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Konu : Operasyonel Kısa Vadeli GHG Önleminin Aşamalı Olarak Uygulanmasını Öneren Taslak IMO Teklifi Hk.

Sirküler No :127

Sayın Üyemiz,

İlgi : ICS'nin 31/01/2020 tarihli ve MC(20)12 sayılı yazısı.

Uluslararası Deniz Ticaret Odası (International Chamber of Shipping-ICS) tarafından Odamıza gönderilen ilgi yazı ile; Uluslararası Denizcilik Örgütü (International Maritime Organization-IMO) üyesi ülkelerden birkaçının işbirliği ile hazırlanan, karbon yoğunluk göstergelerinin (Carbon Intensity Indicators-CIIs) kullanımına yönelik operasyonel sera gazı (Green House Gases-GHG) azaltma önleminin aşamalı olarak uygulanmasını öneren bir taslak teklif iletilmiş olup, Ek'te sunulan ilgi yazı ile gönderilen dokümanların incelenerek görüş ve önerilerin 06.02.2020 tarihine kadar john.bradshaw@ics-shipping.org adresine gönderilmesi hususunu bilgilerinize arz/rica ederim.

Saygılarımla,

e-imza

İsmet SALİHOĞLU
Genel Sekreter

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31 January 2020

MC(20)12

TO: MARINE COMMITTEE

Copy: All Full and Associate Members for Information

DRAFT IMO SUBMISSION PROPOSING PHASED IMPLEMENTATION OF AN OPERATIONAL SHORT-TERM MEASURE

Action required: *Members are invited to review a draft document proposing phased implementation of an operational GHG reduction measure based on the use of carbon intensity indicators (CII) which has been prepared with the cooperation of several IMO member States. Members are requested to review the document and provide comments to the undersigned by 5 February.*

Members will recall that at a recent meeting of the Marine Committee working group on short term measures it was agreed that the Secretariat should:

- **Continue to work with Japan and other members of the intersessional work stream to further develop a technical measure with a view to co-sponsoring the resulting submission(s) to ISWG GHG 7, and**
- **Work with member States to develop a proposal to introduce an operational measure based on the use of CII alongside the EEXI, with the operational measure being implemented in phases to ensure that the CII are fully understood, and risks of unintended consequences mitigated.**

The Secretariat has worked with interested member States and developed a draft proposal based on the positions of these member States which is attached at Annex. In addition, the Secretariat has consulted with two members of the high ambition group of member States, both of which were cognisant of the concerns which phased implementation is intended to address and recognized that the concept of phased implementation is a positive effort to facilitate progress in a controlled way. Further, it is probable that other documents proposing the EEXI along with a more cautious implementation of an operational measure and CII may be submitted by member States.

The draft proposals could work in conjunction with any operational measure to be agreed by the Organization as it is primarily concerned with implementation and ensuring that the nature of CII is fully understood and risks of unintended consequences mitigated before CII are enforced in a way which could result in a ship losing statutory certification for failing to achieve a CII objective. Phased

implementation would not mean delayed implementation, and ships would still be assigned CII objectives. The document proposes that the simplified rating mechanism proposed by China might be applied in the initial phase to incentivize emissions reduction.

The draft document has been prepared with member States to balance ambition and reasonable caution, recognizing that the EEXI in itself will not be sufficient and that there are still significant uncertainties with respect to developing appropriate CIIs, how they might be audited and their sensitivity to external factors such as weather. The draft is also intended to emphasise that phased implementation is not intended to delay progress, and if anything could promote speedy progress on an operational short-term measure.

If ICS co-sponsors, the intention is to support member States and for ICS to potentially be an industry co-sponsor to a member State led submission. At least one respected member State has confirmed they wish to co-sponsor, several others are indicating they are positively disposed to co-sponsor subject to finalizing a draft and we will share with other associations and observers. Importantly, the compromise phased implementation concept appears to have been positively received as a genuine effort to facilitate progress whilst avoiding unintended consequences by those high ambition member States the Secretariat has consulted.

Members are requested to review the information provided to confirm support (or otherwise) to co-sponsor to the undersigned (john.bradshaw@ics-shipping.org, copied to jade.smith@ics-shipping.org).

John Bradshaw
Technical Director

Enclosures: 

Annex - Proposal for a goal based operational measure

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

ISWG-GHG 7/2/X
February 2020
Original: ENGLISH
Pre-session public release:

**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**

PROPOSAL FOR A GOAL BASED OPERATIONAL MEASURE

Submitted by ICS.....

