

# Navigating the EU ETS

A Comprehensive Guide  
to the EU ETS and How it  
will Impact Shipowners  
Across the Globe



Latitude  
N 55°30'23.8458"  
Longitude  
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# EU ETS – Not Just Another Regulation

Navigating the complex waters of the maritime industry is about to become even more challenging.

**As of January 2024, the European Union's Emission Trading System (EU ETS) will become mandatory, bringing along a wave of new requirements and regulations that will significantly impact shipowners and operators worldwide. But you're not alone on this journey.**

This guide is designed to be your compass, guiding you through the complexities of the EU ETS and helping you understand what it means for you and your operations.

The EU ETS is more than just another regulation – it's a fundamental shift in how we approach sustainability in the maritime industry. It's about reducing greenhouse gas emissions, promoting cleaner technologies, and ultimately, safeguarding our planet for future

generations. But understanding the EU ETS and its implications can be a daunting task. [That's where we come in.](#) 

In the following, we will break down the EU ETS, explaining its key components, timelines, and the specific responsibilities it places on shipowners and operators. We'll guide you through the process of acquiring EU Allowances (EUA), and outline the penalties for non-compliance. We'll also provide insights on how the EU ETS will affect different ports and activities. By the end of this guide, you'll have a comprehensive understanding of the EU ETS and be well-prepared for its implementation. So, let's ride this wave together



# Understanding the EU ETS and EUA

Imagine a marketplace, but instead of buying and selling goods, participants trade in carbon emissions. That's the essence of the EU Emissions Trading System (EU ETS).

**It's a cap-and-trade system where a finite quantity of emission allowances – the cap – is introduced into the market for trading purposes.** Each allowance permits the holder to emit one tonne of carbon dioxide, and the total number of allowances creates a 'cap' on the total amount of emissions allowed.

These allowances are known as EU Allowances (EUA). As a shipowner or operator, you'll need to acquire these EUAs to cover your vessel's CO2 emissions. Each EUA you hold permits your vessel to emit one tonne of CO2. It's the currency of the EU ETS, and as a shipowner or operator, you'll need to acquire enough EUAs to cover your vessel's specific CO2 emissions.

But remember, EUAs aren't unlimited. They're part of the EU ETS' cap-and-trade system, meaning the number of EUAs available decreases each year. This scarcity is designed to incentivize you to reduce your vessel's emissions, pushing the maritime industry towards a more sustainable future.

Monitoring, Reporting, and Verification (MRV) is a crucial part of the EU ETS. As a shipowner or operator, you're required to monitor and report your vessel's actual CO2 emissions when trading within the EU/EEA. This data is then verified to ensure accuracy and compliance. In the next section, we'll dive deeper into when the EU ETS becomes mandatory and what that means for you.



# The EU ETS Timeline for Shipping Companies

Mark your calendars.

**The EU ETS is set to become mandatory from January 2024.** This isn't a distant future scenario, but a fast-approaching reality.

For shipowners and operators, this means you'll need to start acquiring and surrendering EUAs for your vessel's CO2 emissions from 2024 onwards.

Additionally, from 2026 the EU ETS will include emissions from methane and nitrous oxide, which by then must also be accounted for.

But the timeline doesn't stop there. While Monitoring, Reporting, and Verification (MRV) is already live, EU Allowances will become mandatory in 2024 for ships

above 5,000 GT transporting cargo or passengers. General cargo 400-5,000 GT and offshore ships won't be affected by MRV and ETS until 2025.

