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Contracts as enablers of Book & Claim systems for Alternative Marine Fuels in a Fast- evolving Regulatory Landscape

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Singapore



Regulatory Developments:

Current Measures: EEXI, CII, SEEMP

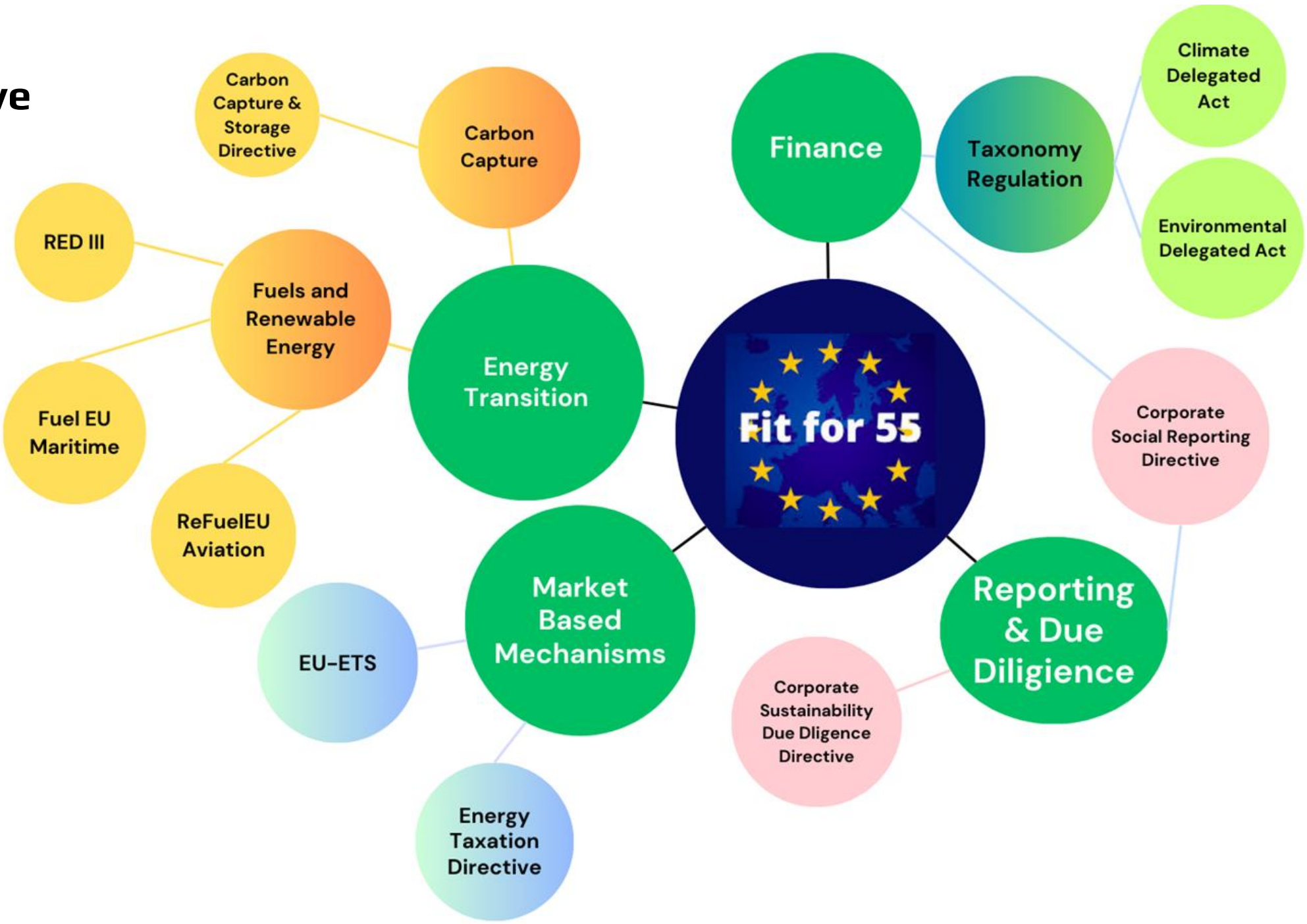
MEPC83: 'net-zero framework'

