# Finland's written comments to FuelEU Maritime Presidency compromise proposal WK 2458/2022 INIT / Bloc C (administration)

9 March 2022

	Presidency compromise WK 2458/2022 INIT	Finland's comments
	Article 3 Definitions	No strong view on the terminology.
apply:	purposes of this Regulation, the following definitions	
[] (u)	'FuelEU document of compliance' means a document specific to a ship, issued to a company by a verifier, which confirms that that ship has complied with this Regulation for a specific reporting period;	
[]	Article 6 Common principles for monitoring and reporting	Para 4: Finland is of the view that the proposed streamlining of the tasks in
4.	Companies shall obtain, analyse, and store all monitoring data and documentation, including assumptions, references, emission factors, bunker delivery notes and activity data, in a transparent and accurate manner, so that the verifier can determine the greenhouse gas intensity of the energy used on-board by ships.	the beginning is necessary. However, the word analyse is not needed as it is the verifier, not the company that should analyse the data. The insertion of the
4bis.	The bunker delivery note shall, for each fuel delivered to and used on board a ship under the scope of this Regulation, contain at least the information specified in	bunker delivery note can be supported.
4ter.	Annex I.  Each bunker delivery note shall be accompanied by a representative sample of the fuel delivered. The sample shall be sealed and signed by the supplier's representative on completion of bunkering operations. <sup>1</sup>	Para 4bis: As a preliminary view, we think that this paragraph needs further drafting. A requirement to provide information
4quater	All monitoring data and documentation mentioned in paragraph 4 and fuel samples mentioned in paragraph 4ter shall be kept available by the company for verification activities for a period of at least 3 years.	specified in Annex I should be narrowed to the part that concerns the BDN, for instance: "[] the information specified in Section "Fuel Bunker Delivery Note" of Annex I.". In addition, we think it could be appropriate to use another term than "bunker delivery note" because the BDN is defined and

1 Such sampling is already imposed by MARPOL Annex VI (Regulation 18.8.1)

		regulated in MARPOL Annex VI.
		Furthermore we would like to draw attention to our earlier comment (in WK 13311/2021 INIT) on the information needed in BDN that WtT GHG emission factor for CO2 is not necessary for the proposed FuelEU Maritime. Having WtT GHG emission factor CO2eq is enough.
		Para 4ter: no further comments but the above comment on BDN terminology applies.
	Articlo 8	4quater: For documentation, we would like to ensure that an electronic format is enough. However, we have concerns as to the usefulness of fuel samples and would like to echo the concerns expressed by some MS in the SWP – it is in many cases impossible to estimate the WtT emissions of fuel based on a fuel sample.
	Article 8  Modifications to the monitoring plan	
[]	2	Para 4: Finland can support the proposal to move this paragraph to Article 10.
	Article 10 Assessment of the monitoring plan	The title of the article is clearer now.
1.	For each ship under its supervision, the verifier shall assess the conformity of the monitoring plan with the requirements laid down in Articles 6 to 8. Where the verifier's assessment identifies non-conformities with those requirements, the company concerned shall revise	Finland can support the proposals by the Presidency.

Note from the Presidency: for better chronological consistency, it is proposed to move this paragraph to Article 10(1bis)

its monitoring plan accordingly and submit the revised plan for a final assessment by the verifier before the reporting period starts. The company concerned shall agree with the verifier on the timeframe necessary to introduce those revisions. That timeframe shall in any event not extend beyond the beginning of the reporting period.

1bis. Modifications of the monitoring plan undertaken in application of Article 8 shall be subject to assessment by the verifier. Following the assessment, the verifier shall notify the company concerned whether those modifications are in conformity with the requirements laid down in Articles 6 to 8.

Preliminarily, Finland can support these proposals.

As a technical note, as the FuelEU report is mentioned

here for the first time, we

be in order.

think that a definition could

### Article 12 Verification procedures

[...]
4. On the request of the verifier, t

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On the request of the verifier, the company concerned shall provide any additional information that enables it to carry out the verification procedures. Where necessary to determine the reliability, credibility, accuracy and exhaustiveness of reported data and information, the verifier shall conduct checks during the verification process. In case of doubts, the verifier may conduct checks at the premises of the company or on-board the ship. The company shall allow the verifier to access the premises of the company or the ship in order to facilitate its verification activities.

