



Commission Proposal for an EU Regulation on Monitoring, Reporting and Verification of CO₂ Emissions from Maritime Transport

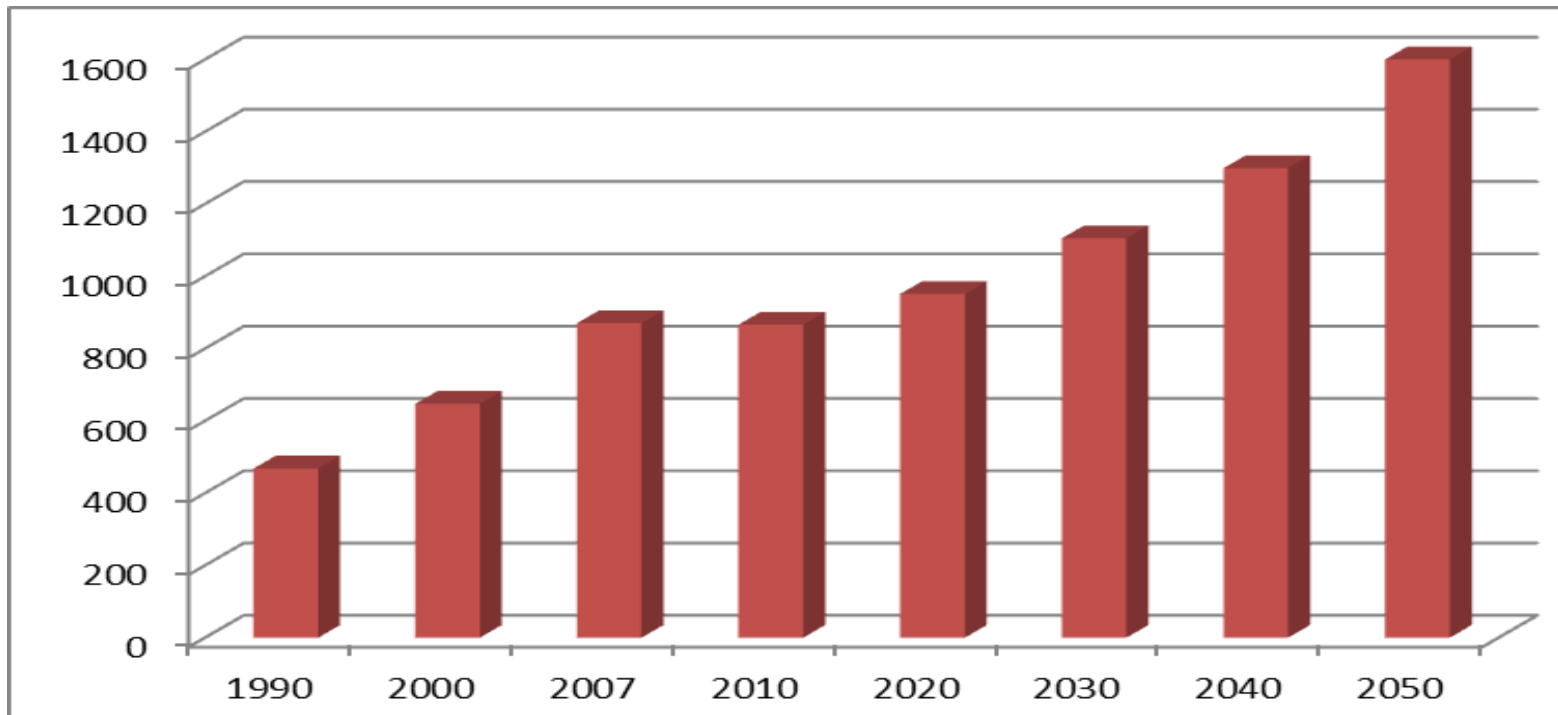
Maritime Talks 2014, Hamburg, 22/03/2014

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1. Why is the Commission proposing an EU MRV system for CO₂ emissions from maritime transport?
1. What is the Commission proposing?
1. Next Steps

Why is the EU acting on CO₂ emissions from Maritime Transport?

