



The ETS (EU Emissions Trading System)

The EU's Policy to fight the Climate change and to reach a goal of zero emissions by 2025 includes several measurements. An essential part of the Concept is the ETS (Emission Trading System). The ETS is a "Cap and Trade" scheme where a limit (the cap) is placed on the right to emit specified pollutants over a geographic area and obliges companies to hold an allowance for each ton of CO₂ or other carbon gases they emit. With the ETS System the EU will safeguard to reduce greenhouse gas emissions like carbon dioxide (CO₂) from electricity generation and Industry (production and transport).

Implementation in the Shipping Industry

The European Union is widening the use of ETS to include the Shipping industry (which contributes with about 3% of the total carbon emission from human activities) as from 1st of January 2024. Vessel operators will have to secure EUAs (European Union Allowance) for 40% of their emissions in 2024, for 70% of their emissions in 2025 and as from 2026 for 100% of their emissions. The Income from the sales of allowances will be used for the EU's Green Fund.

Auctioning of carbon dioxide emission allowances

One European Union allowance (EUA) is needed to cover one ton of CO₂ emissions. Conventional marine fuels cause around 3,1 - 3,2 tons of carbon dioxide emissions per ton of fuel. Companies can buy EUAs (European Union allowances) through auctions, directly from other companies or through intermediaries. Currently The European Energy Exchange (EEX) in Germany acts as a common auctioning platform for authorization of allowances to the market. The Prices of an allowance is determined by supply and demand on the market.

TT-Line's Green Ships Policy

TT-Line supports the EU's ambition with sustainable solutions in its operations. TT-Line introduced the first Green Ships already in 1996 and is running with the newest Generation of Nils Holgersson (May 2022) and Peter Pan (February 2023) one of the world's most modern and environmentally friendly RoPax vessels. TT-Line's Green Policy includes several technology features and innovations that have significant positive impact on fuel consumption and emissions.

Impact for customers /Transport prices

The European Union is expanding the use of ETS to include in the shipping Industry as from 1st of January 2024. TT-Line will therefore charge on all freight units an ETS surcharge for covering the additional costs for buying the European Union allowances (EUAs).

ETS Surcharge Freight

The ETS surcharge will be applicable on all freight units. The surcharge will be calculated per route based on route specific consumption and monthly average notation for European Union allowances (EUA). The surcharge will be adjusted monthly. The average notation of the EUA for the period from the 26th day of month I until the 25th day of month II will be the basis for the surcharge applicable in month III.



External resources

ETS: <https://www.epa.ie/our-services/licensing/climate-changge/eu-emissions-trading-systems-/>

EUA Notation: <https://sandbag.be/carbon-price-viewer/>