Shipping Criteria Public Consultation

Standards and Certification Scheme

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Agenda

Shipping and green finance

Summary of shipping criteria

CBI Certification process

Q&A

Public consultation process

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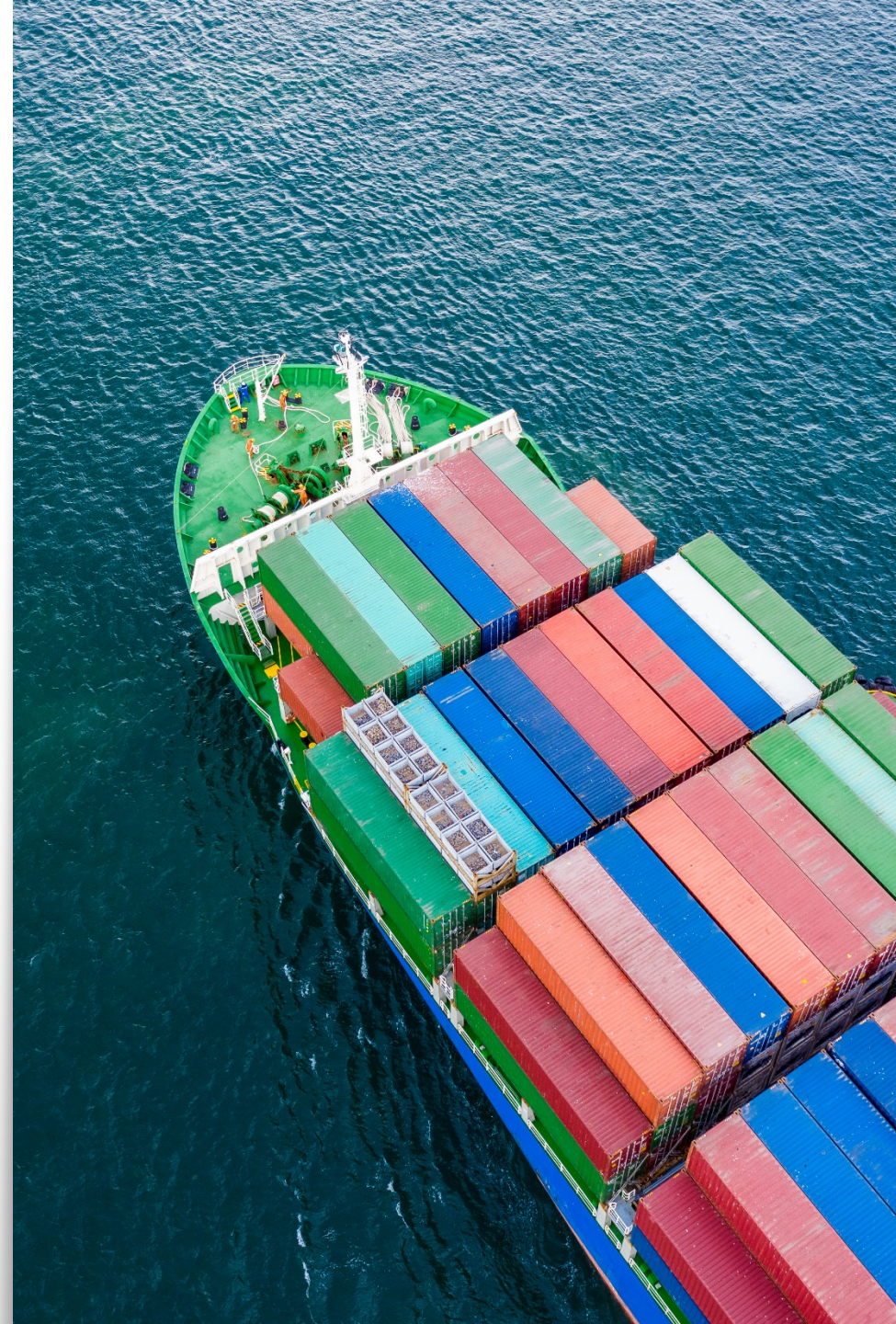
Decarbonizing the shipping sector is critical to reducing global emissions.



