

# World Ports Climate Action Program

WPCAP






WPCAP CEO meeting June 11 2020



# WELCOME TO THE WPCAP CEO MEETING JUNE 11 2020

*We'll get started in just a few minutes! In the meantime...*

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# OUR COMMITMENT TO ANTITRUST COMPLIANCE

Antitrust law is intended to promote and protect competition and to protect consumers

WPCAP members shall be committed to full compliance with all laws and regulation, including strict applicable antitrust laws.

- Information sensitive to competition, will not be shared
- In the event that such information is required to enable a possible cooperation, the members will consult the legal department to find out how that information can best be collected and, where possible, shared

So we **can** discuss /exchange on:

- Publicly available information regarding market developments
- Purely technical topics such as upcoming legislation and technical developments
- Not-competitive information
- Non-publicly accessible information that is general in nature
- Historical information that is no longer sensitive to business
- Aggregate information that is not traceable to individual participants

So we **can't** discuss / exchange on:

- Competitive sensitive information such as prices, pricing policy, margins, discounts, fees, credit conditions, trading conditions and the like
- Information about intended plans with regard to (used) technology, investments, designs, production methods as well as the delivery of specific products or services and the like
- Other information that would not be shared with a competitor under normal circumstances.



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## PROPOSAL - OVERVIEW

### Objective

### Topic

### Proposed Actions

Accelerate climate action by leveraging cutting-edge climate solutions, striving for significant impact regarding climate change and air quality

	<b>WG 1: Efficiency</b>
	<b>WG: 3: Power-to-ship</b>
	<b>WG 4: Sustainable fuels</b>
	<b>WG 5: Cargo Handling Equipment</b>

<b>Initiate a cross industry collaboration under the IMO GIA</b>
<b>Establish two P2S coalitions (tanker &amp; container) and engage shipping lines and energy providers</b>
<b>Facilitate new sustainable low carbon marine fuel pilot projects in 2021</b>
<b>Obtain commitment from terminal operators for new zero emission initiatives</b>

**WG 2: Establish a joint process to stimulate vessels to meet increasingly stringent decarbonization criteria**

Steps:

- Define criteria and make more stringent over time
- Implement 'in lockstep'
- Review and report on the impact
- In parallel, define criteria for Cargo Handlers

**WG2: Activate policy instruments\***

**Align interests between Shipping Lines, Terminals and Ports**

**Encourage participation in a P2S pilot**

**Reward emission reductions from sailing**

**Incentivize new demonstration initiatives**

*Examples*

Note: Policy instruments may include: (new or deeper) incentives, pricing policies (bonus malus), requirements (regulation) and/or awards

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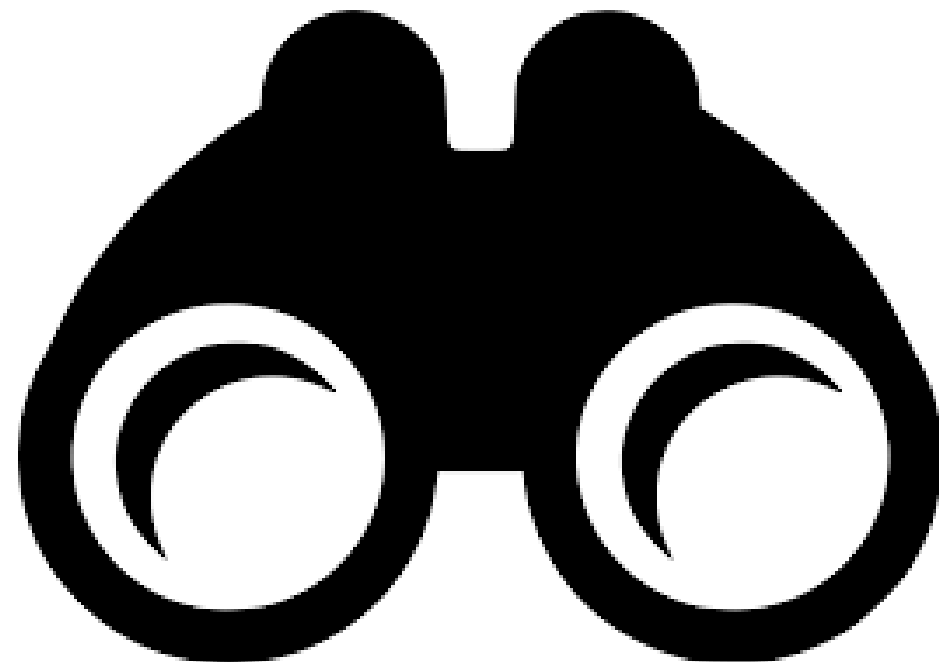
## EFFICIENCY: OBSERVATIONS