1. MBM
2. Global Fuel Standard

2024 LCA Guidelines for marine fuels – well-to-wake



Fit for 55 Legislative Suite



Costs of Compliance:

- Alternative fuels and operational efficiency requires additional capital investment and increased costs.
- How can shipowners access **new sources of revenue** within their existing value chains to not only recover additional costs (where not directly passed down to a charterer), but also incentivise further emission reductions?
- Answer: Voluntary Carbon Markets



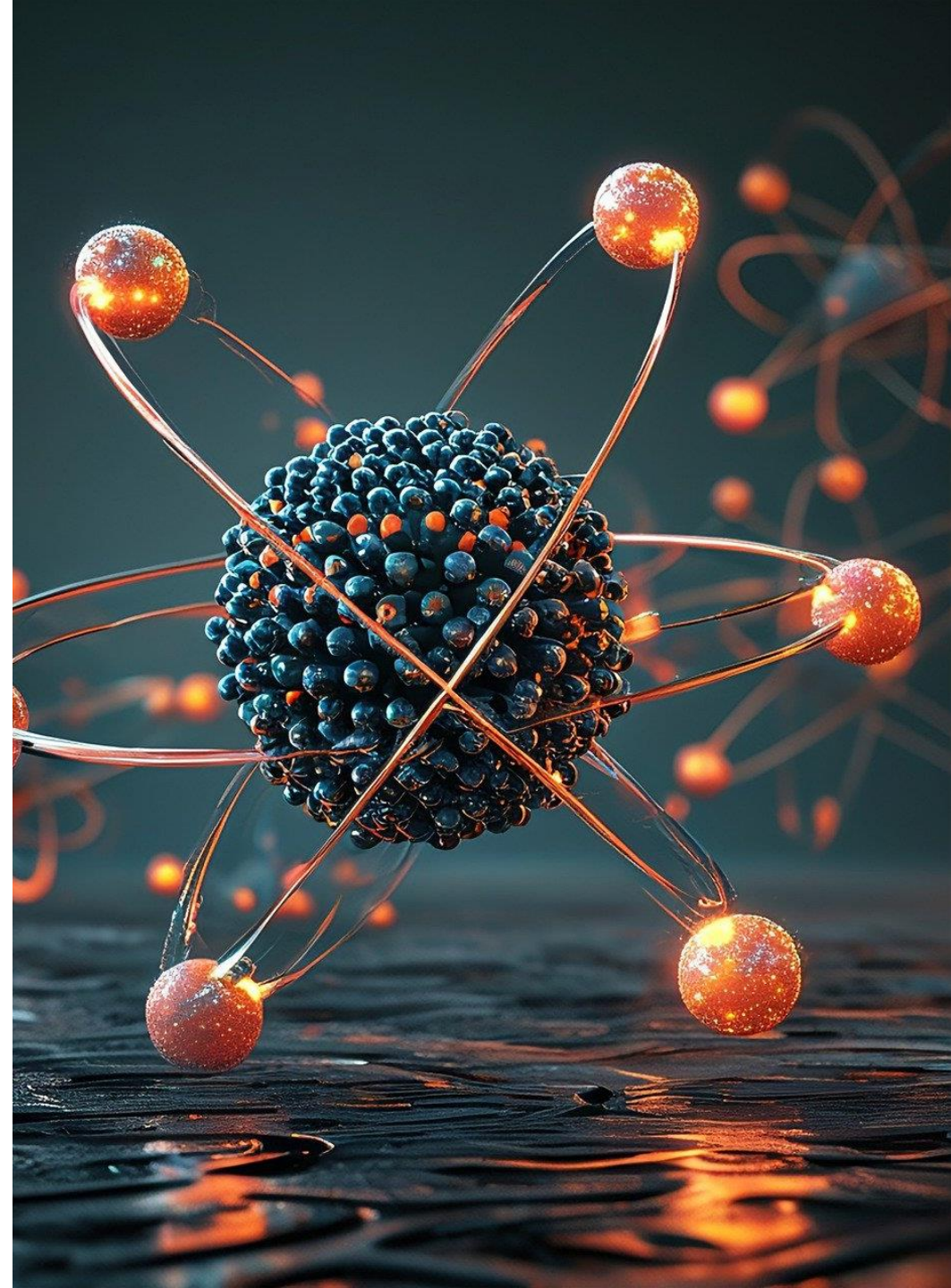
Voluntary Carbon Markets:

Emission reductions in GHG inventory can take place through:

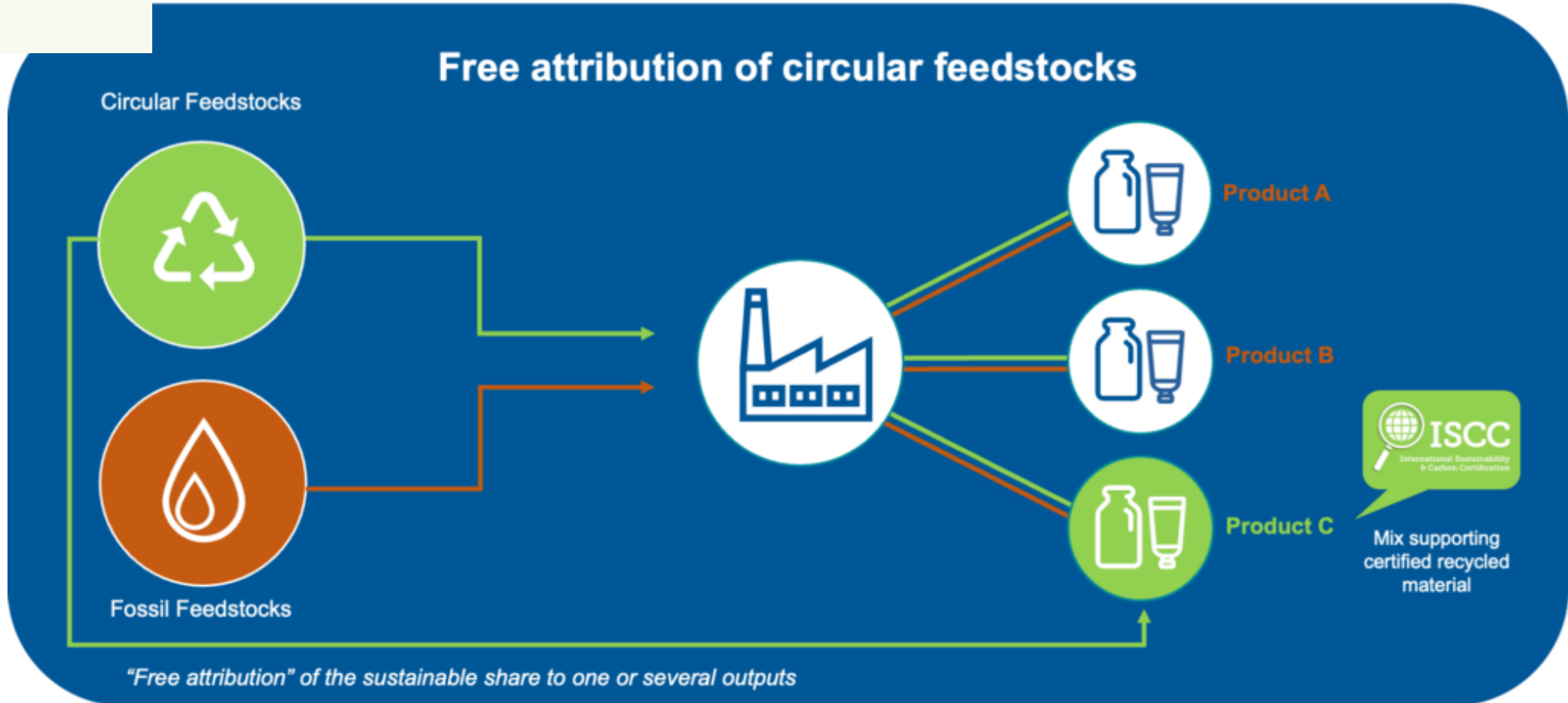
- Carbon offsetting projects and “carbon credits”
- Carbon capture technologies

