

# TECHNICAL ANNEX TO THE ECSA POSITION ON THE FUELEU MARITIME PROPOSAL

## 1. Introduction

This technical annex to the [ECSA position](#) on the FuelEU Maritime proposal presents recommendations with regard to certain technical elements of the [FuelEU Maritime proposal](#).

In particular, the technical annex welcomes the well-to-wake approach adopted in the proposal and puts forward a proposal for a shared responsibility between the EU fuel suppliers and shipping companies. Fostering demand will be key and the integration of a multiplier for cleaner fuels in shipping is also proposed.

In addition, this paper highlights possible issues related to the availability of cleaner fuels and provides concrete solutions to address these problems. It also points out that an EU amendment to the Bunker Delivery Note, which is regulated internationally, may undermine a level playing field and may create further enforcement issues.

Finally, full alignment with a possible future IMO fuel standard is essential to safeguard a level playing field internationally.

## 2. ECSA recommendations on technical elements

### Support for well-to-wake approach

**ECSA welcomes the well-to-wake approach proposed by the FuelEU Maritime proposal.** A life cycle analysis (LCA) is a prerequisite for delivering carbon savings and for fostering demand for clean fuels. LCA will enable a holistic approach and an overall assessment of the fuels.

The IMO has started the work on the life cycle analysis and is currently developing global guidelines for the assessment of fuels. A **full alignment with a future international fuel standard** decided at the IMO is essential in order to avoid inconsistencies between EU and global measures and to safeguard a level playing field.

The determination of the well-to-wake emissions is based on the formula given in Annex I of the FuelEU Maritime regulation, which is used to calculate both the well-to-tank and the tank-to-propeller emissions. **Policy makers should pay special attention to the fuels' emission factors** of Annex II of the proposal, which are used in the formula of Annex I. A proper analysis of these figures is necessary, in particular with regard to the values CO<sub>2</sub>eqWtT, C<sub>f</sub>CO<sub>2</sub>, C<sub>f</sub>CH<sub>4</sub> and C<sub>f</sub>N<sub>2</sub>O of Annex II. Moreover, the source of the electricity used for the production of fuels needs to be considered adequately.

In addition, under the EU MRV Regulation, emissions are calculated on the basis of **mass using 'metric tonnes'** (mtCO<sub>2</sub>/mt fuel). The baseline document of the IMO's



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LCA also follows a mass-based approach. In order to avoid inconsistencies, the same unit of measure should be used under the FuelEU Maritime proposal. As CH<sub>4</sub> and N<sub>2</sub>O along with CO<sub>2</sub> are taken into account under the FuelEU Maritime, it is also necessary to define the metric of global warming potential for all GHGs covered by the proposal.

### Shared responsibility between EU fuel suppliers and shipping companies

The current proposal introduces mandatory EU fuel standards with respect to the carbon content of marine fuels used by ships. These EU standards will apply to ships purchasing fuels in and outside the EU. Law enforcement may be less robust in certain non-EU jurisdictions and, in any case, businesses based outside the EU, such as non-EU fuel suppliers, are not directly bound by the EU law. Thus, it will be hard to check the quality of the fuel blends purchased outside the EU. No requirements are introduced for the fuel suppliers and the enforcement of the FuelEU Maritime relies on paper documents.

**Making the EU fuel suppliers responsible for meeting the fuel standards** will substantially address these enforcement concerns. **The scope of the proposal should be amended** and should **cover all fuels purchased in EU ports, instead of voyages** in, from or to the EU. This will make FuelEU Maritime consistent with the Renewable Energy Directive (RED) and with the RefuelEU Aviation proposal.

Amending the scope as proposed above would introduce a **shared responsibility for the EU fuel suppliers and for the shipping companies**. Fostering demand is key and a shared responsibility between the EU fuel suppliers and shipping companies will ensure the uptake of cleaner fuels in shipping and the delivery of real carbon savings. Both EU fuel suppliers and shipping companies will have to comply with the EU fuel standards and achieve the targets of the proposal. EU fuel suppliers will have to make cleaner fuels available in the market and ships will have to

purchase these fuels made available at EU ports. **Fuel suppliers will be responsible for the availability and for the compliance with quality and safety requirements for fuels.**

In addition, any **revenues generated under the EU ETS** should contribute to lowering the price differential between cleaner and conventional fuels. European shipowners have consistently called for the establishment of a [fund under the EU ETS](#) to leverage the revenues so that cleaner fuels become commercially available. ECSA also supports the introduction of **Carbon Contracts for Difference under the new Innovation Fund** proposed by the Commission under the EU ETS.

