General principles of the ETS and its extension to maritime transport

EMSA/European Commission Webinar

24 November 2023
Structure of the presentation

• Overview of the EU Emissions Trading System (EU ETS)
• EU ETS extension to maritime
• Compliance cycle, key actors involved
Overview of the EU ETS

What is the EU Emissions Trading System (ETS)?
ETS extension to maritime transport

Overview of the main elements

• The existing EU ETS (Directive 2003/87/EC) will cover maritime transport emissions as from 1 January 2024.

• **Same key principle as the other ETS sectors:** shipping companies monitor their emissions and purchase and surrender ETS emission allowances for each tonne of GHG emissions to be reported under the EU ETS.

• **Equal treatment** on routes, flag neutrality

• **Phase-in period** for 2024 and 2025 emissions (40% and 70%, respectively) and then full price signal as from 2026 reported emissions.

• Each shipping company **attributed to the administering authority** of one EU Member State

• Builds on the already existing monitoring, reporting and verification of emissions
ETS extension to maritime transport

Overview of the main elements

• Geographical scope of ETS:
  • 100% of emissions from voyages within the EU & when ships are within EU ports
  • 50% of the emissions from voyages starting or ending outside of the EU

• GHG scope for ETS:
  • CO₂ emissions as from 2024
  • CH₄ and N₂O emissions as from 2026

• Ships covered under ETS: large ships (i.e. above 5000 Gross Tonnage) transporting passengers or cargo for commercial purposes, and large offshore ships as from 2027.
ETS extension to maritime transport
Overview of the compliance cycle for maritime transport

<table>
<thead>
<tr>
<th>2023</th>
<th>2024</th>
<th>2025</th>
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<tbody>
<tr>
<td><strong>A company</strong></td>
<td></td>
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<tr>
<td>by 3 months after the change of company</td>
<td>by 31 March (or 28 Feb)</td>
<td>by 30 September</td>
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<tr>
<td>Ship 1</td>
<td>Ship 2</td>
<td>Surrendering of allowances in the Union Registry - 1 account per company</td>
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<td>Ship 3 for 3 months</td>
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<td>Verified Partial report for ship 3</td>
<td>Emissions report ship 1</td>
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<tr>
<td>Emissions report ship 2</td>
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<tr>
<td>Partial Emissions report for ship 3</td>
<td>Aggregated emissions report at company level</td>
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<td>Individual Emissions Reports (ERs)</td>
<td>Purchase of ETS allowances</td>
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<td>Preparation of individual Monitoring Plans</td>
<td>Carrying out monitoring</td>
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<tr>
<td><strong>Role of verifier(s)</strong></td>
<td><strong>Verification of emission reports &amp; issuance of Document of Compliance (DoC)</strong></td>
<td><strong>Verification of aggregated ER &amp; issuance of a verification report</strong></td>
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<td>Assessment of monitoring plans</td>
<td>[if required by national law of the AA] Entering and/or approval of emissions data in the Registry</td>
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<tr>
<td><strong>Role of administering Authority</strong></td>
<td><strong>Receive verified aggregated emissions</strong></td>
<td>Auction and issue allowances</td>
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<td>Approval of monitoring plans</td>
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<td>Registry management</td>
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<td><strong>Enforcement &amp; compliance</strong></td>
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ETS extension to maritime transport
First steps from a company perspective

- Now - Get familiar with new requirements and adapt your contract(s)
  - Consult relevant legislative texts: Official Journal of the European Union, DG CLIMA dedicated page
  - Consult communication material by DG CLIMA and EMSA: FAQs, Webinar recordings and presentations (links in DG CLIMA page) and contact fitfor55@emsa.europa.eu if needed.
  - Start preparing your revised monitoring plan

- As from Jan 2024 – Submit your Monitoring Plan in THETIS-MRV to your verifiers

- 1 Feb 2024 – identify your responsible Administering Authority and request the opening of an account in the Union Registry within 40 working days
  - For companies on the list, the assigned authority will be visible in THETIS-MRV. For the ones not on the list, the THETIS-MRV helpdesk will assist them in identifying their responsible administering authority in the system.

- By 1 April 2024 – submit your assessed Monitoring Plan to your Administering Authority for approval
Thank you

Further questions? Frequently Asked Questions (FAQs) available for MRV and EU ETS

Dedicated Helpdesk: fitfor55@emsa.europa.eu

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