Estimated growth of CO₂ emissions from international shipping (in million tons)



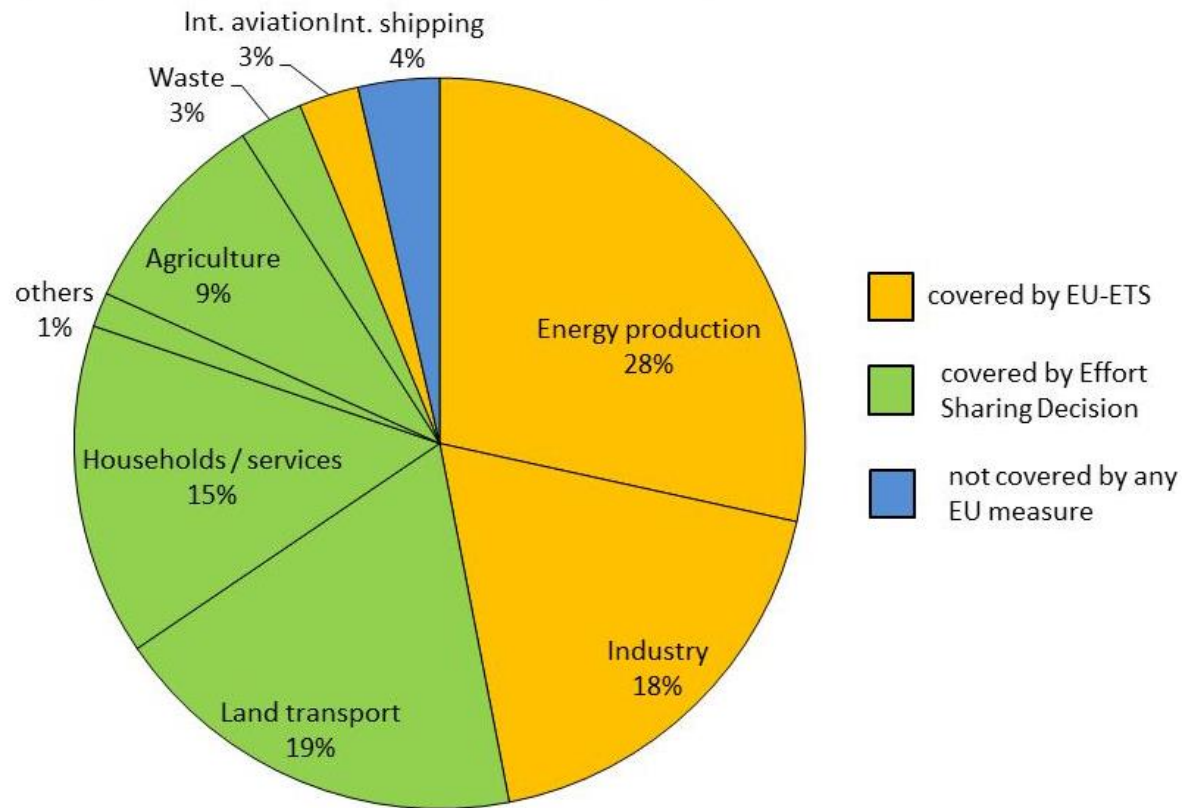
Data sources: 2nd IMO GHG study 2009 for emissions until 2007; MEPC 63/INF 2 for average scenario projections 2010-2050

Maritime GHG Emissions in EU

- ≈ 180 Mt CO₂ in 2010 (precise amount unknown)
- Higher emissions than EU chemical industry, refineries or cement production
- Increased by 25% since 1990
- Significant further growth expected if no action

All other sectors covered by EU measures

GHG emissions by sector in EU (2010) and their coverage by policy instruments



Availability of Abatement Technologies

- Abatement potential for shipping between 25-75% (cumulative potential)
- Significant part even with negative costs ('low-hanging fruits') due to high fuel costs
- Uptake of cost-effective measures hampered by so-called market barriers
- Regulatory action needed to overcome such market barriers

