

# Why the IMO and international shipping needs a strong revised Carbon Intensity Indicator (CII)



The CII is key to creating **more energy efficient ships** and **cutting emissions** in the short-term.

**Currently, the CII is not realising its full potential!**

The revision of the CII, due to start at MEPC82 and conclude by 2025, is a key opportunity to bring it up to date with the **revised GHG Strategy** and to make sure that it works in the future in a coherent way with the basket of **mid-term measures (BoM)** being negotiated at the same time.

**Strong CII + BoM = Success!**

## Background



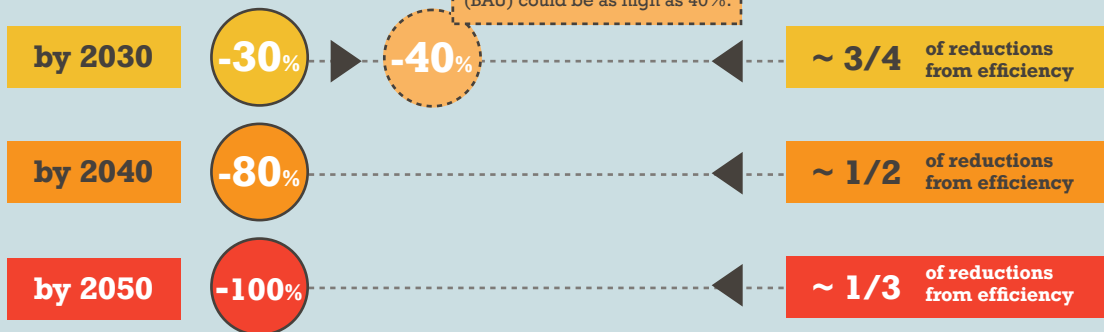
Despite global commitments to **keep global heating below 1.5C**, we have already reached 1.2C. Setting emissions targets to be reached in the near-term will be key to **avoiding climate tipping points**.

Only through improved efficiency – and wind power - will the IMO be able to hit its GHG reduction goals. And CII is the tool that can drive these improvements in the most cost-effective way.

### New GHG Strategy emission reduction targets:

In the meantime, emissions have continued to rise, so the gap between the target and actual 2030 Business as usual (BAU) could be as high as 40%.

Efficiency will have to deliver a large part of the emission reductions as new fuels will only enter the market slowly:



New IMO strategy not perfectly aligned with 1.5C so above numbers are absolute minimum.

## Levels of ambition and CII



### Fixing the CII

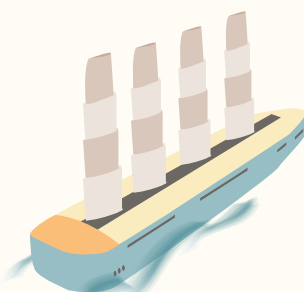
- ▶ Enhanced requirements to help ensure new climate targets are met
- ▶ Proper enforcement to ensure reductions are reliable and real
- ▶ Incentivising the right behaviour
- ▶ All shipping activity covered

### CII & Fuels

- ▶ Keep CII and fuels separate
- ▶ CII should focus on reducing fuel burn
- ▶ GFS should facilitate up-take of new fuels
- ▶ Overlap will make the task harder



## Fixing the issues





The CII should be seen as a **long-term tool** specifically calibrated purely for improving and maintaining **on-board operational efficiency** and to **suppress fuel burn** to the greatest extent possible. A strong CII would:

- 1 Reduce demand for fuel, leading to **immediate cuts in GHG emissions** from fossil fuels;
- 2 **Help** avoid the wasteful and costly **burning of expensive energy-intensive** new zero-GHG emission **fuels** in the future; and would
- 3 Drive the shift towards the kind of shipping change, e.g., **slower speeds and more wind propulsion**, that will minimise the cost of decarbonisation.

The CII is not just a short-term measure



Slowing down ships



lower emissions



healthier oceans



Reducing **air pollution** of SO<sub>x</sub>/NO<sub>x</sub>/PM and black carbon



Reducing **underwater noise** pollution



Reducing frequency and severity of **whale strikes**

Which will help the ocean help us to fight global heating!

Ocean health



The world needs new **zero-GHG emission fuels** but their use in shipping **must be kept to a minimum** because:

- ▶ The renewable electricity needed to produce them will take time to deploy at the scale needed to meet both shipping and wider climate objectives;
- ▶ The process is very energy intensive and renewable energy used to create ships fuels cannot be used to decarbonise other parts of the economy;
- ▶ New fuels will also pose a risk to the environment and seafarers;
- ▶ The shipping industry has wind energy at its fingertips, and is uniquely placed to exploit this free energy source by fitting sails and other new wind technology.

There is also an economic reason!



Every \$1 invested to improve on-board energy efficiency could avoid \$10 on costs associated with the supply of these new fuels.

New fuels



The **revised CII** must include:



Requirements, that in combination with the BoM **cut emissions** by at least 30% by 2030 and 80% by 2040 and ideally put shipping on an unambiguously **1.5C compliant pathway**;



A **new metric** (e.g., MJ/t-nm) that cannot be met with alternative fuels and that focuses **exclusively on improving operational efficiency and reducing fuel burn** (leaving the GFS to regulate fuels uptake);



An effective **enforcement mechanism** ensuring emission reductions are reliable and real;



A long-term requirement that ensures **continued future improvements** in operational efficiency and no backsliding on operational efficiency gains;



A focus on incentivizing and prioritising the use of energy efficiency measures that deliver significant **benefits for ocean health**.

Recommendations

