

An aerial photograph of a river flowing through a rocky, forested landscape. A paved road runs parallel to the river on the left side. The letters 'GORM' are overlaid in white, with the 'O' enclosed in a green circle.

**GORM**

**Managing compliance risk**

**20TH APRIL 2023**

# MANAGING COMPLIANCE RISK | UNDER THE EU ETS

01

TIMELINE & OBLIGATIONS



02

EUA PRICE DEVELOPMENT



03

COMPLIANCE YEAR 2024-2030



04

CONSEQUENCES OF NON-COMPLIANCE



**Christian Stoch Jensen**

*Head of New Business Development*  
Global Risk Management

[csje@globalriskmanagement.com](mailto:csje@globalriskmanagement.com)

# EU ETS FOR SHIPPING | PURPOSE

## WHAT

Reduce

- **55%** overall emissions vs 1990
- **62%** sector emissions reductions by 2030 (from 2005 level).

## WHY

- The purpose of the EU ETS for shipping is to **create an economic incentive** for the shipping industry to reduce its GHG emissions

## HOW

- A cap on the total amount of CO2 emissions that can be emitted by ships covered by the system.
- This cap is gradually reduced over time to encourage emissions reductions.

EU ETS- EUROPEAN UNION EMISSIONS TRADING SYSTEM

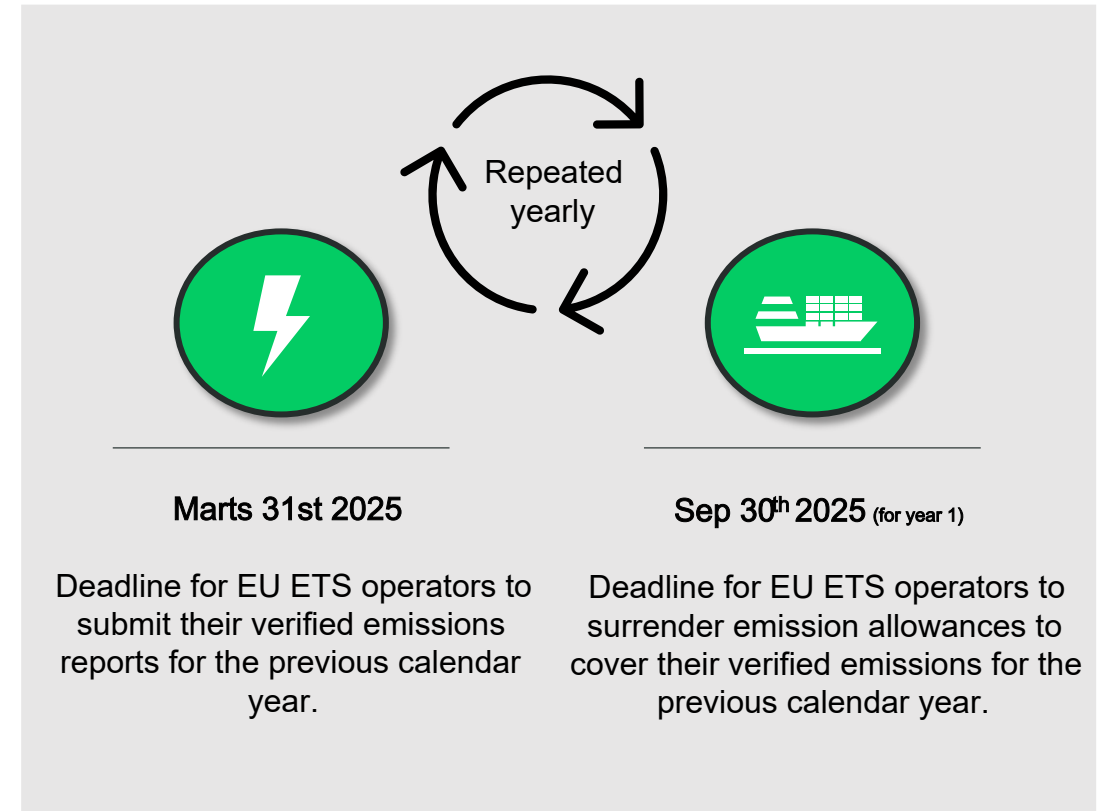
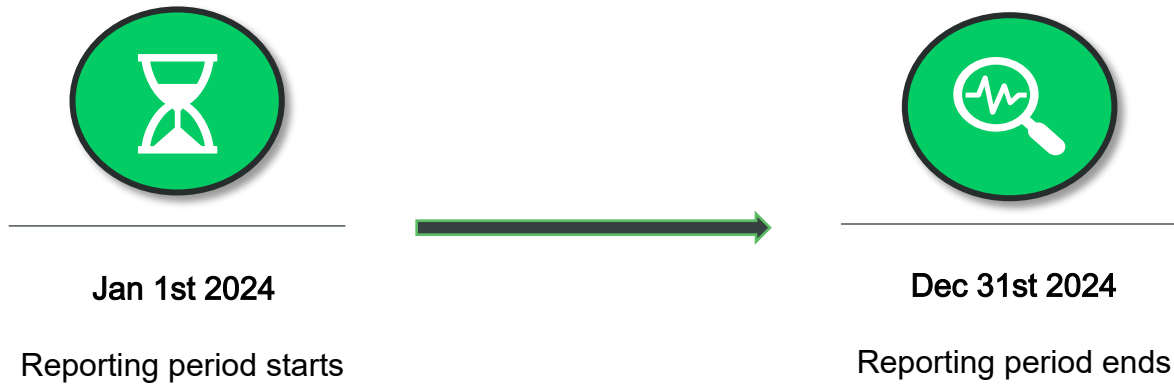
Emit 1 ton of CO2 – buy emission allowances to cover the CO2 emission

