



EUROPEAN COMMISSION

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REGULATORY SCRUTINY BOARD OPINION

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2015/757 in order to take appropriate account of the global data collection system for ship fuel oil consumption data

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EUROPEAN COMMISSION
Regulatory Scrutiny Board

Brussels,
Ares(2018)

Opinion

Title: Impact Assessment / Revision of the Shipping MRV Regulation

(Version of 22 June 2018)*

Overall opinion: POSITIVE

(A) Context

The EU wants to reduce greenhouse gas emissions from international shipping. As a first step to align with a global approach, the EU introduced a Regulation in 2015 for monitoring, reporting and verification (MRV) of shipping emissions. Starting in 2018, this regulation applies to large ships using EU ports.

The International Maritime Organisation (IMO) has now agreed on a Data Collection System (DCS). Its approach is global, and will apply as of 2019. The Commission now needs to review the EU MRV regulation to align better EU rules with the agreed global approach.

This report examines ways to align the two systems in order to meet EU policy objectives with minimum administrative burdens.

(B) Main considerations

The Board considers this to be a proportionate impact assessment for a revision of a Regulation with a limited scope.

The Board gives a positive opinion, with a strong recommendation to improve the report with respect to the following key aspects:

- (1) The report does not explain upfront that the IMO system cannot replace the European MRV without undermining the purposes of the MRV.**
- (2) The report does not properly identify the essential features of the MRV and the candidates for alignment. The design of option 3 seems artificial.**
- (3) The report does not sufficiently quantify the cost of the baseline and the cost savings of the preferred option.**

* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted.

(C) Further considerations and recommendations for improvement

(1) The report should be revised so that the problem description, objectives and especially the policy options match the policy narrative. The context section should make clear that the European MRV system is not only a data collection system, but also a policy instrument in itself. By publishing efficiency data for individual ships, it aims to create incentives for ship operators and motivate them to invest in a more efficient fleet. The report should make clear that, as a result, this initiative will not aim to replace the EU's MRV by the IMO's DCS. The European MRV system will continue to exist, and alignment with the IMOs' Data Collection System is only considered where appropriate.

(2) The report should then explain the remaining decision space, i.e. where partial alignment of the European system with the IMO's system is nonetheless possible. The options should reflect this limited room for manoeuvre and option 3 should be discarded upfront. The rationale for discarding CO₂ emissions and governance should also address the need to monitor intra-EU traffic.

(3) The report should explain the benefits of having the European system, with its further-reaching philosophy, alongside the IMO system. The report should describe the added value of the features of the European system, e.g., external verification, publication of unaggregated data on ship-by-ship basis, reporting CO₂ (instead of only fuel consumption) and efficiency, port-based approach, scope (e.g., domestic shipping, exemptions like fishing vessels), etc. The report should take into account recent changes to the IMO's rules on fuel data collection (MARPOL Annex VI).

(4) The report should clarify the overall costs of the baseline, i.e. having the two systems with no modifications to the European MRV system. It should compare this to overall costs of the two systems with modifications as per the preferred option.

(5) The report needs to apply consistently all objectives to evaluate policy options. For example, if the additional cost of having a second reporting system is considered negligible, the administrative burden cannot be cited at the same time to justify not imposing additional minor reporting requirements.

The Board takes note of the presentation of the various costs and benefits associated to the preferred option of this initiative, as assessed in the report considered by the Board and summarised in the attached tables.

Some more technical comments have been transmitted directly to the author DG.

(D) RSB scrutiny process

The lead DG shall ensure that the recommendations of the Board are taken into account in the report prior to launching the interservice consultation.

The attached tables may need to be adjusted to reflect any changes in the choice or the design of the preferred option in the final version of the report.

| | |
|---------------------|---|
| Full title | Amendment to Regulation (EU) 2015/757 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, in order to take appropriate account of the IMIO system for collection and reporting of ship fuel oil consumption data |
| Reference number | PLAN/2017/993 |
| Date of RSB meeting | 11 July 2018 |

ANNEX: Quantification tables extracted from the draft impact assessment report submitted to the Board on 22 June 2018

(N.B. The following tables present information on the costs and benefits of the initiative in question. These tables have been extracted from the draft impact assessment report submitted to the Regulatory Scrutiny Board on which the Board has given the opinion presented above. It is possible, therefore, that the content of the tables presented below are different from those in the final version of the impact assessment report published by the Commission as the draft report may have been revised in line with the Board's recommendations.)

| I. Overview of Benefits (total for all provisions) – Preferred Option | | |
|---|--|---|
| Description | Amount | Comments |
| Direct benefits | | |
| Environmental, economic and health impacts | The initiative does not negatively affect the impacts of the current EU MRV. | Positive impacts of EU MRV are preserved: 2% improvement in energy efficiency, resulting in reductions of CO ₂ emissions (55.9 Mt, cumulative up to 2030) as well as reduction in other emissions (SO _x , NO _x , particulate matters) and fuel savings estimated at €9.4 billion up to 2030. |
| Administrative burden/costs | <p>The administrative burden for shipping companies is reduced by aligning some features of the EU MRV to the IMO DCS ones, making compliance with the two systems easier.</p> <p>The administrative burden for member states is also reduced, due to easier compliance.</p> | The administrative burden for shipping companies was already considered very low by the 2013 impact assessment: less than 1% of annual operational costs. This initiative reduces the cost and effort of complying with the two systems (EU MRV and IMO DCS) from 2019. |
| Indirect benefits | | |
| Given the nature of the streamlining proposed by this initiative, no significant indirect benefits can be identified. | | |

| II. Overview of costs – Preferred option | | | | | | | |
|---|----------------|--------------------|-----------|------------|-----------|-----------------|-----------|
| | | Citizens/Consumers | | Businesses | | Administrations | |
| | | One-off | Recurrent | One-off | Recurrent | One-off | Recurrent |
| Action (a) Streamlining of definitions | Direct costs | - | - | - | Reduction | - | Reduction |
| | Indirect costs | - | - | - | - | - | - |

| | | | | | | | |
|--|----------------|---|---|---|-----------|---|-----------|
| Action (b) Streamlining of monitoring plans and templates | Direct costs | - | - | - | Reduction | - | Reduction |
| | Indirect costs | - | - | - | - | - | - |
| Action (c) Streamlining of monitoring parameters | Direct costs | - | - | - | Reduction | - | Reduction |
| | Indirect costs | - | - | - | - | - | - |