



TECHNICAL CIRCULAR No. 863 of 7th February 2025

To	All Surveyors/Auditors. All flags
Title	Reducing greenhouse gas emissions (GHG)
Reference	EU ETS

EU ETS

EU ETS is a cap-and-trade system market-based-measure (MBM) for reducing greenhouse gas emissions (GHG), in the scope of the EU's "Fit for 55" package. Starting from 2025, shipping companies will have to surrender sufficient EU emission allowances (EUAs) based on EU monitoring, reporting and verification (MRV) data of the previous year. It has two principles, setting a ceiling on the yearly maximum amount of GHG emissions and the trading of EU emission allowances.

EU ETS mean for shipping companies

Shipping companies will have to purchase and surrender ETS emission allowances for each tonne of reported CO₂ emissions from their fleet ships falling in the scope of the system. Shipping companies will be given an administering authority of a member State that will ensure compliance using the same rules as for the other sectors.

To ensure a smooth transition, according to the proposal, shipping companies will only have to surrender allowances for a portion of their emissions during an initial phase-in period, reaching 100% after 3 years.

Shipping companies that do not surrender the equivalent amount of EUAs based on their emissions will have to pay a penalty of 100 EUR per tonne CO₂e. Payment of this penalty does not relieve the shipping company from the obligation to surrender the equivalent amount of EUAs in the next reporting period. To ensure a smooth transition, shipping companies will only have to surrender allowances for a portion of their emissions during an initial phase-in period, as follows:

40% of verified emissions in 2024

70% of verified emissions in 2025

100% of verified emissions in 2026

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From 1 January 2024, they shall start monitoring based on their monitoring plan which shall be amended, verified and submitted to the responsible administering authority by 1 April 2024 to reflect the inclusion of CH₄ and N₂O emissions. By 31 March 2025 and onwards they shall report aggregated monitoring data at company level. By 30 September 2025 and onwards they shall surrender adequate allowances based on their reported aggregated emissions.

For ships that fall under EU ETS for the first time after 1 January 2024 (e.g. if the vessel performs a “port of call” at a member State’s (MS) port for the first time in 2025) the shipping company shall submit a monitoring plan to the responsible administering authority without undue delay and no later than three months after each ship’s first call in a port under the jurisdiction of a MS.

REFERENCES:

- EU’s “Fit for 55” package

ATTACHMENTS: No

Kindest Regards,
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