



FEPORT position paper on the deployment of OPS

1. Introduction

FEPORT represents the interests of 1225 private port companies and terminals performing cargo handling and logistics related activities in European seaports, which employ over 390.000 workers.

FEPORT members have since a long time been committed to decarbonizing their operations. For this reason, they have in 2017 adopted a methodology to calculate the GHG footprint of their operations in container terminals. FEPORT members met the 2020 GHG reduction targets well ahead of the deadline. They remain committed to the objectives of the European Green Deal, i.e., to further work towards bringing down the emissions of their operations.

For the EU to meet its climate targets, it is important to focus on emission reductions of ships in ports.

In this respect, as underlined in the EU Commission's proposal for a FuelEU Maritime Regulation¹, air pollution of sulfur oxides, nitrogen oxides and particulate matter by ships in ports constitutes a significant concern for coastal areas and port cities. It is therefore necessary to impose strict emission reduction requirements on ships that keep their engines running – often using heavy fuel oil – during their stay in ports.

The use of Onshore Power Supply (OPS) is a logical option as it does not only allow ships to bring down their GHG emissions – especially if the electricity used is based on renewable energy - but also reduces air pollution thus leading to significant health benefits for those populations living close to ports.

¹See recital 20 of the [Proposal for a Regulation on the use of renewable and low-carbon fuels in maritime transport and amending Directive 2009/16/EC](#).

Adopt an ambitious alternative fuels' infrastructure policy with clearly defined roles for each stakeholder of the maritime logistics chain

FEPOR supports that FuelEU maritime lays down strict requirements for ships above a gross tonnage of 5000 to use OPS by 2030. Similarly, we agree that the Alternative Fuels Infrastructure Regulation proposal (AFIR) includes ambitious targets regarding infrastructure provision as it is crucial for EU policy to focus both on the demand *and* the supply side if the EU wants to avoid the so-called “chicken and egg” problem.

Yet, when implementing an ambitious policy regarding the rollout of OPS and clean bunkering facilities, it is key to avoid confusion when it comes to the split of roles in terms of financial and operational responsibilities between port and maritime stakeholders. **FEPOR therefore recommends to specifically mention in AFIR that the managing body of the port is the party responsible for the financing of refueling and recharging infrastructure, in accordance with the Port Services Regulation and the 2017 amendment to the General Block Exemption Regulation (GBER), which both stipulate that infrastructure management and maintenance is in the remit of port authorities.**

2. Financial responsibility

Reducing shipping emissions in ports is of a clear public interest as it will enable Member States to meet their objectives of reduction of greenhouse gas emissions by 55% by 2030 as compared to 1990 levels. In addition, in view of the air pollution that is caused by ships using heavy fuel oil during their stay in port, ensuring an effective rollout of OPS is also a matter of public health.

Ensure the availability of sufficient public funding to support the rollout of alternative fuels infrastructure

As the reduction of emissions in ports constitutes an important general interest, FEPOR thinks that the bulk of investments into clean refueling and recharging infrastructure in ports should be public.

We therefore support amendments to the AFI Regulation proposal that do not only oblige Member States to prepare a national policy framework, but also to draft a clear funding plan stipulating how the rollout of shore-side electricity and clean bunkering facilities in ports will be financed.

FEPOR also believes that parts of the revenues raised via the implementation of FuelEU Maritime and EU ETS should be used to fund the rollout of infrastructure in ports. Indeed, allowances paid by shipping lines to cover their emissions – in the case of EU ETS – and the penalties paid in case of non-compliance with the GHG intensity requirements spelled out in FuelEU should partially finance the deployment of alternative fuels infrastructure. In this way, the polluter pays principle will apply as the allowances and penalties paid by shipping based on their emissions and environmental performance will be used to finance the infrastructure that is needed to green maritime transport. Moreover, the establishment of a dedicated fund based on FuelEU and EU ETS revenues reduces the need for direct or indirect tax revenues to finance the deployment of OPS and clean bunkering facilities in ports.

In line with the above, FEPORT supports amendments to EU ETS and the FuelEU Maritime regulation that explicitly state that part of the revenues raised via the implementation of those initiatives will be invested in the rollout of green refueling and recharging infrastructure in ports.