5. The Commission shall adopt implementing acts in order to further specify the rules for the verification activities referred to in this Regulation, at least on the following elements<sup>5</sup>: competencies of verifiers, documents to be provided by companies to verifiers, risk assessment to be carried out by verifiers, assessment of the conformity of the monitoring plan, verification of the FuelEU report, materiality level, reasonable assurance of verifiers, misstatements and non-conformities, content of the verification report, recommendations for improvements, and communication between companies, verifiers, competent authorities and the Commission. The rules specified in those implementing acts shall be based on the principles for verification provided for in Articles 10 to

3 Note from the Presidency: for better chronological consistency and to avoid redundancies, it is proposed to replace this paragraph by Article 15(1) as amended below.

4 Note from the Presidency: for better chronological consistency, it is proposed to move this paragraph to Article 15(1ter).

5 Note from the Presidency: these elements are similar to those set out in Part A of Annex III of MRV Regulation, this paragraph being the equivalent of Article 15(5) of MRV Regulation.

12 and on relevant internationally accepted standards. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 27(3).

### Article 13 Accreditation of verifiers

[...] 2bis.

Verifiers shall be equipped at all times with managerial, technical and support staff commensurate with the size of the fleet they are in charge under this Regulation and with sufficient expertise to carry out the tasks required by this Regulation. They shall be capable of assigning to every place of work, when and as needed, means and staff commensurate with the tasks to be carried out in application of this Regulation.

2ter. Any competent authority noticing possible nonconformities of a verifier's activities within the scope of this Regulation shall inform the national accreditation body having accredited the verifier. The national accreditation body shall take into account this information as part of its surveillance activities.

2quater. A Member State may request its national accreditation body to assess the verifier's activities related to one or several identified ships within the scope of this Regulation, at any time. On the request of the national accreditation body, the company concerned shall provide any information that enable to carry out this assessment, and shall allow the national accreditation body to access the ships or the premises of the company to facilitate this assessment. The national accreditation body shall take into account the results of this assessment as part of its surveillance activities, as appropriate.

3. The Commission is empowered to adopt implementing acts in order to establish further methods and criteria of accreditation of verifiers, at least on the following elements<sup>6</sup>: request for accreditation for shipping activities, assessment of verifiers by the national accreditation bodies, surveillance activities performed by the national accreditation bodies to confirm the continuation of the accreditation, administrative measures to be adopted in case the verifier does not satisfy the requirements of this Regulation, and requirements for national accreditation bodies in order to be competent to provide accreditation to verifiers for shipping activities, including reference to harmonised standards. The methods and criteria specified in those implementing acts shall be based on the principles for

Para 2quater: To us, it is unclear if a member state can make this request concerning any verifier or only those that are accredited by its national accreditation body. In addition, we have doubts as to whether the accreditation body has the possibility or necessary expertise to inspect the company's premises. The request to NAB to assess verifier's activities related to one or several identified ships within the scope of this Regulation at any time is not a procedure that is a part of general accreditation process and possible implementation requires an update of the approved procedure.

6 Note from the Presidency: these elements are similar to those set out in Part B of Annex III of MRV Regulation, this paragraph being the equivalent of Article 16(3) of MRV Regulation.

