

# ABS REGULATORY NEWS

No. 13/2023



## REVISION OF THE EU ETS DIRECTIVE – TIMELINE FOR COMPLIANCE

This Regulatory News provides the necessary guidance to shipping companies for timely compliance with the EU ETS Directive requirements.

### INTRODUCTION

The revision of the EU ETS Directive entered into force on 5 June 2023. Implementation for the maritime industry will begin on:

- **1 January 2024**, for **cargo and passenger ships** of 5000 GT and above; and
- **1 January 2027**, for **offshore ships** of 5000 GT and above.

To facilitate compliance with the new directive, this Regulatory News is intended to provide operators and shipping companies with the necessary guidance.

### KEY NOTES

#### Applicable Vessel Types:

Ships covered by Regulation (EU) 2015/757, above 5000 GT with voyages in EU ports as of 1 January 2024

#### References:

Directive 2003/87/EC

Directive (EU) 2023/959

Regulation (EU) 2015/757

Regulation (EU) 2023/957

## AMENDMENTS TO REGULATION (EU) 2015/757 – EU MRV

The extension of EU ETS Directive to maritime transport requires additional reporting requirements. This was facilitated by [Regulation \(EU\) 2023/957](#), amending Regulation (EU) 2015/757 which was published in the European Journal on 10 May 2023. The ABS [Regulatory News 10/2023](#) explains the amendments to the EU MRV Regulation.

### MONITORING

- By **1 October 2023**, the European Commission (EC) shall adopt delegated acts for the inclusion of **CH<sub>4</sub> and N<sub>2</sub>O emissions** and the greenhouse gas (**GHG**) **emissions from offshore ships**.

Additional delegated acts shall be adopted for the monitoring and reporting of the aggregated emissions data at company level and the submission to the administering authority.

- By **31 December 2023 or the soonest possible before 1 April 2024**, shipping companies should submit to ABS through the THETIS-MRV platform the updated **monitoring plans (MPs)** according to the EC delegated and implementing acts for each of their ships.
- By **1 April 2024**, shipping companies shall for each of their ships submit to their responsible administering authority an MP that has been assessed by the verifier.
- By **6 June 2025**, the responsible administering authority shall approve the MP based on the assessment of the verifier.

For applicable ships which have not previously been subject to the requirements of Regulation (EU) 2015/757 prior to 1 January 2024, the shipping company will be required to submit an MP to their administering authority **within three months** of the ship's first call in a port of an EU member State. The administering authority shall approve it **within four months**.

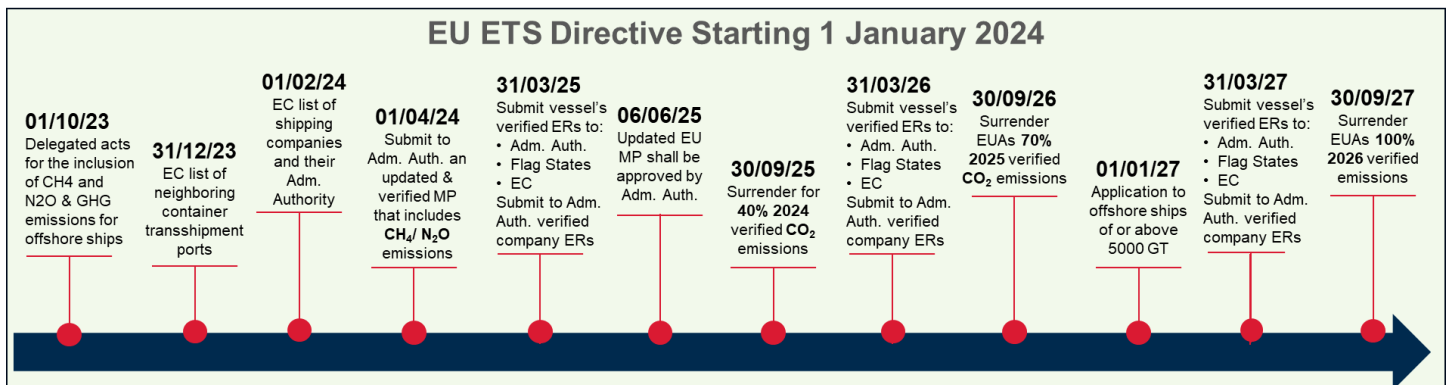
## REPORTING

- **From 1 January 2024**, shipping companies shall monitor and report emissions for cargo and passenger ships of 5000 GT and above in accordance with the revised MP.
- **From 1 January 2025**, companies shall monitor and report emissions for the following additional vessel types:
  - Offshore ships of 5000 GT and above
  - Offshore ships and general cargo ships below 5000 GT but not below 400 GT.
- **From 31 March 2025** and each year after, companies shall, for each ship under their responsibility, submit to their administering authority, flag states concerned and the European Commission, an emissions report for the entire monitoring period of the previous year which has been verified as satisfactory by their verifier.  
For the **monitoring period of 2023**, the deadline for submission of the emissions report remains **30 April 2024**.
- **From 31 March 2025** and each year after, shipping companies shall submit to their administering authority a verified emissions report **at company level** (aggregated emissions data under ETS).

Shipping companies must continue reporting their greenhouse gas emissions through the existing THETIS-MRV platform.

The administering authority may request companies to submit their verified emissions reports and the aggregated emissions data at company level prior to **31<sup>st</sup> of March**, but not earlier than **28<sup>th</sup> of February** of each year.