SUMMARY

Executive summary: This document contains a concrete proposal for a short-term measure for immediate consideration by ISWG-GHG 7, based on goal based operational and technical measures to reduce GHG emissions from ships. The measure is based on proposals already considered at ISWG GHG 6 and would complement the Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicators (CII) approaches. As such, it could be finalised and agreed quickly, with implementation by 2023.

Strategic direction: 3

High-level action:

Output: 3.2

Action to be taken: Paragraph 30

Related documents: ISWG GHG 6/2/1, ISWG GHG 6/2/6, ISWG GHG 6/2/7, ISWG GHG 6/2/9, MEPC 75/7/2, MEPC72/INF.5, ISWG GHG 2/2/7

Introduction

1. It will be recalled that the *Initial IMO strategy on reduction of GHG emissions from ships* (MEPC.304(72)) (the initial strategy) was adopted at MEPC 72 and a draft programme of follow-up actions was agreed at MEPC 73. In order for the Organization to demonstrate progress towards the level of ambition for 2030, the [co-sponsors] consider it necessary that

amendments to MARPOL Annex VI and appropriate short-term measures be agreed at MEPC 75, for adoption at MEPC 76, which will begin to deliver further GHG reductions by 2023.

2. ISWG-GHG 6 agreed that short-term measures should be goal based and that goal based operational and technical measures should be further developed. No decision was made on whether an operational or technical measure, or a combination of, would be agreed.

3. Following the suggestion of the chair, Japan offered to informally coordinate intersessional work on the goal based technical approach while China, Denmark and France offered to coordinate intersessional work on the goal based operational approach. However, notwithstanding the suggestion that they work together intersessionally, member States and international organizations were invited to submit their own proposals to ISWG-GHG 7 if they wish to do so.

4. To facilitate further progress at ISWG-GHG 7, the chair informed the working group that he would submit a concept paper to the next meeting which would include a possible regulatory framework for the two approaches (technical and operational). The concept paper would include the possibility to combine the two approaches (MEPC 75/7/2, paragraph 34).

5. The intersessional work coordinated by Japan on EEXI has made excellent progress and has developed a mature proposal that the [co-sponsors] can support as the basis of a goal based technical measure. The intersessional work to develop a goal based operational measure has made progress however the resulting proposals are less mature. The co-sponsors consider that there are a number of concerns about which carbon intensity indicators (CIIs) might be used, their audit or survey, risks of unintended consequences (particularly with respect to vulnerable member States) and the potential effect on trades which are more exposed to variables outside of the control of the ship (e.g. adverse weather conditions) which require further work.

6. As a general concept, the [co-sponsors] support the development of a goal based operational measure based on the use of CIIs. However, if CII objectives are to be subject to rigorous enforcement measures which could result in possible suspension or withdrawal of a ship's statutory certification, it is critical that such CIIs and their effects are fully understood. Otherwise, there is an unacceptable risk of severe market distortion, member States being penalised and facing trade disruption, and ships losing certification because of failings in the system of CIIs rather than because of inefficient operation.

7. The [co-sponsors] are confident that appropriate CIIs can be developed which would be sufficiently robust to be implemented with a rigorous enforcement mechanism. However, this requires an evidenced-based decision-making process supported by data. The nature of CIIs and complexities of shipping as well as the complex interactions between ships and the maritime environment and trade patterns mean that the only way to truly understand CIIs and develop the necessary confidence in their efficacy is to apply them in practice and to evaluate their effectiveness. This would also allow risk mitigation measures to avoid unintended consequences to be identified and agreed.

8. In order to expedite agreement and progress to phased introduction of a CII based operational measure, applicable to all ships, in three parts as follows:

Part 1 – Development guidelines for establishing and auditing CIIs. The Organization would then introduce a mandatory measure as part of the SEEMP which would require that the ship includes CII objectives agreed by the Organization within the SEEMP which would be audited by the ships flag Administration or one of its duly authorised Recognized Organizations. This audit would be part of the SMC audit as required by the ISM Code. During Part 1, failure to

achieve a CII objective would be noted as an observation and the company would provide a summary of why the objective had not been achieved. In cases where this was not the result of external factors (for example, weather) the company would amend the SEEMP to include measures to improve operational efficiency.