# SCOPE & TIMELINE FOR EU ETS AND EU MRV

	COMPLIANCE SCHEME	2023	2024	2025	2026	2027	2028	2029 and onwards
TYPE OF VESSEL	ETS	N/A	Cargo & Passengers			Cargo, Passengers & Offshore Vessels		
	MRV	Cargo & Passengers		Cargo, Passengers & Offshore Vessels				
SIZE OF VESSEL	ETS	N/A	>5000GT		>400GT and Offshore 1)			
	MRV	>5000GT		>400GT (General Cargo and Offshore vessels)				
GEOGRFICAL SCOPE	ETS	N/A	100% intra EU/EEA & 50% in&out EU/EEA					
	MRV	100% intra EU/EEA & 50% in&out EU/EEA						100% intra / in&out EU/EEA 2)
PHASE-IN TIMELINE	ETS	N/A	40%	70%	100%			
	MRV	100%						
GHG SCOPE	ETS	N/A	CO2	CO2, Methane(CH4) & Nitrous Oxide (N2O)				
	MRV	CO2	CO2, Methane(CH4) & Nitrous Oxide (N2O)					

1)To be discussed in 2026 2) To be decided in EU review before 2028

# COMPLIANCE DEADLINES



# COMPLIANCE OBLIGATIONS

Three main compliance obligations for shipping under the EU ETS:



**Register in the EU ETS  
Registry**

More on next slide

**Monitor & Report  
Emissions**

**Surrender Allowances**

# Register in the EU – sounds easy !

**OperatorsAccount**

**Trading Account**

# Should I be worried of the EUA price development?

EUA price development





# Should I be worried of the EUA price development?

Let us do a cost example on sailing intra EU.

Example	Oli price per ton	2024	2025	2026
PHASE IN		40%	70%	100%
OLI PRICE	590	718	814	910
EUA in USD	100			

One ton Bunker = 3,2 EUAs

$\text{USD}590 + (3,2 * \text{USD}100) = \text{New price (Fully Phased in \& intra EU/EEA)}$

Example on EUA price add on if price of oil and EUA is the same over the years

# How should I approach buying EUA (EU Allowances)



Who in your company will be handling & responsible?



What risk approach do you want to take Wait, hedge, buy now & store in registry



Are you looking at alternatives to Bunker + EUAs – e.g. biofuels

EUA is an investment - that will give you compliance, but will never come back

# CONSEQUENCES OF NON-COMPLIANCE

## 3 majors

### Penalty

- EUR 100 per EUA not admitted
- The EUA still need to be admitted

### Expulsion

- Two or more consecutive periods of non compliance may be facing expulsion
- Result could also be denied entry to EU/EEA ports
- Detained ships

### Public announcement

- A list of noncompliant companies will be published



# RECAP & CONCLUSION

01

Know your risk



02

Compliance Obligations



03

Compliance Deadlines



04

Compliance Year 2024



05

Compliance Years 2025 to 2030



06

Consequences of NonCompliance





Thank you