Ports, terminals and shipping are facing an enormous challenge to reduce emissions under economic uncertainty

All three parties need solutions that have material impact whilst limiting investments

All three have their own agenda's; there is limited collaboration on these agenda's

An example of limited collaboration is Port Call Optimization





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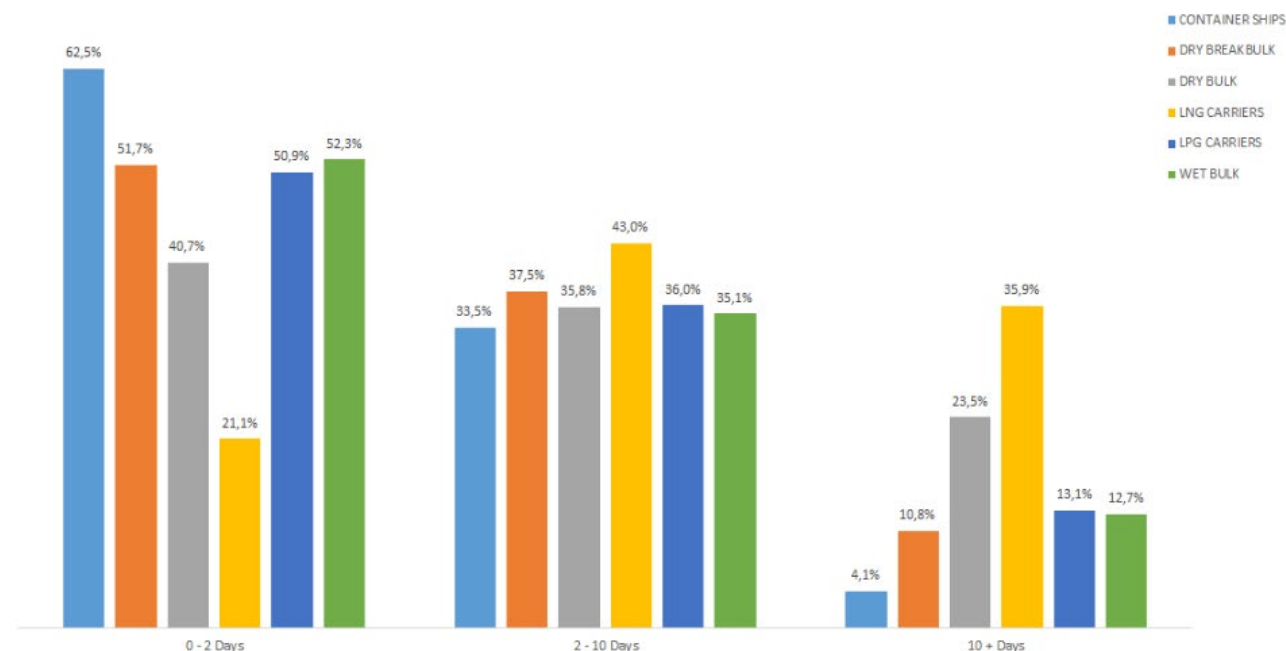
## EXAMPLE: PORT CALL OPTIMIZATION

Up to 50 % of voyages are shorter than 48 hours

Herein lies an opportunity to reduce emissions at sea through exchange of berth planning data; however:

- There is limited awareness of the potential among ports and terminals
- Terminal Operators' (and Ports) interests are different and they're are not engaging
- Shipping lines are urging the regulator to mandate ports to realize PCO; there is no cross industry collaboration based on trust

Percentage of Market Share per Voyage Length





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# PROPOSAL: CROSS INDUSTRY COLLABORATION

