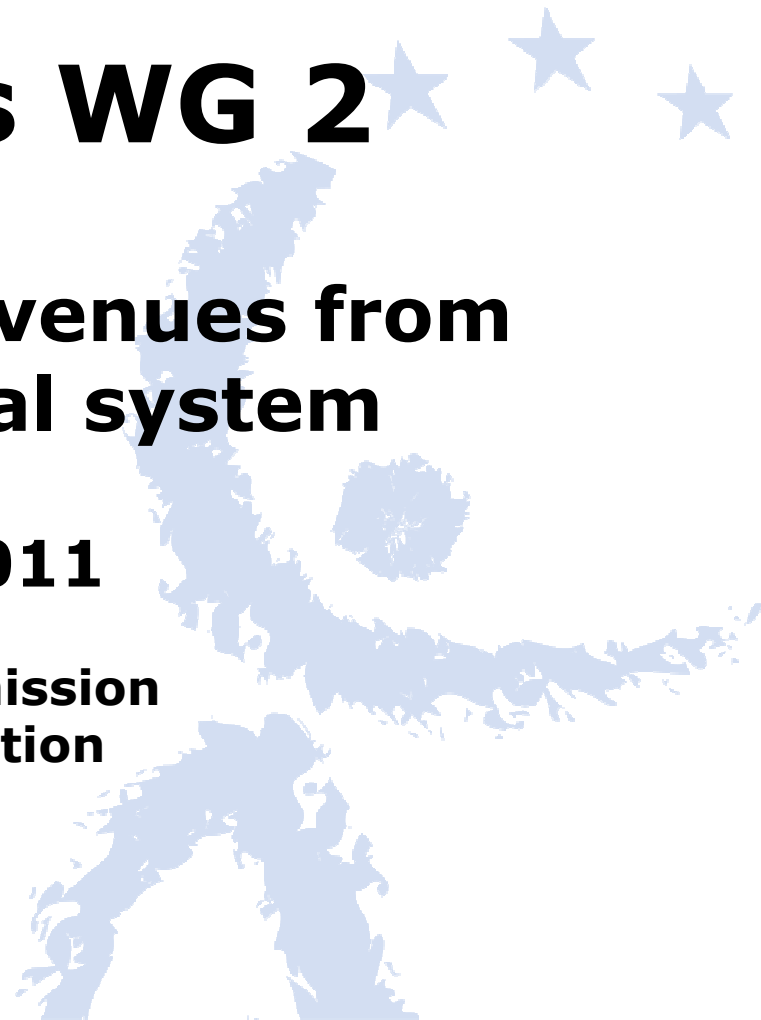


ECCP Ships WG 2

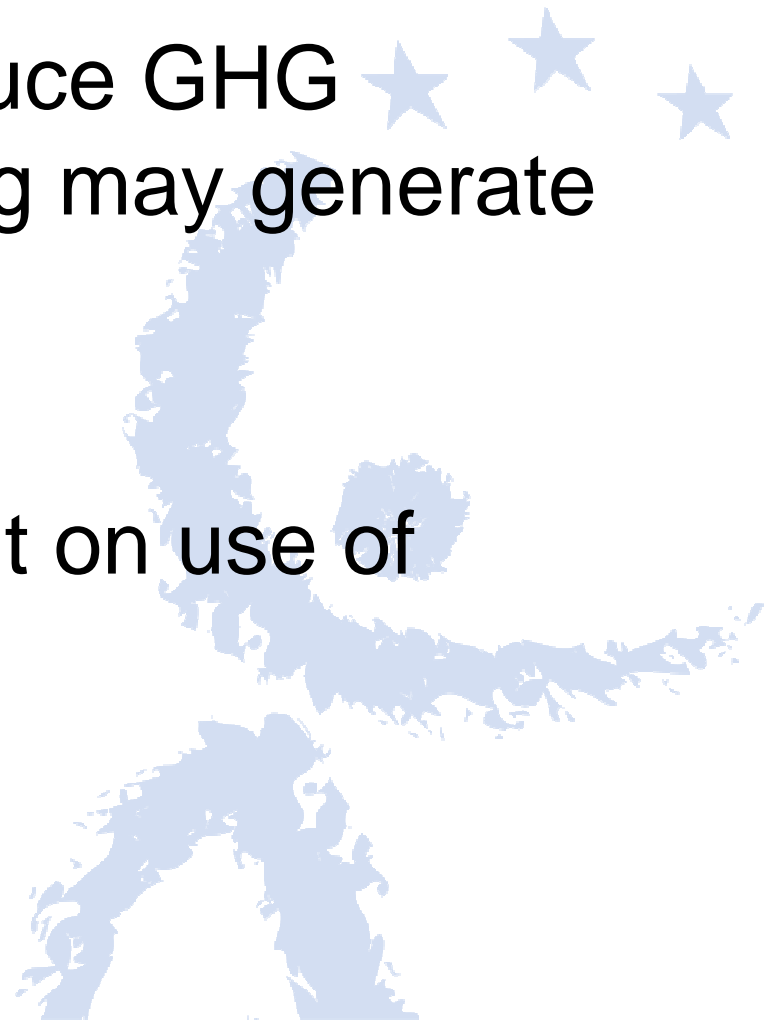
Use of potential revenues from possible regional system

