

**Press release 2003-08-29**

## **Tradable Emission reductions at sea - Conclusion of Demo Project Phase 1.**

### **Project organization**

A presentation of the Demo Project Phase 1 conclusions will take place at the “Ship emission & Market-based instruments” workshop in Brussels the 4-5<sup>th</sup> of September. The primary stakeholders of the Demo project are; Destination Gotland, Broströms, P&O Lines, Stena Line, SEAA<sup>T</sup> and the Swedish Shipowners Association. The sponsors; Swedish Maritime Administration, Wallenius Lines and Biofriendly also take part in the project. The project management is conducted by PricewaterhouseCoopers, Sweden who work jointly with IVL (The Swedish Environmental Research Institute) in carrying out the tasks in the Demo Project.

### **Background to the Demo Project**

The launch of the Demo Project is a direct response to the initiative by DG Environment as regards a request for a demonstration that monitoring and verification of nitrogen oxides (NO<sub>x</sub>) and sulphur dioxide (SO<sub>2</sub>) emission reductions at sea are feasible.

The request to execute the demonstration was made to the Swedish Shipowners' Association and PricewaterhouseCoopers following their presentation to DG Environment of the proposal<sup>1</sup> for a EU-wide emission trading system of NO<sub>x</sub> and SO<sub>2</sub> which includes shipping. At a meeting with the head of the Margot Wallström Cabinet, the cabinet showed great interest in an emission trading system, as a successful way to reduce emissions from shipping in EU waters.

To strengthen the possibilities for such a legislative development the EU officials recommended and requested that some critical issues should be demonstrated and clarified. The main issues to be demonstrated and clarified were that:

- The reductions can be monitored and verified in practice
- The reductions are real
- Trading can be cost-efficient

### **Conclusion of Phase 1 Pre-evaluation**

The main conclusion of Phase 1 pre-evaluation is, that it is possible to monitor and verify emission reductions of NO<sub>x</sub> and SO<sub>2</sub> from moving emitters at sea, with the technology and knowledge that exist today. Phase 1 shows that a major component of the emission trading scheme will be the use of a verification process that has the ability to offset any

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<sup>1</sup>“ Emissions Trading Scheme SO<sub>2</sub> & NO<sub>x</sub>”, Swedish Shipowners' Association's response to: Discussion Paper ”A COMMUNITY STRATEGY ON AIR POLLUTION FROM SEAGOING SHIPS”, Gothenburg 26.02.2002. It can be downloaded at [www.europa.eu.int/comm/environment/air/background.htm#transport](http://www.europa.eu.int/comm/environment/air/background.htm#transport)

uncertainties in the measuring process, and hence make the reductions credible.

The onboard testing of the selected monitoring and calculation methodologies are carried out in Phase 2 on the ships of the project participants. Early results from the second phase indicate real emission reductions measured at sea.

The Demo Project Phases 2 and 3, onboard tests, intends to demonstrate these results further in practice. The monitoring and verification of emission reductions at sea is a vital part in any future Emission Trading Scheme that will include shipping. The success of such an Emission Trading Scheme will depend on the balance between the costs of implementing emission abatement and monitoring technology and the financial gains from trading emission reductions. To summarize, the work of the Demo Project so far indicates that the criteria set by DG Environment will be met and that the possibilities look cost effective.

### **Scope of the Demo Project**

The scope of the Demo Project is to demonstrate (in practice) that the monitoring and verification of NO<sub>x</sub> and SO<sub>2</sub> emission reductions from sea-going ships is feasible. The monitoring and verification will be tested on reduction techniques for NO<sub>x</sub> emissions (Selective Catalytic Reduction and Internal Engine Measures) and reduction techniques for SO<sub>2</sub> (Low Sulphur Fuel and Scrubbing technology)

For questions please contact the project director:

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