Part 2 – Three years after the implementing mandatory CII objectives within the SEEMP, the Organization would undertake an analysis of the resulting three year data set. CII data would be submitted to a data base to established by the Organization, it is possible that this could be integrated with the DCS database and reporting system to minimize administrative burden and cost. This analysis would:

- Identify the most appropriate CIIs and, if possible, agree the final form of CIIs to be applied to each ship type;
- Identify appropriate measures to address the influence of external factors such as weather and also to mitigate risks for vulnerable member States, such as SIDS; and
- Agree whether CIIs were sufficiently robust to consider a system of enforcement and potential penalties in the case that a ship does not achieve a CII objective (subject to appropriate measures to prevent ships being penalised because of adverse weather conditions or because they serve vulnerable member States in trades which are inherently inefficient).

Part 3 – Based on the outcome of Part 2, and also having reviewed the progress of the industry towards achieving the 2030 level of ambition of the initial strategy the Organization would make a decision whether to:

- Amend the operational measure to incorporate mandatory enforcement measures in the event that a ship fails to achieve CII objectives; or
- Retain the existing Part 1 arrangement, in conjunction with the EEXI, if this was delivering the necessary GHG reductions; or
- Develop a hybrid operational or technical approach to further and ongoing measures such as that proposed in document ISWG GHG 6/2/6.

9. The co-sponsors would emphasise that phased implementation does not mean delayed implementation. The operational measure would be fully implemented in Part 1, the difference would be in how the measure was audited and enforced. During this period ships would be assigned mandatory CII objectives, which would be audited in line with the long-term objectives of the measure.

10. The co-sponsors do not propose details of a short term measure since it is considered that a number of alternative short term measures are likely to be proposed at ISWG GHG 7 and the concept of phased implementation could be integrated into whichever option was supported by member States. However, the review and decision-making processes of Parts 2 and 3 might propose changes to the nature of the measure to address identified areas to be improved and to ensure the CII was working effectively in practice. Parts 2 and 3 of the phased implementation would verify the efficacy of CIIs and provide surety that the system was meeting the objectives of the Organization and that vulnerable member States and efficient ships were not penalized as a result of implementing an operational measure needing further work to complete. It would also facilitate the speedy implementation of an operational measure, would avoid the well-founded concerns at how CIIs might work delaying progress and facilitate a much greater understanding of CIIs and operational measures.

11. In order to provide an incentive during Part 1, and address concerns that the phased implementation approach might be too “soft” in Part 1, a simplified rating system to indicate the ships CII performance relative to its objective such as that proposed by China in document

ISWG GHG 6/2/9 could be introduced. This would not be a comparator between the performance of different ships, but would only indicate whether the ship was achieving the necessary CII objectives and also indicate whether it was over or under achieving relative to defined deviation bands.

12. The [co-sponsors] therefore provide a proposal for mandatory short-term measures for immediate consideration by ISWG-GHG 7 and finalisation at MEPC 75. The measures would be based on a system of phased implementation and review as follows:

- Implementation of the EEXI for all ship types for which there will be an EEXI reference line;
- Phased implementation of a goal based operational measure as proposed in paragraph 8, initially introducing Part 1, for a period of [3] years;
- After [3] years, the Organization would implement Part 2, and analyse data collected from application of the goal based operational measure, with a view to making a decision on whether CIIs were sufficiently mature and reliable to be used in conjunction with mandatory enforcement of CII objectives. This includes confirmation that suitable risk mitigation measures are in place to protect vulnerable member States and trades subject to adverse environmental conditions; and
- Following completion of Part 2, the Organization would implement Part 3. The Organization would agree amendments to the operational measure, whether to maintain this measure in parallel with the EEXI or whether the operational measure could be taken forward as having superseded the EEXI and whether to continue the arrangements of Part 1 in the event that they are providing the necessary GHG reductions.

Discussion

13. Short-term measures should be effective and make progress towards delivering the levels of ambition of the initial strategy, in particular that established for 2030. They should also promote innovation and adoption of GHG reducing technologies, be implementable and avoid penalising early movers and/or efficient ships. Importantly, it is essential that short-term measures minimise negative impacts on Member States and global trade. In the event that there are disproportionate negative impacts, necessary mitigation measures will have to be developed and put in place. These requirements could be satisfied by either operational or technical measures, or by a combination of both.

14. ISWG-GHG 6 considered several short-term measures, of which the following received significant support:

Goal based technical measure

- ISWG GHG 6/2/3 (Japan, Norway) - Revised proposal for goal-based energy efficiency improvement measure utilizing Energy Efficiency Existing Ship Index (EEXI);

Goal based operational measures

- ISWG GHG 6/2/9 (China) - Proposal for a mandatory rating mechanism for operational energy efficiency performance of ships;
- ISWG GHG 6/2/7 (France, Monaco) - Goal based approach and speed optimization, received some support; and
- ISWG GHG 6/2/11 (Denmark et. Al.) - Proposal for a goal-based short-term reduction measure.