	verification provided for in Articles 10 to 12 and on relevant internationally accepted standards. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 27(3).	
	Article 14 Monitoring and recording	
l r 1	monitoring and roostaing	
[] 2.	Companies shall record all necessary documentation, for the reporting period in a transparent manner, that enables the verification of compliance with this Regulation by the verifier.	Para 2: Finland is of the view that the wording was clearer in the Commission's proposal.
3. 4.	By 3 <u>1</u> 0 March the year following the reporting period, companies shall provide to the verifier a ship-specific FuelEU report containing all the information referred to in paragraph 1 and the documentation referred to in paragraph 2 <u>for the reporting period</u> . The company shall record the FuelEU report in the FuelEU database. In case there is a change of company:	
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	(a) the previous company shall report to the  FuelEU database the information referred to in paragraph 1 for the time from the beginning of the reporting period to the date of the change, three months after completion of the change at the latest. This information shall be verified in accordance with Article 15 by the verifier that was in charge of the ship under the previous company; and the new company shall ensure that each ship under its responsibility complies with the requirements of Articles 4 and 5 for the entire reporting period during which the change or multiple changes took place.	Paras 3 and 4: Preliminarily, Finland can support these amendments. However, we wonder how the process goes if there is a change in the ship's ownership several times during one year and if 4(b) is possible retrospectively.
	Article 15 Verification and calculation	Finland has some concerns
1.	By 30 April of the year following the reporting period, on the basis of the verification laid down in Articles 10 to 12, the verifier shall assess the quality, completeness and accuracy of the FuelEU report.	as to the timeline – for instance the wording "in a timely manner".
1bis <sup>7</sup> .	Where the verification assessment concludes, with reasonable assurance from the verifier, that the FuelEU report is free from material misstatements, the verifier shall issue and record in the FuelEU database a verification report stating that the FuelEU report complies with this Regulation. The verification report shall specify all issues relevant to the work carried out by the verifier.	Para 3: As a legal-technical comment, we think the wording would read better as "The verifier shall record the information referred to in paragraph 2 in the

Note from the Presidency: this paragraph is inspired from Article 13(3) of MRV Regulation, for better consistency and robustness of the verification process.

1ter<sup>8</sup>. Where the verification assessment identifies misstatements or non-conformities with this Regulation. the verifier shall inform the company thereof in a timely manner. The company shall then correct the misstatements or non-conformities so as to enable the verification process to be completed in time and shall submit to the verifier an amended FuelEU report and any other information that was necessary to correct the nonconformities identified. In its verification report, the verifier shall state whether the misstatements or nonconformities identified during the verification assessment have been corrected by the company. Where the communicated misstatements or non-conformities have not been corrected and lead to material misstatements. the verifier shall issue a verification report stating that the FuelEU report does not comply with this Regulation.

FuelEU database and notify to the company."

- 2. On the basis of the compliant FuelEU report, the verifier shall:
  - (a) calculate, using the method specified in Annex I, the yearly average greenhouse gas intensity of the energy used on-board by the ship concerned;
  - (b) calculate, using the formula specified in Annex V, the ship's compliance balance;
  - (c) calculate the number of non-compliant port calls in the previous reporting period including the time spent at berth for each non-compliant port call.
  - (d) calculate the amount of the penalties referred to in Article 20(1) and (2).
- 3. The verifier shall record in the FuelEU database and notify to the company the information referred to in paragraph 2.

As a preliminary comment, the proposed provisions sound very burdensome. Therefore we wonder if the deter competent authorities from conducting these checks.

In addition, allowing verifiers to conduct checks on other verifiers sounds problematic.

### Article 15bis

#### Routine checks by a competent authority

- At any time and for the two previous reporting period, the competent authority of the Member State of the port of call may, for a ship to which this Regulation applies, conduct routine checks of:
  - a) the FuelEU report established in application of Article 14:
  - b) the verification report established in application of Article 15;
  - c) the calculations made by the verifier in application of Article 15(2).
- 2. The competent authority may delegate these checks, at its own expenses, to a verifier accredited under Article 13(1) of this Regulation other than the verifier having

8 Note from the Presidency: this paragraph corresponds to the initial Article 10(3), with additional elements from Article 13(4) of MRV Regulation, for better consistency and robustness of the verification process.

