

INTERSESSIONAL MEETING OF THE
WORKING GROUP ON REDUCTION OF
GHG EMISSIONS FROM SHIPS
7th session
Agenda item 2

ISWG-GHG 7/2/23
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**FURTHER CONSIDERATION OF CONCRETE PROPOSALS TO IMPROVE THE
OPERATIONAL ENERGY EFFICIENCY OF EXISTING SHIPS, WITH A VIEW TO
DEVELOPING DRAFT AMENDMENTS TO CHAPTER 4 OF MARPOL ANNEX VI
AND ASSOCIATED GUIDELINES, AS APPROPRIATE**

**Comment on a possible regulatory framework on a mandatory goal-based measure to
reduce the carbon intensity of international shipping**

Submitted by Germany, Netherlands and Spain

SUMMARY

Executive summary: This document comments on the draft regulatory framework proposed for a mandatory short-term goal-based measure as proposed by the Chair in document ISWG-GHG 7/2. It suggests changes that improve the wording in order to clarify that ships must comply with both operational and technical efficiency standards at a sufficient level of ambition if the commitment in the Initial Strategy is to be met.

*Strategic direction,
if applicable:* 3

Output: 3.2

Action to be taken: Paragraph 11

Related documents: ISWG-GHG 7/2 and MEPC 75/7/2

Introduction

1 This document comments on the possible regulatory framework on a mandatory goal-based measure to reduce the carbon intensity of international shipping as submitted by the Chair of the Working Group in document ISWG-GHG 7/2.

2 The co-sponsors thank the Chair for providing a draft regulatory framework that will help the Group to progress the work "as quickly as possible", also in the light of our current working arrangements.

3 The importance of adopting measures as soon as possible cannot be overestimated. Recent climate science underscores the urgency of the need for deep emission reductions. As an important element of the Initial Strategy, IMO has committed in particular to peaking emissions from shipping as soon as possible and improving the carbon intensity of shipping by *at least* 40% in 2030. So, it is of the utmost importance for the global effort to combat climate change, as well as for the credibility of the Organization, to agree on meaningful and effective short-term measures according to the timetable contained in the Initial Strategy (resolution MEPC.304(72)).

4 The co-sponsors acknowledge the aim of the Chair "to accommodate the technical and operational approaches" in one regulation. At ISWG-GHG 6, the Group found that both goal-based approaches have strong merits and welcomed the proposal for a concept paper to combine the two approaches (MEPC 75/7/2, paragraph 34). In the view of the co-sponsors, the mandatory operational goal-based measure has the merit to allow ships to use all conceivable measures at their disposal to reduce their carbon intensity and to deliver directly on the carbon intensity target. The technical goal-based measure has the merit of pre-certification, allowing for compliance to be checked at any point in time without requiring data collection and processing.

5 However, the operational and technical indicators, CII and EEXI respectively, are different in nature and it is very difficult, if not impossible, to ensure equivalence. Therefore, rather than using the Group's valuable time in trying to find ways to offer shipowners a choice between either approach that would ensure the necessary effectiveness, equivalence between the indicators, maintain the level playing field and be fair and enforceable, the co-sponsors propose that both approaches should be made mandatory in the regulatory framework.

Analysis of the draft regulatory framework in the light of the Initial Strategy

6 The level of ambition of the Initial Strategy is for the *operational* carbon intensity of shipping to improve by at least 40% in 2030, and the terms of reference for the Intersessional Working Group on Reduction of GHG Emissions from Ships specifically mention to "further consider concrete proposals to improve the operational energy efficiency of existing ships" (MEPC 74/18, paragraph 7.48). Success in achieving the level of ambition will be measured in operational efficiency and, consequently, ships will have to meet an operational carbon intensity target which needs to be mandatory in order to retain the level playing field. Hence, the co-sponsors consider paragraph 3.1 of the draft regulation 22B proposed by the Chair on *operational* carbon intensity an essential element of a regulatory framework and find that meeting a sufficiently stringent *operational* carbon intensity target should be mandatory for every ship to which the framework applies.

7 An ambitious EEXI will constrain the choice of operational parameters of a ship in such a way that it becomes more efficient and more likely to meet its operational efficiency target. The EEXI has the advantage that compliance can be checked through inspections and, in addition, the EEXI has the benefit of ensuring a level playing field between existing and new ships. Therefore, the co-sponsors find that regulation 3.2 of the draft regulation 22B proposed by the Chair can also be a valuable element of a regulatory framework that warrants that meeting the technical required indicator should also be mandatory for every ship to which the framework applies.

8 Only a *mandatory* operational goal-based short-term measure complemented by an ambitious EEXI will allow the regulatory framework to *ensure* that emissions peak as soon as possible and that the 2030 level of ambition will be met. Moreover, by agreeing to both approaches, IMO would send a clear signal that it delivers quickly on its ambitions.

Specific proposals

- 9 Specifically, the co-sponsors propose to:
- .1 use the draft regulatory framework as the basis for further work and discussion;
 - .2 develop regulations for mandatory operational and technical efficiency standards and require ships to comply with both;
 - .3 agree on stringencies for both approaches that are sufficient to meet the 2030 level of ambition; and
 - .4 require that all ships contribute to the effort, regardless of when they were built and regardless of whether they fall under the EEDI regulations (unless exemptions apply in order to address disproportionately negative impacts).
- 10 The co-sponsors propose to develop the draft regulatory framework proposed by the Chair in annex to document ISWG-GHG 7/2 along the following lines:
- .1 delete paragraph 2.4 and footnote 1;
 - .2 use document ISWG-GHG 7/2/9 (Denmark et al.) as a basis for section 3.1;
 - .3 delete the note under 3.1.2 ("Ships to which the requirements set out in paragraph 2.3 apply may choose to use the attained EEXI in lieu of operational carbon intensity targets"); and
 - .4 use document ISWG-GHG 7/2/6 (Greece et al.) as a basis for section 3.2.

Action requested by the Working Group

- 11 The Group is invited to consider this document, and in particular, to adopt the suggested changes to the draft regulatory framework, as proposed in paragraph 10, with a view to its approval as a basis for the further development of draft amendments to MARPOL Annex VI.
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