

The EU's Strategy to decarbonise waterborne transport - EU ETS in the context of the Green Deal and Fit for 55 Package

Hans Bergman

Head of Unit - Mobility: Air, Rail, Water & Intermodal Policy

European Commission - DG Climate Action

SMM Hamburg, 7 September 2022

Content

- **The Green Deal and the Fit for 55 Package**
- **A basket of measures for waterborne transport decarbonisation**
- **The ETS extension to maritime**
- **The Innovation Fund**



Delivering the European Green Deal

The EU Climate Law

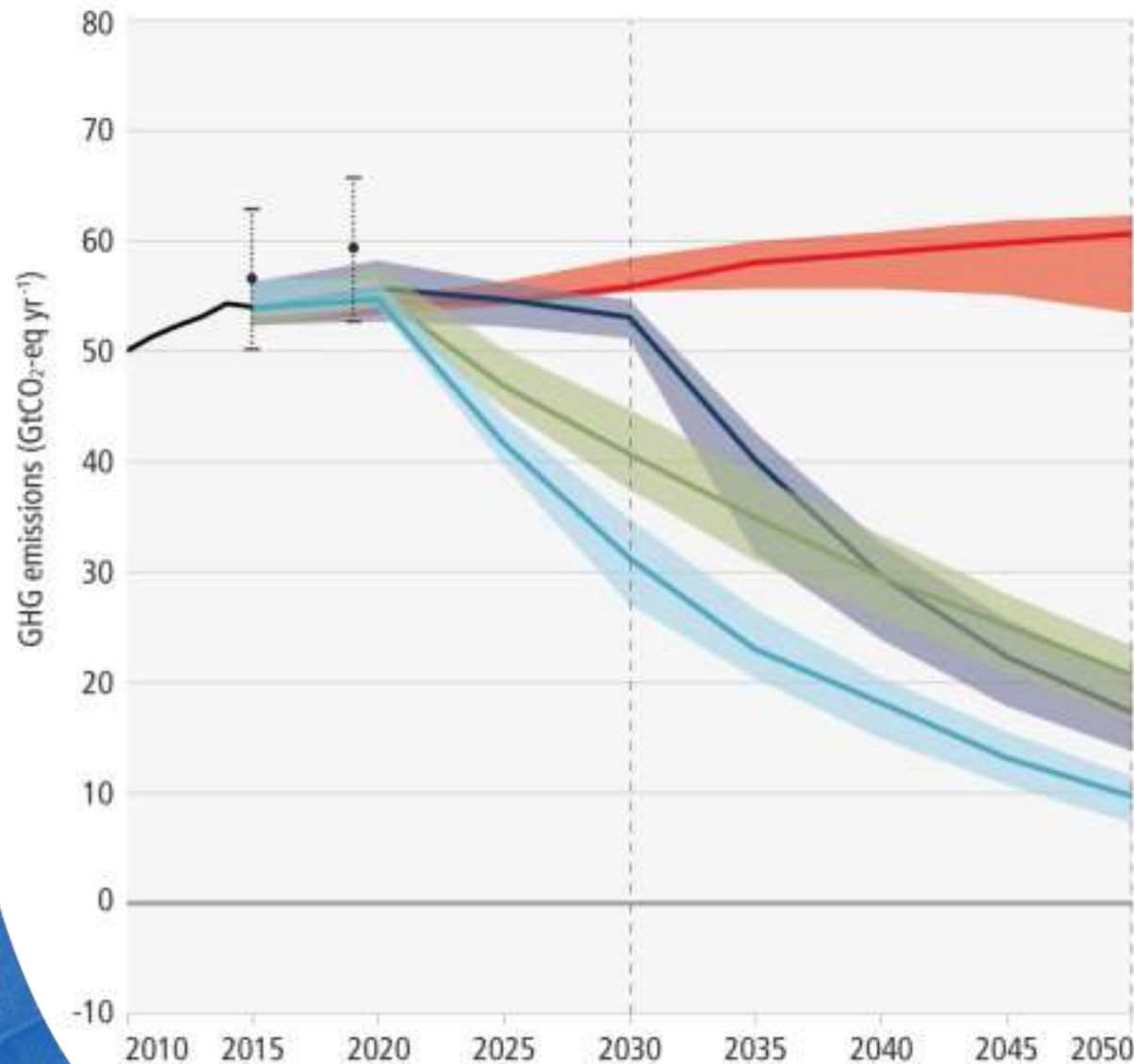
- **2050 economy-wide climate-neutrality**
- **2030 target of at least 55% net** greenhouse gas emissions reduction (in relation to 1990 emissions)