- issued the verification report and calculations mentioned in paragraph 1.
- 3. On the request of the entity conducting such checks, the company shall provide any necessary information or document and shall allow the access to the premises of the company or the ship to facilitate the checks.
- 4. The competent authority shall issue or, where appropriate, endorse the routine checks report and record it in the FuelEU database.
- 5. <sup>9</sup>Where such report finds misstatements, non-conformities or miscalculations resulting in a non-conformity to the requirements set out in Articles 4 or 5 of this Regulation:
  - a) the competent authority shall update in the FuelEU database the results of the calculations made in application of Article 15(2) and shall notify to the company the routine checks report, the updated calculations and the amount of the penalty corresponding to the non-conformity found, calculated in accordance with Article 20;
  - b) the company shall pay the penalty [one] month after receipt of the notification mentioned in point 5.a) at the latest;
  - the competent authority shall notify the routine check report to the verifier and to the national accreditation body of the verifier in charge of the ship.
- 6. The competent authority shall withdraw in the FuelEU database the FuelEU document of compliance of the ship which has not paid the penalty referred to in paragraph 5.b) on time and shall inform the company, the verifier and where relevant the competent authority of the Member State in which it has been accredited, the flag State and the Commission in a timely manner.

## Article 15ter Support from the European Maritime Safety Agency<sup>10</sup>

The European Maritime Safety Agency may, where appropriate, develop shipping and bunkering activities monitoring tools, as well as guidance and risk-based targeting tools to facilitate and coordinate verification and routine checks activities related to this Regulation. Such tools may be made available to the competent authorities, the verifiers and the national accreditation bodies in order to better ensure robust enforcement of this Regulation.

As a general view, Finland can support EMSA's role in supporting the Member States in the implementation of the Regulation. However, we share the concerns expressed by other MS in the WPE about EMSA's mandate and the financial implications of these proposals.

9 Article 24(3) has been modified in order to extend the review mechanism to this situation.

Note from the Presidency: this Article may have to be further considered and adapted taking into account the review of EMSA's mandate expected to start in 2022.

2. For the purposes of carrying out the routine checks under Articles 15bis, the competent authorities may request the assistance of the European Maritime Safety Agency and may conclude to that effect any appropriate agreement with it. Article 16 FuelEU database and reporting As a preliminary view, Finland can support the 1. The Commission shall develop, ensure functioning and proposed amendments. update an electronic FuelEU database for the monitoring of compliance with this Regulation. The FuelEU database shall notably be used to keep a record of the actions related to verification activities, of the compliance balance of the ships, including the use of the flexibility mechanisms set out in Articles 17 and 18, and of actions related to the payment of the penalties referred to in Article 20 and the issuance of the FuelEU document of compliance. It shall be accessible to the companies, the verifiers, the competent authorities, the national accreditation bodies, the European Maritime Safety Agency and the Commission, with appropriate access rights and functionalities corresponding to their respective responsibilities in the implementation of this Regulation. 2. The Commission shall, by means of implementing acts. lay down the rules for access rights and the functional and technical specifications of the FuelEU database. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 27(3). 11 Article 17 Banking and borrowing of compliance surplus between reporting periods Finland can support these editorial changes. 1. On the basis of the information referred to in Article 15(2), where the ship has a compliance surplus for the reporting period, the company may bank it to the same ship's compliance balance for the following reporting period. The company shall record the banking of the compliance surplus to the following reporting period in the FuelEU database subject to approval by its verifier. The company may no longer bank the compliance

Note from the Presidency: it is proposed to delete this paragraph for consistency with Article 15(3).

surplus once the FuelEU document of compliance has

been issued.

2. On the basis of the information referred to in Article 15(2), where the ship has a compliance deficit for the reporting period, the company may borrow an advance compliance surplus of the corresponding amount from the following reporting period. The advance compliance surplus shall be added to the ship's balance in the reporting period and subtracted from the same ship's balance in the following reporting period. The amount to be subtracted in the following reporting period shall be equal to the advance compliance surplus multiplied by 1.1. The advance compliance surplus may not be borrowed: for the amount exceeding by more than 2% the limit set out in Article 4(2), multiplied by the energy consumption of the ship calculated in accordance with Annex I: for two consecutive reporting periods. 3. By 30 April of the year following the reporting period, the company shall record the advance compliance surplus, following approval by its verifier, in the FuelEU database. Article 18 Pooling of compliance [...] Finland can support these 3. By 30 April of the year following the reporting period, the editorial changes. pool shall be recorded in the FuelEU database by the verifier. The composition of the pool shall not change after that date. [...] 7. The company may no longer include the ship's compliance balance in a pool once the FuelEU document of compliance has been issued. Article 19 **FuelEU** document of compliance Finland can support these 1. By 30 June of the year following the reporting period, the mainly editorial changes. verifier shall issue a FuelEU document of compliance for the ship concerned, provided that the ship does not have a compliance deficit, after possible application of Articles 17 and 18, does not have non-compliant port calls, and, where applicable, has paid the penalties referred to in Article 20. 2. The FuelEU document of compliance shall include the following information: identity of the ship (name, IMO identification (a) number and port of registry or home port): name, address and principal place of business of (b) the ship-owner; identity of the verifier; (c) date of issue of this certificate, its period of validity (d) and the reporting period it refers to.

