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From:	General Secretariat of the Council
To:	Delegations
No. Cion doc.:	8422/23
Subject:	Draft submission by Member States and the Commission to the International Maritime Organization's Intersessional Working Group on Reduction of GHG Emissions from Ships on the application of the Lifecycle assessment guidelines <ul style="list-style-type: none">• Presidency compromise

In view of the Shipping Working Party meeting on 25 April 2023, delegations will find attached a Presidency compromise proposal.

Changes compared to the Commission proposal are indicated in **bold underline** (new text) and ~~strikethrough~~ (deleted text).

General scrutiny reservation: all delegations.

Deadline for transmission to IMO: **12 May 2023**.

INTERSESSIONAL MEETING OF THE
WORKING GROUP ON REDUCTION OF
GHG EMISSIONS FROM SHIPS
15th session
Agenda item ~~XX~~3

ISWG-GHG 15/~~xx~~3/~~xx~~
Document date, i.e. 1 January 2023
ENGLISH ONLY
Pre-session public release:

FURTHER CONSIDERATION AND FINALIZATION OF THE ASSESSMENT AND SELECTION OF MEASURE(S) TO FURTHER DEVELOP IN THE CONTEXT OF PHASE II OF THE WORK PLAN FOR THE DEVELOPMENT OF MID- AND LONG-TERM MEASURES

The application of Lifecycle assessment (LCA) guidelines

Submitted by Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the European Commission, acting jointly in the interest of the European Union

SUMMARY

Executive summary: The LCA guidelines can be applied to create Tank-to-Wake inventories and allow the implementation of measures which reduce Well-to-Wake emissions without overstepping IMO's mandate.

Strategic direction, if applicable:

Output:

Action to be taken: Paragraph 10

Related documents:

Introduction

1 Under its Strategy to Reducing GHG Emissions from International Shipping, MEPC is considering several mid-term measures aiming to progressively transition away from fossil-sourced fuels used by ships. One aspect on which the proposals differ is whether the basis for the regulation is tank-to-wake (TtW) GHG emissions or well-to-wake (WtW) GHG emissions of the fuels. Arguments have been put forward in favour or against these options about the mandate of the IMO, the feasibility of implementation, and – most importantly – the overall climate effectiveness of either approach.

2 This submission describes how an LCA approach allows IMO to regulate GHG emissions from shipping without risking their shift to other sectors (which could result in increased global emissions in total) while, at the same time, not regulating sectors outside the IMO's mandate.

Common ground

3 The co-sponsors note that most parties which have expressed their positions in the debate agree on the following issues:

.1 Whichever measure or package of measures MEPC finally adopts should not result in increasing global GHG emissions or make it more difficult for States to meet their Nationally Determined Contributions under the UNFCCC Paris Agreement. This means that fuels, the use of which is incentivised or mandated by a measure, should at least have lower emissions over their life cycle than the fuels which are currently used¹;

.2 There is no precedent for IMO regulating how fuels are produced. Production processes are regulated by permits issued by national authorities in accordance with national law.

.3 The IMO can regulate the properties of fuels used by ships engaged in international transport. There are several precedents of how IMO set requirements for fuels or materials or equipment used in- or on ships, and the requirements for documentation thereof, without prescribing how these requirements are met. These precedents include for example: requirements on fuel oil quality in Regulation 18 of MARPOL Annex VI; requirements on the sulphur content of fuel oil in Regulation 14 of MARPOL Annex VI, which do not specify how the sulphur content is to be reached; requirements for materials used for the construction of ships in Chapter 6 of the IGC Code (Resolution MSC.370(93), as amended), which do not prescribe how such materials are produced; and the requirements for ballast water management systems, which do not prescribe how they are constructed.

Lifecycle analysis (LCA) in practice

4 The life-cycle analysis (LCA) quantifies the environmental impacts of a product over its entire life cycle. In the context of IMO discussions on climate policy and relevant measures, LCA GHG emissions are the GHG emissions, per unit of fuel, emitted during the extraction/cultivation, production, transport, and use of the fuel. The life cycle can be divided in phases: a useful distinction for fuels is a division into emissions up to the point where the fuel is in the tank of a ship (so-called well-to-tank emissions, WtT, or upstream emissions) and emissions from the use of the fuel, potentially including exhaust gas after-treatment (so-called tank-to-wake emissions, TtW, or downstream emissions). By definition, life cycle emissions are the combination of the WtT emissions and the TtW emissions.

5 In practice, the fuel producer has access to the information required to calculate WtT emissions, such as the energy inputs into the extraction/cultivation and production phases, the conversion processes used and their resulting energy consumption, the types and sources of energy used, and how fuels are stored, transported and distributed. Using the LCA guidelines currently being finalised by the Organisation, the fuel producer is able to calculate the WtT GHG emissions per unit of fuel; WtT GHG emissions can also be certified using established practices and information provided to the entity taking delivery of the fuel, i.e. the ship.