**This gives you a bit more time to prepare, but it's crucial to start planning now.**

# EU ETS Introduction Timeline

## Ship size and type

Cargo & Passenger ships above 5,000 GT

Offshore ships above 5,000 GT

Offshore and general cargo ships between 400-5,000 GT

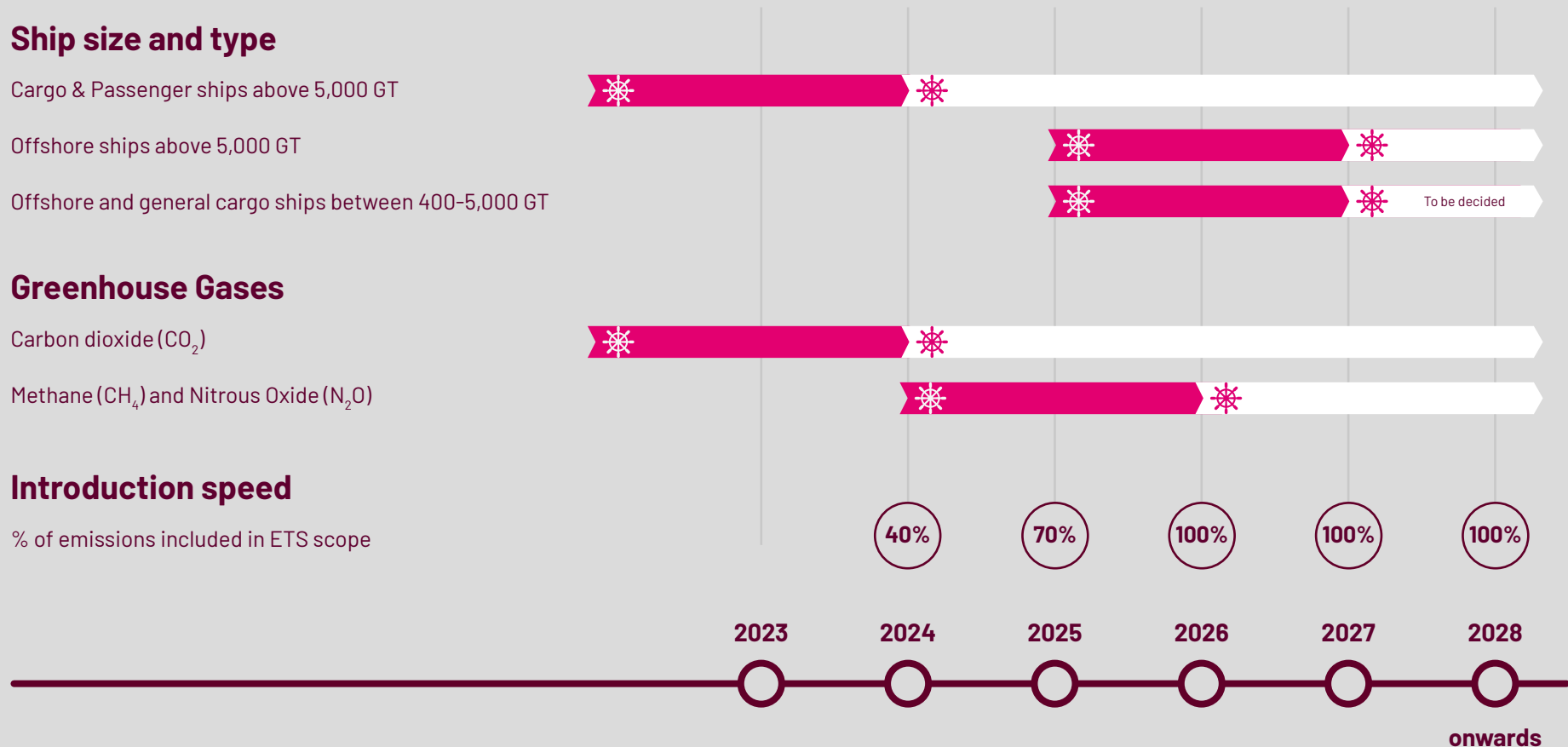
## Greenhouse Gases

Carbon dioxide (CO<sub>2</sub>)

Methane (CH<sub>4</sub>) and Nitrous Oxide (N<sub>2</sub>O)