Criteria Development Process

Scope	Principles	Metrics	Criteria
Define the physical assets within an industry that may be eligible for certification	Clarify ambition of criteria and define decarbonization trajectories	Select appropriate indicators and proxies to measure climate alignment	Set the thresholds that determine climate alignment

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Scope of the Shipping Criteria

Scope of Assets:

- ✓ Ships as classified in 3rd IMO GHG Inventory
- ✗ No dedicated fossil fuel carriers (LNG Tankers or Crude Carriers)
- ✓ Supporting infrastructure

Scope of Emissions:

- ✓ Only covers operational emissions

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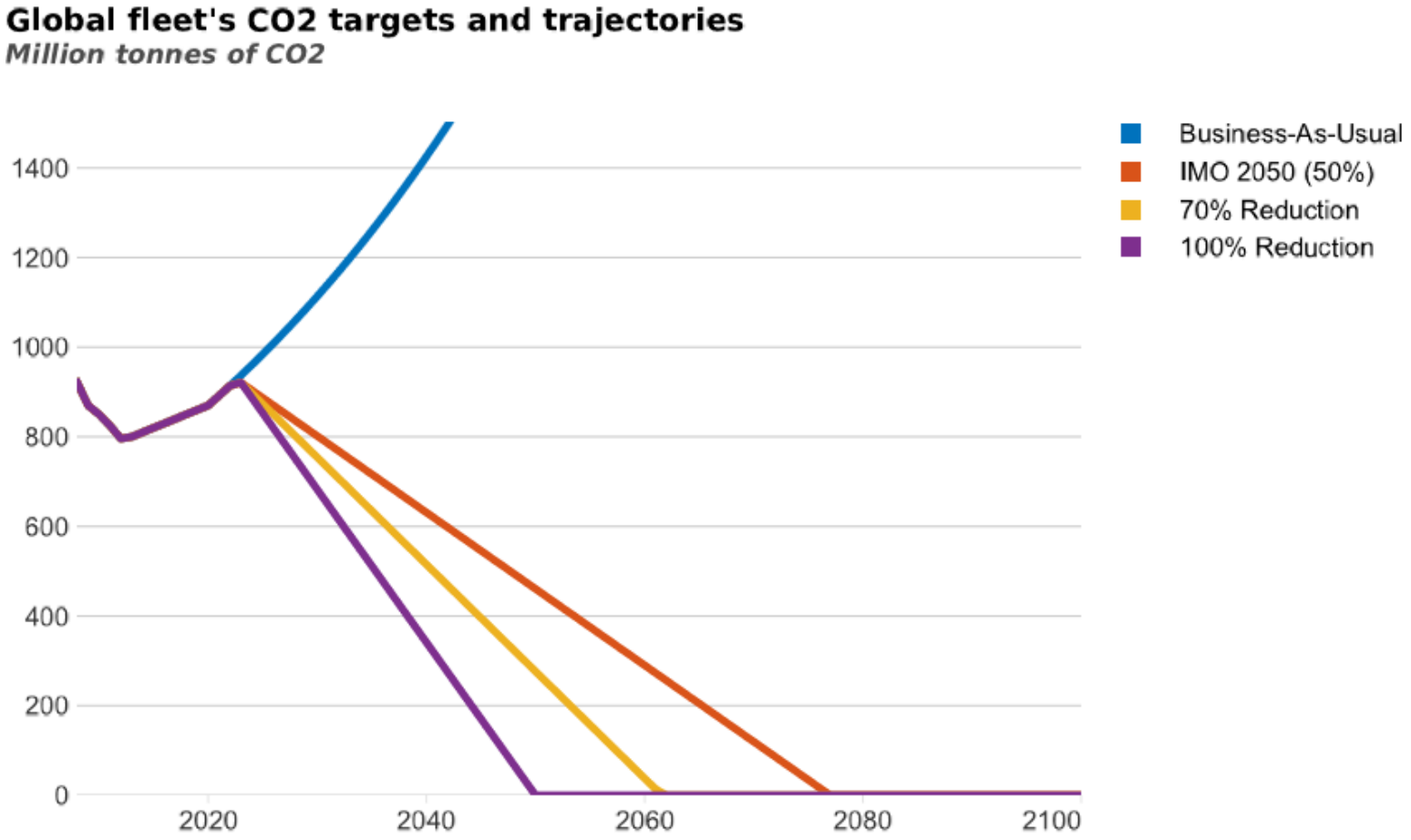
Principle: 100% emissions reduction by 2050



