

Margaret Fitzgerald, Head of Marine Policy & Regulatory Affairs

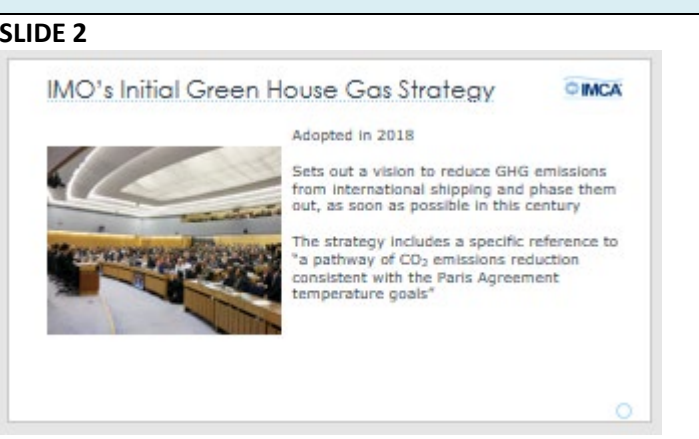
Welcome to this IMCA Broadcast, I'm Andrea Burnley Head of Marketing & Communications and my guest today is Margaret Fitzgerald, IMCA's Head of Marine Policy & Regulatory Affairs and today we are talking about Fuel Consumption data and how IMCA and our members can play a key role in influencing the carbon intensity indicator to be used by the International Maritime Organization for the offshore and marine contracting sector.



Margaret before we get into the detail of IMCA's fuel consumption data initiative and how members can support this, perhaps you can provide an overview of the international regulatory framework on Green House Gas emissions

Thank you Andrea. To provide members with an overview of where they and IMCA sit within the regulatory framework, its' important to take a step back and look at IMO's initial Green House Gas Strategy which was adopted in 2018.

The strategy includes levels of ambition for the shipping industry to meet and a specific reference to "a pathway of CO2 emissions reduction consistent with the Paris Agreement temperature goals".



As the slide indicates, in practice this means that the

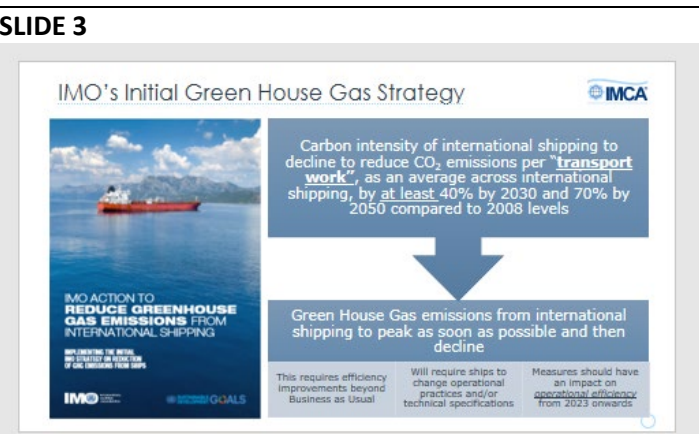
- Carbon intensity** of international shipping should decline to reduce CO2 emissions per "**transport work**", as an average across international shipping, by at least 40% by 2030 and 70% by 2050 compared to 2008 levels. It is important to note that 'transport work' is a key term which we will look at during this broadcast.

AND

- Green House Gas** emissions from international shipping to peak as soon as possible and then decline

To achieve this:

- The international shipping industry will have to make energy efficiency improvements beyond Business as Usual
- Ships will be required to change operational practices and/or technical specifications
- Measures which have an impact on operational efficiency will have to be introduced from 2023 onwards



It is important for members to recognise that this is an initial strategy because, as you can see from the slide, the strategy will be revised in 2023 and how that will be done will be determined by fuel consumption data.

Members will be aware that, in 2018, the IMO adopted a mandatory Fuel Oil Data Collection System (DCS) for international shipping, requiring ships of 5,000 gross tons or above to collect and report data to an IMO database from 1 January 2019. That data will be used in determining how IMO's GHG Strategy will be revised in 2023.

IMCA's fuel consumption data exercise will feed into this and determine how our sector is handled in terms of regulating its' Carbon Intensity profile.