3. The roles and responsibilities of each port stakeholder

In the port sector, port authorities are responsible for building, managing and maintaining the basic infrastructure. This role is also recognized in the Port Services Regulation (EU) 2017/352 which refers to “the managing body of the port” as *“any public or private body which, under national law or instruments, has the objective of carrying out, or is empowered to carry out, at a local level, whether in conjunction with other activities or not, the administration and management of the port infrastructure (...)”*.

In addition, the 2017 amendment of the General Block Exemption Regulation considers “alternative fuel infrastructure” as part of port infrastructure.²

Align AFIR with existing EU legislation which clearly specifies that the managing body of the ports is responsible for the provision of alternative fuels infrastructure

Therefore, in line with the existing divisions of roles in the port sector, which reflect the operational reality in European ports and the above-cited regulations, the rule should be that coordination regarding deployment of OPS should be done by the port authority in close cooperation with terminal operators as the deployment will have a significant impact on the layout and operations of the terminal. This should be clearly specified in AFIR.

As terminal operators are from an operational and legal perspective not the party responsible for the provision of OPS, no regulatory tasks should be imposed on them in the framework of FuelEU Maritime, for example, when it comes to granting exception certificates to ships that are exempt from the obligation to plug in as specified in article 5(3) of the Commission proposal. FEPORT is of the opinion that the managing body of the port should be responsible for granting such certificates and therefore recommends keeping the text of article 5(5) as it is.³

In the next Paragraph, we present two business cases for the deployment of OPS.

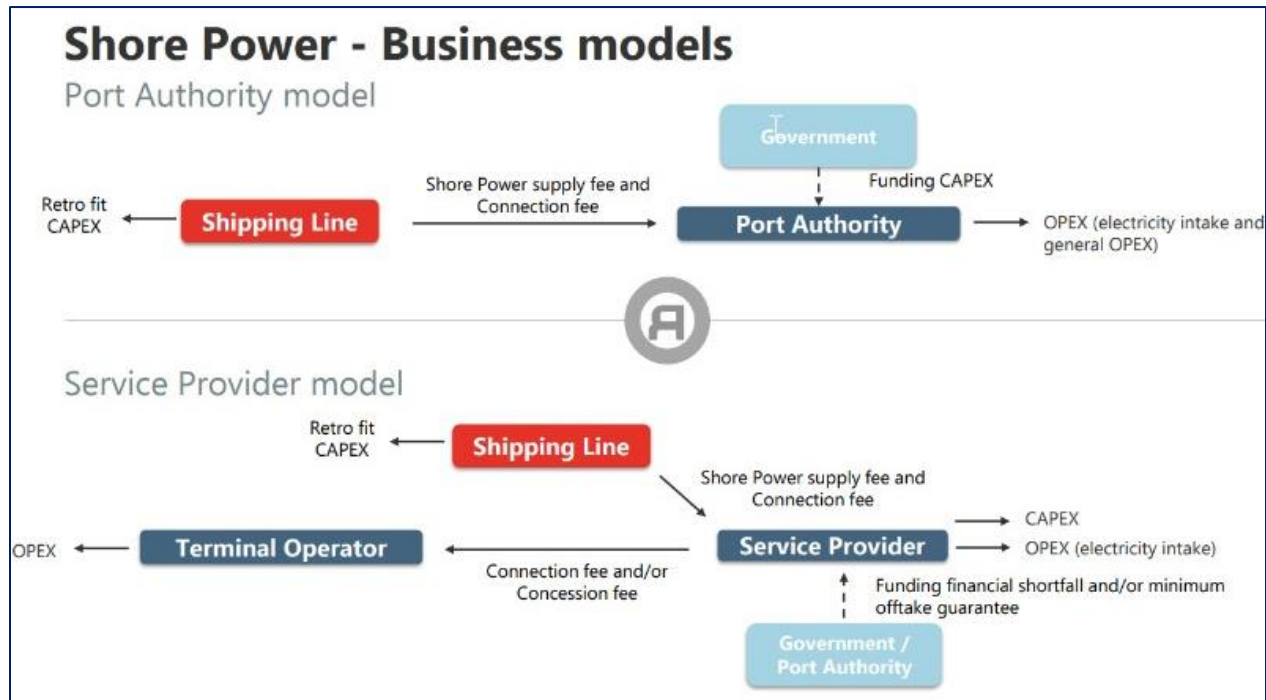
4. Different business models for OPS

Currently, all business models for the provision and usage of OPS have a negative return on investment. In other words, if policy makers want to increase the usage of OPS, sufficient public support is a prerequisite to bridge the current price gap.

