

## MARPOL Annex VI Roundtable 1

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DATE/TIME Tuesday 22 September 2020, 9 am – 12 noon

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LOCATION Ministry of Transport, 3 Queens Wharf, Wellington – or remotely via MS Teams

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### **Welcome, introductions, expectations for today**

- Today's meeting is about providing an overview of the breadth of issues that MARPOL Annex VI covers, and getting initial stakeholder reactions, especially major concerns.
- There will be additional meetings in the future that go more in depth on issues where there is a lot of interest and/or technical decisions to be made.
- Officials are also very open to having discussions with individual or smaller groups of stakeholders where there is an interest or where there are sensitive issues.

### **Annex VI overview**

- The focus of Annex VI is to address the impact of air pollution from shipping activities on human health and the environment, as well as the impacts of emissions from shipping activities on climate change and ozone layer depletion.
- Following public consultation, New Zealand decided to accede to Annex VI in 2019. We are now in the process of aligning domestic regulations to enable accession by the end of 2021.
- One objective of today's meeting is to demonstrate that Annex VI is about more than SO<sub>x</sub> – it covers a wide range of pollutants, and different provisions apply to ships, engines, fuels, ports, and cargoes. New Zealand will have obligations as a flag state, port state, and coastal state.
- The starting premise of Annex VI is that the provisions apply to all ships, but then there are exemptions and areas of state discretion.
- Areas where New Zealand has discretion will be the focus of our stakeholder engagement.

#### *General discussion questions:*

- *What would the impact be of different approaches on industry, environment, and communities?*
- *How can officials support industry to meet the requirements?*
- *How will we know that industry is meeting the requirements?*

### **Nitrogen oxides (NO<sub>x</sub>)**

#### *Discussion questions:*

- *Is there an appropriate alternative control regime for ships engaged only on domestic voyages?*
- *What would be the impact of including or excluding ships on domestic voyages constructed before 2005 (or where the engine has undergone a major conversion before 2005)?*

Key points raised by stakeholders:

- There may be implications for certification processes. Currently, only class surveyors can issue international certificates. Requirements for domestic survey and certification will need to be considered as part of implementation.
- Officials should also consider the necessity and availability of NO<sub>x</sub> reception facilities (specifically for NO<sub>x</sub> scrubbers) and any dependencies or synergies between this and SO<sub>x</sub> reception facilities.

### **Energy efficiency**

*Discussion questions:*

- *What would be the impact of extending energy efficiency requirements to 400+ GT ships that are not engaged in international voyages?*

Key points raised by stakeholders:

- The requirements in Annex VI will generally need to be met, because of the Annex itself and because of international and domestic politics. The question is how we best do that.
- Some operators raised specific difficulties relating to SEEMP development. Others said that ROs can be helpful in SEEMP development, e.g. provide templates and guidelines.
- There is a need for more consideration on impacts on larger fishing vessels if the requirements apply to domestic-only ships.

### **Shipboard incineration**

*Discussion questions:*

- *What would be the impact of including or excluding incinerators installed on ships before 2005, when the ship is engaged only on domestic voyages?*
- *About how many NZ ships have incinerators?*

Key points raised by stakeholders:

- Most larger fishing vessels have incinerators, although many of those are probably from before 2005. Still, this needs further consideration, as impact on sector could be significant. There may be specific impacts on vessels that operate domestically and in the Ross Sea.

### **Volatile organic compounds (VOCs)**

*Discussion questions:*

- *What would be the impacts of establishing VOC-regulated ports or terminals in NZ?*
- *If a VOC-regulated port or terminal was established, what types of ship/cargo should be regulated?*
- *Are there any concerns about VOC emissions associated with particular ports or terminals in NZ?*
- *Is this currently an issue for any NZ flagged ships?*

Key points raised by stakeholders:

- Some tankers already have VOC vapour emission control systems and return lines on board, but there are no reception facilities in New Zealand. Vapour is instead released into the air. Ports of concern are Marsden Point and Port Taranaki.
- Majority of new tankers also have these systems, but not many ports internationally have reception facilities. Cost is most probably the primary issue preventing more ports from regulating VOCs.