## SLIDE 4

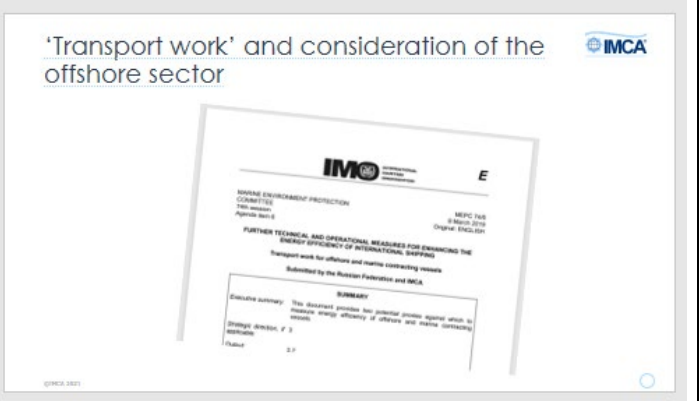


## HOW DOES THIS STRATEGY AFFECT OUR MEMBERS

When the strategy was adopted IMCA raised concerns about the use of 'transport work' as a metric for assessing carbon intensity of the offshore and marine contracting sector because the calculation of 'transport work' uses 2 pieces of data - fuel consumed and distance travelled. IMCA argued, at that time, that this would not be an appropriate metric to assess vessels operating on DP mode as, when station-keeping, their fuel consumption would be very high for zero or very little distance travelled and this would lead to a very negative impression of the sector's performance.

IMCA raised this concern with the IMO and the response we received was that we should look at possible alternative proxies which we did.

## SLIDE 5



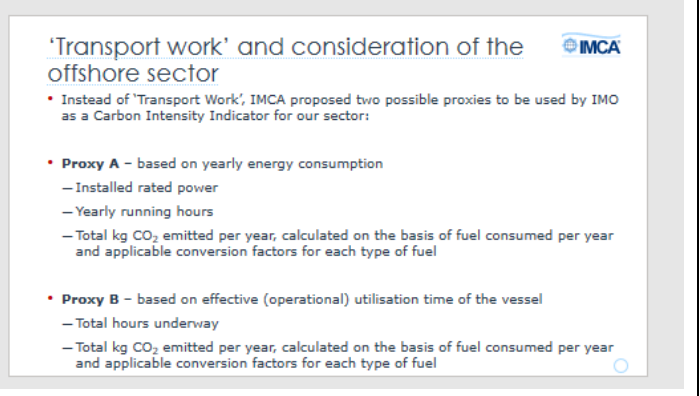
## SO HOW DID IMCA LOBBY FOR A BETTER SOLUTION FOR ITS' MEMBERS?

As an alternative to 'transport work' IMCA's MPRA Committee proposed to IMO two possible proxies, A and B, which was strongly supported by the Russian Federation.

As you can see from the slide:

1. Proxy A is based on yearly energy consumption; and
2. Proxy B is based on effective (operational) utilisation time of the vessel.

## SLIDE 6

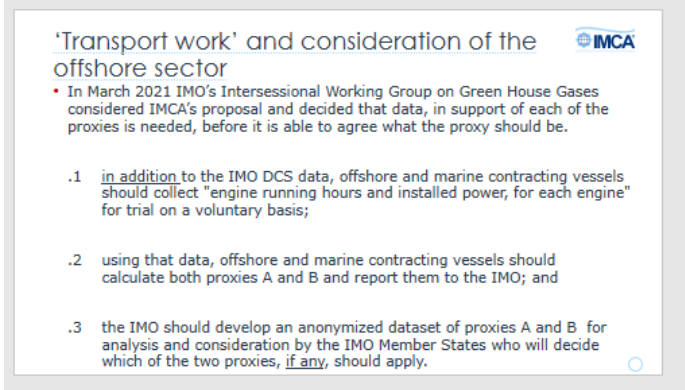


In March of this year [2021] IMO's Intersessional Working Group on Green House Gases considered IMCA's proposal and decided that data, in support of each of the proxies is needed, before it is in a position to agree whether proxy A or B should be used or if neither proves suitable.

The IMO Working Group proposed that:

1. in addition to the IMO DCS data, offshore and marine contracting vessels should collect "engine running hours and installed power, for each engine" (i.e. Proxy A data elements) for trial on a voluntary basis;
2. using that data, offshore and marine contracting vessels should calculate both proxies A and B and report them to the IMO; and
3. the IMO should develop an anonymized dataset of proxies A and B for analysis and consideration by the IMO Member States who will decide which of the two proxies, if any, should apply.

