

## EU FIT FOR 55: MARITIME FUELEU REGULATION

This regulatory news brief provides a preliminary introduction of the Maritime FuelEU Regulation.

### BACKGROUND

In 2021, the European Commission adopted a series of legislative proposals known as the “Fit for 55” package, aiming to reduce its net greenhouse gas (GHG) emissions by at least 55% by 2030, compared to 1990 levels. One of the proposals that will affect the maritime industry is the FuelEU Maritime Regulation. The European Council and Parliament came to an informal agreement on 23 March 2023 that the FuelEU Maritime will come into force from 1 January 2025. The agreement contains the following principles and requirements, subject to final approval.

### OBJECTIVES

FuelEU Maritime has three main objectives:

- Reduce the GHG intensity of a ship’s energy when travelling within, to and from the EU by promoting the use of renewable and low carbon fuels;
- Mandatory use of Onshore Power Supply (OPS) for containerships and passenger ships in EU ports;
- Incentivize the production and use of Renewable Fuels of Non-Biological Origin (RFNBOs).

### KEY NOTES

#### Applicable Vessel Types:

Ships covered by Regulation (EU) 2015/757, above 5000 GT, which perform commercial voyages within, to and from the EU as of 01 January 2025.

#### References:

Regulation (EU) 2015/757

Directive (EU) 2018/2001



## SCOPE OF APPLICATION

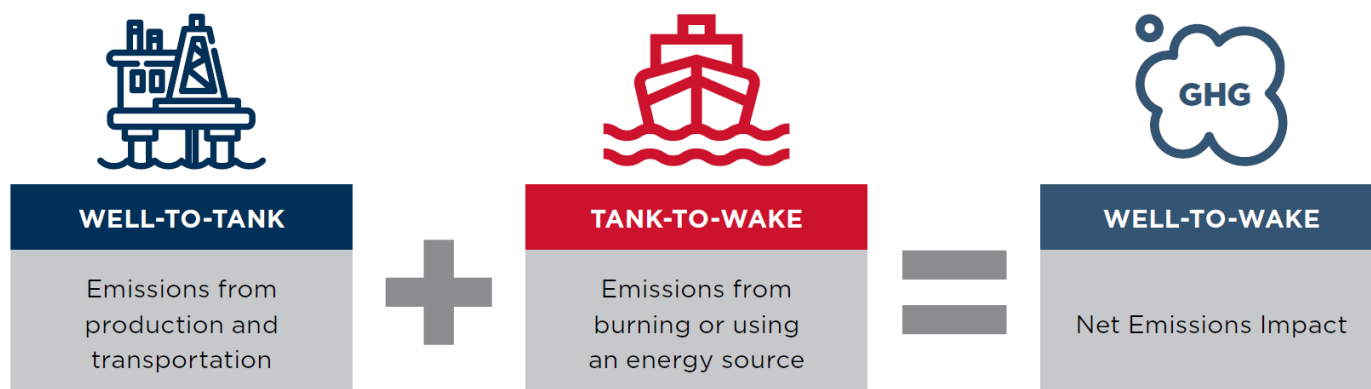
FuelEU Maritime applies to all ships above 5000 GT that transport passengers or cargo for commercial purposes in terms of:

- 100% of the energy used on voyages between EU port of calls;
- 100% of the energy used at berth in EU port;
- 50% of the energy used on voyages departing from or arriving to a port of call under the jurisdiction of a member State.

The regulation sets an upper limit on energy's GHG intensity, expressed in  $\text{gCO}_{2\text{eq}}/\text{MJ}$ . The reference value is set at 91.16 grams of  $\text{CO}_{2\text{e}}$  per MJ based on energy used on board by ships in 2020, determined by the reported data in the framework of Regulation (EU) 2015/757, EU MRV. In order to ensure that the energy used on board will be less carbon intensive over time, the GHG intensity limit will be periodically reduced.

Effective Date	Reduction Percentage	Carbon Intensity Limit ( $\text{gCO}_{2\text{eq}}/\text{MJ}$ )
01 January 2025	2%	89.34
01 January 2030	6%	85.69
01 January 2035	14.5%	77.94
01 January 2040	31%	62.90
01 January 2045	62%	34.64
01 January 2050	80%	18.23

The GHG intensity of the energy used on board is evaluated on a well-to-wake scope.