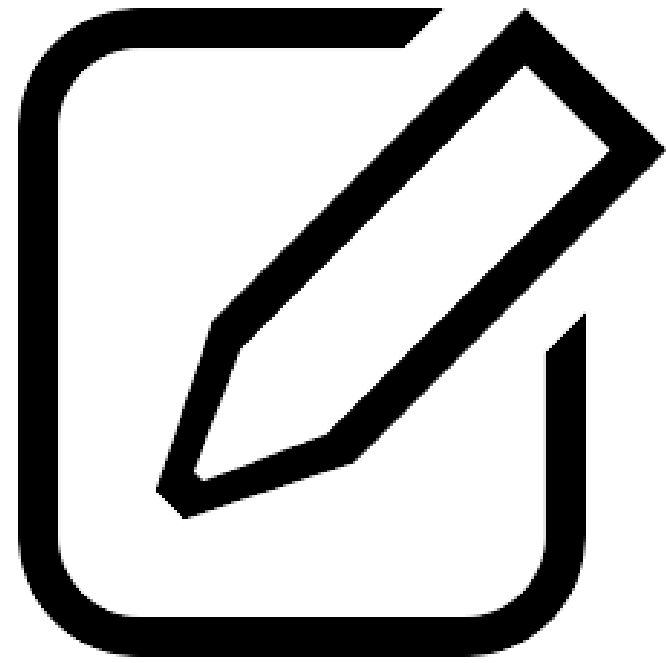
Bring Ports, Terminals and Shipping together in a collaboration

- To create a fact based overview of GHG reduction measures in ship-port interface ranked for impact and capital requirement
- To align interests to collaborate

As it is much easier for IMO to bring headquarters of parties to the table, WPCAP President to reach out to IMO GIA to realize this coalition, as a first mover partner

IMO GIA to work on a joint road map

- 2020: Analyze and identify of “no regret” measures
- 2021: Implement one ‘no regret measure’ in a pilot between of (at least) one port, one terminal and one shipping line
- 2023: Scale the solution by IMO issuing a paper that invites member states to commit to global implementation





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# POWER-TO-SHIP: OBSERVATIONS

## Situation

- Power-to-Ship (shore power) substantially improves local air quality and reduces noise. It has been implemented for over 15 years in a limited number of ports, mainly in North America and Scandinavia; Implementation in these areas has been triggered by local pressure, substantial public subsidies and commitment by port authorities
- The rest of the world have been in a “chicken-and-egg” situation with a strong first-mover disadvantage
- Pressure is building to reduce GHG-emissions and improve quality of life in port cities

## Opportunity

- Large scale investments in P2S (electrical infrastructure by ports and connections on board vessels) need mutual commitment; ship owners will only be convinced if they can connect in many ports in the network
- If implemented at scale, P2S electricity will be an attractive part of the maritime fuel mix as truly sustainable alternative fuels will likely be significantly more expensive

# PROPOSAL: NETWORK COALITIONS



## Why coalitions:

Coalitions and joint commitment facilitate critical mass for roll out of P2S  
Utilization of installations will increase if multiple ports have P2S facilities  
Collaborative action may level playing field for public financing

## Who is involved:

Ports, terminals, shipping lines, ship owners, grid owners, energy companies, authorities and financiers. The coalitions will be organised by segments. Each port defines its role; non-WPCAP partners may be added

## What is involved:

Conventional grid connections, mobile solutions and smart-grid hybrid solutions. Each port agrees to realize installations and/or pilot projects

## Role of policy:

Establish supporting regulations and possibly incentives to ensure take-up

Coalition interest by port				
	Liquid bulk (confirmed)	Container (tbc)	Cruise (tbc)	RoRo (tbc)
Antwerp	X	X		
Barcelona		X		X
Hamburg		X	P2S ready	
Gothenburg	X	X		P2S ready
Le Havre		X	X	X
Long Beach		P2S ready	P2S ready	
Los Angeles		P2S ready	P2S ready	
Rotterdam	X	X	X	X
Vancouver		P2S ready	P2S ready	
Yokohama		P2S ready		

## **Ask:**

Directional approval for 1 - 2 coalitions

Come back in three months with concrete proposals

After approval actual “go” to build coalitions and prepare investment plans (including subsidy proposals by early 2021)

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# LOW CARBON FUELS: OBSERVATIONS



