



GreenPort

WINTER 2013

Balancing Environmental Challenges with Economic Demands



Incentivising efficient vessels in ports:

Carbon War Room's COO, Peter Boyd shares his view

- The appeal of manageability
- Tug profile provides challenge for clean and efficient operations
- Putting action before words

Incentivising efficient vessels in ports



Rewarding efforts that stretch beyond 'environmental compliance' is by no means a new concept for ports, and this is becoming increasingly popular as the industry looks to commercialise emissions reduction and tangibly demonstrate the link between sustainability and operational efficiency, says **Peter Boyd**, COO, Carbon War Room.

THE TWO ARE intrinsically connected - essentially, if you're actively looking to reduce your emissions, you lower fuel costs and improve profits. Incentivising makes this point in the clearest possible way.

Programmes such as Port of Gothenburg's campaign to incentivise vessels transitioning to cleaner fuels and initiatives such as the Environmental Shipping Index (ESI) are becoming increasingly developed, implemented and used across the industry, however many have largely focused on 'local pollutants' such as SOx and NOx. To further strengthen the ESI, the Existing Vessel Design Index (EVDI™) is also increasingly being adopted by ports.

A collaboration between our organisation the Carbon War Room, a not-for-profit established in 2009 to accelerate the adoption of business solutions that reduce carbon emissions at gigaton scale, and the leading maritime vetting company RightShip, has extended the good work of other rating schemes in the shipping industry to focus entirely on energy efficiency, which in turn equates to lower fuel bills and carbon. The Existing Vessel Design Index uses credible data to offer incentives to vessel owners such as reduced port dues, and in turn its application can also benefit the port itself in several ways. Encouraging only the cleanest and most efficient vessels into ports reduces the port's own pollution levels over time, and demonstrates to local stakeholders that the port is being proactive in taking steps to increase its sustainability.

Attractive partnership opportunity

From a reputational perspective, ports that proactively encourage vessel efficiency are an attractive partnership opportunity for the wider supply chain, which increasingly expects transparency around emissions reduction. Ports are a crucial link to raising the profile of sustainable shipping beyond the maritime industry itself - as the most visible element of shipping with supply chain partners including retailers, leading to the end consumer themselves; ports can provide much-needed transparency for ship owners that are reducing emissions by highlighting the positive consequences of this investment in clean technology.

The EVDI™ methodology, which calculates and provides efficiency information on over 60,000 vessels including container ships, tankers, bulk carriers and cargo ships, enables charterers and indeed the wider supply chain to instantly see a ship's theoretical greenhouse gas emissions and relative energy efficiency as determined



by RightShip's EVDI™ rated from A (most efficient) to G (least efficient), compared to ships of similar size and type.

'A to G' rating system

Currently, 22% of the non-container charter market uses the 'A to G' rating system to inform their vessel chartering process, making it the most widely-used index in the industry. This represents 1.3 billion tonnes of cargo, 14 companies, and 15,000 vessel movements per annum, and includes the three first movers, charterers Cargill, Huntsman and UNIPEC, who in October 2012 agreed to phase out "F & G grade" (the least fuel-efficient) ships from their fleet. It is great to see charterers using the information to increase demand for more efficient ships, with the aim of developing a market that values energy efficiency. Research conducted by University College London reveals that whilst progress is being made, efficiency is still not wholly being reflected in improved daily rates for those vessels, but the die has been cast and ship owners and operators are beginning to see a correlation between vessel improvements and the bottom line.

Looking ahead, the next step for ports is to work collaboratively as a global network to encourage the use of incentivising using energy efficiency index ratings. Highlighting the cleanest vessels commercialises sustainability and provides tangible proof of the performance and importance of clean technology, reduces pollution levels for local inhabitants whilst driving fuel efficiency for the industry that has a positive impact on the bottom line - a powerful proposition for today's market.

XXXXXXXXXXXX
XXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX

Carbon War Room Logo

