



# SUSTAINABLE & SMART MOBILITY STRATEGY

# Maritime aspects in 'Fit for 55' package





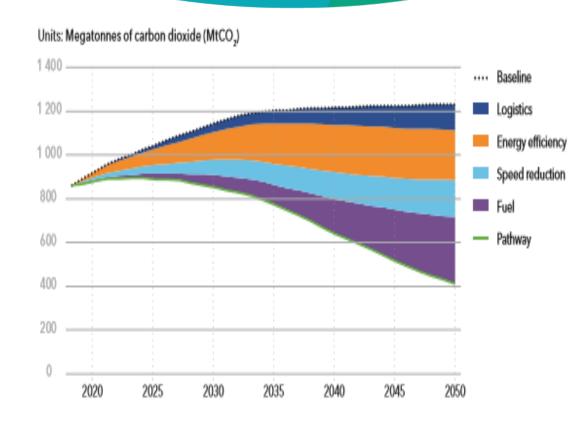


16 November 2021 DG MOVE B.3

Mobility and Transport

#### **Key objectives**

- Ensure maritime transport **contributes** to EU climate efforts and to the **Paris Agreement commitments** → reduce maritime emissions by around 90%
- Abating maritime emissions requires:
  - Improving energy efficiency  $\rightarrow$  using less fuel
    Using renewable and low carbon fuels  $\rightarrow$  using cleaner fuels
- A 'basket of measures' to address various obstacles
- Coordination at global level



DNV-GL (2019) | Maritime Forecast to 2050

### **Initiatives that concern**

waterborne transport ("basket of





**MARITIME** 



#### **Challenges**

- To reach the climate targets in 2050, maritime sector should use close to 90% of renewable and low-carbon fuels. Today: fossil fuels over 99% of the fuel mix
- Not a single technological option for the large variety of ship types and trades. Operators are trapped in a "wait-and-see attitude"
- Coordination failure between supply, distribution and demand. Need to address all relevant aspects fuel production (Renewable Energy Directive); fuel distribution (Alternative Fuel Infrastructure Regulation) and <u>fuel demand</u> to break the chicken-and-egg issue
- Obligations must be imposed on demand not only to promote investments in supply and distribution, but also to avoid carbon leakage
- Long lead times for fuel supply chains and fleet renewal: need for immediate, yet gradual action



#### Goals

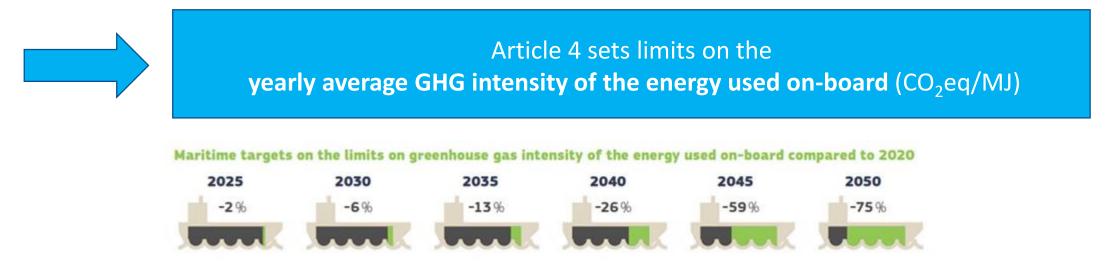
- **Complement ETS** by specifically addressing the technology issue related to fuels, which may not be sufficiently incentivized by the ETS price signals in the short-medium term
- Provide regulatory predictability
- EU supports global measures at IMO, where discussions are beginning. The EU submission to IMO
  on a low GHG fuel standard reflects the proposal. Proposal on guidelines on well-to-wake GHG
  emission is also coherent with the FuelEU Maritime approach



#### Proposed approach (I)

#### **FuelEU Maritime**

- Focus on fuel and on demand (but other aspects are covered elsewhere!)
- **Technology-neutral approach:** maritime operators will need to use an increasing proportion of zero and low carbon sustainable fuels, without obligation to use a specific technology



- Inclusion of CO<sub>2</sub>, methane and nitrous oxide on a full well-to-wake calculation: allows fair comparison of fuels and is in line with the approach proposed in IMO
- Obligation on yearly average instead of single voyage: provides flexibility

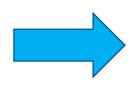
#### Proposed approach (II)

- Targets are established in 5-year intervals from 2025 until 2050: regulatory predictability
- Scope: ships above 5000 GT, intra-EU traffic + 50% international, EU ports (same as for ETS)
- Flexibility mechanism via **banking and borrowing**: surpluses and (small) deficits can be carried over to the next year
- **Voluntary and open pooling** mechanism to reward/incentivise overachievers and encourage the rapid deployment of the most advanced options, in particular zero emission technologies
- Ships not meeting GHG limits would pay deterrent financial penalty. Revenues used for development
  of RLF in the maritime sector
- Monitoring is based on MRV and its electronic system (THETIS MRV) 'report only once' approach
- Responsible entity: the same in charge of duties and responsibilities imposed by the International Management Code for the Safe Operation of Ships and for Pollution Prevention (ISM code)



#### Proposed approach (III)

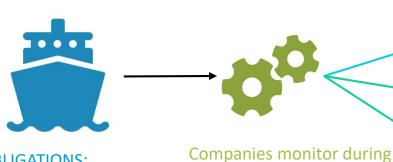
- Mature technology for onshore power supply (OPS) in ports is already available
- Effects on air quality much more relevant in port areas



Article 5 sets the additional requirement to use onshore power supply (OPS) or zero-emission technology in ports as of 2030

- OPS requirement applies to container and passenger vessels (taking into account high energy demand and technical feasibility)
- Ships not meeting OPS obligation would pay deterrent financial penalty

#### **How would FuelEU work?**



**OBLIGATIONS:** 

- Maximum limits on the GHG intensity of the energy used on board (yearly average) - Article 4
- For containers, ro-pax and passenger ships obligation to connect to OPS in ports or be zero-emissions at berth - Article 5

the year the amount and type of energy in regulated journeys / port calls (using bunker delivery notes and OPS bills) - Articles 6, 7, 8

Data is scrutinised by verifiers (Articles 10, 11, 12, 13) and reported to COM through IT tool (Articles 14, 15, 16)

In case of compliance, companies are issued a valid certificate of compliance - Article 19

To provide flexibility and address issues of fuel availability the same ship can bank/borrow compliance surplus – Article 17

To reward early adopters and zero-emission ships, pooling of over-compliance is allowed among ships (private law agreements); no transfer of borrowed surplus - Article 18

Enforcement is done by checking for the certificate of compliance (Articles 22, 23); for non-compliance the company is subject to dissuasive proportionate penalties (Articles 20, 21)



Lower GHG intensity using liquid biofuels, e-liquids, decarbonised gas (including biogas and e-gas), decarbonised hydrogen and decarbonised hydrogen-derived fuels (including methanol, and ammonia), electricity and wind. Certification relying as much as possible on existing schemes, like REDII – Article 9 + Annexes



In case of disagreement with the work of the verifiers, the companies may request a review (Articles 24, 25).



## Thank you for your attention!

Link to proposal and accompanying documents:
 https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12312-CO2-emissions-from-shipping-encouraging-the-use-of-low-carbon-fuels\_en



Here for more information