Obligation to Act Under EU Law

- Decision 1600/2002/EC (6th EAP): Commission to identify & undertake specific actions to reduce GHG emissions from shipping if no action is agreed within IMO by 2003
- Decision 406/2009/EC (ESD) and Directive 2009/29/EC (ETS Review): EU action if no international agreement by 31 Dec. 2011
- PT Resolution of 21 October 2010 on Integrated Maritime Policy: reiterates call for action
- Neither IMO nor UNFCCC delivered

Preparatory Work

Stakeholder Consultation & Impact Assessment

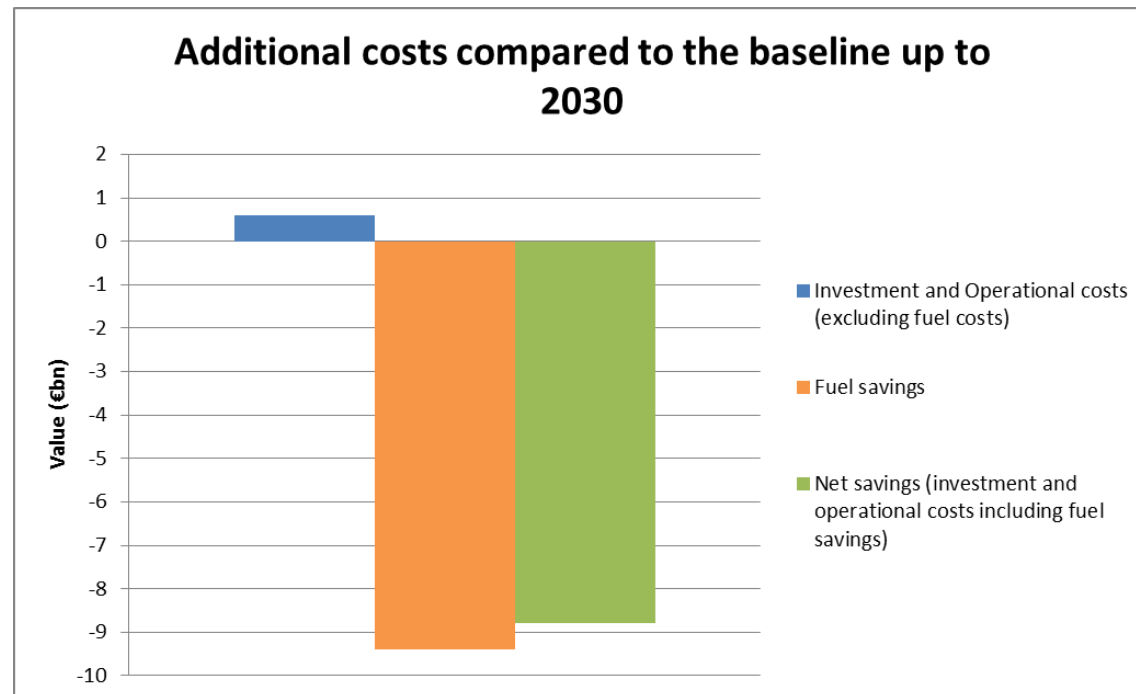
- In 2011 and 2012 the European Commission:
 - Carried out extensive stakeholder consultations on possible options for EU action
 - Conducted an Impact Assessment on the different options

Findings of Impact Assessment on MRV (1)

- No reliable emission figures available
- Robust MRV required:
 - For definition of reduction targets
 - For any market based or regulatory measure
- Reliable data on fuel consumption support efficiency improvement & could provide evidence on progress made

Findings of Impact Assessment on MRV (2)

- Reduction of CO₂ emissions by 2% compared to baseline (more than 50 Mt CO₂ by 2030); assumption considered very conservative by some leading industrial stakeholders
- Net cost savings



Findings of Impact Assessment on MRV (3)

=> Need for implementation of MRV as first step

Commission Maritime Package

European package on maritime GHG emissions

Adopted in June 2013:

- **Communication** on Integrating maritime transport emissions in the EU's greenhouse gas reduction policies
- **Proposal** for a Regulation on the monitoring, reporting and verification of CO₂ emissions from maritime transport
- **Impact Assessment**