## SLIDE 7



**'Transport work' and consideration of the offshore sector**

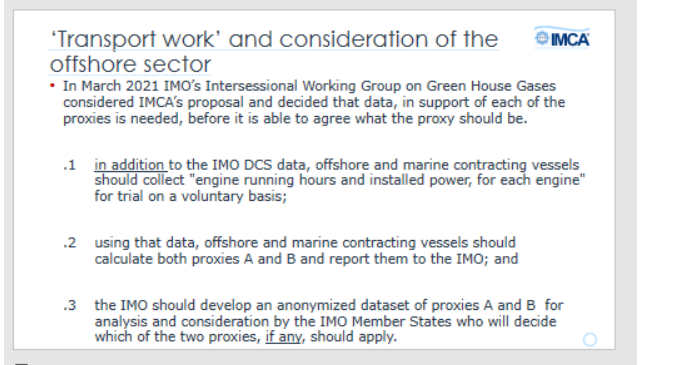
- In March 2021 IMO's Intersessional Working Group on Green House Gases considered IMCA's proposal and decided that data, in support of each of the proxies is needed, before it is able to agree what the proxy should be.

- .1 in addition to the IMO DCS data, offshore and marine contracting vessels should collect "engine running hours and installed power, for each engine" for trial on a voluntary basis;
- .2 using that data, offshore and marine contracting vessels should calculate both proxies A and B and report them to the IMO; and
- .3 the IMO should develop an anonymized dataset of proxies A and B for analysis and consideration by the IMO Member States who will decide which of the two proxies, if any, should apply.

Was IMCA satisfied with this outcome and what does this mean for IMCA members?

IMCA was satisfied that the IMO had considered the proxies favourably and as a possible alternative to 'transport work' and we agreed with IMO regarding the need for data to be collected from members to enable us to assess which of the proxies would be more favourable for our sector. In fact we had already started this proceed in 2020 via a spreadsheet which was available on our website.

## SLIDE 7 REMAINS



**'Transport work' and consideration of the offshore sector**

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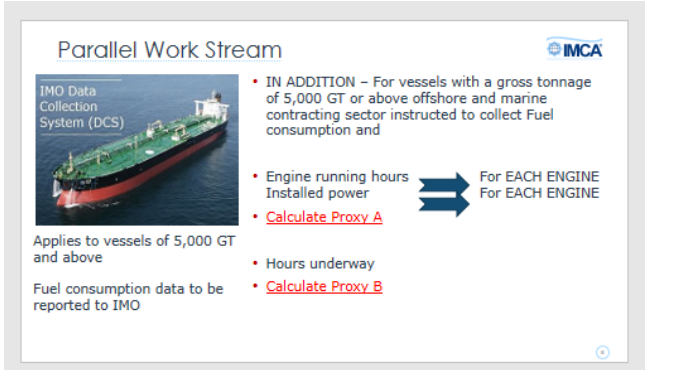
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- .2 using that data, offshore and marine contracting vessels should calculate both proxies A and B and report them to the IMO; and
- .3 the IMO should develop an anonymized dataset of proxies A and B for analysis and consideration by the IMO Member States who will decide which of the two proxies, if any, should apply.

As you will see from the side, what this means in practice is that two parallel work streams will apply to our members with vessels having a gross tonnage of 5,000 GT or above:


1. They will still have to report fuel consumption data to IMO via Flag or Class in accordance with the mandatory requirement under MARPOL, Annex VI, Regulation 22A and at the same time
2. They will have to report fuel consumption data and the data elements required to calculate Proxies A and B

So as well as fuel consumption,

## SLIDE 8



**Parallel Work Stream**



IMO Data Collection System (DCS)