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3.	The FuelEU document of compliance shall be valid for	
	the <u>a</u> period of 18 months after the end of the reporting	
	period, or expire if a new certificate is issued in the	
	meantime.	
4.	The verifier shall inform the Commission and the flag	
	State, without delay, of the issuance of any FuelEU	
	document of compliance, and record it in the FuelEU	
	database.	
5.	The Commission shall adopt implementing acts	Finland supports the
	establishing models for the FuelEU document of	proposed examination
	compliance, including electronic templates models.	procedure instead of an
	Those implementing acts shall be adopted in accordance	advisory procedure.
	with the examination procedure referred to in Article	
	27(3).	
	(-)	
	Article 20	
	Penalties <sup>12</sup>	
[]		Finland can support these
3.	The actions referred to in this Article as well as the proof	changes.
	of the financial payments in accordance with Article 21	
	shall be recorded in the FuelEU document of compliance.	
[]		
	Article 22	
Oblia	ation to carry a valid FuelEU document of compliance	
	on-board	
		Finland can support these
1.	By 30 June of the year following the end of a	changes.
	reporting period, ‡the ships calling at a port under the	3.1
	jurisdiction of a Member State, arriving at, within or	
	departing from a port under the jurisdiction of a	
	Member State, and which have carried out voyages	
	during that reporting period, shall carry on-board, in	
	paper or electronic form, a valid FuelEU document of	
	compliance.	
2.	The Fuel EU document of compliance issued for the ship	
	concerned in accordance with Article 19 shall constitute	
	evidence of compliance with this Regulation.	
	·	
	Article 23	
	Enforcement	
[]		Finland can support the
2.	Each Member State shall ensure that any inspection of a	proposed changes.
	ship in a port under its jurisdiction carried out in	
	accordance with Directive 2009/16/EC includes checking	
	that a valid FuelEU document of compliance is carried on	
	board.	
1 2	Where a ship has failed to present a valid FuelEU	
I 3.		
3.	document of compliance for two or more consecutive	

12 The Presidency is aware of the concerns expressed by some Member State about the pertinence of the term "penalties". Further reflection is needed in this respect.