Communication

EU Strategy: Gradual EU approach

1. Implementing an EU MRV System
2. Definition of reduction targets for the maritime transport sector
3. Long-term application of a market-based measure (MBM)
 - Required to meet ambitious global climate goals
 - Robust MRV as foundation of any measure
 - MRV provides reliable information on ship efficiency
 - EU MRV proposal to contribute to international debate

MRV Proposal

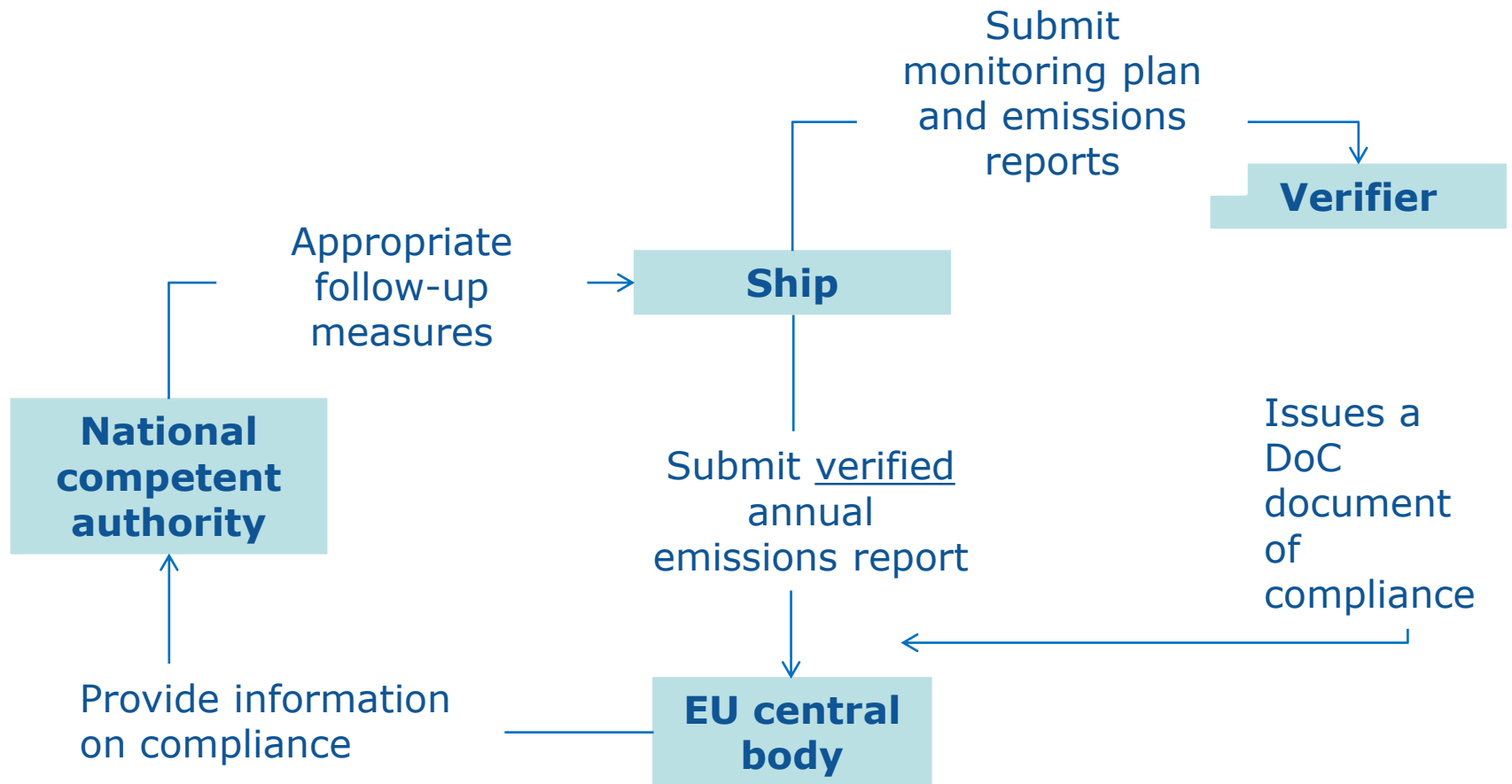
Scope

- Ship voyages related to the EU
- Flag-neutrality
- Exclusion of small emitters below 5000 GT
- Exclusion of special ships (e.g. military, fishing)
- Focus on CO₂ as predominant GHG emitted by ships
- Ship efficiency (expressed by different indicators)