¹ ~~the~~ **The** co-sponsors are aware of considering some phasing in periods.

6 The ship has access to the information required to calculate TtW emissions, such as the carbon content of the fuel, its energy content, emissions from unburned fuel, emissions of by-products like methane and nitrous oxide, as well as sequestered emissions, where onboard carbon capture is applied. The LCA guidelines currently being finalised by the Organisation will facilitate calculating TtW GHG emissions. Together with information on the WtT GHG emissions per unit of fuel provided by the fuel supplier, the ship can have all the information necessary to calculate the WtW emissions.

7 The ship can report both the **information regarding** WtT emissions of the fuels acquired, the TtW emissions of the fuels used and the WtW emissions of the fuels used to an appropriate database, which, in view of the co-sponsors, should be embedded or associated to the IMO Data Collection System (DCS). This concept is illustrated in Figure 1.

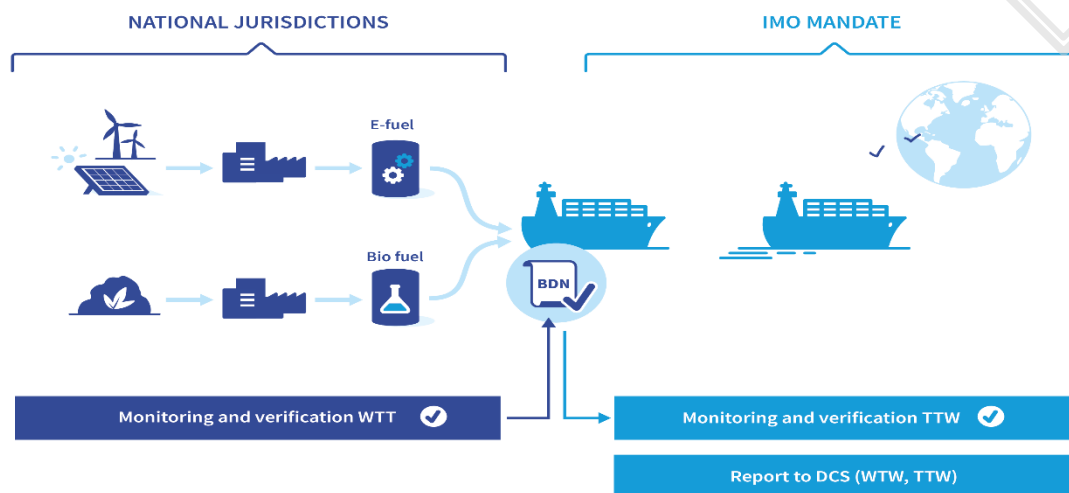


Figure 1 – LCA in practice

How can LCA emissions data be used

8 WtT, TtW and WtW emissions data can be used in multiple ways, e.g.

.1 It gives the shipowner information on which fuels emit the least GHGs and hence the opportunity to choose the best performing fuel/driveline from a holistic GHG perspective;

.2 It allows establishing GHG emissions inventories with no overlap with national GHG emission inventories. According to the IPCC Guidelines for national emissions inventories, WtT emissions, which are emissions from the agriculture, forestry and fuel/energy sectors, should be included in national totals. TtW emissions, which are emissions from ships engaged in international voyages, are reported as memo items. TtW emissions from international shipping are also assessed in the IMO Greenhouse Gas Studies.

.3 as an analytical basis for policy measures on either a WtW or a TtW basis, as appropriate.

.4 to perform an ex-post evaluation of IMO policy measures when assessing the impacts of IMO measures on global emissions and the contribution of those measures to the global effort to address climate change.

Conclusions

9 In order to contribute to the global effort to meet the Paris Agreement temperature and emission goals, IMO measures to address GHG emissions from shipping should reduce GHG emissions over the entire life cycle of fuels. When fuel suppliers provide information about the WtT GHG emission intensity of fuels supplied to ships, ships can monitor and report both WtW GHG emissions and TtW emissions. This enables the IMO to agree on measures to address WtW GHG emissions and to create emissions inventories of TtW emissions that do not overlap with national GHG emission inventories. A requirement that fuel suppliers provide information on certified WtT GHG emissions fully respects the jurisdiction that States have over regulating fuel production plants and the freedom of States to design climate policy. **Considerations on possible double-counting of emissions through the implementation of regional schemes for reducing emissions are further addressed in ISWG-GHG15/xx by Austria et al.**

Action requested by of the Working Group

10 The Group is invited to consider the document and in particular, to recommend **note** that the LCA guidelines make it possible to require in **for** future IMO measures **to require** that fuel used on board of ships is accompanied by certified WtT GHG emission intensity of the fuel supplied **data** provided to the ship by fuel suppliers, so that this information may also be instrumental in the implementation of future measures.