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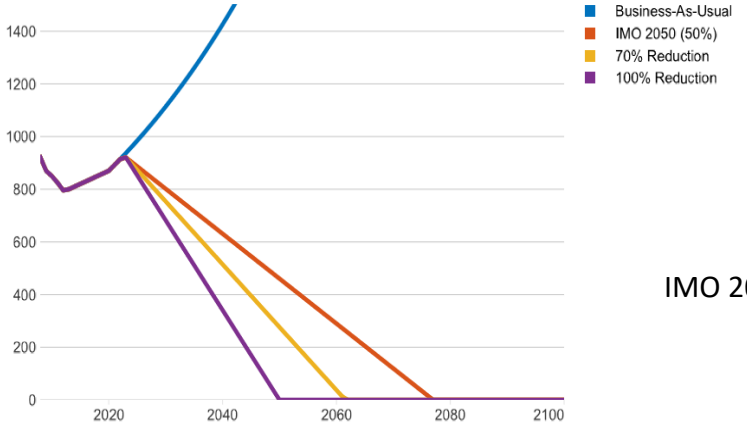
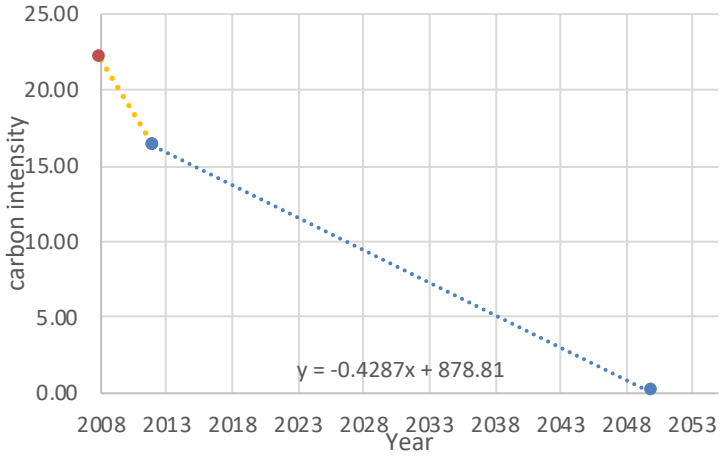
Thresholds for different ship classifications

1. IMO Initial Strategy's Absolute Reduction Target



IMO 2050 Upper Bound (100%)

2. Global Carbon Intensity Trajectory



3. Transform into Adjusted AER-equivalent (AAER) trajectory by ship type & size (using IMO 100% reduction target)

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Eligible Metrics

Metrics	Description
Annual Efficiency Ratio (AER)	• The ratio of a ship's carbon emissions per actual capacity-distance (**e.g., dwt x nm sailed**) • Assumes ships are fully loaded on all miles travelled during the year • AER is calculated for all ships 5000 GT and above trading on international voyages • Data available on the consent of the shipowner
Energy efficiency operational Index (EEOI)	• The ratio of a ship's carbon emissions per unit of transport work (**e.g., cargo x nm sailed**) • Incorporates all operational emissions, i.e. when the ship is in port/anchor etc. • The EU MRV has made EEOI publicly available for voyages into and out of the EU