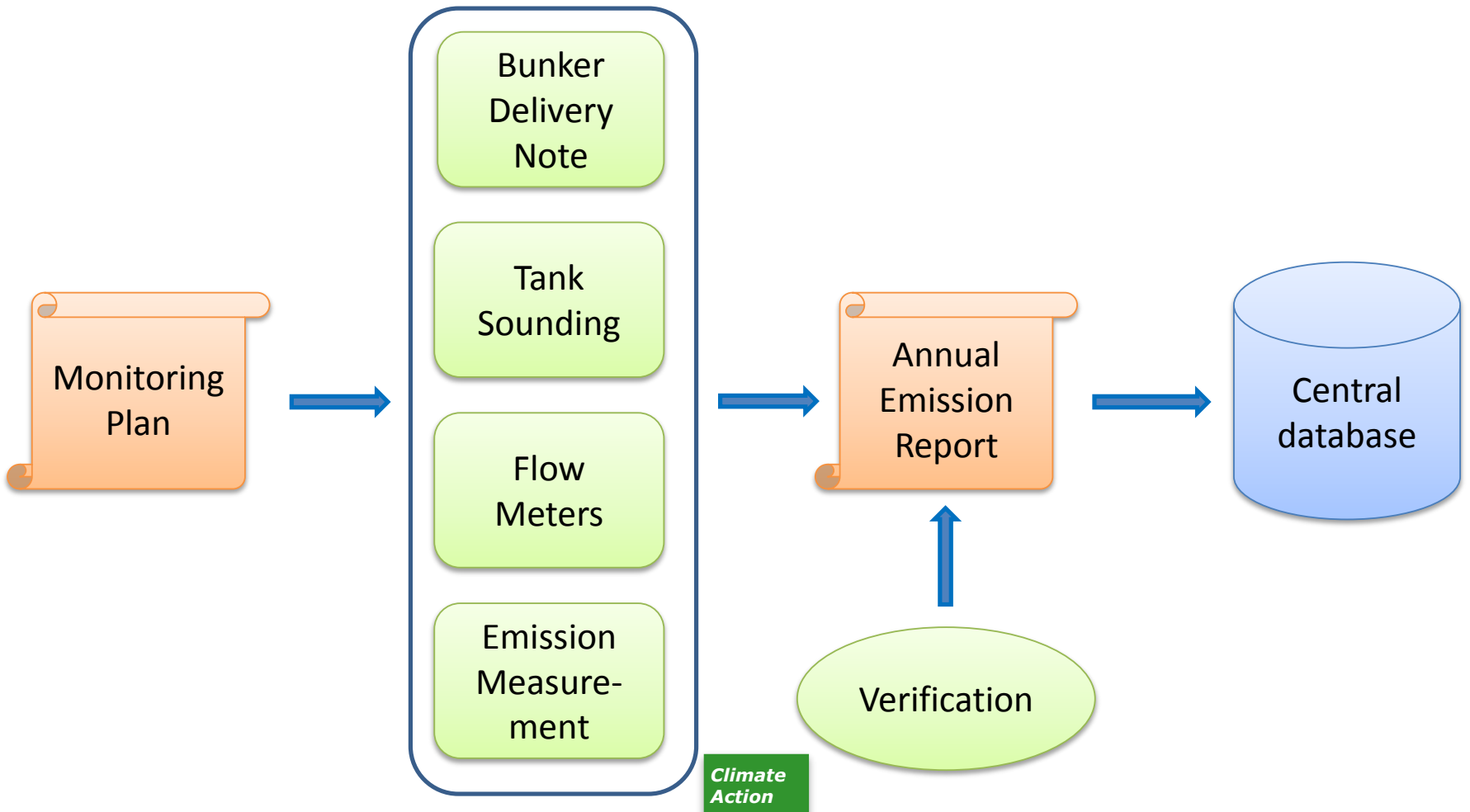
Entities involved

- **Ship owner ('company')** in charge of monitoring and reporting, delegation to ship manager, charterer, etc. possible; obligation to carry document of compliance on board
- **Verifier:** in charge of verification of monitoring plans and emission reports, issues document of compliance
- **Commission** (supported by EMSA): in charge of receiving and publishing emission reports
- **National Authorities:** in charge of inspections and enforcement

