

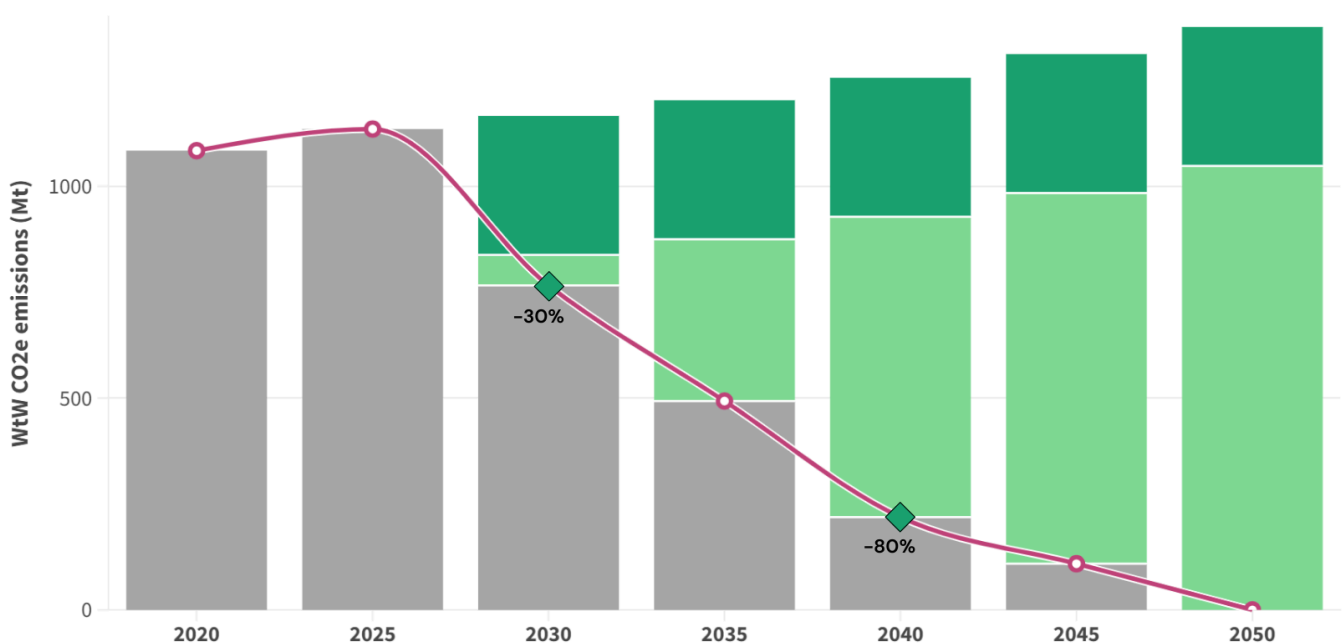
# Carbon Intensity Indicator (CII)

A revised CII is **essential to achieving GHG reduction targets beyond 2030**. It should complement the GFS as a distinct measure. Yet, the current CII also measures carbon intensity and only accounts for downstream (TtW) emissions, advantaging unsustainable fuels like LNG and biofuels. We propose to change the CII formula to include all onboard energy use to remove these perverse incentives.

## An effective CII contributes towards IMO striving targets

Energy efficiency limits the short-term need for expensive zero- and near-zero fuels

■ Targeted emissions pathway 
 ■ Remaining emissions 
 ■ GHG savings from fuel switch 
 ■ GHG savings from energy efficiency



Source: T&E (2023), Analysis on interaction of CII with GFS - ISWG 16/2/19

## Fixing the CII

**CII targets should be aligned with the revised GHG strategy and enter into force in 2026.** Throughout the review process, strict assessment criteria should apply to proposed adjustments:

- Correction factors or alternative metrics should be treated as a last resort
- Any exclusion of onboard energy or fuel use should not be an option.
- Any divergent methodology should be based on robust data, and its impact be compensated

Delaying a comprehensive CII revision adds uncertainty to industry investment, risking stranded assets and reward avoidance strategies.

