

Brief
On
Summary of developments
In the EU and the EU Fit for 55 policy package
September -October 2023

EU ETS

The revised EU ETS and EU MRV legislation will apply from 1st January 2024.

Background

Ten consultations were published on the EU ETS delegated and implementing acts including the rules for the administration of shipping companies.

- The Commission has decided to allow the parties to agree contractually among them on the identity of the entity that is entrusted with the obligations following from the EU ETS.
- The shipowner can contractually mandate the ISM company to assume responsibility for the EU ETS obligations and to surrender the EU ETS allowances. In this case, the ISM company should provide its administering authority with information on ships under its responsibility.
- The organisation or person shall provide its administering authority in respect of a shipping company with a document signed by both the shipowner and that organisation or person clearly indicating that it has been duly mandated by the shipowner to comply with the ETS obligations

Summary of developments

The Commission adopted the delegated act on the **functioning of the Union Registry** on 25 October. The final draft text can be found [here](#).

Delegated and Implementing acts

The Commission has also adopted the following Delegated and Implementing acts:

- The delegated act on the **rules on monitoring and reporting of shipping emissions**. The delegated act now includes the reference to FuelEU Maritime when covering the possibility for companies to diverge from the default values for the emission factors listed in the table at page 3, but also when covering the possibility to use certified values. The values for e-methanol were modified in the table. The text can be found [here](#)
- The delegated act on the **rules for reporting and submission of the aggregated emissions data at company level**. Recitals were added on the responsible entity and on the consistency of zero-rating of biomass with other EU policies. The text can be found [here](#)
- The delegated act on the **operation of the Innovation Fund** was [adopted](#) by the Commission on 15 September. The text can be found [here](#)
- The delegated act on the **update of emission allowances auctioning rules**. The text can be found [here](#)

The Commission is currently finalising the following implementing acts:

- on templates for monitoring plans, reports & other documents for shipping emissions.
- on rules on approval and verification activities and accreditation of verifiers in relation to maritime transport emissions.
- on the identification of neighbouring container transshipment ports.

- on the rules for the administration of shipping companies by administering authorities under the EU Emissions Trading System

Updated FAQ

The Commission (DG Clima) has received a significant number of questions during the consultation period and an Updated FAQ on EU ETS is expected.

Transposition of the EU ETS directive at the national level

Transposition of the EU ETS directive at the national level is ongoing. Several EU national authorities are still drafting the implementing legislation.

Innovation Fund

The 2023 EU ETS/Innovation Fund calls will open from 23 November to 9 April 2024 with launch of the pilot auction on hydrogen.

Dedicated calls for maritime are not considered at the moment and are working on details internally and will inform in advance. Projects in the maritime sector will get bonus points, as the ETS provides that it should get a special attention.

- The Strategic technological platform ([STEP](#)) to be launched soon.
- The Innovation Fund's budget will be increased by €5 billion to be spent by end of 2027.
- The aim is to increase manufacturing of clean technologies in the EU. STEP will fund good projects which could not be funded under IF because its budget was fully used.
- Project assistance will be provided by the Commission to SMEs as from 2024.
- GHG emissions avoidance methodology in the maritime sector: Absolute GHG emissions avoidance is one of the main criteria and a Maritime methodology is currently under consultation by DG CLIMA.
- Other criteria will be used to assess the project, including scalability

Next steps

The publications of the delegated acts have opened a scrutiny period of two months, during which the Parliament or the Council can oppose its entry into force or request an extension of the scrutiny period. Once adopted, they will be published in the EU Official Journal and will enter into force shortly afterwards.

More information can be found in our circulars:

- *ref: 0926-F> (Update)EU ETS delegated acts: Feedback received | administering authority*
- *ref: 0919-F> EU ETS delegated acts: Feedback received | entity responsible to surrender the EU ETS allowances and the administering authority*
- *ref: 0908-F> EU ETS delegated acts: new consultation to define the entity responsible to surrender the EU ETS allowances and the administering authority*

FUEL EU MARITIME

The new rules will apply from 1 January 2025, apart from articles 8 and 9 which will apply from 31 August 2024.

Background

FuelEU Maritime is the EU's strategy to phase out fossil fuels from shipping and boost the uptake of alternative fuels in the sector. The proposed regulation introduces increasingly stringent limits on carbon intensity of the energy used by vessels from 2025, which should oblige them to use alternative fuels.

Summary of Developments

Following the adoption of the FuelEU Maritime Regulation, DG MOVE is **preparing the related implementing and delegated acts**.

- Commission intention is to align FUEL EU monitoring and reporting with EU ETS and MRV avoiding any duplication.
- The Commission has decided that all low GHG fuels purchased and used to ensure compliance with FuelEU should be counted when calculating the annual total reduction in GHG intensity of the energy used under FuelEU, irrespective of where they were used. The Commission should share a document on this issue.

DG MOVE is preparing **Frequently Asked Questions** on FuelEU Maritime.

More information can be found in our circular ref: 0922 -F/TC > Fuel EU Regulation final text published

ALTERNATIVE FUELS INFRASTRUCTURE REGULATION (AFIR)

Background

The 2014 Alternative Fuels Infrastructure Directive required EU countries to develop national policy frameworks (NPFs) for developing publicly available refuelling and recharging points for alternative fuel vehicles and vessels. The Fit for 55 package included the proposal to revise the 2014 Directive on alternative fuels infrastructure. The Commission proposed to repeal the directive and replace it with a regulation.