²See added point (157) of [Commission Regulation \(EU\) 2017/1084 of 14 June 2017 amending Regulation \(EU\) No 651/2014](#) as regards aid for port and airport infrastructure, notification thresholds for aid for culture and heritage conservation and for aid for sport and multifunctional recreational infrastructures, and regional operating aid schemes for outermost regions and amending Regulation (EU) No 702/2014 as regards the calculation of eligible costs

³See article 5(3) and 5(5) of the [Proposal for a Regulation on the use of renewable and low-carbon fuels in maritime transport and amending Directive 2009/16/EC](#).

For clarification purposes, we refer to two different business models that are used for the provision of OPS in ports. The prevalent one is the port authority model. In each business model we are presenting, CAPEX expenditures must be paid by shipping lines to adapt their ships to be able to plug in to OPS.



Source: business models shore power (REBEL, 2021)

In the service provider business model, the OPEX expenditures are the responsibility of the terminal operator or another service provider. It should indeed be possible for terminal operators to engage in this model and offer OPS as a service, but this can only be possible and profitable if Member States or port authorities invest to ensure that electricity can be provided to ships on the long term, at a profitable rate.

Stimulate the business case for OPS by increasing demand

FEPOR supports including an EU-wide systematic tax exemption for electricity provided to vessels at berth in the revised Energy Taxation Directive, as this could incentivize ships to already plug in before 2030. Once shipping demand increases, more private operators could be inclined to offer OPS as a commercial service.

Maintain the 5000 GT limit throughout the fit for 55 package

In the port authority model, terminal operators are not responsible for any OPEX costs, but they are nevertheless impacted by the civil works that are carried out on the terminal to install the OPS substations. Moreover, when the installations are finally operational, arrangements need to be made regarding who will be responsible for the (dis)connection of the vessels. Terminal operators can play a role in this regard in exchange of a proper fee for the service they will offer.

Both business models impact terminal operations and require large public investments.

FEPORt therefore favors maintaining the 5000 GT threshold proposed by the EU Commission, as it covers the larger ship types which emit the most. In addition, as opposed to smaller vessel types, it is currently more difficult for ships above a gross tonnage of 5000 to achieve net zero in a near future. The 5000 GT threshold should thus be maintained in order to ensure that OPS is primarily installed in ports where it makes the most environmental and economic sense.

Allow flexibility to port stakeholders to decide regarding OPS deployment

FEPORt believes that the regulator should allow sufficient flexibility to port stakeholders to choose between the two above-described business models. However, the entities responsible for deployment of alternative fuel infrastructure should be port authorities.

In line with the above, FEPORt opposes amendments to the AFI Regulation that would entail that terminal operators are obliged to provide shore-side electricity to vessels at berth.

In the event that a terminal operator voluntarily chooses the service provider model, it will be essential to provide more financial incentives, such as via tax exemptions.

Finally, in order to stimulate demand, it is crucial that the OPS user requirements stipulated in the FuelEU Maritime Regulation remain ambitious and are not watered down.

5. Conclusion

An ambitious alternative fuel infrastructure policy which allows ships to decarbonize their operations on voyage and in ports is crucial for the EU to meet its climate targets for 2030, but also to improve the air quality and public health in port cities and their neighborhood.

However, it is crucial that the role and responsibilities of each port stakeholder are clarified. The Port Services Regulation and the 2017 amendment to the GBER clearly indicate that port authorities are the actors responsible for infrastructure provision, including the provision of alternative fuel infrastructure. This principle, which reflects the operational reality in European ports, should therefore also be adhered to in the AFI Regulation.

Terminal operators or other private parties can play a role in the provision of OPS or clean bunkering facilities, but this is a business decision based on expectations regarding return on investment. One way to increase the level of involvement of the private sector in the deployment of alternative fuel infrastructure is to stimulate demand through taxation measures and the allocation of public funding to bridge the price gap.