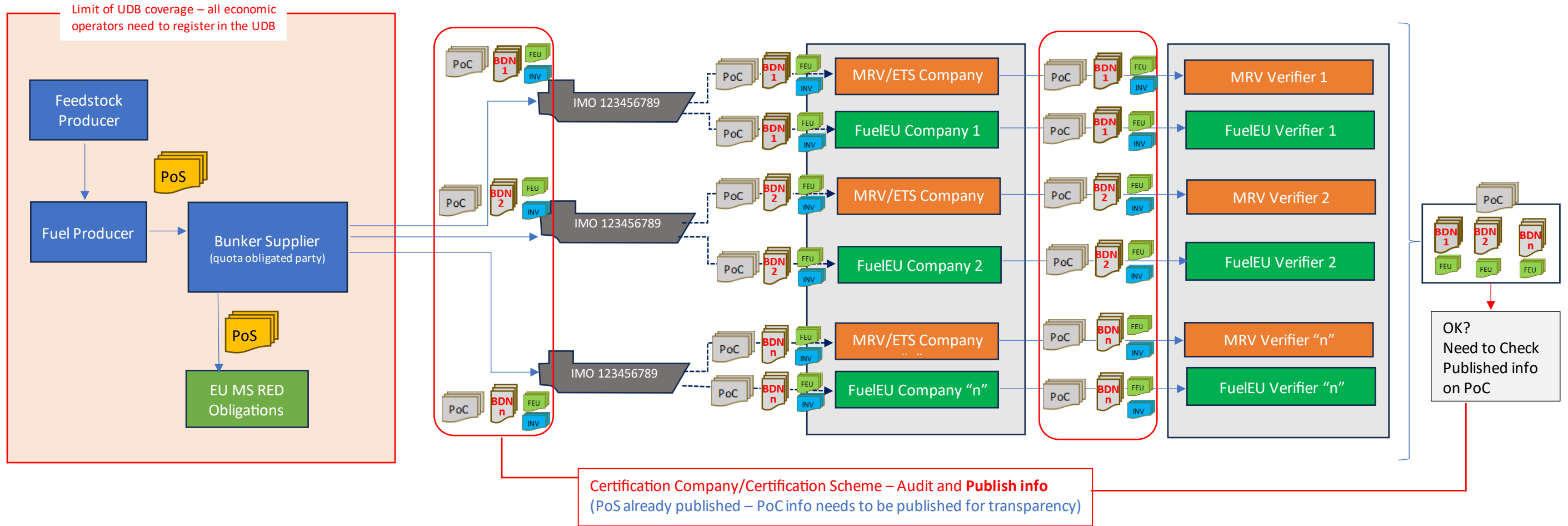
INV: Invoice (important for Verifier Check)

Overall Mass Balance for sustainable bunker fuel provided

$$M_{PoS} = M_{PoC} = M_{BDN_1} + M_{BDN_2} + \dots + M_{BDN_n}$$

All BDNs sharing the same Proof of Compliance (PoC)

ANNEX-II - PHASE 1 – PoC – CASE2 (Fuel Supplier is the Bunker Supplier)



- STEP1**
- Scope of the UDB, covering Feedstock Suppliers, Fuel Producers and Fuel Suppliers (RED quota obligated party) – Here the Fuel Supplier is the Bunker Supplier
 - Bunker Supplier delivers sustainable fuels to EU market
 - As opposed to Case 1 in Annex-I, the Bunker Supplier is here also the economic operator involved in the economic transaction of the fuel
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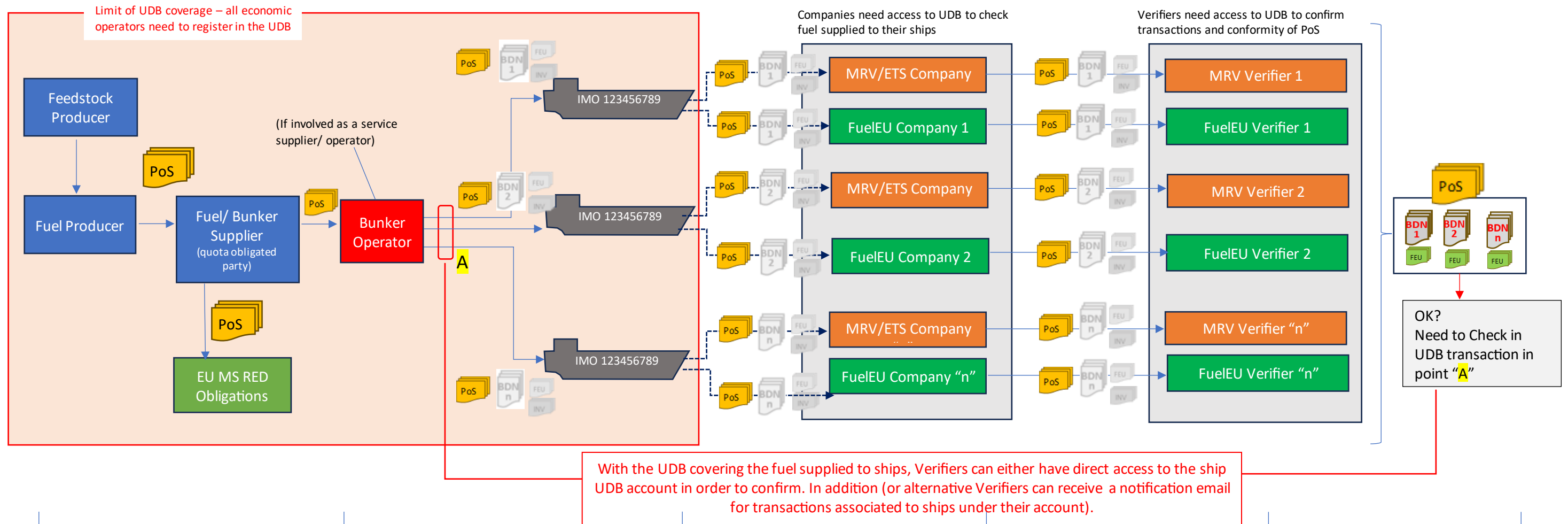
- STEP2**
- Bunker Supplier is here also **performing the economic transaction of the fuel**
 - The Bunker Operator, in this case, is not within the scope of the UDB – UDB only covers transactions of the fuels.
 - Sustainable fuel is “booked out” at the same time as it reaches the final bunker transaction.
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- STEP4**
- Companies will forward the **entire bunkering files** to their Verifiers.
 - MRV/ETS and FEUM, for the same ship, may involve different verifiers.
 - Verifier receives relevant information on fuels used onboard in the FuelEU report.
 - Not all “bunkering files” would need to be checked.

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- Verifiers **need to assess the validity and conformity of PoC documents.**
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ANNEX-III - PHASE 2 – Full process integration in UDB



STEP1

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- Companies will forward the entire bunkering files to their Verifiers.
- MRV/ETS and FEUM, for the same ship, may involve different verifiers.
- Verifier receives relevant information on fuels used onboard in the FuelEU report.
- Companies do not provide a physical PoS to Verifiers. Instead, only the PoS number needs to be associated when reporting different fuels consumed in the Reporting Period.

STEP5

- Demonstration of sustainability certification of marine bunker fuels is made to Verifiers with the sole use of the UDB.
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