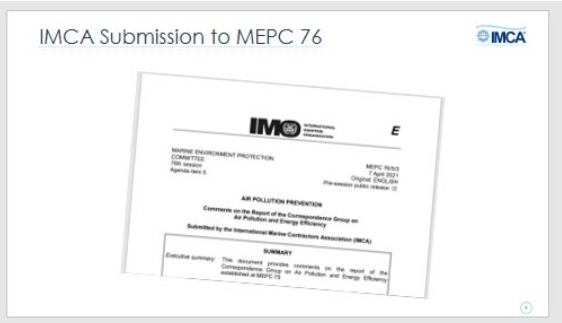
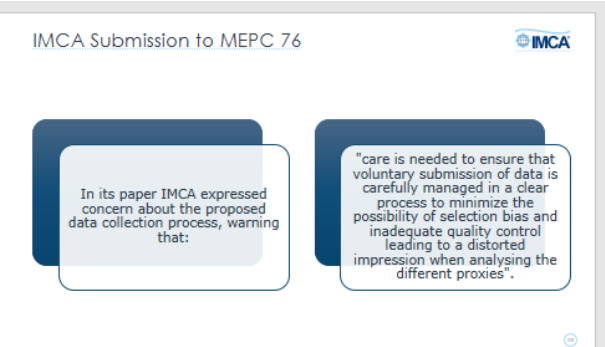
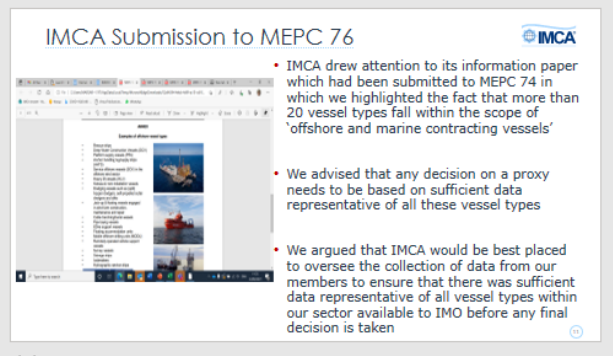
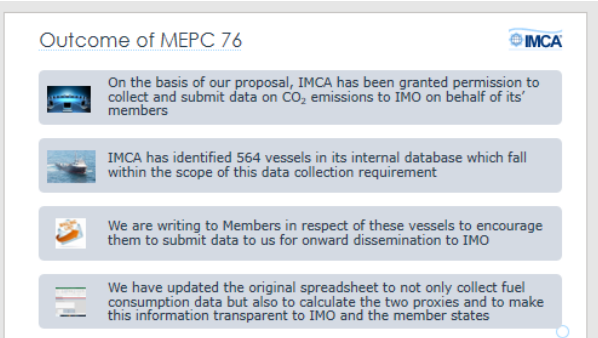
Applies to vessels of 5,000 GT and above

Fuel consumption data to be reported to IMO

- IN ADDITION – For vessels with a gross tonnage of 5,000 GT or above offshore and marine contracting sector instructed to collect Fuel consumption and
- Engine running hours Installed power
- [Calculate Proxy A](#)
- Hours underway
- [Calculate Proxy B](#)

➡ For EACH ENGINE For EACH ENGINE

Margaret Fitzgerald, Head of Marine Policy & Regulatory Affairs

<p>Members should report Installed power and running hours on each engine for Proxy A and Hours underway for Proxy B</p>	
<p>However, we did have some concerns about the process which we raised in a paper to IMO.</p>	<p><b>SLIDE 9</b></p> 
<p>We were concerned that the voluntary submission of data to IMO needed to be carefully managed in a clear process to minimize the possibility of selection bias and inadequate quality control leading to a distorted impression when analysing the different proxies. We highlighted this in a submission to the recent IMO MEPC 76 session which took place in June.</p>	<p><b>SLIDE 10</b></p> 
<p>In our paper IMCA drew attention to a previous paper in which we highlighted the fact that more than 20 vessel types fall within the scope of 'offshore and marine contracting vessels' and advised that any decision on a proxy needs to be based on sufficient data representative of <u>all</u> these vessel types and not just a scattering of data for a couple of vessel types.</p> <p>For that reason we proposed that IMCA should be authorised to oversee this process on behalf of its' members.</p>	<p><b>SLIDE 11</b></p> 
<p>How did the IMO respond to IMCA's concerns?</p>	
<p>I am pleased to report that, as a result, of our submission, the IMO has granted IMCA authority to collect data, use this to calculate proxies A and B and submit this information to IMO on behalf of our members. IMO's review of the result will determine which, if any of the two proposed proxies, will be used to assess the carbon intensity of the offshore and marine contracting sector.</p> <p>This call for action is being made as it is imperative that Members engage with this process.</p>	<p><b>SLIDE 12</b></p> 

## How will IMCA comply with IMO's instruction?

IMCA is contacting all members impacted by this mandatory requirement in order to collect fuel consumption data for the 2019 and 2020 reporting periods.