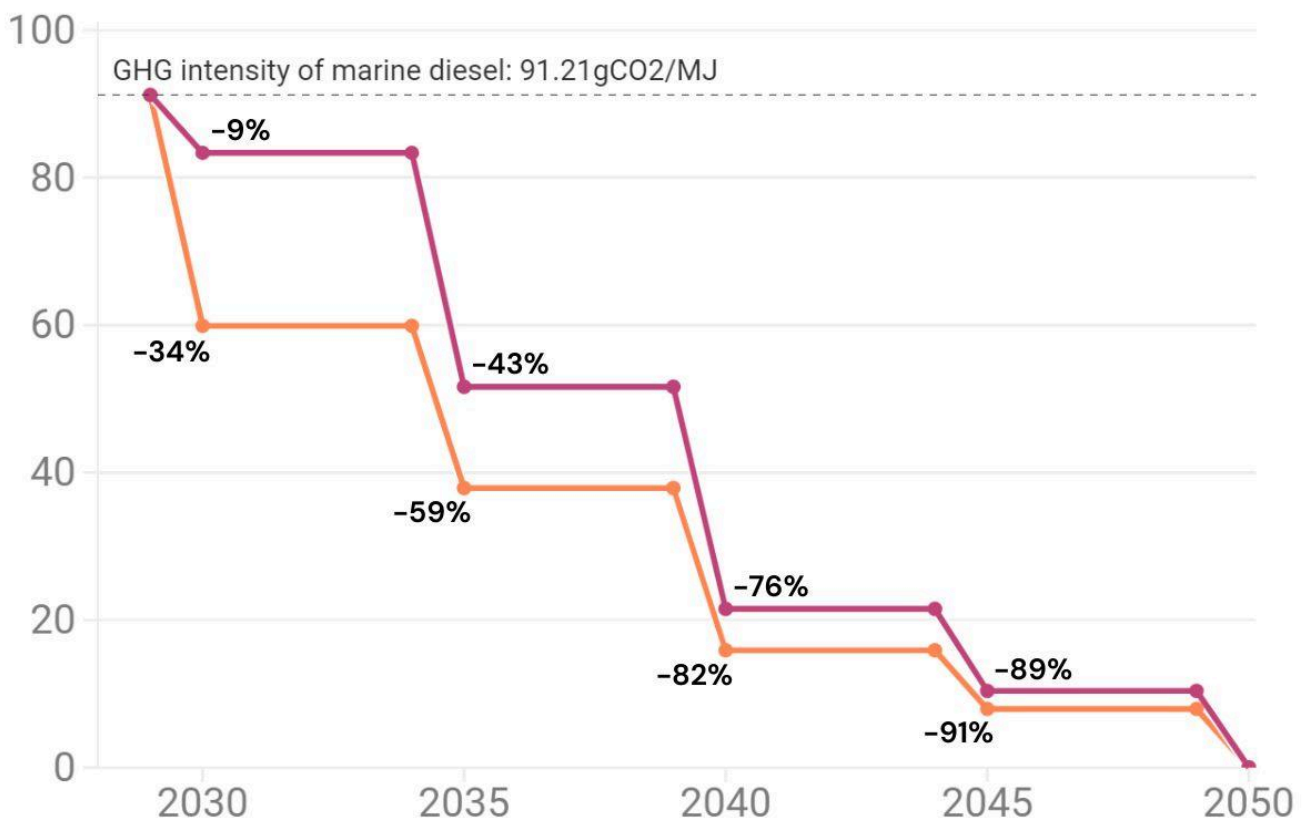
## Synergies with the global GHG fuel standard

A revised ambitious CII will incentivise efficiency and **allow for realistic achievable fuel GHG intensity targets under the GFS**. Beyond 2030, a robust CII will ensure that newly built vessels and operational profiles remain efficient to support the transition at minimum cost and relieve ZNZ fuel demand.

### Energy efficiency allows for more realistic GFS targets

by fuel switch alone    by fuel switch and energy efficiency

WtW Fuel GHG intensity (gCO<sub>2</sub>/MJ)



Source: T&E (2024) • Average trade demand growth & 10% near-zero emission fuels uptake.

**Efficiency technologies are available and cost-effective.** Wind propulsion, and advanced rotors, among others, would complement the use of sustainable e-fuels which remain expensive as of today.