

Öhrlings

PRICEWATERHOUSECOOPERS 

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Foundation laid for a new emissions trading scheme

PricewaterhouseCoopers and a number of international shipowners have, through a joint project, created the basis for new emissions trading scheme aimed at reducing harmful emissions in Europe. By including ships in such a scheme, large reductions can be made in a cost-efficient manner.

Since 2000, the EU Commission has raised concerns regarding the increasing level of emissions from shipping. In 2010 more than 25% of all nitrogen oxide (NO_x) and sulphur dioxide (SO₂) emissions in Europe may have come from ships. With this in mind, PricewaterhouseCoopers and the Swedish Shipowners' Association presented a proposal in 2002 for a EU-wide emissions trading scheme for NO_x and SO₂ that includes shipping, aimed at achieving cost-efficient improvements in air quality and the environment within Europe.

The EU Commission showed great interest in the proposed scheme, but raised questions regarding the ability to measure emissions made by ships at sea and to ensure that the reported figures are correct and immune from errors or fraud.

As a direct response to these questions, a project was launched to demonstrate that the monitoring and verification of NO_x and SO₂ emission reductions from seagoing ships is feasible. The project has been conducted by PricewaterhouseCoopers, Sweden, with assistance from IVL, The Swedish Environmental Research Institute, and has been financed by Broström, Rederiaktiebolaget Gotland, The Peninsular and Oriental Steam Navigation Company (P&O), Stena Line, SEAA (Shipping Emissions Abatement and Trading) and the Swedish Shipowners' Association.

Five feasibility tests have been conducted onboard ships using different abatement techniques. The results answer the questions raised by the EU Commission, showing that:

- the monitoring and verification of emission reductions of NO_x and SO₂ from moving emitters at sea can be achieved
- it is possible to automatically collect emissions data onboard and send this emission reports online to a land-based server
- the procedures and routines for measuring emissions can be included in existing routines and in the overall management and security systems already in place
- there is a potential for the emission-trading alternative to be cost-efficient
- substantial emission reductions at sea are possible if the right incentives are created

The requirements are now in place for a future emissions trading scheme based on the proposal from PricewaterhouseCoopers and the Swedish Shipowners' Association. The results of the tests will now be presented to the EU Commission. The fact that a number of

EU countries are already planning to introduce national trading schemes for NO_x and SO₂, and that initial experiences with the recently introduced EU trading scheme for greenhouse gases are beginning to be reported, also contribute to improved conditions for the establishment of yet another European trading scheme.

Parallel with this, the EU Commission has announced its willingness to review the IPPC Directive (*Integrated Pollution Prevention and Control*) as regards the possible introduction of trading schemes for NO_x and SO₂. While the purpose of the IPPC Directive is the minimising of pollutions from different point sources within the EU, when establishing the EU Emissions Trading Scheme for greenhouse gases, it was necessary to exempt CO₂ from the IPPC Directive to ensure the launch of that scheme.

For further information concerning this pilot project please refer to website, www.demoproject.org

Facts about Öhrlings PricewaterhouseCoopers: Öhrlings PricewaterhouseCoopers is Sweden's leading professional services firm, with 3,000 staff members in 130 offices spread across the country. This ensures a geographical coverage and range of expertise that few can match. In addition to auditing, our services include accounting, risk management, tax advisory services, corporate finance and advisory services related to auditing.

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