## EU ETS DIRECTIVE 2023/959 (AMENDING DIRECTIVE 2003/87/EC)



## EU ETS DIRECTIVE APPLICATION

The EU [Directive 2023/959](#) (amending [Directive 2003/87/EC](#)) will apply:

- From **1 January 2024** to **cargo and passenger ships** of 5000 GT and above.
- From **1 January 2027** to **offshore ships** of 5000 GT and above.

## CONTAINER TRANSHIPMENT PORTS

By **31 December 2023**, the European Commission shall establish a list of container transshipment ports by means of implementing acts. Stops of containerships in neighboring container transshipment ports are not considered a port of call for the purpose of minimizing the risk of evasive behavior.

## RESPONSIBLE ENTITY FOR COMPLIANCE WITH THE EU ETS

The person or organization responsible for the compliance with the EU ETS shall be the **shipping company**, defined as the shipowner or any other organization or person, such as the manager or the bareboat charterer, that has assumed the responsibility for the operation of the ship from the shipowner. The manager shall provide the administering authority with a document clearly indicating that it has been duly mandated by the shipowner to comply with the ETS obligations. The document shall be signed by both the shipowner and the manager while an EC Implementing Regulation will define the information to be included in the document.

Nevertheless, provisions are included, pursuant to a contractual arrangement, for transfer of the EU ETS costs from the shipping company to another entity which has the ultimate responsibility for the purchase of the fuel, or the operation of the ship, or both. 'Operation of the ship' means determining the cargo carried or the route and the speed of the ship.

The shipping company shall remain the entity responsible for surrendering allowances and for overall compliance while member States shall take the necessary measures to ensure that when the ultimate responsibility for the purchase of the fuel, or the operation of the ship, or both, is assumed by an entity other than the shipping company pursuant to a contractual arrangement, the shipping company is entitled to reimbursement from that entity for the costs arising from the surrender of allowances.

## EMISSIONS ALLOWANCES AUCTIONS – UNION REGISTRY

Emission allowances can be purchased in the primary market through auctions on the [European Energy Exchange \(EEX\)](#) platform or in the secondary market in which allowances can be sold bilaterally or through various derivatives provided by financial institutions.

Shipping companies may already start buying EU allowances by opening accounts in the Union Registry. According to the provisions of the [Union Registry Regulation](#), shipping companies shall request the opening of a **trading account** or a **maritime operator holding account**. The latter option shall be available after 1 January 2024. The maritime operator holding account will be necessary for all shipping companies covered by EU ETS. Through the maritime operator holding account, it will be possible to transfer and surrender allowances. Trading accounts allow entities to trade on the EU ETS market.

## SURRENDERING OF ALLOWANCES

Starting from **2025**, shipping companies shall surrender **by 30 September** of each year, EUAs corresponding to their verified GHG emissions of the previous monitoring year. There will be a gradual phase-in of the required allowances to be submitted.

- By **30 September 2025**, surrender of EUAs corresponding to **40% of 2024** verified **CO<sub>2</sub> emissions**.
- By **30 September 2026**, surrender of EUAs corresponding to **70% of 2025** verified **CO<sub>2</sub> emissions**.
- By **30 September 2027**, surrender of EUAs corresponding to **100% of 2026** verified **CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O emissions**.

Shipping companies will need to surrender allowances to the EU member State which corresponds to their administering authority. The allowances will need to be submitted through the Maritime Operator Holding Account for that EU Member State.

## EMISSIONS OFFSETTING

Carbon credit certificates or other mechanisms cannot be used for EU ETS compliance purposes. Shipping companies will need to surrender (use) EU allowances corresponding to the amount of aggregated emissions data at the company level.

## ADMINISTERING AUTHORITY

The administering authority for a shipping company:

- registered in a member State, will be the administering authority of that member State in which the shipping company is registered.
- registered in a third country, will be the administering authority of the member State with the greatest estimated number of port calls from voyages performed by the shipping company in the last four monitoring years. In case of no EU MRV voyages in the preceding four monitoring years, then it will be the member State or the port where a ship of the shipping company has arrived or started its first voyage for the first time.

Before **1 February 2024**, the EC shall establish **a list of shipping companies** that performed a maritime activity that fell within the scope of EU MRV in the previous years, specifying the administering authority for each shipping company.

## ABS SERVICES – EMISSIONS REPORTER™ PORTAL

The ABS Emissions Reporter™ is a smart digital tool that allows companies to easily input data for annual reports and monitor the status of their IMO DCS, EU and UK MRV verification process by providing:

- Portal auto-sorting of voyage data into IMO-DCS, EU-MRV and UK-MRV regulatory regime submissions.
- Intra year voyage submission and portal automated data quality checks/verification for real time feedback.
- Automatic data submission through Application Programming Interface (API).
- Intra year voyage Statement of Facts issuance (ready in October-November 2023).
- Single platform for voyage data submission, receipt of ABS deliverables and communication with ABS Engineer.
- Monitor and receive notifications on review status in real time.
- Downloadable annual XML that is compatible with EU THETIS-MRV module.

## ADDITIONAL INFORMATION

For more information and guidance on EU MRV, EU ETS and Fit for 55 Regulations, please refer to the following ABS resources:

- [Amendments to EU MRV Regulation 2015/757](#)
- [Amendments to the EU ETS: Inclusion of Maritime Emissions](#)
- [EU Fit for 55: Maritime FuelEU Regulation](#)
- [Fit for 55](#)

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