23 June 2011

**European Commission
DG Climate Action**



- A possible MBM to reduce GHG emissions from shipping may generate revenues
- Views are being sought on use of potential revenues



Overview of potential revenues – rough estimates


Scope	Incoming & outgoing	From last port to EU port	EU-bound cargo	Intra-EU traffic	Territorial waters
CO2 emissions (CE Delft)	311 Mt	208 Mt	>208 Mt	112 Mt	33-38 Mt
Levy/CO2 price €15	€ 4.7 bill.	€ 3.1 bill.	>€ 3.1 bill.	€ 1.7 bill.	€ 525 m (35 Mt)
Levy/CO2 price €25	€ 7.8 bill.	€ 5.2 bill	>€ 5.2 bill	€ 2.8 bill.	€ 875 m (35 Mt)

- National and European systems in place for distribution of revenues
- At national level
 - German Climate Initiative
 - Greek Green Fund
 - Norwegian NOx Fund (not GHG-related)
- NER 300 at European level



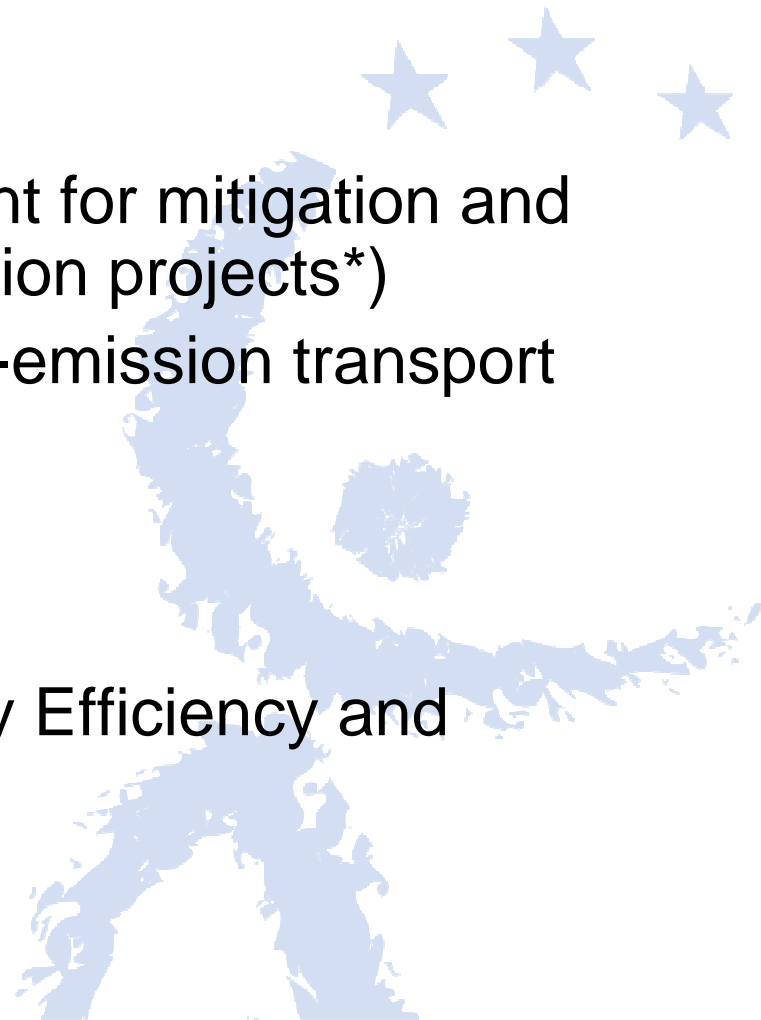
- € 4-5 bn generated by sale of 300 m allowances from EU ETS
- Allocated to co-fund:
 - Demo projects on carbon capture and storage
 - Innovative renewable technologies (RES)
- Could also include shipping
- Encourages investors and EU MS to invest in commercial low-carbon demo projects