Proposal for both a goal based technical and goal based operational measure

- ISWG GHG 6/2/6 (Bahamas et. Al.) - Proposal for approval by MEPC 75 of mandatory amendments to strengthen the Ship Energy Efficiency Management Plan (SEEMP).

Document ISWG GHG 6/2/6 could be summarised as offering shipowners an option of choosing to implement an operational measure sharing much in common with that proposed in document ISWG GHG 6/2/11 (SEEMP Scheme A) or alternatively the EEXI proposed by Japan and Norway in document ISWG GHG 6/2/3 (SEEMP Scheme B) with equivalency being maintained between both schemes.

15. In document ISWG GHG 6/2/9, China highlighted the volatility of CII's. This finding was consistent with earlier studies which highlighted the volatility of CII's, including documents MEPC72/INF.5 (INTERTANKO) and ISWG GHG 2/2/7 (Argentina et al). At ISWG GHG 6, the Danish Technical University delivered a presentation which highlighted similar uncertainties.

16. Document ISWG GHG 6/2/6 considered that an operational measure based on CII's could be developed and advocated such a measure subject to developing "*guidelines would include provisions to address cases where an objective is not achieved because of circumstances outside the control of the shipowner, and for ships serving Member States subject to particularly challenging operational conditions, such as geographical remoteness or prevalence of adverse weather*" (paragraph 9) and establishing appropriate CII's.

15. Notwithstanding the concerns expressed in paragraphs 15, the [co-sponsors] concur with document ISWG GHG 6/2/6. CII's could be developed along with supporting guidelines. This would confirm that they were sufficiently robust, and that risks for vulnerable member States and trade routes had been mitigated. Although the concerns highlighted in paragraph 11 were expressed during the intersessional work, they have not yet been addressed and no data or analysis supporting the readiness of CII's has been provided. Despite this lack of data, evidence or analysis, some are still calling on the Organization to proceed directly to an operational measure in which ships could lose their IEEC for failing to achieve a CII objective. The [co-sponsors] assert that it would be precipitate and unwise to implement such a system before it is demonstrated that appropriate CII's have been identified along with confidence in their reliability and that possible risks of unintended consequences mitigated.

16. The only way to establish the necessary data to facilitate a valid analysis, understand risks and develop the necessary confidence in CII's is to conduct a real time trial utilising a large number of ships.

17. Such a real time trial followed by analysis would require time. The [co-sponsors] are aware of the urgency of agreeing on short-term measures as quickly as possible and share this sense of urgency – it is essential to implement effective short-term measures by 2023.

18. As a compromise, the [co-sponsors] propose a three part phased implementation of short-term measures. The EEXI should be agreed at MEPC 75, providing an effective technical measure which would apply to all ships subject to the proposed regulation. In parallel, all ships would be required to monitor performance using CII's which would be audited as part of the SEEMP and with CII data being reported to a database to be established by the Organization. If the Organization considered that additional incentives would be useful then the simplified indicative rating system proposed by China in document ISWG GHG 6/2/9 could be introduced, rating a ships performance relative to a CII reference. Since most of the necessary data is already being monitored and collected by shipowners for the purposes of efficiency optimisation and for the IMO DCS, this is not expected to impose a significant additional burden on the industry, it might be possible to integrate the two systems to minimize

burden so far as is possible. The Organization would collect CII data¹ which would allow it to undertake an analysis of CIIs with the intention of identifying the most appropriate CII(s) and confirming their efficacy. It is suggested that this period of data collection last for a period of [3] years following finalization of the necessary regulatory amendments to introduce CIIs, and their entry into force. The analysis would also identify appropriate risk mitigation measures to protect vulnerable member States and trades in areas subject to adverse environmental conditions. The Organization could then make an evidence-based decision to amend the operational measure to include enforcement of CII objectives.

19. The co-sponsors would again emphasise that phased implementation is not delayed implementation. The operational measure would be implemented quickly and take effect, with ships being assigned mandatory objectives which would be audited. During the three years of Part 1 ships would not face losing a statutory certificate for failing to achieve CII objective, however audits of the SEEMP would be undertaken and would be subject to the same audit and possible enforcement process as those for the ships SMS under the ISM Code.