Compliance Cycle



Lean Approach Using Existing Documents & Tools



Monitoring

- OF:
 - Fuel consumption
 - Efficiency related information: distance, cargo carried, time spent at sea
- Calculation of CO₂ emissions:
 - Use of default or measured emission factors
 - Direct measurement as alternative method
- Per-voyage and annual monitoring

CO₂ emissions = fuel consumption x emission factor

Annual Reporting of:

- Ship identification
- Annual fuel consumption for EU-related voyages and in EU ports
- Annual CO₂ emissions of EU-related voyages and in EU ports
- Cargo carried, distance travelled, time spent at sea
- Annual average efficiency (e.g. EEOI, fuel consumption per distance)
- Information on verification

Verification

- Accreditation of independent verifier by national accreditation body
- Verifier's tasks:
 - Ensure the conformity of the monitoring plan
 - Ensure that the monitoring is done in accordance with the monitoring plan
 - Ensure the conformity of the reporting
 - Issue a document of compliance

Other provisions

- International cooperation
 - Review of the Regulation in the event of the adoption of an international agreement
 - Exchange with IMO & third countries on MRV
- Implementation:
 - Delegated acts to further specific rules for verification and accreditation and to amend Annex I & II
 - Implementing acts to provide templates

What the Proposal Aims For

- Generation of robust results
- Lean approach using already monitored data
- Balance between confidentiality & transparency
- Replicability in view of global MRV
- Reflection of international discussions (global MRV, efficiency standards)
- Maximising added value of MRV by addressing market barriers

Next Steps

Legislative Procedure

On-going co-decision procedure (PT & Council)

- Discussions in Council (experts & Ministers level)
- PT Report (April)
- Council common position → TRIALOGUES



Adoption

June 2013

EU PT
Elections

May 2014

Anticipated
Adoption

Autumn 2014

Implementation of MRV Regulation

- Preparation and adoption of supporting technical legislation in 2015/ 2016 including stakeholder and expert involvement
- Accreditation of verifiers in 2017
- Verification of monitoring plan: 2nd half 2017
- Start of monitoring in 2018
- ...depends on introduction of global MRV by IMO

Thank you for your attention!



Please visit our website:

http://ec.europa.eu/clima/policies/transport/shipping/index_en.htm

Compatibility With Int. Law

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- Distinction: MRV obligation & scope of MRV proposal
 - Obligation to hold compliance doc on board is only triggered when a ship enters an EU port (as port entry condition)
 - MRV is route based (beyond EU EEZ)
- UNCLOS, art. 211(3): Port States may adopt measures for the prevention, reduction and control of pollution of the marine environment as a port entry condition
- Precedents: Directive 2009/20/EC (insurance of ship owners for maritime claims), California Port Regulation (certain ships must either turn off auxiliary engines & connect the vessel to some other source of power or to use alternative control techniques that achieve equivalent emission reductions while berthing at California Port)

Enforcement

Breach of MRV Obligation

- Breach of MRV obligation in year X
- Enforcement: no document of compliance post 30/06/X+1
- Proposed Regulation foresees:
 - Art. 19(1): MS acting as Flag States for their flag ships
 - Art. 19(2): MS acting as Port States for ships not flying their flag as part of larger port state control inspection
 - Selection according to Directive 2009/16/EC Annex I criteria
 - Check for documents included in Directive 2009/20/EC Annex IV (document of compliance to be added)
 - Art. 19(3): MS acting as Port States for ships not flying their flag where no evidence of notification of document of compliance (database) → check at each port call

National Sanctions and Penalties

- Level of sanctions and penalties set at national level
- Sanctions as a second "step in cascade" if inspections and compliance checks remain unsuccessful:
 - letter of notice
 - Fines
 - Expulsion order as the last resource