- Application to MS
- Eligibility Assessment by MS
- Assessment of Project by EIB
- Ranking of Projects by EIB
- Award Decision by Commission after re-consulting MS and following an opinion from the Climate Change Committee

- First call for proposals launched Nov 2010 based on sale of 200 m allowances
 - 13 CCS projects and 65 RES projects in 21 MS submitted for further assessment by MS to the EIB
- 

Purposes mentioned in current legislation, i.a. (art. 3d and 10)

- Reduce GHG emission
- Adapt to climate change
- Fund research and development for mitigation and adaptation (incl. for demonstration projects*)
- Reduce emissions through low-emission transport
- Develop renewable energies
- Avoid deforestation
- Increase energy efficiency
- Contribute to the Global Energy Efficiency and Renewable Energy Fund
- Administering the system



Purposes (cont.) not aviation, art 10 general EU ETS only

- Contribute to the Adaptation Fund
- Develop renewable energies and help increase energy efficiency as set out in the Community commitment
- Fund demonstration projects for mitigation and adaptation
- Increase afforestation and reforestation
- Fund CCS
- Encourage shift to public forms of transport
- Fund R&D in energy efficiency and clean technologies as covered by the directive
- Measures to increase energy efficiency and insulation or financial support to address social aspects

Use and reporting (art. 3d and 10)

- Revenues generated from auctioning should be used for these purposes
- MS shall report on use of revenues
- Reports expected from 2012/2013



Possible purposes under a regional system for shipping

- Mitigation and adaptation as today?
- Support to vulnerable developing countries?
- Research and development – maritime focus?
- Management of revenues?
- Support for reaching a global agreement?