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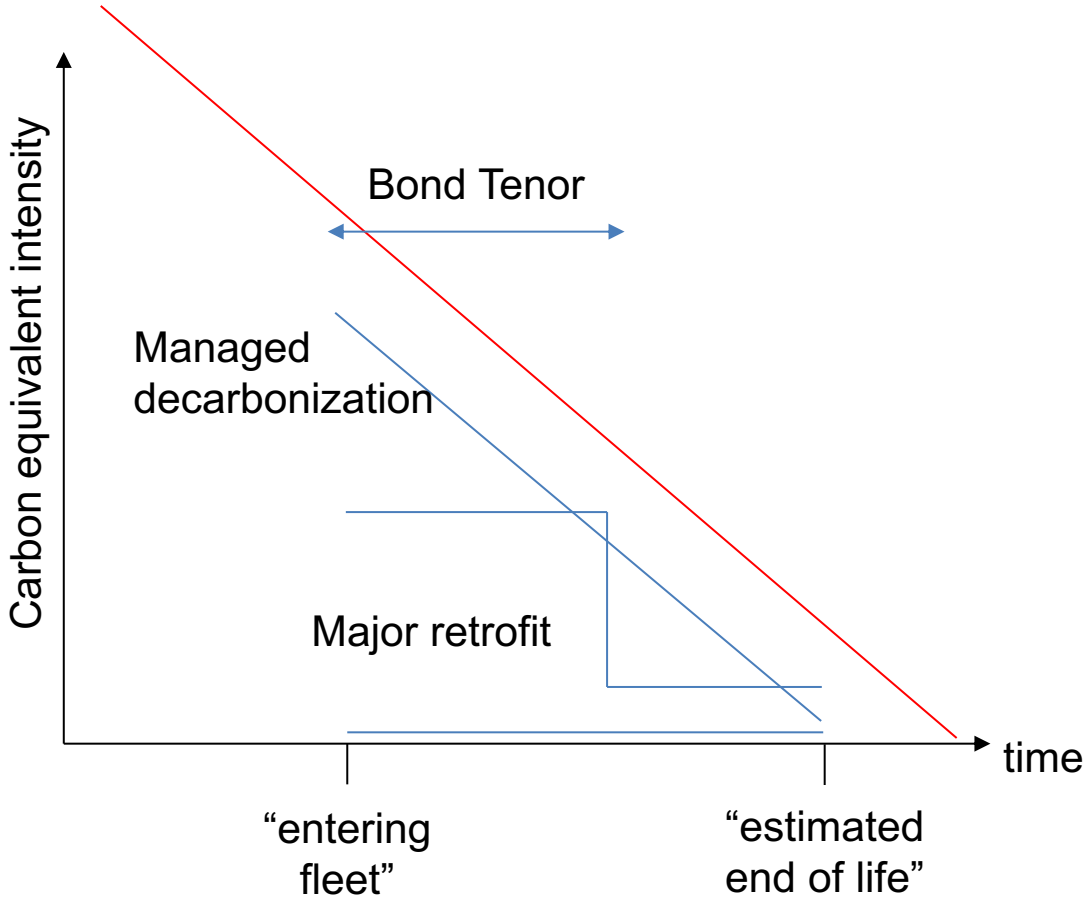
Compliance pathways to meet the criteria



Options for ships to meet the criteria

Objective	Options include, but are not restricted to:
Increase energy efficiency	• Main machinery improvements • Hull improvements • Propulsion improvements • Auxiliary machinery efficiency improvements
Enable a fuel switch or exhaust emissions capture	• Main. aux machinery and boilers for use with alternative (non-fossil) fuels • Fuel storage and handling • Electrification for use in conjunction with a source of low carbon electricity • Onboard renewable energy • Ships which feature technologies to capture and store GHG exhaust emissions on board

Managed Reduction Plans (I/II)