### Introduction of increased RED multiplier in FuelEU Maritime

If the responsibility is shared between the EU fuel suppliers and shipping companies, the question remains how to foster demand for cleaner fuel in shipping. It is a matter of consistency that FuelEU Maritime works together with the other proposals of the 'Fit for 55' climate package, i.e. the EU ETS and the Renewable Energy Directive (RED).

The RED proposal sets up the overall renewable energy target for the EU and introduces a sub-target for the transport sector. It aims to support the uptake of cleaner fuels in shipping by maintaining the **multiplier for renewable energy used by ships**. Shipping and aviation are the only sectors in which the use of renewable energy is incentivised through 'multipliers', allowing it to account more than the actual energy content consumed. The use of a multiplier by the EU fuel suppliers in shipping will contribute to lowering the price of cleaner fuels and to contributing to bridging the price gap.

ECSA supports the integration of the **RED multiplier into the FuelEU Maritime**. However, a much higher multiplier than the current 1.2 multiplier proposed by the



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Commission in RED is necessary. Under the current RED, a multiplier of 4 is applied to electricity used in road transport and rail. This multiplier has contributed to the electrification of road transport by making Member States' investments less expensive. Therefore, ECSA supports the introduction of an **increased multiplier of 4 for cleaner fuels in shipping**.

### Lack of availability of cleaner fuels

The high costs of producing cleaner fuels, the lack of production capacity, the scarcity of raw materials (e.g. biomass, green power, electrolyses) and the lack of sufficient refuelling and on-shore power infrastructure will result in supply bottlenecks and insufficient availability of the required fuels in ports.

Introducing a **fuel non-availability report** under the FuelEU Maritime is essential to deal with the lack of availability of fuels that meet the carbon-intensity requirements. This report should include the reasons of the non-availability of fuels such as shortage of cleaner fuels and lack of port infrastructure. A similar report has been introduced for the implementation of the sulphur limits in marine fuel, the [Fuel Oil Non-Availability Report](#) (FONAR - see page 9). Under the IMO Regulation, the ship has to notify its administration and the competent authority of the port of destination with regard to the inability to obtain compliant fuel oil. The IMO is notified of the non-availability and this notification is commonly referred to as a FONAR.

### EU amendment of the Bunker Delivery Note

The proposal introduces essential changes to the Bunker Delivery Note, which is internationally regulated. This may

undermine a level playing field and may create further enforcement issues.

If responsibility for meeting the fuel standards is shifted to the EU fuel suppliers, a '**FuelEU Maritime Bunker Certificate**' should be introduced instead of amending the Bunker Delivery Note. The certificate would be an annex to the existing Bunker Delivery Note when fuels are purchased in the EU. All required information on the fuel purchased (CO<sub>2</sub>eqWtT and LCV) would be indicated in the certificate by the fuel supplier which would be responsible for the accuracy of the information. A '**FuelEU Maritime OPS Certificate**' should be introduced for the supply of on-shore electricity accordingly.

### Full alignment with future IMO fuel standard

The EU Member States have proposed the introduction of similar fuel standards at the IMO, which has started the work on this issue. The EU fuel standards should not be maintained if they differ from the internationally agreed ones, as this would create a two-tier refuelling market and would undermine a level playing field.

It is essential that the EU fuel standards are fully aligned with any future fuel standards agreed upon at the IMO. Therefore, a **full alignment clause should be added in the FuelEU Maritime** and introduced as soon as the international standards are agreed.

In this regard, a **five year phase-in period** should be introduced with the first target set for 2030. Such a phase-in period would provide the IMO the time necessary to develop a global fuel standard regarding and would safeguard a level playing field.



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## Alignment with AFIR and special conditions for ice-classed ships

Making port infrastructure available is a prerequisite for implementing and meeting the objectives of the FuelEU Maritime proposal. Certain requirements are introduced for Onshore Power Supply and LNG under the proposal for an Alternative Fuels Infrastructure Regulation (AFIR). However, the FuelEU Maritime proposal aims to incentivise the uptake of more types of cleaner fuels than those only covered by the AFIR proposal. Therefore, European shipowners highlight that the availability of port infrastructure is essential for delivering carbon savings in shipping and call on the policy makers to **fully align the AFIR with the FuelEU proposal by introducing additional infrastructure requirements for other types of cleaner fuels such as hydrogen and ammonia.**

In addition, ice-classed vessels may increase their fuel consumption and emissions, when sailing in open water and in ice conditions, due to their special characteristics. Therefore, compliance costs may increase significantly, penalising ships carrying goods and passengers in regions with ice conditions. **ECSA supports that special conditions should apply to ice-classed vessels due to these special characteristics.**

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