‘Shipping carbon intensity indicator fundamentally flawed’ says d’Amico International Shipping

Marine Money product tanker panel in New York told newly introduced global regulations to lower carbon intensity are not working

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D’Amico executive says incoming EU rules on marine fuels will ‘be far more impactful’ and could increase bunker prices by 50% for intra-European voyages

DI MOTTOLA: ‘PARADOXICALLY, TO HAVE THE BEST INDICATOR, YOU WOULD HAVE TO BE SAILING ALL THE TIME AND IN BALLAST, SO IT’S [CII] NOT VERY HELPFUL.’ *Source: Hasenpusch Photo*

PRODUCT tanker owner d’Amico International Shipping added to industry condemnation of shipping carbon intensity indicators, with its executive director labelling the measure “fundamentally flawed” and unhelpful in lowering emissions.

The Carbon Intensity Indicator, known by the acronym CII, was one of two short-term measures introduced by global regulator International Maritime Organization from January 1, rating ships on a score from A to E.

“Paradoxically, to have the best indicator, you would have to be sailing all the time and in ballast, so it’s not very helpful,” Carlos Balestra Di Mottola told the Marine Money conference in New York on Wednesday.

"The other issue is that there are no penalties for non-compliance, so it doesn't have much teeth."

The IMO is not scheduled to review the CII nor another related, parallel short-term measure, the Energy Efficiency Existing Ships Index, until 2026.

Many different shipping sectors representing cruiseships, some older types of liquefied natural carriers and self-unloading bulk carriers have already said that metrics used to rate vessels unfairly penalise them.

The calculation of the CII using the deadweight tonnes of the vessel to measure the cargo-carrying capacity and transport efficiency aims to cut carbon output by 2% by 2026.

Shipowners have roundly criticised the CII because measurements do not include cargo carried, most recently, Greek shipowner George Economou said at a Nor-Shipping panel earlier this month.

Economou called for the CII to be scrapped, aligning him with environmental groups which also have called for its removal because of its ineffectiveness.

The first CII rankings are due to be released in March 2024. Those with E ratings for three years or a D rating for one year must submit a corrective plan for improvement in its Ship Energy Efficiency Management Plan, known as SEEMP, but this is not being followed up.

ABS expects Carbon Intensity Indicator amendments from MEPC 80

By Enes Tunagur

16 May 2023

Classification society ABS expects the IMO to make the necessary changes in London in less than two months, as some industry participants believe wrong metrics are being used for CII ratings and key exemptions are a must

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Di Mottola said he was sceptical of shipbrokers' estimates that the CII's implementation would reduce effective supply in the product tanker sector by 3%, because vessels would reduce sailing speeds to get lower ratings.

"If you look across tankers, and you look at the number of vessels which are not compliant, it's actually quite a big percentage of 60%, but often the measures which need to be adopted to make these tankers compliant are not that significant," he said.

Any decrease in speed for engines with E ratings, along with energy-saving devices, would see them still able to sail at a speed of 14 knots, higher than today's average speeds seen in a very strong market, he said.

"The EEXI is also not that impactful," he said.

"If it were made more stringent, I think it's something that would be positive for the sector for reducing emissions and shipbuilders generally would not mind very much because it would reduce the speed of the vessels and effective supply.

"The EU ETS instead, which will be coming into force next year, is going to be much more impactful."

Bunker costs for intra-European voyages could rise by 50% next year when the EU incorporates international shipping into its emissions trading system from 2024, according to Di Mottola.

"In a strong market, we will be able to deal with it, as we dealt with last year, and we did very well even across a high bunkering cost environment."