Decarbonization of shipping is a complex and rapidly emerging field; it is unpredictable what fuel or fuels will form part of the future

WPCAP Fuels Work Group action plan focuses on:

- Development of an online repository of information on alternative fuels
- Compilation of lessons learned through LNG that may be transferrable to the introduction of other low and/or zero emission fuels
- Creation of a database of current and past alternative fuel pilot projects
- Development of a guidance document for ports on the implementation of sustainable marine fuels

Today, we would like to propose to further contribute to that growing body of knowledge and expertise

# PROPOSAL: PILOTS



WPCAP member ports commit to:

- Implement new sustainable low carbon marine fuel pilots in their ports starting in 2021 that will directly benefit deep-sea/ocean-going vessels (including coastal vessels with potential deep-sea/ocean going application)
- Better support each other through improved information sharing on pilots
- Encourage and recognize carriers participating in these pilots through the proposal of the Policy Work Group focused on incentives and pricing policies.
- CEO's to engage with carriers to find those interested in participating in pilots



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# CARGO HANDLING: OBSERVATIONS



Many ports and terminals are interested in deploying zero-emission Cargo Handling equipment, however

- There are limited commercial products on the market
- Information on current or past demonstrations is not readily available

WPCAP has the opportunity to offer a forum

- To compile international data to promote economy of scale
- For information and knowledge sharing
- To create partnerships to accelerate the testing and deployment of zero-emissions equipment





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# CARGO HANDLING EQUIPMENT VIDEO





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# PROPOSAL: INFORMATION SHARING AND DEMO'S

## Information Sharing

- Commit to providing up-to-date information and detailed data to the Cargo Handling Equipment database, as appropriate
- Utilize the database for decision making and policy creation
- Obtain consent from cargo handling facilities, as required, to share information related to equipment inventories and demonstration results by Q4 2020

## Equipment Demonstration

- Commit to carry out a CHE demonstration or deploy commercialized equipment by 2024 at individual or partnered member ports.
- Obtain consent from cargo handling facilitie(s) to partner on project by Q3 2021

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# POLICY:

# OBSERVATIONS



Many ports offer incentives or have differentiated pricing policies e.g. bonus malus

Many ports also offer environmental infrastructure e.g. shore power connection, alternative fuel bunkering

Ports typically work independently, but in an internationally connected system

A coordinated approach, fully respecting the boundaries of competition law, could strengthen the efficiency and effectiveness of these opportunities

- Greater emission reductions
- Reduced administrative burden
- Increased transparency
- Improved accountability



# PROPOSAL: JOINT CRITERIA



Commit to *joint* and *progressively more stringent* criteria and timelines to support vessel decarbonization using one or more of incentives, pricing policies and requirements through one or more of:

- Incorporating *common* efficiency, shore power and fuels-based criteria in a *coordinated* timeframe into existing vessel incentive programs, with a focus on decarbonization
- Deepening/developing incentives/pricing policies/requirements to further support top performers and to discourage poor performers (note actual fees are not part of the discussion for legal reasons)
- Promoting incentives/pricing policies/requirements and environmental infrastructure through a single web-based portal
- Reviewing, evaluating and updating criteria over time, moving together toward deeper decarbonization
- Publishing an annual progress report
- Establishing a WPCAP award for top performing vessels

Establish a similar *joint* process to support decarbonization of cargo handling facilities



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## SUMMARY:

### WPCAP COMMITMENT

- Recommit to the WPCAP goals
- Join, as WPCAP, the cross industry collaboration under the IMO 'Global Industry Alliance'. Representing the port industry, WPCAP will work with terminals and ship owners to establish a joint roadmap focusing on decarbonization of the ship-port-interface
- Establish one or two Power-to-ship (P2S) coalitions involving shipping lines, terminals and energy providers
- Facilitate new sustainable low carbon marine fuels in their ports by launching pilot projects in 2021 that will directly benefit deep-sea/ocean-going vessels
- Obtain commitment from terminal operator(s) for new zero emission initiatives and commit to enhance information sharing
- Commit to define joint (and progressively more stringent) 'climate action performance levels' for sea going ships. These levels can be used by individual ports to support vessel decarbonization using a policy instrument of their preference;
- WPCAP ports to convene annually in a CEO level meeting (like June 11<sup>th</sup>)

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