Managed Reduction Plans (MRP): Required for vessels that are not zero-emissions and will continue operating after bond matures

The MRP can rely on future technologies/fuels that are not available today but are expected to become available and competitive in the future

The list of candidate fuels for use in the reduction plan will be regularly reviewed, but initially is limited to:[1]

- Hydrogen
- Ammonia
- Advanced Biofuels
- Electrification/Batteries
- Nuclear
- Wind

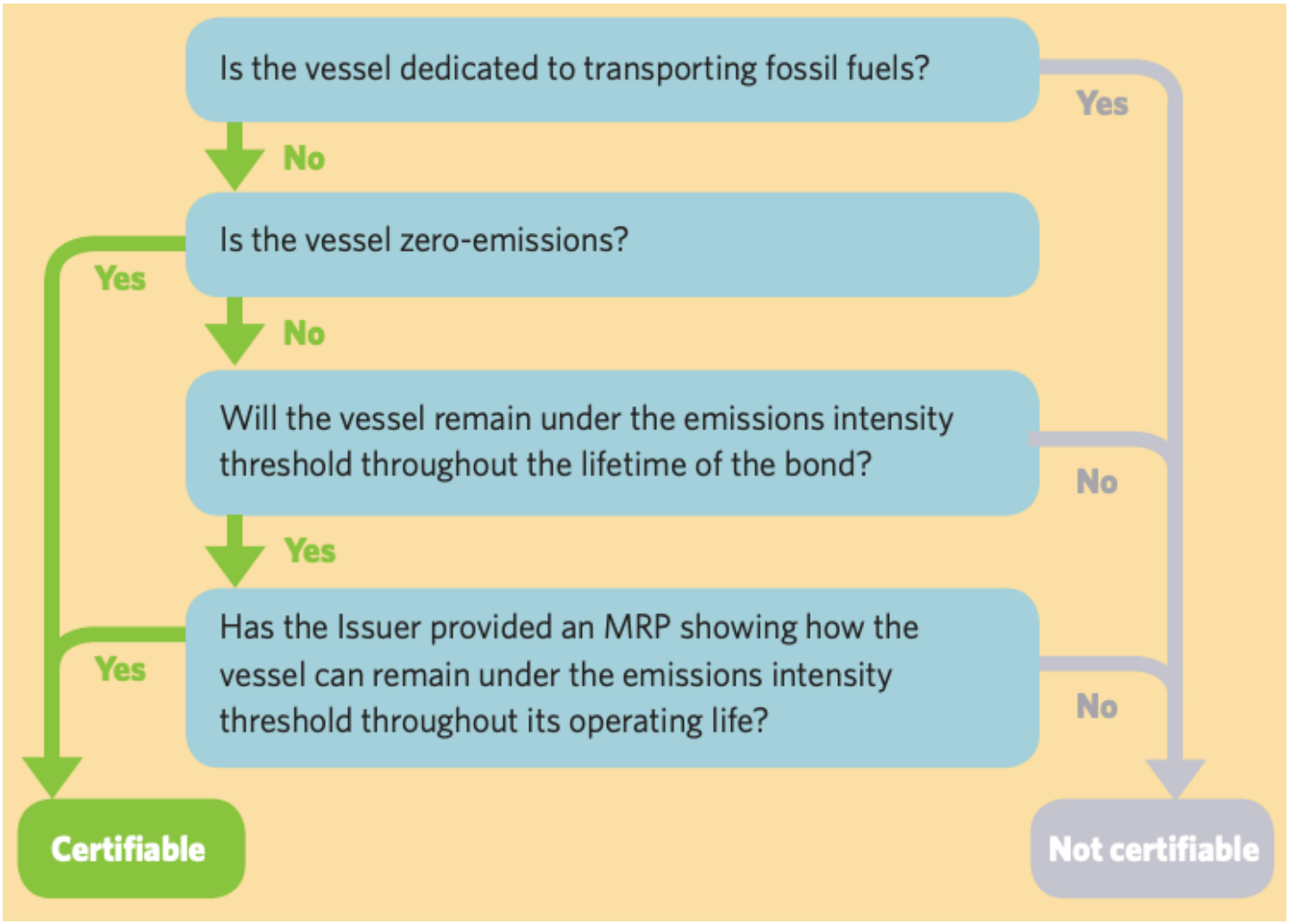
1. Synthetic hydrocarbons are not considered eligible for use in an MRP