## Introduction speed

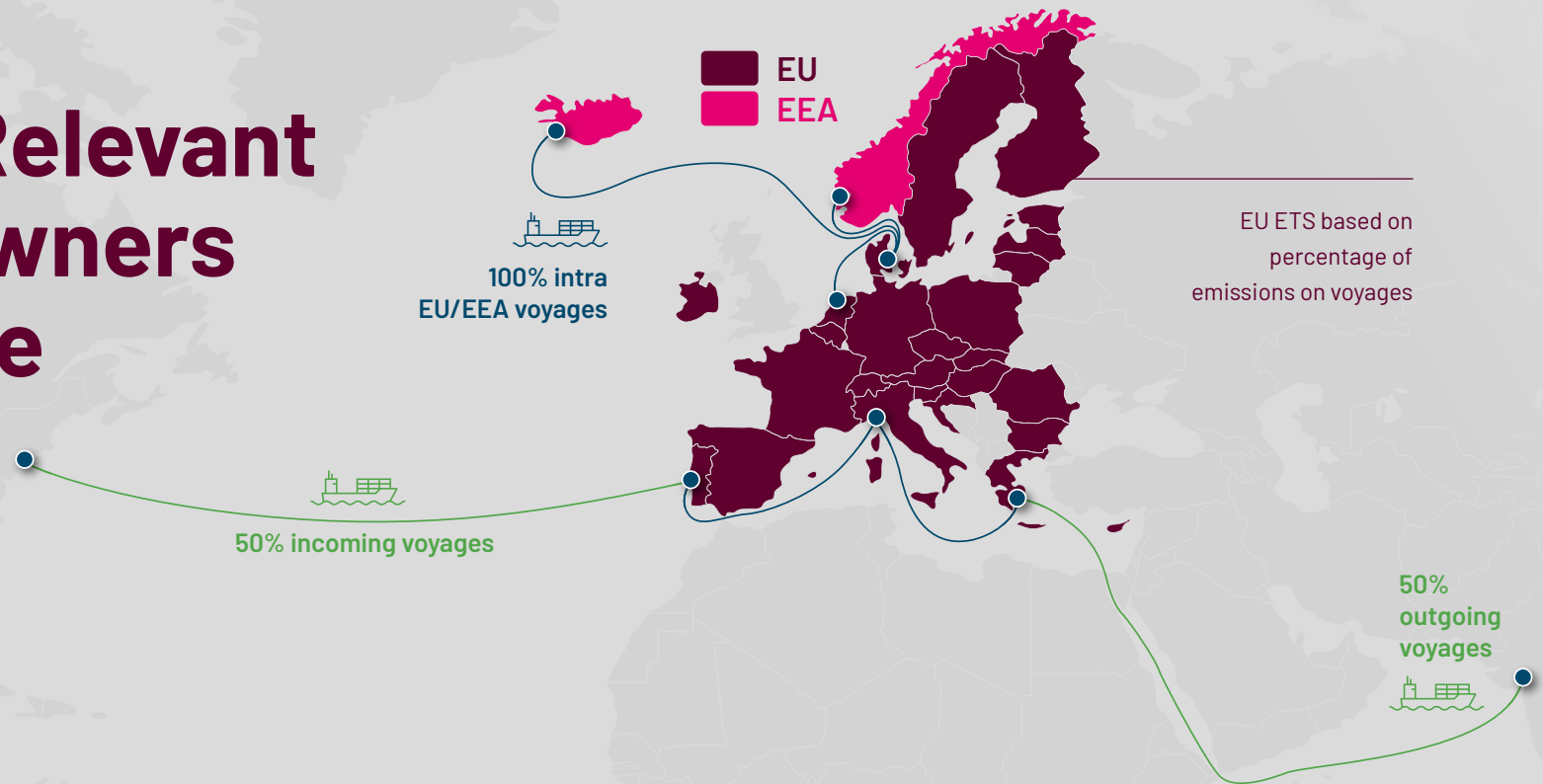
% of emissions included in ETS scope



**Remember, the EU ETS is more than just a regulation** – it's a commitment to a more sustainable future. By understanding the timeline and **preparing in advance, you can ensure your operations remain compliant and sustainable.** [🔗](#)

In the next section, we'll explore who the EU ETS is relevant for and what it means for different stakeholders.

# EU ETS: Relevant for Shipowners Worldwide



The EU ETS isn't just for shipowners based in the EU. Its reach is global, impacting shipowners and operators worldwide.

**If your vessel is above 5,000 GT and transports cargo or passengers for commercial purposes, you'll need to comply with the EU ETS from 2024.** But it's not just about the size of your vessel. The type of ship and its activities also matter.

Here's a quick rundown of who needs to pay attention:

**Ships above**

**5,000 GT**

**transporting cargo or passengers**

These will be subject to the EU ETS from 2024.

**General cargo ships between**

**400-5,000GT**

**and offshore ships**

These will be affected by MRV and ETS from 2025.

**Exemptions to the regulations are naval ships, fish-catching and -processing ships, primitive wooden ships (i.e. museum ships), manually propelled ships and non-commercial government ships.**

In general, vessels not used for transporting passengers or commercial goods are exempted from the EU ETS.