### **Tea/coffee break**

## **Sulphur oxides (SO<sub>x</sub>)**

### *Discussion Questions:*

- *What measures are industry currently adopting to comply with the requirements?*
- *What issues are you facing?*
- *What would be the impact of NZ:*
  - *allowing alternative means of compliance, e.g. scrubbers?*
  - *monitoring, prohibiting or restricting discharge from open loop scrubbers in NZ territorial or coastal waters?*

### Key points raised by stakeholders:

- It is a complex decision as to whether changing fuels or using scrubbers is a better option for operators.
- Some operators are using methanol as a means of compliance.
- In choosing to use low sulphur fuels, you may end up needing to burn more fuel (creating additional CO<sub>2</sub>) or needing to add other chemicals to the fuel to avoid damaging the engine. These trade-offs need to be fully considered.
- Scrubber installation can costs can be high, and they don't fit on some ships, especially smaller ships.
- A key challenge with regulating scrubbers is dealing with vessels that already have scrubbers on board (which may or may not meet new regulations) and achieving alignment with IMO requirements, which are currently being reviewed.
- Some operators were of the view that prohibiting scrubber use is unreasonable, especially for ships that already have scrubbers installed.
- Another challenge for closed loop or hybrid scrubbers is port reception facilities for waste.
- There are a lot of technological opportunities for new ships (batteries, dual fuel engines), but it would be challenging for existing ships to adjust to new fuels, scrubbers, etc.

## **Fuel oil availability and quality**

### *Discussion questions:*

- *Are there any barriers to obtaining or supplying compliant fuel in NZ?*
- *What would be the impact of extending the bunker delivery note and fuel testing requirements to:*
  - *<400 GT ships that travel internationally?*
  - *ships that only travel domestically?*

### Key points raised by stakeholders:

- There was agreement that the issue of fuel availability was closely connected with the future of the Marsden Point refinery. There were likely to be a lot of changes to fuel supply chains in New Zealand in the near future.
- The changeover would require planning, so more lead time will be helpful for operators. However, everything waiting on what will happen to the refinery.
- Stakeholders ask that the Annex VI accession timetable be flexible enough to adjust based on what happens with the refinery.
- Fuel will need to be manufactured or imported, transported around New Zealand, and stored at ports in order for it to be available.
- There may be some lessons about fuel availability to learn from what happened in the Pacific Islands.
- Beyond availability, there are also some worries about fuel quality (e.g. impact of low sulphur fuels on engine function/health) and on health and safety issues that could arise as a result of the transition, eg converting from sulphur to diesel (which may require additional guidance from MNZ).
- It was noted that this chapter could have implications for larger recreational vessels, especially if applied to vessels <400 GT.

## Ozone depleting substances (ODS)

### Discussion questions:

- *What impact will meeting the requirement have on your operation?*
- *What would be the impact of expanding the record-keeping requirements to include 400+ GT ships on domestic voyages?*
- *About how many NZ ships have installations containing ODS?*

### Key points raised by stakeholders:

- Most fishing vessels use ammonia-based cooling systems, rather than ODS, so impact would likely be minimal, although the large Russian trawlers use Freon-based systems.
- Conversion to ammonia-based systems from older systems is nearly impossible because of requirements that ammonia must be in a separated space.

## Port reception facilities

### Discussion questions:

- Does NZ have services capable of dealing with:
  - ODS?
  - Scrubber waste?
- What is the practical impact of requiring service providers to do this?
- What is the likely demand for these services?
- What is the impact on ports?
- How many ports should have PRFs? What ports?

### Key points raised by stakeholders:

- It is not currently known what the demand for various port reception facilities will be, or if that demand will be high enough for ports to voluntarily provide those facilities.
- Demand will be dependent on usage rates of closed loop or hybrid scrubbers and on frequency of ships wanting to offload ODS.
- Another issue to be considered is what will happen to the waste once it's disposed of in port, for instance if it's not landfill-ready. MfE is investigating this with service providers. It is not currently possible to process ODS in New Zealand, and they need to be exported to Australia.

## Next steps – continuing engagement

- Officials will be in touch with stakeholders soon about their preferences for involvement in future roundtables which will cover issues in more detail.
- Feedback will also support New Zealand participation and standing in ongoing discussions at the IMO to adopt a Revised GHG emissions strategy in 2023.

### Key points raised by stakeholders:

- There was a request for clear communications on rules or guidance for operators in the meantime before New Zealand accedes to Annex VI.
- Fuel terminal managers (e.g. Marsden Point) need to be engaged.
- In considering areas of discretion, officials should consider the effects on vessels that operate in more than one jurisdiction.
- The interface between MNZ rules and regional council rules and guidance under the RMA should be considered and communicated clearly, as challenges have emerged in other MARPOL Annexes.
- The large number of participants should be taken as an indicator of the high level of interest from operators, whose main interests are likely centred on business continuity and forward planning.
- Additional in-depth engagement and clarity on timeframes will be appreciated.

**Close**