	4. 5.	reporting periods and where other enforcement measures have failed to ensure compliance, the competent authority of the Member State of the port of call may, after giving the opportunity to the company concerned to submit its observations, issue an expulsion order. The competent authority of the Member State shall notify the expulsion order to the Commission, the other Member States and the flag State concerned. Every Member State, with the exception of any Member State whose flag the ship is flying, shall refuse entry of the ship which is subject to the expulsion order into any of its ports until the company fulfils its obligations. Where the ship flies the flag of a Member State, the Member State concerned shall, after giving the opportunity to the company concerned to submit its observations, order a flag detention until the company fulfils its obligations. The fulfilment of those obligations shall be confirmed by the notification of a valid FuelEU document of compliance to the competent national authority which issued the expulsion order. This paragraph shall be without prejudice to the provisions of international law applicable in the case of ships in distress.  Sanctions against a specified ship by any Member State shall be notified to the Commission, to the other Member States and to the flag State concerned.	
ŀ	11	Article 24	
		Right to review <sup>13</sup>	
		raight to review	
	1.	The companies shall be entitled to apply for a review of the calculations and measures addressed to them by the verifier under this Regulation, including the refusal to issue a FuelEU document of compliance pursuant to Article 19(1). The application for review shall be lodged, within one month of the notification of the result of calculation or of the measure by the verifier, with the competent authority of the Member State in which the verifier has been accredited.	Finland can support these proposals, especially the amendment to paragraph 3.
	2.	The companies shall be entitled to apply for a review	
	<b>_</b> .	of the decisions taken under this Regulation by the	
		managing body of the port. The application for review	
		shall be lodged, within one month of the notification of	
		the <u>decision</u> , <u>with the competent authority of the</u> <u>Member State of the port of call result of calculation or</u>	
		of the measure by the verifier, with the competent	
		authority of the Member State in which the verifier has	
- 1	i	$\mathbf{r}_{1}$ $\mathbf{r}_{2}$ $\mathbf{r}_{3}$ $\mathbf{r}_{4}$ $\mathbf{r}_{3}$ $\mathbf{r}_{4}$ $\mathbf{r}_{4}$ $\mathbf{r}_{3}$ $\mathbf{r}_{4}$	I

13 Note from the Presidency : this Article may have to be further adapted to take into account the amendments resulting from the discussion related to block C as well as blocks A2, B and D.

been accredited. The decision of the competent authority

shall be subject to judicial review

3.	The decisions taken under this Regulation by the <a href="mailto:competent authority">competent authority</a> of a Member State managing body of the port shall be subject to judicial review by a court of the Member State concerned.	
	Article 28 Report and review <sup>14</sup>	Finland can consider the inclusion of an IMO-related
1.	The Commission shall report to the European Parliament and the Council, by 1 January 2030, and every five years thereafter, the results of an evaluation on the functioning of this Regulation and the evolution of the technologies and market for renewable and low-carbon fuels in maritime transport and its impact on the maritime sector in the Union. The Commission shall consider possible amendments including but not limited to:  (a) the limit referred to in Article 4(2);  (b) the ship types to which Article 5(1) applies;	review clause. The possible amendment in footnote 14 is a good starting point for discussions.
2.	(c) the exceptions listed in Article 5(3). The Commission shall monitor the implementation of this Regulation and possible shortcomings as regards reporting and verification activities. Where appropriate, the Commission may propose measures to prevent or remedy such shortcomings, including possible amendments to this Regulation related notably to the responsibilities attributed to the verifiers, national accreditation bodies, competent authorities and the European Maritime Safety Agency.	Para 2: Is the Commission not entitled already to monitor the implementation and propose measures?
	Article 29 Amendments to Directive 2009/16/EC	Finland can augment this
The following point shall be added to the list set out in Annex IV to Directive 2009/16/EC: '51. The FuelEU document of compliance issued under Regulation (EU) xxxx on the use of renewable and low-carbon fuels in maritime transport'.		Finland can support this amendment.
	Article 30 Entry into force	

The Presidency is aware that some Member States requested an IMO-related review clause. Further reflection is needed in this respect; an addition could be considered along the following lines: "2. The Commission shall consider possible amendments in relation to the adoption by the International Maritime Organization of a global low-GHG fuel standard for maritime transport. In the event of the adoption of such a measure, the Commission shall present a report to the European Parliament and to the Council examinining such measure. Where appropriate, the Commission may follow to the report with a legislative proposal to the European Parliament and to the Council to amend this Regulation as appropriate."

This Regulation shall enter into force on the twentieth day
following that of its publication in the Official Journal of the
European Union. It shall apply from 1 January 2025, with the
exception of Articles 7(1), 7(2) and 8 that shall apply from 31
August 2024.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Finland supports this amendment.



Brussels, 10 March 2022

WK 3509/2022 INIT

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#### **WORKING DOCUMENT**

From: To:	General Secretariat of the Council Working Party on Shipping
N° Cion doc.:	10327/21 ADD 1-3
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the use of renewable and low-carbon fuels in maritime transport and amending Directive 2009/16/EC - Comments from Member States - Finland

Delegations will find, attached, comments from Finland on the above subject.