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Subject:

Flasg report - meeting with Shell on 04/06/2021

Dear all,

Please find below the summary of the discussion we had with Shell this morning on FuelEU Maritime.

Kind regards,

Participants:

- Shell :
- DG MOVE:

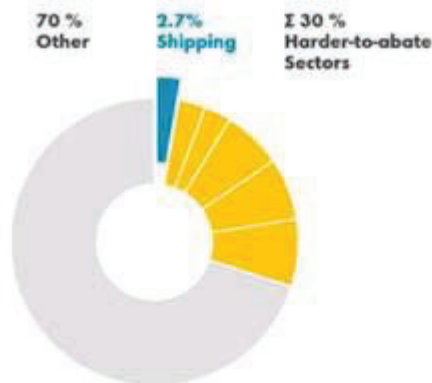
Discussion:

- Shell provided an overview of their climate strategy and the implications for the transport sector / maritime. Overall ambition is to become a net-zero emissions company by 2050 (scope 1 & 2 but also scope 3 emissions). The strategy is then broken down by decarbonisation pathway for each of the sectors. For maritime, the main elements are:

WHERE WE ARE TODAY

Shipping is backbone of the global economy, moving around 90% of global trade

SHIPPING – GLOBAL CO₂ EMISSIONS



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Source: IEA Energy Technology Perspectives 2017; IEA 2014 baseline value assumptions; Deloitte analysis

CHALLENGES





- A zero-carbon fuel is not readily available
- Long lifecycle of assets
- Technically complex to electrify compar
- New infrastructure for fuel bunkering an
- The International Maritime Organisation ambitious regulation

TECHNOLOGY PATHWAYS TO D

1	2	3
Energy efficiency - measures available today.	Fuel cells unlock future fuels - achieving up to 80% energy conversion efficiency, ammonia, hydrogen, LNG.	F v n li c d s

- In addition to these points, they also recognised the importance of using green electricity for ships at berth. Concerning the regulatory approach, Shell expressed preference for a global solution, and in case instruments are established in the EU, they should be designed in a way that would allow to translate them in international rules by the IMO.
- Concerning the interfaces with the maritime sector:

The Marine Sector in Shell today

Marine FO	LNG	Lubricants
		
Major global supplier	Only lower carbon solution feasible today for new builds before 2030	Vast product range of lubricants
<div>~7.8% of total global bunker market*</div> <div>Supplying all grades of FO</div> <div>13 bunker locations globally</div> <div>Biofuel available in Rotterdam, NY and Singapore</div>	<div>Bunker locations in major ports with continued expansion to ~30 locations</div> <div>Up to 23% GHG reduction potential</div> <div>Potential destination fuel for Marine with Syn/Bio LNG</div>	<div>~16% market share of marine lubricants</div> <div>700+ ports/ yards across countries</div> <div>Integrated technical services and digital solutions</div>
*estimated 15.6 million metric tonnes of sales in 2020		
		Shipping & Maritime Centre of Excellence for Shipping in operations and technology leader Shell fleet and associated floating assets by providing Shipping expertise to the sector. Lead through action with projects including the development of bunkering capable MRs, VLCCs and LNG carriers. Operating a large fleet

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- In terms of projects, Shell mentioned ongoing project on hydrogen in Asia, work on marine lubricants, continuing investment in LNG and then the use of digital solutions to reduce the emissions of their own fleet.
- In their views, the policy framework should allow aligning demand and supply, as well as the infrastructure. It is important to scale up demand for H2. Call for a carbon intensity standard (baseline and credit system), allowing all fuels for compliance. Concerning ETS, they would favour a separate maritime ETS, which would best fit the sector and be more easily transferred to the IMO. Concerning ETD, they would support the inclusion of the maritime fuels and move the taxation base on CO2 content. Infrastructure support should continue as an enabler; they would support the introduction of obligation on H2.
- [REDACTED] provided an overview of how FuelEU Maritime is designed to fit in the overall basket of measures and explained the endeavour to complement RED, AFID, etc. [REDACTED] pointed out to the LCA discussions at the IMO. On values, Shell expressed preference for keeping the RED schemes. [REDACTED] mentioned the upcoming discussions on the Low Carbon Fuel Alliance.