If your vessel embarks on a journey that originates outside the EU or EEA, but includes a stop at an EU port, then half of the entire voyage falls under the purview of the EU ETS scheme.

Note also that ships stopping for transshipment in ports less than 300 nm from an EU or EEA port must also include 50% of the emission for the entire voyage – not just the short distance from the transshipment port. In other words, whether you're based in the EU or not, the EU ETS is something you need to understand and prepare for.

**In the next section, we'll discuss how to acquire EUAs.**





# How to Get Emission Allowances

Acquiring EU Allowances (EUAs) is a crucial part of complying with the EU ETS. But how do you get them?

EUAs can be acquired in two main ways: through auctions in the primary market or via trades in the secondary market.

1. **Primary Market:** The European Energy Exchange (EEX) conducts auctions where you can bid for EUAs. These auctions are the main way new EUAs enter the market. Remember, the number of EUAs available decreases each year, so planning your bidding strategy is crucial.
2. **Secondary Market:** If you can't acquire EUAs through auctions, or need more at a later date, you can turn to the secondary market. Here, EUAs can be traded bilaterally or through various derivatives offered by financial institutions.

**It's important to note that shipping companies will not receive any free allowances.** This means you'll need to actively acquire EUAs to cover your vessels' emissions and thus need [trustworthy forecasts into your CO2-emissions](#). [↗](#)

In the next section, we'll explore what happens if a ship or company is not compliant with the EU ETS.

# Consequences for Non-Compliance



CONTACT US TODAY TO LEARN MORE ABOUT ALTERNATIVE FUELS [↗](#)

Non-compliance with the EU ETS isn't just a regulatory misstep – it carries significant consequences.

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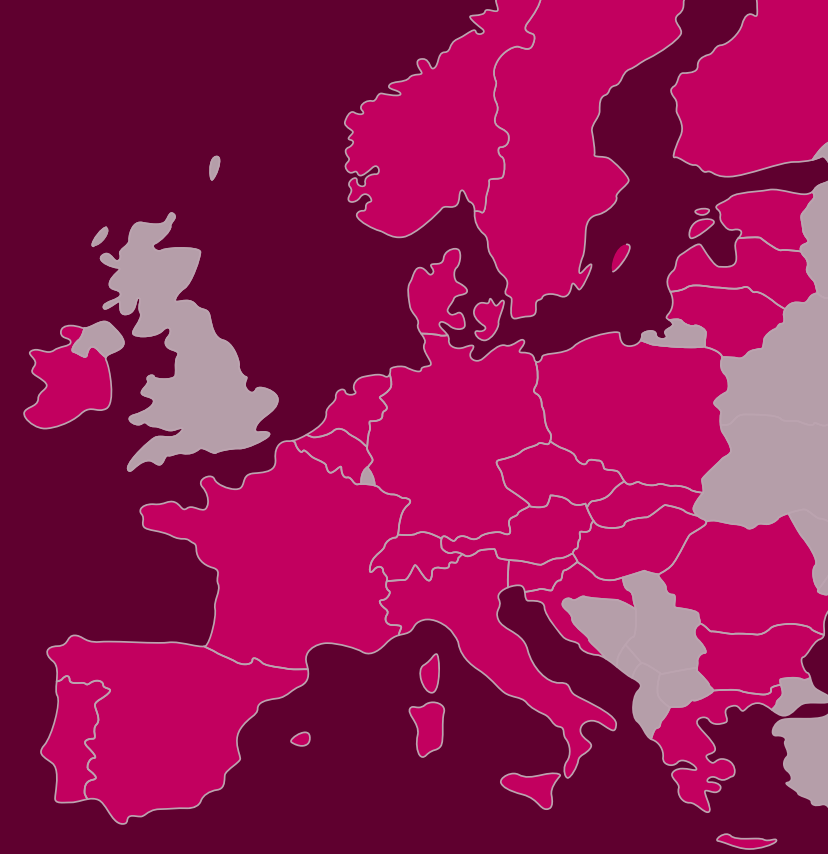
**If your ship or company does not meet the EU MRV requirements for two or more consecutive periods, you may lose your right to conduct shipping activities within the EU – for the specific vessel or for your entire company. This isn't a slap on the wrist; it's a potential halt to your operations in a significant market.**

But what if you don't surrender enough allowances to cover your emissions? Companies that do not surrender the necessary allowances are subject to a penalty of €100 for each tonne of CO<sub>2</sub> over their limit. And it doesn't end there. Even after paying the penalty, you are still obligated to surrender the required allowances.

