

Demystifying the EU MRV Regulation



By Julien Dufour, CEO,
Verifavia Shipping

Open for public consultation until 26 August 2016, the European Commission has published draft Delegated and Implementing Acts pursuant to the 'EU MRV' (Monitoring, Reporting and Verification) regulation 757/2015. An active member of the Commission's working group on Verification and Accreditation, Julien Dufour, CEO, Verifavia Shipping, addresses key considerations for shipowners and operators.

In just over one year's time, owners and operators of vessels sailing in the EU and exceeding 5,000 GT must submit a Monitoring Plan (MP) describing the procedures in place to monitor and report their carbon emissions and transport work. With the Delegated and Implementing Acts almost finalised, requirements are now very clear. However, as with most new legislation, the challenge lies in effectively navigating its complexity and interpreting it to ensure compliance.

Working with shipowners and operators since the regulation came into force in July 2015, it has become clear that key questions continue to perplex many. These include how to design an MP, what is classed as a voyage, which emissions sources are included, and the differences between the four allowable monitoring methods.

According to the 'EU MRV Regulation', the following emission sources must be considered in order to comply with the regulation: main engines, auxiliary engines, gas turbines, boilers, and inert gas generators (tankers only). The technical description of each individual emission source as well as the potential fuel types used must be included in the MP, and must be assessed by the verifier.

Another challenge has been understanding what is classed as a voyage. To understand this, shipowners must first appreciate what is meant by a 'port of call' according to the EU MRV definition: "the port where a ship stops to load or unload cargo or to embark or disembark passengers". A voyage is a trip between two ports of call, and a reportable voyage is when one of the ports of call is in the EU. The two key parameters that shipowners must take into consideration are therefore the geographical area of the port (i.e. is it in the EU?), and whether a port can be considered as a port of call (i.e. have cargo or passengers been embarked or disembarked for commercial purposes?). It is important to note that ballast voyages must also be reported in the same way as laden voyages. Lastly, the Acts now clearly indicate that time spent at sea and distance travelled shall be calculated on a 'berth-to-berth' basis rather than between departure and arrival.

It is important to understand that certain ports which

are not geographically within Europe are still part of the EU because they are under the administration of a European Member State, and are therefore classed as EU ports of call. These 'outermost regions' include the Azores, Canary Islands, Madeira, Martinique, Guadeloupe, French Guyana, Saint-Martin, Mayotte and Reunion. In addition, the Shipping MRV regulation will be integrated in the environmental legislations to be adopted by the countries in the European Economic Area, which include Norway and Iceland. Therefore, if the vessel is navigating between any of the outermost regions and third countries, or between Iceland / Norway and third countries, then the regulation requires shipowners to report these voyages.

Regarding the four allowable monitoring methods, the challenge for shipping companies is to adjust their current monitoring system so that it fits within the strict definitions that have been documented in the regulation. However, it is permitted to select a different monitoring method for each emission source provided it increases the overall accuracy of the monitoring. The key advice for shipowners is to select an EU MRV monitoring methodology as close as possible to their existing monitoring system. In case two monitoring methodologies can be used (e.g. methods A or B and C), shipping companies are recommended to select the most accurate monitoring methodology and use the other monitoring methodology to cross-check, or as a back-up.

In terms of key legal deadlines that must be adhered to, shipowners should take particular notice of the 31st August 2017, when they must submit the MP to verifiers.

The draft Delegated and Implementing Acts released by the Commission have responded to various concerns voiced by the industry and clarified certain points. But ultimately, the MRV regulation is now in force and the requirements are very clear. Understanding and interpreting the nuances of the MRV regulation, as well as ensuring consistency in the MP and matching the requirements is a challenge. However independent verifiers have the in-depth knowledge and expertise to help guide owners and operators through the process to compliance. ■