From our internal database we have identified 564 vessels which fall within the scope of this requirement and we will be encouraging members to submit data on these vessels as soon as possible.

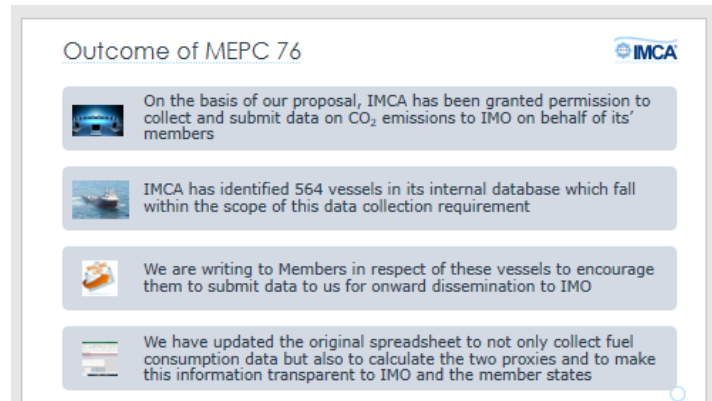
We intend to circulate the outcome of the initiative to members with the data being anonymised before we submit data to IMO. With IMCA stepping in to take the lead on this, we can ensure that our members will have full oversight of the results in advance of submission of data to IMO.

Because IMCA will be reporting to IMO, we need to be completely transparent with regard to the data collected in respect of the data elements for each of the two proxies as well as the final calculated Proxy A and Proxy B.

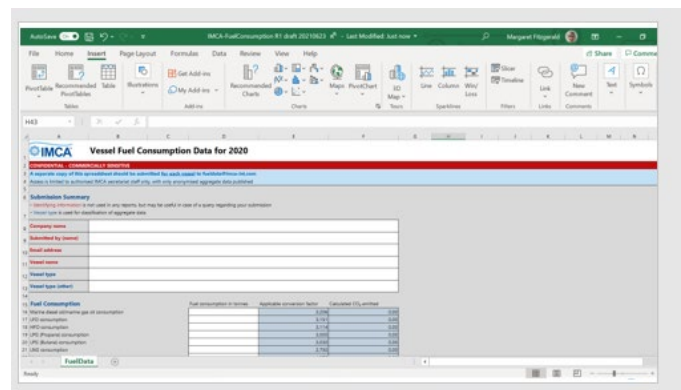
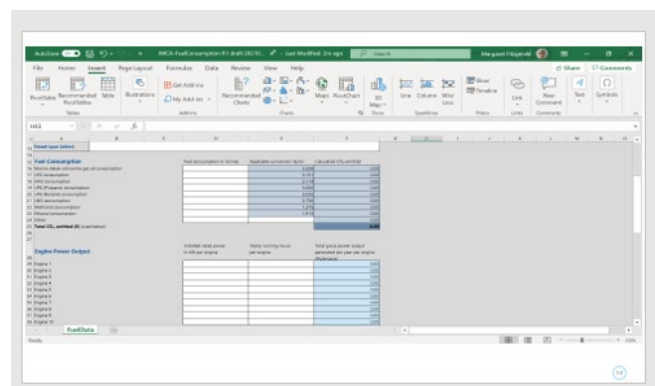
As the following slides show, we have updated the fuel consumption spreadsheet, which was circulated to members last year, with one version for 2019 data and one for 2020. Both can be accessed on the Marine Policy & Regulatory Affairs Committee page on our website.

1. The first part of the spreadsheet records fuel consumption in tonnes in the far left hand column. You will see that the relevant conversion factors for the various fuel types appear in the middle column and, based on these two pieces of data, the quantity of CO<sub>2</sub> emitted is automatically calculated.
2. As the next slide shows, underneath this is the engine power output data which is specific to Proxy A. Members are required to record the installed rated power in KW of each engine and the yearly running hours on that engine and the spreadsheet will calculate the total gross power output generated per year per engine.
3. At the top of the next slide you will there is a box to input total hours underway which is specific to Proxy B.
4. The spreadsheet will use the acquired data to calculate an R value for Proxy A and Proxy B. All the data captured will be anonymised and once