Fossil fuels will have defined well-to-tank (WtT) default factors. The WtT factors for renewable and low-carbon fuels can be calculated as defined in Directive (EU) 2018/2001 (RED II) or with actual and certified emission factors.

Tank-to-wake (TtW) calculations also accounts for methane ( $\text{CH}_4$ ) and nitrous oxides ( $\text{N}_2\text{O}$ ). These are converted to grams of  $\text{CO}_{2\text{e}}$  via global-warming-potential (GWP) factors of 25 and 298 respectively, as also defined in Directive (EU) 2018/2001 (RED II).

For each reporting year, the energy used on board must be below the reference GHG intensity. If the actual GHG intensity is higher, a remedial penalty will be imposed. When a ship has a compliance deficit for two or more consecutive reporting periods, the remedial penalty will be multiplied by a factor that is increased for each year of non-compliance.

## DEROGATIONS

### Ice – Class ships

Until 31 December 2029, any ship having ice-class IA, IA Super, IB or IC or an equivalent one, may request to exclude the additional energy due to sailing in ice conditions.

### Small islands

Until 31 December 2029, member States may exempt specific routes and ports concerning the energy used on voyages performed by passenger ships between a port of call under the jurisdiction of a member State and a port of call under the same member State located in an island with less than 200,000 permanent inhabitants.

### Outermost Regions

Until 31 December 2029, member States may exempt specific routes and ports concerning the energy used onboard between a port of call located in an outermost region and another port of call located in an outermost region, along with the energy used at berth of the corresponding outermost region. Furthermore, for voyages departing from or arriving to a port of call located in an outermost region under the jurisdiction of a member State, 50% of the energy used is considered instead of 100%.

### Public Service

Until 31 December 2029, voyages performed by passenger ships operating under the scope of a public service obligation between Cyprus and other member States are excluded from the regulation.



## CARBON LEAKAGE

In the absence of a global equivalent GHG intensity fuel standard, the risk of circumvention is increased. To that end, the EU is excluding from the concept of “port of call” container transshipment ports located outside the Union but in a vicinity of less than 300 nautical miles where the share of transshipment of containers, measured in twenty-foot equivalent units, exceeds 65% of the total container traffic of that port.

## COMPLIANCE SURPLUS AND POOL

Where a ship has a compliance surplus for a reporting period, it is possible to bank the surplus amount and use it in the following reporting period under two conditions:

- The amount shall be less than 2% of the reference GHG intensity multiplied by the energy consumption;
- It can be used for only one consecutive period.

One or more vessels of the same or different companies may create a compliance pool, under the following conditions:

- The total pooled compliance is positive;
- A vessel with compliance deficit does not have a higher compliance deficit after the allocation of the pooled compliance;
- A vessel with compliance surplus does not have a compliance deficit after the allocation of the pooled compliance.

