

# **Inclusion of maritime shipping into the EU ETS: potential implementation issues**

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# 1. Introduction

## Current regulation of GHG emissions of maritime shipping

- **At EU level:**
  - Emissions not included in the EU ETS
  - EU MRV (Monitoring, Reporting, Verification) system in place
- **At global (IMO) level:**
  - GHG reduction and carbon efficiency target in place
  - So far, no GHG reduction measure, only energy efficiency measures and Data Collection System in place

## Inclusion of maritime shipping into EU ETS

- Requires specification of many design elements
- Potential implementation issues should thereby be considered

## 2. Potential implementation issues

### Determination of emissions cap

### Initial allocation of emission allowances:

- Share of free allowances
- Allocation of free allowances

### Scope of system:

- Ship types
- Small emitters
- Small and medium-sized enterprises (SMEs)

## 2. Potential implementation issues

### **Geographical scope:**

- Definition of voyage
- Outermost regions

### **Assignment of ships/companies to administering Member States and distribution of auction revenues over MS**

### **Use of revenues from auctioning shipping allowances**

### **Degree of openness of system between shipping and other EU ETS sectors**

## **2. Potential implementation issues**

**Selection of responsible entity**

**Compatibility with future global GHG reduction measure**

## 3. Conclusions

- **Inclusion of maritime shipping into the EU ETS is relatively complex, mainly due to**
  - heterogeneity of fleet;
  - fluctuations in EU-related operation of ships and in energy efficiency of ships;
  - data availability.
- **To include maritime shipping into EU ETS thus requires careful design to tackle/avoid certain issues.**
- **Data stemming from EU MRV system for shipping is crucial.**
- **Design of EU ETS can build on design of and considerations made to design EU MRV system.**