

FuelEU Maritime

EU Parliament to adopt e-fuel mandate for ships – but is it enough?

One year after the start of negotiations in Parliament on the European Commission's climate package, 'Fit for 55', the FuelEU Maritime proposal is finally making its way to plenary vote in mid-October. As the lead committee of the EP has voted to adopt new targets, what is at stake for Europe's climate ambitions?

Context

Today, the maritime sector relies almost entirely on fossil fuels, and shipping emissions are growing rapidly. The scale of the effort is huge: if energy efficiency can deliver up to 1/3 emissions cuts, full decarbonisation by 2050 will require rapid deployment of zero-emission vessels from 2025. To address this, the Commission proposed a simple goal-based GHG intensity target, that increases in stringency over time, requiring ship operators calling at EU ports to reduce the lifecycle GHG footprint of the energy used onboard ships (CO₂, CH₄ and N₂O).

When the proposal was debated in Parliament and the Council, many raised concerns over the low ambition of the GHG targets proposed, and the overall lack of tools to support the uptake of green hydrogen-based fuels (RFNBOs). [T&E's 2022 study](#) notably estimated the proposal could drive fossil LNG demand to as much as a quarter of the shipping fuel mix by 2030, in a sector that traditionally didn't use gas for propulsion. In early June 2022, while the Council ministers took a timid position on the draft Regulation, a group of Member States led by Germany and Denmark issued a statement to call for

higher ambition, and in particular for policy tools "to accelerate the use of clean and renewable fuels in maritime transport". This was echoed with a [broad NGO-industry call](#) on the EP's Transport Committee to adopt an e-fuel/RFNBO mandate of at least 6% by 2030.

What's good? What's bad?

MEPs have proposed key measures to improve the FuelEU proposal, but climate ambition remains too low in the TRAN committee's text

The Parliament Committee tasked with dealing with transport issues, TRAN, has proposed three main changes to the Commission text:

- Slightly stricter GHG targets, notably from 13% to 20% in 2035, but the ambition remains unchanged in 2025 and 2030 with just -2% and -6% compared to 2020 baseline;
- A sub-quota was introduced to mandate ships to use at least 2% RFNBO fuels by 2030, but applying only to large companies;

Fit for 55 Committee Votes

- A multiplier of 2 was introduced to reward companies using RFNBOs, which doubles their contribution to the GHG targets.

Although the text represents a clear improvement compared to the Commission's version, it is still far from the level of ambition proposed by the associated committees ENVI and ITRE. While the ENVI committee text is the most ambitious one, both opinions provide a clear pathway to zero-emission shipping by 2050, with a strong e-fuel sub-quota and stricter targets in the first years. This deserves to be discussed in plenary, especially considering the existing contradiction between the EU's calls on the

IMO to phase-out all GHGs from shipping by 2050 and the absence of such a goal in EU domestic law. The proposed pathway is also very much behind commitments from the private sector, with major [cargo-owners](#) willing to go zero-emission by 2040 already; and [European shipowners](#) themselves have sent positive signals to the Parliament to adopt targets compatible with the Paris Agreement, both for ships and fuel suppliers. Last but not least, adopting a stronger RFNBO sub-quota is essential to match the European Parliament's position in RED III, which requires fuel suppliers to deliver 1,2% of transport fuels to the maritime mode, or the equivalent of 9.5% of maritime fuels.

How should the proposals be improved?

- As priority, delete the exemption from the RFNBO sub-quota for small companies, and raise the mandate from 2 to 6% by 2030; apply the multiplier on the use of RFNBOs above the sub-quota to make over-compliance cost-attractive;
- Secondly, raise the 2030 target to -13% GHG intensity reductions;
- Thirdly, ensure transparency of the system by requiring the Commission to publish the compliance data, similarly to the MRV annual emissions report.

Next steps to deliver on Europe's climate goals

The FuelEU Maritime will go to the Plenary on October 17-20 before going to Trilogue negotiations with the Council of the European Union and the European Commission. Stepping up ambition in plenary will be critical in ensuring the EU's first shipping fuel law puts the sector on track to full decarbonisation.

T&E Comment: *"The key to shipping decarbonisation will be green e-fuels and we need to incentivise their rapid uptake as early as possible. But the TRAN committee is suggesting only a sluggish start with a 2% sub-quota in 2030, and a provision exempting over half of shipping companies, when both NGOs and industry are calling for at least 6%. As it stands, the quota works in name only. The European Parliament Plenary must now boost the ambition level so that shipping companies can start as soon as possible a switch to green shipping",*

Delphine Gozillon, Sustainable Shipping Officer, Transport & Environment