The stakes are even higher for repeat offenders. Companies that do not meet the compliance requirements for two or more consecutive periods may face a ban, preventing all their ships from entering EU waters. This could have a profound impact on your operations and bottom line.

In short, compliance with the EU ETS isn't optional – it's a necessity. In the next section, we'll dive into what ports are under the EU MRV and included in the ETS.

# Ports under the EU ETS



Understanding which ports fall under the jurisdiction of the EU MRV and are counted in the ETS is crucial for your compliance strategy.

**These ports are all situated within the EU's legal boundaries and are subject to EU legislation.** This also encompasses ports in the EU's nine most remote regions, as well as ports in Norway (excluding those on Svalbard) and Iceland.

Here's a quick rundown of some regions that qualify as EU ports:

- **EU Territory:** All ports within the European Union.
- **Outermost Regions:** Açores, Madeira, Canarias, Guadeloupe, French Guyana, Martinique, Mayotte, Saint Martin, and Reunion.
- **Norway:** All ports except those on Svalbard.
- **Iceland:** All ports.

However, there are also EEA member states' overseas countries and territories which do not qualify as EU ports of call. Among others, these include Greenland and the Faroe Islands, French Polynesia, New Caledonia, Saint Barthélemy, Saint Pierre and Miquelon, Wallis and Futuna.

In the next section, we'll discuss whether a port stay for bunkering is considered a port call for EU MRV.



# Which Port Stays are Relevant?

When it comes to the EU MRV, **not all port stays are considered equal.**

If your ship stops at a port solely for bunkering, obtaining supplies, relieving crew, or making repairs, this is not considered a port call under the EU MRV. The same applies if your ship stops at a port due to distress, the need for assistance, or to take shelter from adverse weather.

Here are some instances where a stop at a port wouldn't be considered a port call under the EU MRV:

- **Bunkering:** When your ship only stops at a port to refuel.
- **Supplies:** When your ship only stops at a port to get supplies.
- **Crew Relief:** When your ship only stops at a port for crew change.
- **Repairs:** When your ship only stops at a port to conduct repairs.
- **Distress or Assistance:** When your ship stops at a port due to an emergency.


In other words, only ports where cargo is loaded or unloaded, or where passengers embark or disembark, are considered ports of call under the EU MRV.


## Sources

- 
- **European Parliament:** Reducing carbon emissions: EU targets and policies
  - **European Commission:** Reducing emissions from the shipping sector
  - **European Parliament:** The EU Emissions Trading Scheme (ETS) and its reform in brief
  - **European Parliament:** Cutting emissions from planes and ships: EU actions explained
  - **European Parliament:** Parliament says shipping industry must contribute to climate neutrality
  - **DNV:** EU ETS - Emissions Trading System
  - **DNV:** MRV - Monitoring, Reporting and Verification (EU and UK)

# Get Help Understanding the EU ETS

Navigating the complexities of the EU ETS can be challenging, but you're not alone in this journey.

At Dan-Bunkering, we have [a dedicated global New Fuels team](#)  ready to assist you. Whether you have specific questions about the EU ETS or need help with your fuel management strategies, our team is here to support you.

You can reach out to your [Fuel Supplier at Dan-Bunkering](#),  or directly to one of our New Fuels team members. We'll ensure a thorough and dedicated briefing on the topics you find relevant. Remember, understanding the EU ETS is not just about compliance – it's about positioning your operations for a sustainable future.

CONTACT YOUR FUEL SUPPLIER TO KNOW MORE ABOUT THE EU ETS 



# Let's ride the next wave together

We are more than 90 fuel solutions  
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## Ride the Next Wave

At Dan-Bunkering, we're more than just a global leader in bunker fuel. We're your trusted partner in navigating the complex world of shipping. For over four decades, we've been committed to providing **exceptional service and innovative solutions** to shipowners and operators around the globe.

Our team of dedicated professionals is always ready to assist you, whether it's understanding the EU ETS, optimizing your fuel management strategies, or exploring new opportunities in the evolving maritime landscape.

