

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) ?





3-4% of EU GHG emissions

13,5% and growing of EU GHG transport emissions



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
 - CH_4 and N_2O 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*

2024 2025 2023 by 3 months by 30 September 01 01 by 31 March (or 28 Feb) after the Jan Jan change of Emissions Surrendering Ship 1 company report anytime of allowances ship 1 Aggregated Purchase of in the Union emissions Emissions ETS Registry Ship 2 report at Α report ship 2 allowances company company level Partial Ship 3 for 3 months Verified account per Emissions peag peag Partial report report for for company ship 3 ship 3 Preparation Individual of individual **Emissions** Monitoring Carrying out monitoring Reports Plans (ERs) Verification of emission [if required by national law of the AA] Verification of aggregated Role of verifier(s) Entering and/or approval of emissions data reports & issuance of ER & issuance of a Assessment of monitoring plans in the Registry Document of Compliance verification report (DoC)**Role of administering Authority** Enforcement Registry Auction and issue Receive verified Approval of & compliance management allowances aggregated emissions monitoring plans

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 <u>DG CLIMA page</u>) and contact <u>fitfor55@emsa.europa.eu</u> 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 <u>MRV</u> and <u>EU ETS</u>

Dedicated Helpdesk: fitfor55@emsa.europa.eu



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