- **Urgency to act**
- **Paris Agreement, Art 4:** *“developed countries should continue taking the lead by undertaking economy-wide absolute emission reduction targets...”, developing countries should move to economy-wide action over time*
- **Need for a fair, competitive and green transition**
- **All sectors need to contribute**
- **Progress is required at all levels**



Urgency to act

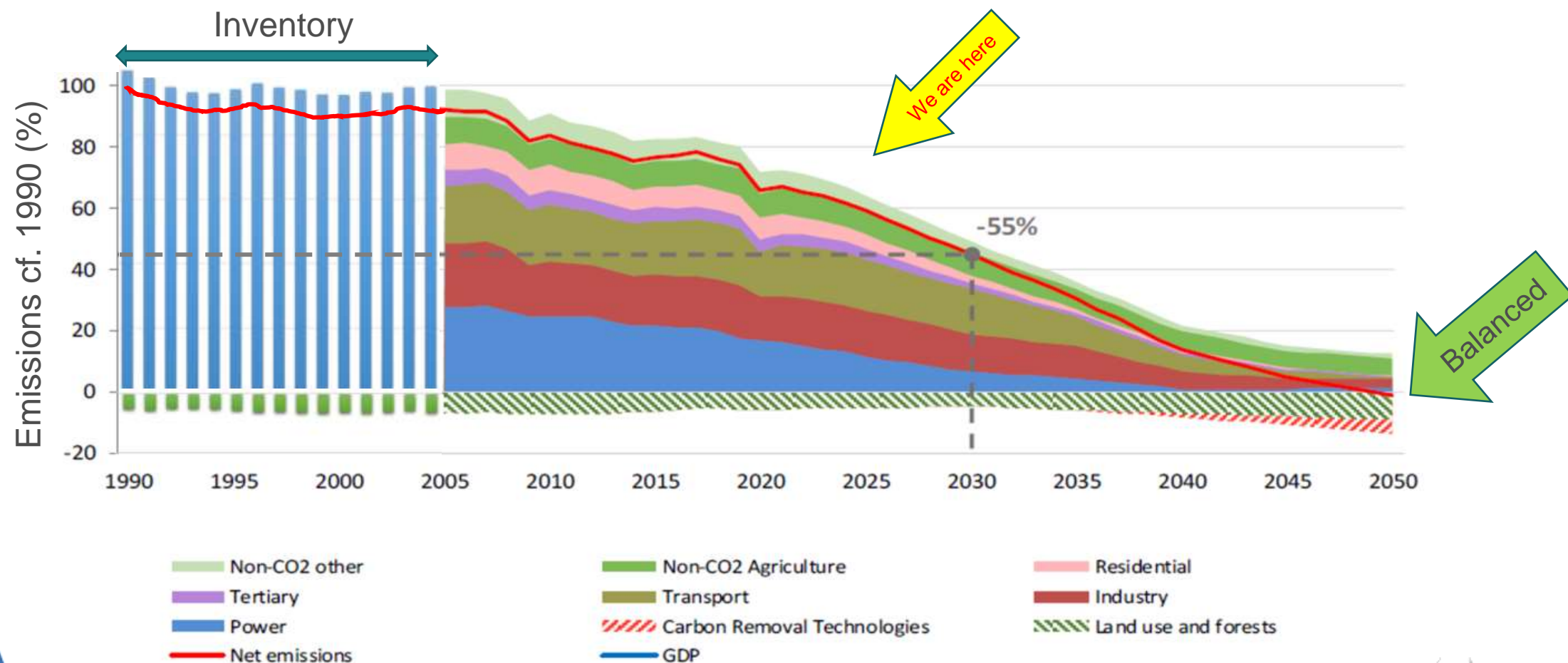


- Trend from implemented policies
- Limit warming to 2°C (>67%) or return warming to 1.5°C (>50%) after a high overshoot, NDCs until 2030
- Limit warming to 2°C (>67%)
- Limit warming to 1.5°C (>50%) with no or limited overshoot

Projected GHG emissions make it likely that warming will exceed 1.5 C and also make it harder to limit warming below 2C after 2030

