The Bahamas Maritime Authority

Version No. 1.0

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Interim guidance on accounting for the use of biofuels in Carbon Intensity Indicator calculations

1. Purpose

1.1. The purpose of this Alert is to provide practical interim guidance on incorporation of the use of lower greenhouse gas (GHG) emission sustainable fuels (biofuels) in Carbon Intensity Indicator (CII) calculations.

1.2. This Alert has been prepared on the basis of the decision by the 80th session of the Marine Environment Protection Committee (MEPC) of the International Maritime Organization (IMO) outlining the methodology of accounting for biofuel emissions in CII calculations, as indicated in MEPC circular MEPC.1/Circ.905 (attached as an Annex to this Alert).

1.3. The Bahamas Maritime Authority (BMA) will remain flexible in accommodating the evolving approach by the IMO to the use of the alternative fuels in the marine industry and further information will be provided as the ongoing MEPC Committee work on the sustainable fuels Life Cycle Analysis (LCA) principals develops.

1.4. This Alert should be read in conjunction with:

i. Regulations 26, 27 and 28 of Annex VI of the International Convention for the Prevention of Pollution from Ships, 1973, as amended (MARPOL Annex VI)
ii. IMO Resolutions MEPC.346(78), MEPC.348(78), MEPC.352(78) and MEPC.355(78)
iii. IMO Circular MEPC.1/Circ.795/Rev.7
iv. BMA Marine Notices MN061 and MN063

and subsequent revisions.

2. Application

2.1. This Alert applies to all ships to which the provisions of Regulation 28 of MARPOL Annex VI apply.

2.2. The provisions of MEPC.1/Circ.905 apply from 01 October 2023.

2.3. The BMA encourages Companies[1] considering early application of the provisions outlined in this Alert to apply to the BMA via the recognised organisation that classes the ship.

2.4. Where a certified biofuel is already being used on board a ship in 2023, the BMA may permit the existing Ship Energy Efficiency Management Plan (SEEMP) Part III to be revised to take account of the new lower CO_2 Emission Conversion Factor (C_f) in the approved method of CII calculation.

2.5. In any case any amendments to SEEMP Part III shall be completed, verified and reflected in the Confirmation of Compliance issued under the provisions of Regulation 5.4.6 of MARPOL Annex VI by not later than 31 March 2024, to allow for timely submission of the CII for 2023.

3. BMA interpretation of provisions

3.1. The BMA offers the following interpretations of the provisions of MEPC.1/Circ. 905:

i. Only biofuels certificated as sustainable on full well-to-wake GHG emissions by an international scheme may be considered as having a lower CO_2 Emission Conversion Factor C_f in line with the details of their certification;

ii. Non-certified biofuels, or those not meeting the full well-to-wake GHG emission criteria shall not be considered as having a lower CO_2 Emission Conversion Factor C_f and shall therefore be accounted for in terms of their GHG emission to the equivalent fossil fuel for CII calculation;

iii. The BMA will not consider any biofuel as having a C_f factor of below zero, irrespective of its certification. In cases where an Emission Conversion Factor may be reflected in the certification as being below zero the actual C_f taken for CII calculation shall be 0;

iv. Biofuels certified by an international scheme shall be considered a biofuel with its sustainability certificate issued on the basis of any existing or future certification scheme recognised by an international organisation[2];

v. Sustainability certification issued under the provisions of multinational regional competent authorities or individual State's national governmental agency may be accepted where a ship consuming such biofuel is operating at all times between the ports and localities under their respective jurisdiction(s) and the high seas. Applications for acceptance shall be to the BMA via the recognised organisation that classes the ship;

vi. Biofuels achieving a certified well-to-wake GHG emission reduction of 65% or more in comparison to a fossil MGO (95 gCO2e/MJ) can be accepted. Biofuels achieving a

[1] The Company is the entity responsible for the management of the ship in accordance with the ISM Code. For ships to which the ISM Code is not applicable, the Company is the Managing Owner in accordance with Section 52 of the Merchant Shipping Act