20. The review would also analyse the industry's progress towards the levels of ambition of the initial strategy and if necessary, consider further amendments to the agreed short-term measures. In order to allow sufficient time for environmental and trade pattern variability to be captured, as well as capturing experiences with application of CIIs and evolution of operational practices to optimise CII performance, it is recommended that a period of [3] years of data collection be agreed.

21. This would enable implementation of mandatory enforcement of CII objectives once it could be demonstrated that CIIs were sufficiently mature, based on evidence and informed analysis, avoiding the risks and uncertainties identified in paragraphs 11.

22. Notwithstanding the commitment of the [co-sponsors] to implement quantified emissions reduction objectives, both as EEXI values or as CII objectives, it is also important to promote a culture of continuous improvement in environmental performance. The ISM Code, introduced between 1998 and 2002, provides for external and periodic auditing by Administrations of goal-based means for improving the safe operation and environmental performance of ships. Extending this approach to the SEEMP is expected to deliver similarly successful results with regard to CO₂ and other emissions reduction. Therefore, the SEEMP should be subject to a mandatory review and improvement process.

23. Document ISWG GHG 6/2/6 identified that short-term measures could be implemented by making the SEEMP part of the SMS required by the ISM Code, or via the IEEC survey regime. This question remains unanswered and the [co-sponsors] would request that the working group considers the matter and decides.

Concrete Proposals

24. The working group should recommend to MEPC 75 that it:

- Introduce the EEXI for all ships for which the EEXI is applicable; and
- Introduce a CII based operational measure, with a three part phased implementation which would apply to all ships.

¹ The mechanism for the Organization to collect the CII data (comparison of attained CII by individual ship against required CII for that specific ship type and size) may be developed or based on an enhanced IMO DCS, upon approval of this proposal. Likewise, guidelines for establishing required CII and indicators for different ship types will need to be developed by the Organisation if this proposal is approved.

25. Part 1 of the operational measure would introduce a mandatory measure as part of the SEEMP, including mandatory CII objectives established by the Organization, for a period of [3] years. These objectives would be audited by the ships flag Administration or one of its duly authorised Recognized Organizations and CII data recorded as part of the SMC audit. During Part 1, failure to achieve a CII objective would be noted as an observation and the company would provide a summary of why the objective had not been achieved. In cases where this was not the result of external factors (for example, weather) the company would amend the SEEMP to include measures to improve operational efficiency. The simplified rating system proposed by China in document ISWG GHG 6/2/9 could be included in the measure. The Organization would develop guidelines to for developing CIIs and for auditing these CIIs to facilitate Part 1.

26. Part 2 of the operational measure would commence [3] years after the introduction of Part 1. The Organization would analyse CII data in order to identify the most appropriate CIIs and confirm that they are sufficiently reliable to support mandatory enforcement of objectives and ensure that risks to, inter alia, vulnerable member States and trades for which there is a heightened prevalence of adverse environmental conditions are mitigated. The analysis would also evaluate the effectiveness of short-term measures in moving international shipping towards the 2030 levels of ambition. The analysis would be completed within a time frame to be agreed by the Organization which.

27. Based on the outcomes of Part 2, the Organization would proceed to Part 3 and:

- Agree amendments to the operational measure to progress from a system of indicative rating to one with enforcement of CII objectives, and this would incorporate appropriate mechanisms to mitigate any risks for scenarios noted in paragraph 22; and
- Decide whether the EEXI could be superseded by the operational measure, or whether the EEXI would continue as part of a hybridised scheme as proposed in document ISWG GHG 6/2/6, or potentially even conclude that the existing measures were suitable and sufficient to achieve the required levels of ambition. This would assess the effectiveness of measures in meeting the initial 2030 levels of ambition of the initial strategy.

28. In the unlikely event that the [3] year review does not identify appropriate CIIs or it is not possible to effectively mitigate unintended consequences, and based on the analysis of the industry's trajectory toward the 2030 levels of ambition, the Committee would either:

- Agree a further period of data collection during which the measures agreed for Part 1 would continue along with the EEXI; or
- Consider alternative proposals; or
- Agree that the existing short-term measures were successfully delivering the necessary GHG reductions and would be agreed as being suitable and sufficient.

29. This proposal does not include an additional impact assessment as it is considered that the impact assessments submitted for the EEXI proposal and document ISWG GHG 6/2/6 address the proposals provided.

Action requested of ISWG-GHG 7

30. The working group is invited to consider the proposals in paragraphs 23 to 28 and take action, as appropriate.