## SLIDE 12 remains



## SLIDES 13-16

# IMCA FUEL CONSUMPTION DATA BROADCAST

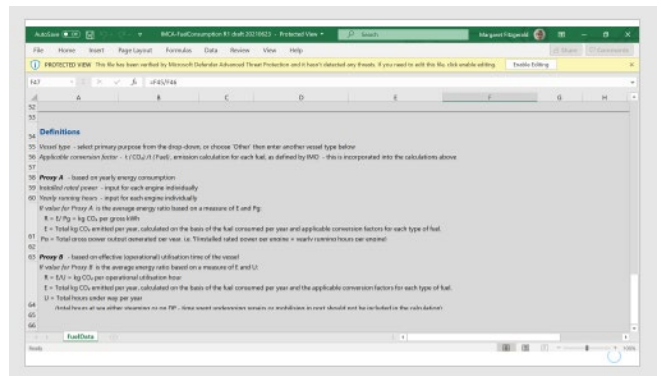
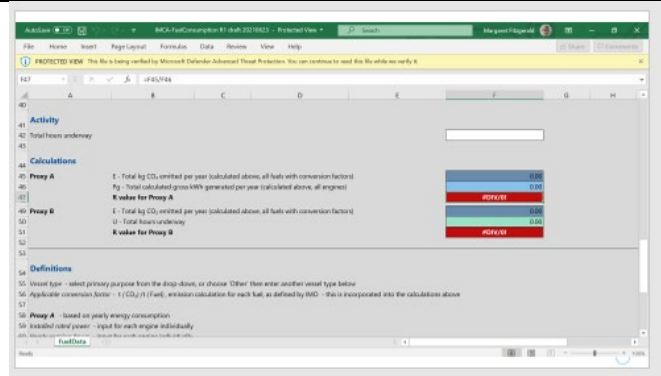


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we have gathered sufficient data we will be able to share the results with Members who will be able to see how Proxy A and Proxy B compare.

- The final part of the spreadsheet contain the relevant definitions and show how Proxies A and B are calculated.

**Members should be aware that separate spreadsheets need to be completed for each vessel.**



So just to be clear, the fuel consumption data collection requirement which IMCA is undertaking is in addition to the data which some of our members are already reporting to IMO as part of its' Data Collection System (DCS).

Yes it is Andrea and it is important for members to appreciate that point.

The requirement for collection and reporting of fuel consumption data is mandatory under Regulation 22A of MARPOL, Annex VI and has applied to all vessels of 5,000 gross tonnage and above since 2019. Members must continue to report to IMO under this regulation.

The fuel consumption data collection exercise is in addition to this and the spreadsheets will capture data specifically required to calculate the two proposed proxies to determine the Carbon Intensity of our sector.

What reporting periods is IMCA collecting data for?

At the moment we will be collecting data for the year 2019 and 2020 and aim to report to IMO as soon as possible. We will continue to collect and report data until IMO is satisfied that it has sufficient data in the system to make a decision on whether or not one of the two proxies can be used as a suitable Carbon Intensity Indicator for the offshore and marine contracting sector or whether another metric, such as total carbon emissions, should be applied.