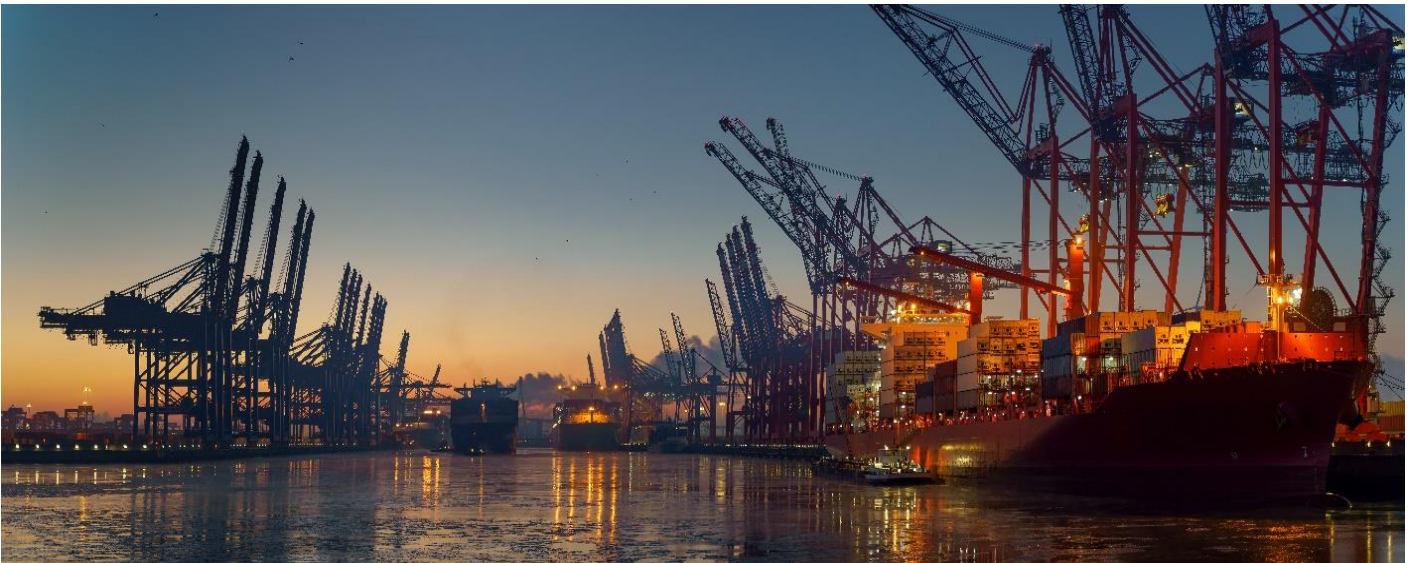
## ONSHORE POWER SUPPLY

From 1 January 2030, containerships and passenger ships shall connect to onshore power supply (OPS) and use it for all energy needs while at berth in a port of call under the jurisdiction of a member State.

There are numerous scenarios under which the vessel may be exempt from OPS, with the most significant being:

- At berth for less than two hours;
- Electrical power demand is covered by zero-emission technologies;
- An unscheduled port of call for reasons of safety;
- Unable to connect to onshore power supply due to unavailable/incompatible connection points.

Vessels failing to comply with the OPS requirement will receive a remedial penalty proportional to the total rounded up hours spent at berth in non-compliance with the established total electrical power demand of the ship at berth.



## RENEWABLE FUELS OF NON-BIOLOGICAL ORIGIN

FuelEU Maritime incentivizes the use of Renewable Fuels of Non-Biological Origin (RFNBOs). The regulation requires member States to ensure that RFNBOs are made available in ports within their territory.

The European Commission will monitor the market availability of RFNBOs as of 2025. If the uptake of RFNBOs by 2031 is less than 1%, a 2% renewable fuels usage target will be set for 2034.

## ADMINISTERING AUTHORITY

Any remedial penalties arising from FuelEU Maritime shall be calculated by the administering authority of the shipping company. The administering authority shall be:

- The member State (MS) in which the shipping company is registered;
- In case the shipping company is not registered in a MS, it is the MS with the greatest estimated number of port of calls in the last two monitoring years;
- In case the shipping company is not registered in a MS and does not have any voyages in the preceding two monitoring years, it is the MS from where the shipping company has started its first voyage.

## TIMELINE FOR COMPLIANCE

- By 31 August 2024, shipping companies shall submit to their verifier a monitoring plan for each of their ships to monitor and report the amount, type and emission factor of energy used onboard;
- From 1 January 2025, shipping companies shall begin monitoring according to the submitted and verified monitoring plan;
- By 31 January 2026 and onwards, shipping companies shall submit to their verifier a ship specific FuelEU report;
- By 31 March 2026 and onwards, verifier shall record in the FuelEU database the compliant FuelEU report;
- By 30 June 2026 and onwards, verifier shall issue a FuelEU document of compliance (DoC), provided that the ship does not have a compliance deficit. In case that remedial penalties are due, the competent authority of the administering state shall issue the DoC, provided that the remedial penalty has been paid.

## NEXT STEPS

The informal agreement on sustainable maritime fuels rules is subject to finalization of the legislative text and approval by the Council Committee of Permanent Representatives and Parliament's Transport and Tourism Committee and then the Parliament and Council.

### WORLD HEADQUARTERS

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