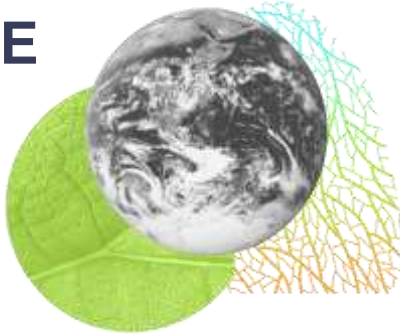
Source: Climate Change 2022: Mitigation of Climate Change. Contribution of WG III to the 6th Assessment Report of the IPCC

Pathway to climate neutrality



Delivering on the 2030 commitment: the Fit for 55 Package

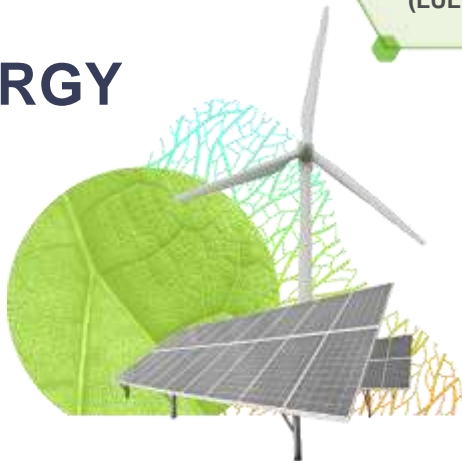
CLIMATE



TRANSPORT



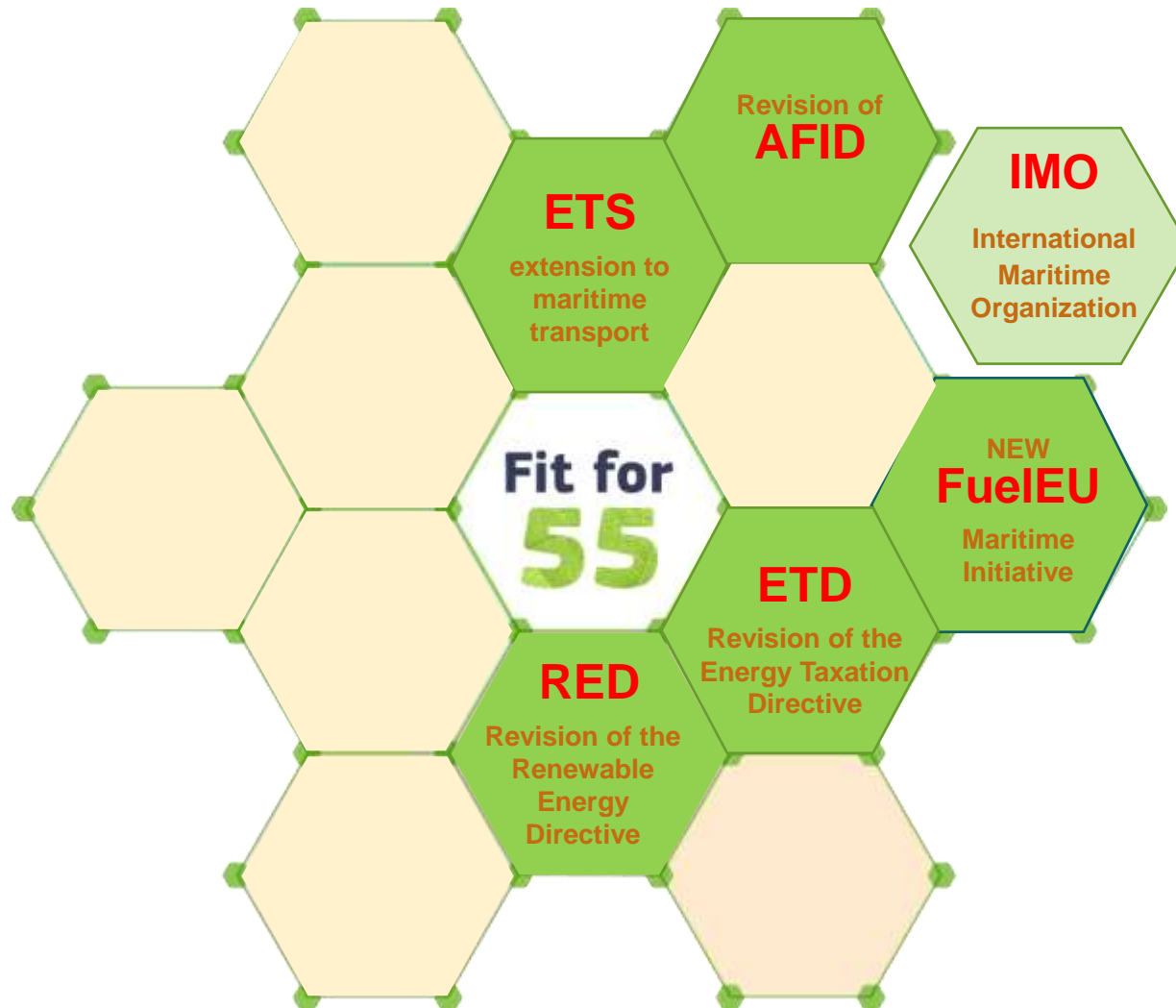
ENERGY



TAXATION AND TRADE



A basket of measures for the maritime sector



MARITIME

Fit for 55: addressing maritime emissions

Why?

- **All sectors need to contribute**, including maritime transport
- **Lack of adequate measures** in place at EU or global level

How?

- Improving energy efficiency → **less fuel**
- More renewable and low carbon fuels → **cleaner fuels**

Shipping and climate change, global action

- One of the most energy-efficient modes of transport
- Yet a large and **growing source of GHG** → 1076 mln ton CO₂eq, **2.89%** of global emissions (4th IMO GHG Study, 2018 data)
- **Projected to increase** to 90-130% on 2008 in 2050 → risk of undermining Paris Agreement objectives

Global Action

- IMO GHG emissions reduction strategy (April 2018):
 - Reduce GHG emissions by **at least 50% by 2050** (on 2008 levels)
 - Pursue efforts to **phase them out** as soon as possible in this century.
- New IMO Regulations on EEXI & CII to cut carbon intensity from existing ships but a need for ambitious mid- and long-term measures.
- Strategy to be **revised in 2023**





ETS

Extension to maritime

EU Emissions Trading System

➤ 'Cap-and-trade' system

- Puts a **quantity limit (cap)** on emissions for installations and activities under the ETS
- This overall cap is **reduced** each year
- a fixed number of ETS **allowances** is issued
- and ETS participants monitor emissions and surrender allowances to cover all their annual emissions.

➤ Sectors and gases covered

EU Emissions Trading System

➤ Key benefits

- Capping and **reducing GHG emissions**