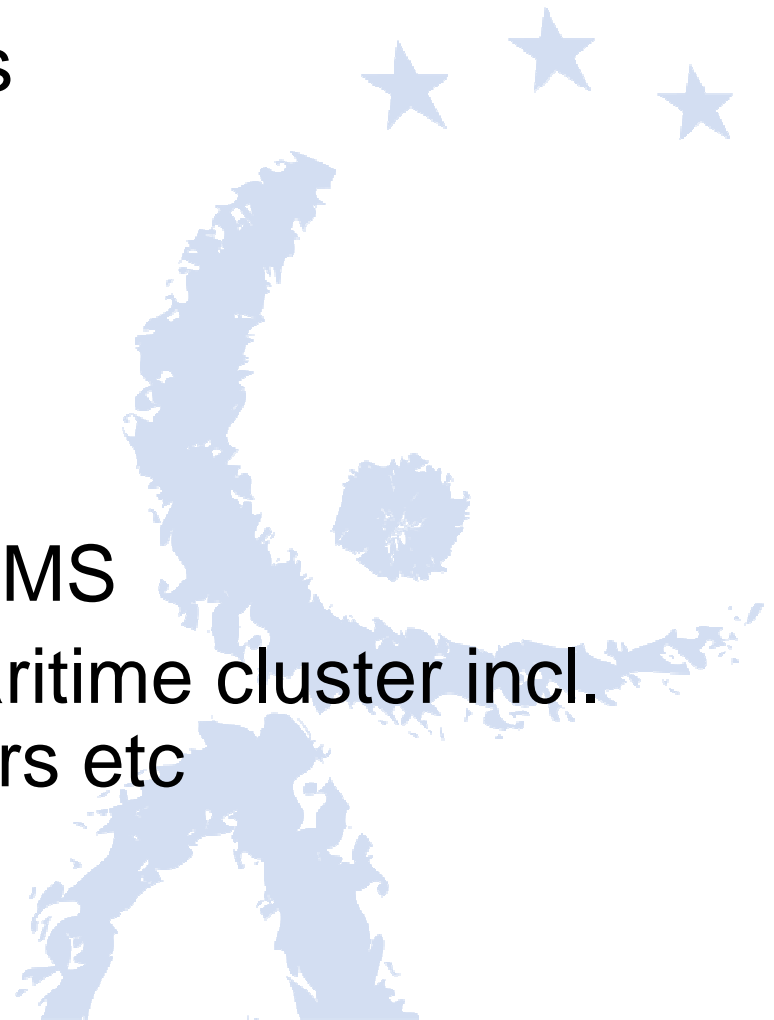
- Support to maritime industry?
 - Facilitating shift to low-carbon/low-emitting technology?
 - Bringing new technology forward and into use?
 - Supporting e.g. fleet renewal, retrofitting incl. renewable energy generation/propulsion, alternative fuel infrastructure, port electrification, renewable energy generation in ports, climate adaptation of vessels

Eligible actions (geographical scope)

- Land-based actions in EEA and to EEA-flagged vessels?
- Land-based actions in EEA, but flag-neutral?
- All vessels/operators calling at EEA ports?
- No geographical limitation?

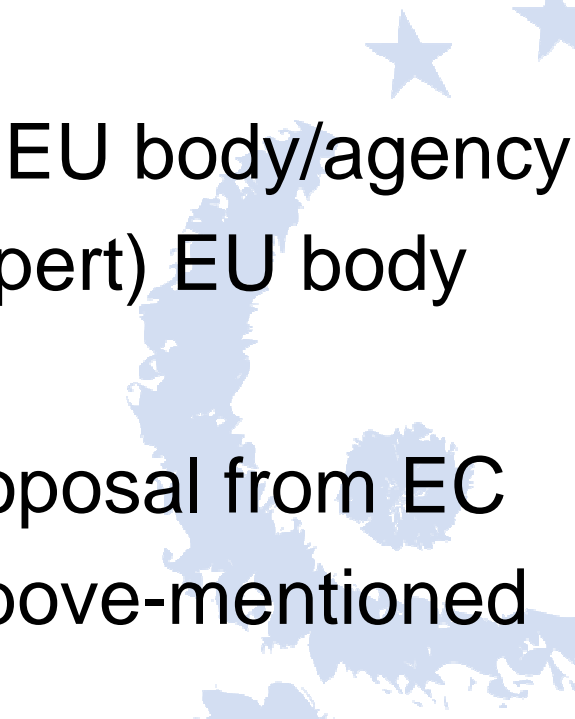
Potential benefitting actors

- Ship owners and operators
- Equipment manufacturers
- Ship yards
- Class societies
- Research institutions
- Also involving land-locked MS
- Enhancing a European maritime cluster incl. financial institutions, brokers etc



- At regional level (like NER 300)?
- At national level (like for aviation and general ETS revenues)?
- A combination?



- National level only?
 - New independent (expert) EU body/agency
 - Existing (independent) (expert) EU body
 - European Commission
 - European Council after proposal from EC
 - Combination of some of above-mentioned alternatives
- 

Some questions to be addressed

- What should be the purposes for use of potential revenues?
- Also distribution to maritime industry?
- If so, to what kind of actions?
- And to actions where?
- Who should manage potential revenues?
- And at what level (regional/national)?