Managed Reduction Plans (II/II)

The MRP should include the following details:

- The time period (e.g. range of years) at which a significant fuel switch is expected to be necessary
- Any modifications required to fuel storage systems onboard (including any additional space required and how this modified cargo carrying capacity)
- Any modifications required to fuel handling systems (including bunkering systems)
- Any modifications required to machinery
- The estimated total additional cost (including both estimated operating costs and capital costs)

The shipping criteria in summary



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Q&A

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Thresholds by ship type and size

Type	Size (GT)	2012 Median EEOI	2012 Median AER	2019 EEOI	2019 AER
Bulk carrier	0-9999	44.5	31.1	36.3	25.4
Bulk carrier	10000-34999	15.4	8.3	12.6	6.8
Bulk carrier	35000-59999	11.7	5.8	9.5	4.8
Bulk carrier	60000-99999	10.7	4.6	8.7	3.7
Bulk carrier	100000-199999	5.83	3.0	4.8	2.4
Bulk carrier	200000-+	5.13	2.9	4.2	2.3
Chemical tanker	0-4999	51	44.9	41.6	36.6
Chemical tanker	5000-9999	33.7	24.1	27.5	19.7
Chemical tanker	10000-19999	23.7	15.1	19.3	12.3
Chemical tanker	20000-+	15.6	8.2	12.7	6.7
Container	0-999	34.6	21.4	28.2	17.5
Container	1000-1999	31.6	18.8	25.8	15.3
Container	2000-2999	24.70	12.65	20.2	10.3
Container	3000-4999	21.30	10.52	17.4	8.6
Container	5000-7999	20.50	9.94	16.7	8.1
Container	8000-11999	17.90	8.47	14.6	6.9
Container	12000-14500	13.20	5.87	10.8	4.8
Container	14500-+	13.20	5.87	10.8	4.8
General cargo	0-4999	38.20	30.65	31.2	25.0
General cargo	5000-9999	34.50	21.15	28.1	17.3
General cargo	10000-+	30.70	16.65	25.0	13.6
Other liquid tanker	0-+	135.00	123.66	110.1	100.9
Ferry-pax only*	0-1999	1611372.0	1611372.0	1314540.3	1314540.3
Ferry-pax only*	2000-+	2204768.4	2204768.4	1798626.9	1798626.9
Cruise*	0-1999	2589577.6	2589577.6	2112550.2	2112550.2
Cruise*	2000-9999	1629745.6	1629745.6	1329529.3	1329529.3
Cruise*	10000-59999	1893748.6	1893748.6	1544900.2	1544900.2
Cruise*	60000-99999	2202243.9	2202243.9	1796567.4	1796567.4
Cruise*	100000-+	1693881.6	1693881.6	1381850.8	1381850.8
Ferry-RoPax*	0-1999	1041356.9	1041356.9	849528.0	849528.0
Ferry-RoPax*	2000-+	1440204.8	1440204.8	1174903.9	1174903.9
Refrigerated bulk	0-1999	92.20	61.68	75.2	50.3
Ro-Ro	0-4999	327.00	268.98	266.8	219.4
Ro-Ro	5000-+	80.90	58.10	66.0	47.4
Vehicle	0-3999	158.00	58.26	128.9	47.5
Vehicle	4000-+	73.60	17.42	60.0	14.2

Options for other eligible assets

Objective	Options
Infrastructure that is dedicated to enabling zero-emissions ships	• Supply of non-fossil fuel/energy in the port • Supply of non-fossil fuel/energy from the shore to the ship • Infrastructure to transfer and transport captured emissions from the ship for onwards sequestration
Wind Turbine Installation Vessels	• WTIVs which are themselves zero-emissions

Climate Bonds Standard & Certification Scheme is the most robust approach globally

The Climate Bonds Standard and Certification Scheme is a *FairTrade*-like labelling scheme for green bonds. Rigorous scientific criteria ensure that it is consistent with the 2 degrees Celsius warming limit in the goals of the Paris Climate Agreement.