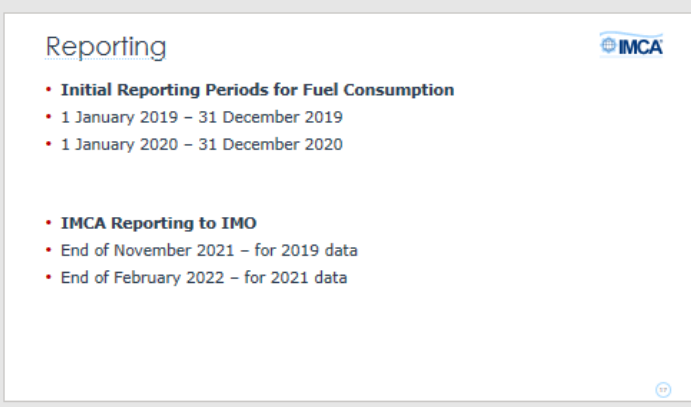
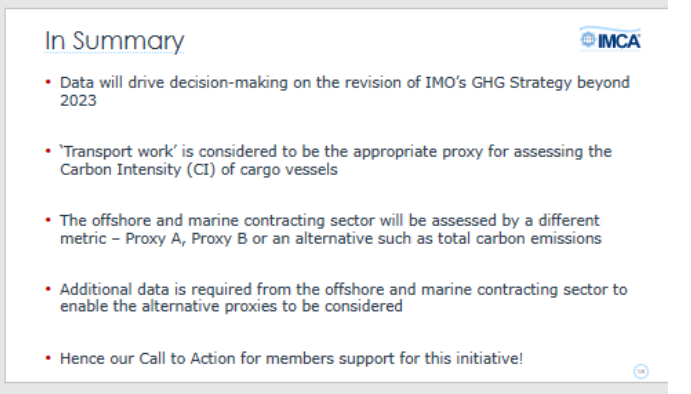
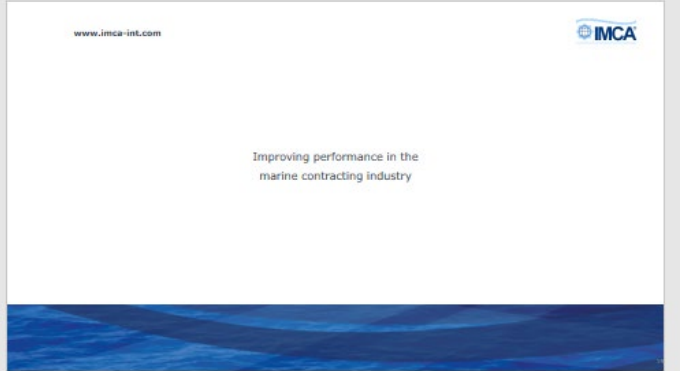
So it's an ongoing process but we are starting immediately with 2019 data.

## SLIDE 17

# IMCA FUEL CONSUMPTION DATA BROADCAST



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<p><b>What are the deadlines for reporting data to IMO?</b></p>	
<p>Well, IMO is asking IMCA for the data as soon as possible as by now, both the 2019 and 2020 reporting periods have passed and the data is historical so members should be able to submit it relatively easily.</p> <p>Data should be reported as soon as possible but for 2019 data, IMCA aims to report to IMO by mid-November, which coincides with the next session of IMO’s Marine Environment Protection Committee and the COP 26 Climate Summit which is taking place in Glasgow so this corresponds with what is happening on the international stage with regard to climate change.</p> <p>We aim to report 2020 data by the end of February 2022.</p>	 <p><b>Reporting</b></p> <ul style="list-style-type: none"> <li>• <b>Initial Reporting Periods for Fuel Consumption</b> <ul style="list-style-type: none"> <li>• 1 January 2019 – 31 December 2019</li> <li>• 1 January 2020 – 31 December 2020</li> </ul> </li> <li>• <b>IMCA Reporting to IMO</b> <ul style="list-style-type: none"> <li>• End of November 2021 – for 2019 data</li> <li>• End of February 2022 – for 2021 data</li> </ul> </li> </ul>
<p><b>What should members do if they have further questions?</b></p>	
<p>Andrea, if members have any queries on completing the spreadsheet or if they have any questions about the process they can contact me directly and I will be happy to respond.</p>	<p><b>Contact us at <a href="mailto:communications@imca-int.com">communications@imca-int.com</a></b>  <b>Or <a href="mailto:fueldata@imca-int.com">fueldata@imca-int.com</a></b></p>
<p>A summary of the content covered in this Broadcast</p>	 <p><b>In Summary</b></p> <ul style="list-style-type: none"> <li>• Data will drive decision-making on the revision of IMO’s GHG Strategy beyond 2023</li> <li>• ‘Transport work’ is considered to be the appropriate proxy for assessing the Carbon Intensity (CI) of cargo vessels</li> <li>• The offshore and marine contracting sector will be assessed by a different metric – Proxy A, Proxy B or an alternative such as total carbon emissions</li> <li>• Additional data is required from the offshore and marine contracting sector to enable the alternative proxies to be considered</li> <li>• Hence our Call to Action for members support for this initiative!</li> </ul>
<p>Please do contact us for more information or if you have any questions.</p> <p>As you will have gathered from this broadcast we need your input.</p>	 <p>www.imca-int.com</p> <p>Improving performance in the marine contracting industry</p>
<p><b>CALL TO ACTION</b></p> <p>IMCA Marine Members please act and share your fuel consumption data with us by completing the relevant spreadsheets – 1 per vessel – to enable us to calculate data to share with the IMO.</p> <p><b>Please act or contact us for more information</b></p>	