Summary of Developments

The Alternative Fuels Infrastructure Regulation (AFIR) has been formally adopted and published 22 September 2023, in the official journal of the European Union. The text can be found [here](#)

Next steps:

The Regulation entered into force 20 days after its publication in the official journal, 12 October 2023

RENEWABLE ENERGY DIRECTIVE (RED III)

Background

The directive is introducing a combined energy-based target for advanced biofuels and biogas and renewable fuels of non-biological origin, including a minimum share for renewable fuels of non-biological origin.

The achievement of the ambitious RED III targets in a relatively short timeframe will require an unprecedented effort from Member States and the private sector. More details on the statements of states and EU Commission can be found [here](#) :

Summary of Developments

The Renewable Energy Directive (RED III) was adopted by the EU Council on October 9, 2023, and raised the share of renewable energy in the EU's overall energy consumption at least 42.5% by 2030. The text is available [here](#)

- The directive is introducing a combined energy-based target for advanced biofuels and biogas and renewable fuels of non-biological origin, including a minimum share for renewable fuels of non-biological origin.

Sector-specific targets in transport including **shipping** were agreed as follows:

- A binding combined sub-**target of 5.5% for advanced biofuels** (generally derived from non-food-based feedstocks) **and** renewable fuels of non-biological origin (**RFNBOs** - mostly

renewable hydrogen and hydrogen-based synthetic fuels) in the share of renewable energies supplied to the transport sector. (see page 198)

- **Ports** should ensure that from 2030 the **share of RFNBOs** in the total amount of energy supplied to the maritime transport sector **is at least 1,2 %** (see page 65)
- The share of advanced biofuels and biogas produced from the feedstock listed in Part A of Annex IX supplied in the aviation and maritime transport modes will be considered to be 1,2 times their energy content, and the share of RFNBOs supplied in the aviation and maritime transport modes will be considered to be 1,5 times their energy content. (see page 211)

Next steps

The revised directive will **soon be published in the Official Journal of the EU** and will enter into force on the 20th day following its publication. Member States will have 18 months after the date of entry into force of the Directive to transpose it in their national legislation.

More information can be found in our circular ref : 1012- F > EU Renewable Energy Directive (RED III) adopted by the EU Council

NET-ZERO INDUSTRY ACT

Background

The Act identifies a number of “strategic net-zero technologies” for which, by 2030 manufacturing capacity need to approach or reach “a benchmark of at least 40% of the Union’s annual deployment needs for the corresponding technologies necessary to achieve the Union’s 2030 climate and energy targets”. The below technologies are identified:

- offshore renewables, batteries, sustainable biogas/biomethane
- Carbon Capture and Storage.
- renewable fuels of non-biological origin technologies
- sustainable alternative fuels technologies

Summary of Developments

The Net Zero Industry Act is currently progressing through the legislative process.

The following relevant to shipping are under consideration:

- The necessity to include sustainable alternative fuels for shipping has been highlighted.
- The Council's latest position recognizes the need for “full and individual CCS value chains including capture, transport, and storage need to be established by 2030” as well as the need to establish adequate transport infrastructure.

Next Steps

The European Parliament, led by the Industry Committee (ITRE), has put forward almost 1600 amendments to the text. The compromise amendments are expected to be published and the Committee following the vote of 25 October.

EU TAXONOMY

It is expected that the delegated acts will be published in the Official Journal and enter into force by the end of 2023.

CORPORATE SUSTAINABILITY DUE DILIGENCE DIRECTIVE

The European Commission, the Parliament and the Council have started the final talks to turn the proposal into law.

MARITIME SAFETY PACKAGE

Background

The Commission has proposed to add environmental parameters which will be taken into account to establish the ship risk profile used to target ships for inspection. More particularly the proposed environmental parameters also include the Carbon Intensity Indicator (CII) of the ship therefore ships which are category D-E shall be considered as posing a higher risk.

Summary of Developments

- The Council is currently working on **Port State Control and Flag State** requirements
- The **EMSA Mandate** may be dealt early next year.
- The rapporteur on the **Ship Source Pollution** Directive has the most ambitious timetable and aims to finish the file in the coming weeks.

Next Steps

Despite that Member states do not support the inclusion of the CII in the environmental parameters to be considered negotiations with the Parliament will follow.

More details can be found in our circular ref: 0810- F>Summary of developments in EU and the EU Fit for 55 policy package- June/ July 2023

BASEL III RULES

The new law will have to be formally approved by the Plenary of the European Parliament and the Council.

EU AGREEMENT ON BANNING GREENWASHING CLAIMS AND BASED ON OFFSETTING SCHEMES

Background

The EU Commission has introduced a proposal to empower consumers in the green transition amending Directives 2005/29/EC (Unfair Commercial Practices Directive; UCPD) and 2011/83/EU (Consumer Rights Directive) providing protection against unfair practices and better information. In particular, the proposal would amend the UCPD by adding new practices that are considered misleading and new prohibited unfair commercial practices aiming to ban greenwashing claims.

Summary of Developments

The European Parliament and the Council reached a provisional agreement on the Commission's proposal providing protection against unfair practices and aims to ban, among others, Generic environmental claims without proof of recognised environmental performances related to the claims.

- In practice, the EU will ban sweeping environmental claims such as "climate neutral" or "eco" unless companies can prove the claim is accurate.
- If a company uses carbon offsetting schemes to make environmental claims, the new law will have an impact on those companies by banning such claims.

Next Steps

If both co-legislators approve the provisional agreement, then the Directive is considered adopted and will be published in the EU Official Journal. Member States would have 24 months to transpose the provisions of the Directive into national legislation.

Details can be found in our circular ref: 1017-F >EU agreement on banning greenwashing claims and based on offsetting schemes