The Scheme is used globally by bond issuers, governments and investors to prioritise investments which genuinely contribute to addressing climate change.

The Climate Bonds Standard is fully aligned with the Green Bond Principles and the Green Loan Principles.

It is made up of two parts:

1. Climate Bonds Standard details the management and reporting processes (V3.0)
2. Climate Bonds Taxonomy and Sector-by-Sector Eligibility Criteria detail the climate credentials and technical thresholds which the assets must meet (such as Decarbonisation Trajectory or Managed Reduction Plan)

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Certification Process for Issuers

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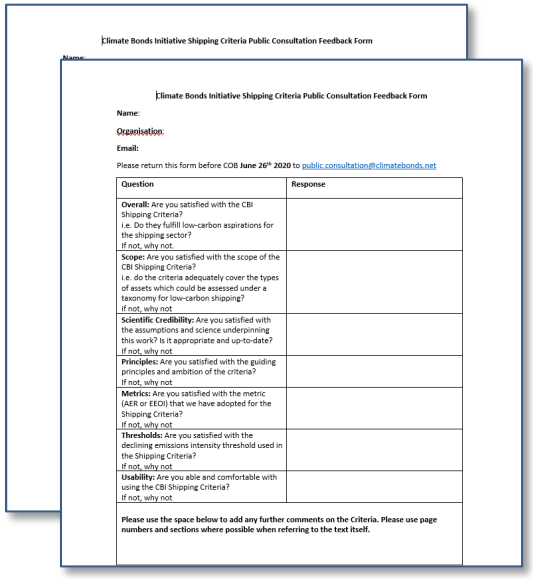
Public Consultation

Download the public consultation form



Climate Bonds Initiative Shipping Criteria Public Consultation Feedback Form

Name:

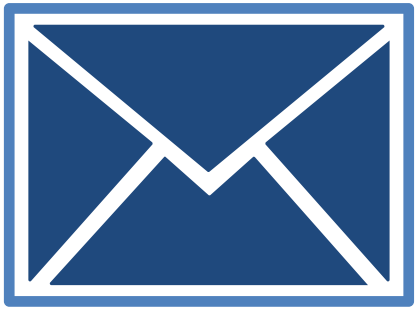
Organisation:

Email:

Please return this form before COB **June 26th 2020** to public.consultation@climatebonds.net

Question	Response
Overall: Are you satisfied with the CBI Shipping Criteria? i.e. Do they fulfill low-carbon aspirations for the shipping sector? If not, why not.	
Scope: Are you satisfied with the scope of the CBI Shipping Criteria? i.e. do the criteria adequately cover the types of assets which could be assessed under a taxonomy for low-carbon shipping? If not, why not	
Scientific Credibility: Are you satisfied with the assumptions and science underpinning this work? Is it appropriate and up-to-date? If not, why not	
Principles: Are you satisfied with the guiding principles and ambition of the criteria? If not, why not	
Metrics: Are you satisfied with the metric (AER or EEOI) that we have adopted for the Shipping Criteria? If not, why not	
Thresholds: Are you satisfied with the declining emissions intensity threshold used in the Shipping Criteria? If not, why not	
Usability: Are you able and comfortable with using the CBI Shipping Criteria? If not, why not	
Please use the space below to add any further comments on the Criteria. Please use page numbers and sections where possible when referring to the text itself.	

And email responses before June 26, 2020



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