[2] IMO, International Civil Aviation Organisation (ICAO) or similar

certified well-to-wake GHG emission reduction of below 65% may be considered by the BMA where a ship is operating at all times on such grades of biofuel. Applications for acceptance shall be to the BMA via the recognised organisation that classes the ship;

vii. A Bunker Delivery Note (BDN) containing the mandatory information required by Regulation 18.5 of MARPOL Annex VI, as appropriate, accompanied by a document confirming the biofuel properties as outlined in paragraphs i. to vi. above shall be provided to the ship at each biofuel bunkering by the supplier. A failure of the supplier to provide the above stated documents and/or an accompanying representative sample shall be treated in a similar manner as fossil fuel supply as per Regulation 18.9 of MARPOL Annex VI.

viii. A document confirming the supplied biofuel properties shall be appended to the respective BDN and retained on board mas required by Regulation 18.6 of MARPOL Annex VI.

4. Queries

4.1. Any queries on this Notice may be submitted to tech@bahamasmaritime.com or any BMA office.

5. Validity

5.1. This Technical Alert is valid until 31 December 2023 or until Marine Notice 61 and 63 have been updated, whichever comes first.

ANNEX 1

Draft MEPC Circular

Interim Guidance on the use of biofuels under regulations 26, 27, and 28 of MARPOL Annex VI (DCS and CII)

1 The Marine Environment Protection Committee, at its eightieth session (3 to 7 July 2023), approved the *Interim Guidance on the use biofuels under regulations 26, 27, and 28 of MARPOL Annex VI (DCS and CII)*, as set out in the annex.

2 Member Governments are invited to bring the annexed Interim Guidance to the attention of their Administrations, shipowners, ship operators, fuel oil suppliers and any other interested relevant stakeholders concerned for application as of 1 October 2023.

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ANNEX

INTERIM GUIDANCE ON THE USE OF BIOFUELS UNDER REGULATIONS 26, 27, AND 28 OF MARPOL ANNEX VI (DCS AND CII)

1 The 2022 Guidelines on operational carbon intensity indicators and the calculation methods (resolution MEPC.352(78) CII Guidelines, G1) provide the possibility for the CO_2 Emission Conversion Factor (C_f) to be obtained from the fuel oil supplier, supported by documentary evidence, in case the type of the fuel oil is not covered by the relevant guidelines.

2 Pending the development of the comprehensive method to account for well-to-wake GHG emissions and removals based on the IMO LCA Guidelines, biofuels that have been certified by an international certification scheme[1], meeting its sustainability criteria, and that provide a well-to-wake GHG emissions reduction of at least 65% compared to the well-to-wake emissions of fossil MGO of 94 gCO_2e/MJ (i.e., achieving an emissions intensity not exceeding 33 gCO_2e/MJ) according to that certification, may be assigned a C_f equal to the value of the well-to-wake GHG emissions of the fuel according to the certificate (expressed in gCO_2eq/MJ) multiplied by its Lower calorific value (LCV, expressed in MJ/g) for the purpose of regulations 26, 27, and 28 of MARPOL Annex VI for the corresponding amount of fuels consumed by the ship. In any case, the Cf value of a biofuel cannot be less than 0. For blends, the C_f should be based on the weighted average of the C_f for the respective amount of fuels by energy.

3 A Proof of Sustainability or similar documentation from a recognized scheme should be provided along with the Bunker Delivery Note, to facilitate the verification of the reported biofuel consumption.

4 For biofuels not certified as “sustainable” or not fulfilling the well-to-wake emission factor criterion above should be assigned a C_f equal to the C_f of the equivalent fossil fuel type.

5 This guidance should be considered as an interim simplified method until a more comprehensive method is developed to calculate a fuel’s Emission Conversion Factor reflecting its well-to-wake GHG emissions and removals based on the IMO LCA Guidelines. This guidance does not intend to prejudge or delay the process of developing such a comprehensive method.

6 This temporary guidance will be rescinded immediately upon operationalization of a well-to-wake GHG methodology through the IMO LCA Guidelines.

7 Administrations are invited to inform the Committee on which international certification schemes have been used when applying this guidance.

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[1] Refer to ICAO’s Approved Sustainability Certification Schemes and the CORSIA Sustainability Criteria (Chapter 2) for CORSIA Eligible Fuels