



### **TECHNICAL CIRCULAR No. 824 of 4<sup>th</sup> May 2024**

To	All Surveyors/Auditors. All flags
Title	<b>Reduction of greenhouse gas (GHG) Emissions</b>
Reference	IMO Strategy on GHG Emissions, ISWG-GHG 16

**Outcome of Intersessional Working Group on Reduction of greenhouse gas** complementary, but separate technical and economic measures.

#### **(GHG) Emissions from Ships**

The Intersessional Working Group on Reduction of GHG Emissions from Ships (ISWG-GHG 16) was held back-to back with MEPC 81, from 11 to 15 March 2024. MEPC 80 had instructed the Working Group to consider the report of the Correspondence Group on Further Development of the LCA Framework, the report by the Steering Committee on the Comprehensive Impact Assessment (CIA) on the basket of candidate mid-term measures and to work on:

- Further development of candidate mid-term measures in the context of Phase III;
- Further development of the Life Cycle GHG Assessment (LCA) framework;
- Consider proposals related to onboard CO<sub>2</sub> capture.

Further consideration of the development of candidate mid-term measure(s) in the context of Phase III of the Work plan for the development of mid- and long-term measures.

The Working Group noted the following eight summaries provided by measure proponents on the development of candidate mid-term measures:

1. 'GHG Fuel Standard (GFS) with its Flexibility Compliance Mechanism' as the technical element, in combination with a 'GHG pricing mechanism' covering all GHG emissions as the economic element.
2. 'International Maritime Sustainable Fuels and Fund (IMSF&F) mechanism', with technical elements and economic elements integrated into a single measure.
3. 'Feebate mechanism', developed as an economic element separately from a technical element and comprising of a mandatory contribution on GHG emissions and reward for zero emission vessels by the Zero Emission Shipping Fund (ZESF), to be complemented by the 'GHG Fuel Standard' as technical element.
4. 'Universal mandatory GHG levy' as economic measure, acting in combination with a 'simplified global GHG fuel standard', as technical measure.
5. 'Simplified Global (GHG) Fuel Standard with an energy pooling compliance mechanism', to be developed as a separate technical measure together with a separate maritime GHG emissions pricing mechanism.



6. 'Zero Emission Shipping Fund (ZESF)' and 'Fund and Reward (Feebate) Mechanism' to be adopted as a separate maritime GHG emissions pricing mechanism as economic measure, in addition to a Global GHG Fuel Standard as technical measure.

7. 'Green Balance Mechanism', designed to work as part of an integrated measure or incorporated into 'Maritime GHG Pricing Mechanism' as a direct per-tonne-of-CO<sub>2</sub>-equivalent regulatory charge on the tank-to-wake (TtW) GHG emissions reported by each ship, determined by adjusting a universal GHG price signal according to each fuel type and pathway's well-to-wake (WtW) emissions profile.

The Working Group agreed on progressing the development of the basket of measures using the following key five elements:

1. Goal-based marine fuel standard regulating the phased reduction of the marine fuel's GHG intensity
2. Flexible compliance strategies and relevant reporting and verification requirements
3. (Other) GHG emissions pricing mechanisms
4. Revenue collection and distribution, and
5. Assessment of the remaining work and indicative planning in accordance with the timelines set out in the 2023 IMO GHG Strategy

REFERENCES:

- ISWG-GHG 16

ATTACHMENTS: No

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