



MARINE ENVIRONMENT PROTECTION
COMMITTEE
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Agenda item 4

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PREVENTION OF AIR POLLUTION FROM SHIPS

Comments on MEPC 59/4/8 and 59/4/9 relating to the Energy Efficiency Design Index, the Ship Energy Management Plan and possible market-based instruments

Submitted by INTERTANKO

SUMMARY

<i>Executive summary:</i>	This document presents INTERTANKO's comments on documents MEPC 59/4/8 and MEPC 59/4/9 on possible further developments with regard to the Energy Efficiency Design Index, the Ship Energy Management Plan and possible market-based instruments in the GHG rule development
<i>Strategic direction:</i>	7.3
<i>High-level action:</i>	7.3.1
<i>Planned output:</i>	7.3.1.3
<i>Action to be taken:</i>	Paragraph 11
<i>Related documents:</i>	MEPC 57/21; MEPC 59/4/8, MEPC 59/4/9 and MEPC 59/INF.19

1 This document is submitted in accordance with paragraph 4.10.5 of the IMO Guidelines on the organization and method of work, MSC-MEPC.1/Circ.2. It offers comments to documents MEPC 59/4/8 and MEPC 59/4/9.

2 INTERTANKO strongly supports IMO developments of regulations that would result in measurable reductions of GHG emissions from ships. INTERTANKO believes that, despite the complexity of the issues addressed for both new and existing ships, IMO has achieved a great deal of progress. Without ignoring the political connotations and the links to the more general debate with regard to climate change negotiations in UNFCCC, INTERTANKO would hope that the Committee will maintain its momentum with further developments and agreements at this session.

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Energy Efficiency Design Index (EEDI) and Ship Energy Management Plan (SEMP)

3 Document MEPC 59/4/9 provides the Chairman's proposal on how the Committee should proceed with regard to the EEDI and the SEMP.

4 INTERTANKO members have tested the EEDI formula and, except for refinement needed for some special designs, consider that the formula has matured enough that ship operators should be encouraged to actively test it and provide early feedback with regard to its robustness. INTERTANKO also encourages feedback on the EEDI baselines proposed so far and encourages the early establishment by the Committee of target levels for the energy efficiency for new ships for future years.

5 Based on the draft proposal for the IMO Ship Energy Management Plan guide, INTERTANKO has developed a draft SEMP model specific for tankers which will be made available to its members during this year. A growing number of INTERTANKO members apply operational measures aimed at improving ships' fuel efficiency. It is believed that an early release of the guide for tankers will facilitate a harmonized and comprehensive recording, monitoring and reporting of the results. It will also provide a much better assessment of the usage of the Energy Efficiency Operational Indicator (EEOI).

6 INTERTANKO has noted and welcomed the release by OCIMF of their *Energy Efficiency and Fuel Management* booklet (MEPC 59/INF.19). This contribution from OCIMF is recognized by INTERTANKO as providing, at least in the tanker sector, the basis for a voluntary approach between tanker operators and charterers for a joint planning of a ship's voyage with a view to limiting CO₂ emissions. This would involve the practical application of the EEOI and, in time may also provide the basis on which targets may be set.

Market-based instruments

7 With regard to market-based instruments (MBIs), MEPC 59/4/8, the report of the Correspondence Group, indicates that, except the proposal for the GHG Compensation Fund, the input received was "informative and did not generate discussion within the CG". It was also reported that the discussion on MBIs "needs to develop and mature before a number of detailed options would be available for consideration by the Committee".

8 It is not easy for INTERTANKO to anticipate how these discussions will develop at this session. However, should the Committee decide to include MBIs as part of any regulatory package for the reduction of GHG emissions from ships, INTERTANKO would strongly request that the selection of any MBI be based upon whether the specific proposals meet the nine IMO principles decided by the Committee at MEPC 57.

9 INTERTANKO will also make an in-depth analysis of any concrete MBI proposal against a set of principles the Association has adopted which embody the nine IMO principles. These are presently defined as follows:

"A MBI scheme should be:

- .1 Governed by the IMO and be specific for the shipping industry;**

.2 Effective in contributing to the reduction of total GHG emissions:

- any funds collected should be used as “offsets”, e.g., to stimulate JI (Joint Implementation) & CDM (Clean Development Mechanisms);
- should stimulate leading energy efficiency technologies;
- should provide incentives for further innovation and R&D;
- should stimulate stakeholders, such as charterers and ports, to employ ships in the most effective manner to reduce GHG emissions (e.g. by selection of voyage speed, minimizing ballast legs, minimizing waiting times and adopting larger average cargo/tonne miles ratios);

.3 Environmentally sustainable without negative impact on global trade and growth

- should be cost effective;
- should not lead to competitive distortion;
- should not disadvantage operators or ships which have already taken actions resulting in GHG reductions;

.4 Efficient and credible enforcement & monitoring

- should be binding and equally applicable to all ships;
- should be practical, transparent, fraud-free and easy to administer by the governing authority;
- should enable compliance to be demonstrated through proper monitoring (with the scheme based on actual fuel burned); and
- should ensure certainty and predictability.”

10 INTERTANKO will report the result of its evaluation and a comparison between various concrete alternative proposals as soon as these are available. So far, INTERTANKO agrees with the correspondence group report that only the GHG Compensation Fund Convention is proposed in sufficient detail to be considered for such an assessment.

Action requested of the Committee

11 The Committee is invited to take note of the information provided and take action as appropriate.