

EU ETS Review: Maritime Sector

Eurogas' Recommendations

Partial cargo discharge voyages

The maritime ETS should better reflect the share of a cargo quantity actually delivered into the EU. Where a vessel makes only a partial discharge at an EU terminal before delivering the remaining cargo to a third country, applying ETS costs based on the voyage rather than proportionately to the EU-delivered share risks making EU imports unnecessarily **more expensive** and effectively charging for commodities destined for non-EU markets.

This issue affects all linear trade vessels but is particularly relevant for trade patterns involving partial LNG deliveries. For example, between 2022 and 2025, around 70 of 173 LNG cargoes arriving in Greece involved partial deliveries, with the EU discharge averaging only around 35% of the cargo and often representing 20% or less, while the remainder was frequently delivered to Turkey. The proposal does not appear to address this proportionality issue, as coverage continues to be framed primarily in terms of emissions from voyages between EU and third-country ports. The ETS framework should therefore ensure that costs linked to LNG voyages more accurately reflect the share of cargo actually delivered into the EU.

Reservation and allocation of allowances for the use of sustainable maritime fuels and zero-emission propulsion technologies

Eurogas welcomes the proposed measure to reserve ETS allowances to support the uptake of sustainable fuels in the maritime sector. **This is, in principle, a positive step that could help strengthen the business case for a range of renewable and low-carbon solutions, including biomethane, RFNBOs, low-carbon hydrogen, and their derivatives.**

At the same time, **we are concerned that the proposed architecture of the SMAP mechanism may not provide sufficient predictability regarding the level of support ultimately available to individual fuels and projects.** As a result, there is a risk that, despite the significant volume of allowances earmarked for the mechanism, the effective support delivered to eligible fuels may remain uncertain and may therefore provide only a limited investment signal.

What must be stressed is the urgency to reduce to the minimum possible the uncertainty related to the actual level of support guaranteed by the SMAP to alternative fuels. To address this issue, Eurogas proposes the introduction of a tracker, updated on a monthly basis, monitoring the average price differential between SMAP-eligible fuels and their conventional alternatives over the last 12 months. Such a tool would render the ex-post calculation of the price differential more dynamic and more aligned with the moment an investment decision is taken. This would provide market participants with greater transparency and forward

visibility on the potential level of support as it would improve the predictability of the mechanism and strengthen its capacity to support investment decisions.

Besides, while the Commission's intention could be to operate the mechanism on a first-come, first-served basis, **such an approach risks disadvantaging renewable and low-carbon fuels that are currently at an earlier stage of technological and commercial development.** Some of these solutions may not reach significant commercial deployment within the initial SMAP timeframe, despite their potential contribution to the long-term decarbonisation of maritime transport. Eurogas therefore believes that the design of the SMAP mechanism should **ensure that these emerging fuels remain eligible for support and are not effectively excluded because of their later market-entry timeline.**

Additionally, eligibility for zero-emission technologies should be broadened. The current requirement that zero-emission technologies be manufactured in the EU or in a third country with a linked ETS effectively limits the eligibility for technologies manufactured outside the EU, including in countries without a linked ETS. We therefore believe that, where such technologies are not sufficiently available in the Union, eligibility should be extended to zero-emission technologies manufactured in third countries, irrespective of whether the country has a linked ETS or is covered by Article 25b.

Finally, Eurogas considers that to address the bankability challenges of sustainable maritime fuel production and provide the required investment certainty, that **revenue certainty mechanisms (RCMs) such as Contracts for Difference (CfDs) should be facilitated.** This would provide greater certainty on both future demand and revenues, supporting investment and the scale-up of emerging renewable and low-carbon fuels.

Expansion of the ETS scope to include ships between 5000 GT and 400 GT

This extension could place **additional administrative and financial burdens on shipowners, particularly those whose company size and organisational capacity may be more limited.** Vessels of this size are typically operated by smaller shipping companies, which may have fewer resources to comply with ETS - related obligations. **Extending ETS obligations to these operators could therefore entail additional compliance costs and administrative requirements, which should be taken into account when assessing the potential impact of the extension.**