Within logistics and transport:

- New products that monetize and trade “**environmental attributes**” – capable of being measured and verified and traded in the form of credits, allowances, offsets, reductions.
- A concept of carbon accounting. But what are they legally?
- *Armstrong DLW GmbH v. Winnington Networks Ltd.* [2012] EWHC 10: things in action in a broader sense, “other intangible property”
- Usually, “avoided emissions” – GHG Protocol Scope 4



Mass Balance:



Book and Claim: Insetting

Project funding received from



Measure

- Ships A & B sail on voyages and measure key information, including:
- Type and amount of fuel used
- Distance traveled
- Cargo carried



Ship A



Ship B



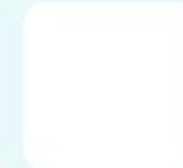
Book

- Ships upload data to the Maritime Book & Claim Platform and receive tokens reflecting the carbon intensity of fuel they consumed.
- Both ships consumed the same amount of fuel.
- Ship A used alternative fuel and ship B used conventional fuel.

Ship A



Cargo owner A



Ship B



Cargo owner B



Book and Claim: Insetting



Mærsk Mc-Kinney Møller Center
for Zero Carbon Shipping



Project funding received from

DEN DANSKE
MARITIME FOND /



Pass

- Ship A receives conventional fuel tokens after swap, which it passes to cargo owner A
- Cargo owner B receives alternative fuel tokens after swap

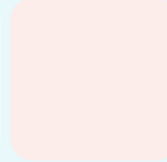
Ship A



Cargo owner A



Ship B



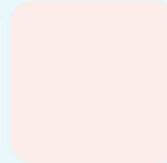
Cargo owner B



All Tokens Claimed

- Cargo owner A claims conventional fuel tokens
- Cargo owner B claims alternative fuel tokens

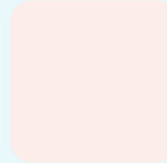
Ship A



Cargo owner A



Ship B



Cargo owner B



Problems and Risks:

- No central registry for the EAs generated – i.e. tokens, credits
- These are created purely within your own value chain for “green premium” customers – who decides what they are and what they represent?
- Who verifies? Voluntary certification schemes
- Methodology? GLEC Framework serves as the primary industry guideline on how to implement ISO 14083
- Risk of double counting. Non “green-premium” customers.
- GHG Protocol??? Does it endorse Book & Claim models



**Smart Freight
Centre**

Additionality

“Additionality”: voluntary actions are “additional” to actions taken for regulatory compliance.

Additionality will refer to the regulatory requirements of the EU in relation:

- FuelEU Maritime (FUEM) Regulation and RED III
- EU ETS Directive read with the MRV Regulation

Will we see similar parameters for additionality with the IMO MBM and Global Fuel Standard??



These are entirely enabled by CONTRACTS:



OFFTAKE AGREEMENT



CUSTOMER AGREEMENT FOR
PURCHASE OF EAs
I.E. "GREEN PREMIUM"
CUSTOMERS



BILLS OF LADING OR
OTHER TERMS OF
CARRIAGE DOCUMENTS

Thank you!

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