- Price signal
- Flexibility and cost-effectiveness
- Generate **revenues** to tackle climate change



➤ Emissions Trading outside the EU

The EU Maritime MRV System

First step: monitor, report and verify CO₂ emissions



EU Maritime MRV System (Reg.2015/757)

- Robust and transparent data
- 2022 fifth reporting year

Extending the EU ETS to maritime

The EC Proposal: origin and state of play

Key Design elements of the Extension:

- Regulated entities
- Regulated ships
- Regulated emissions
- Geographical scope
- Phase-in
- Enforcement

EU ETS Innovation Fund

- Fully funded by the EU ETS, **one** of the world's largest funding programmes for the demonstration of innovative low-carbon technologies is **already active for ships and ports**
- Volume: **EUR 38 billion** until 2030 (calculated figure at EUR 75 per tCO₂)
- Annual calls, **grants** as well as **project development assistance**

Large-scale projects
(total capital costs above 7.5 mln EUR)



Grants of €1 145 mln for 7 projects

Kairos@C, Port of Antwerp

Small-scale projects
(total capital costs below 7.5 mln EUR)



Grants of €113 mln for 31 projects

FirstBio2Shipping

More on the Innovation Fund



All (past) call documents available on the Funding and Tenders Portal including:

- ✓ Guidance and calculation tools on GHG emissions and relevant costs
- ✓ Frequently asked questions

<https://europa.eu/!QB67by>



Further info, planning of new calls, recorded webinars and videos available on the IF Website:

<https://europa.eu/!rx34Dt>



Innovation Fund - YouTube

<https://bit.ly/2WxK8w7>

Thank you for your attention!

- [Link to proposal and accompanying documents:](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12660-Climate-change-updating-the-EU-emissions-trading-system-ETS-_en)

https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12660-Climate-change-updating-the-EU-emissions-trading-system-ETS-_en



[Here for more information](#)