

# WEBINAR Q&A SUMMARY

## Questions and Answers

**Webinar:** FuelEU Maritime: building a viable compliance strategy

**Date:** 16<sup>th</sup> June 2025

**Time:** 09:00 – 10:00am GMT

### Panellists:

Ilias Sountanias (IS)

Kiran Shet (KS)

Sanjeev Wewerinke Singh (SWS)

1. Ilias: How do you account for the technical complexity of methane slip measurement variations across different LNG engine configurations in compliance calculations?
2. In light of the IMO GFI standards, which are more ambitious than the FuelEU standards and globally applicable, do we see the FuelEU standards to be harmonised with the IMO GFI standards, or withdrawn altogether? If yes, when?
3. Ilias, when will classification societies need to revise current standards for FuelEU compliance?
4. Ilias: What verification protocols ensure that RFNBO reward factors remain valid when production facilities experience grid connection changes?
5. Ilias, how can you recommend pooling strategies when ABS has no enforcement mechanism to ensure surplus delivery?

6. Kiran: How do you validate the credibility of surplus compliance balance transfers when the fuel consumption patterns of the generating vessel do not align with the documented periods of alternative fuel usage?

**KS:** Regular validation of the data is of utmost importance for various reasons. In case a vessel is generating surplus, the POS of the alternate fuels need to be checked. The validation is carried out through verifiers to maintain neutrality and avoid any wrong doings. The data is validated with the logbook entries, the position of the vessel, bunker delivery notes, consumptions etc. Validation is carried out by [independent/third-party/internal] auditors and includes cross-verifying POS with logbooks, BDNs, and AIS data. Discrepancies are flagged for review and subject to rejection

7. Kiran: What risk mitigation strategies are available if pre-booked surplus becomes unavailable due to operational changes in the trading pattern of the surplus-generating vessel?

**KS:** This is a very good question, and quite possible in real world. First and foremost, secure your surplus through credible sources, preferably from surplus owners. Do a thorough KYC to understand the counter party better. Periodic checks and verification of the data from surplus suppliers in terms of vessel voyages into EU, consumption of the compliant fuels during the EU voyages. Finally, put a clause in place where the supplier guarantees the supply of surplus and in case cannot fulfil the promise, they pay for the penalty. Azolla offers all the above. In addition, Azolla

recommends a secondary sourcing layer and quarterly revalidation of surplus commitments to mitigate mid-year risk exposure

8. Kiran: How does your pooling model address the temporal mismatch between annual deficit calculations and voyage-specific fuel procurement decisions?

**KS:** We maintain a continuous check on the average GHG intensity of the vessels in the pool. On the tool or platform (CASPER) we have a precise calculator that helps with the estimate of various alternate fuel quantities required to abate the FEUM deficit of one or many vessels. This is to ensure that a fleet wide overview is available to take the right decisions with regards to bunkering and consumption during each voyage leg and during port stay. CASPER enables forward simulation of voyage scenarios and allows for interim allocation tracking, helping align voyage-specific actions with annual compliance outcomes.

9. We charter several ships with several different owners. as a charterer, what is our best option with staying on top of FuelEU? can we join a pool and have all the vessels in our current fleet covered, or do we need owners consent? and if owners are already in a pool, would they be able to extend the benefits to charterers?

**KS:** Let's take the questions one by one. To be on top of the FEUM regulation, first check the period of charter, if it's a voyage charter then there is little scope, however for long term charter, understand how the vessel enters into a charter whether she is in deficit or in surplus. If you have access to biofuels or alternate fuels, then evaluate which voyages would offer the maximum benefit or lever for the remaining vessels. Since charterers supply bunkers, the deficit or the surplus is owned by the charterers. At all times, keep a track of the average GHG intensity and hence the monetary exposure of FEUM. Yes, you can join a pool or create your own pool that is if you are operating vessels that are a mix of surplus and deficits. Of course, owner's consent is required, and this has to be agreed up front as to how the FEUM would be handled. Charterers can join or form a pool, but it's vital to establish upfront FEUM clauses with the owner. We recommend using the BIMCO FEUM clause and securing consent before the charter starts to avoid later disputes. Yes, owners should be able to extend the benefit, however, this has to be agreed upfront.

10. Kiran, how do you allocate surplus when multiple vessels in a pool require deficit coverage at the same time, especially during periods of peak demand?

**KS:** The deficit vessels will always over run the number of surplus vessels, hence you will have to be strategic in your approach towards FEUM, specifically the pooling. Keep a track of GHG intensity, estimate your future voyages, assess your alternate fuel sourcing, allocate the alternate fuels to offer maximum surplus. Please note that pooling will be formed only after the completion of the reporting period, which means pooling will be formed once the year is completed and all vessel reports verified and when we have official numbers of the surplus and deficit. Yes, we will always know if a vessel is going to be surplus or deficit and the quantity of surplus or deficit. Because of this complexity, it would be prudent to source or book the surplus in advance. The closer we get to the end of the reporting year, lesser will be the time to generate these surplus.

11. Kiran, what verification protocols are in place to ensure that claimed biofuel blends generating surplus actually meet sustainability criteria throughout the supply chain?  
**KS:** Good question, on a regular and periodic basis, the data is verified to make sure that the surplus are generated as per plan. If biofuels are used then, the POS (proof of sustainability) certificates will have to be cross checked for authenticity and for knowing the WtW GHG intensity of the blend.

12. Kiran, how do you manage compliance balance transfers when vessels change ownership mid-year, potentially affecting pooling agreements?  
**KS:** This is a very practical question, this has to be agreed up front. There are multiple scenarios within this query. One possibility is how the CB should be compensated in case of ownership changes mid-year, considering that the pooling arrangements for the previous year have been committed but not yet verified when there is Ownership change. In this case, concerned parties will have to be upfront about it and mutually agree. That is the only mechanism at this moment. Another possibility is vessel changing hands in the reporting year without any previous year liabilities. In such a case, there could be 6 different scenarios:

- a. The vessel might enter and leave the pool with no surplus or deficit
- b. A vessel enters a pool mid-year with deficit and leaves with deficit
- c. A vessel enters the pool mid-year with surplus and leaves with surplus
- d. A vessel enters a pool mid-year with deficit and leaves with surplus
- e. A vessel enters the pool mid-year with surplus and leaves with deficit

The owner and the pool will have to agree what would be the price of deficit and what would be the price of surplus, ideally both should be the same.

13. Kiran: What impact assessments do you provide for vessels operating hybrid routes with varying EU energy allocation percentages?  
**KS:** Azolla has a thorough understanding of the FEUM GHG intensity calculation, and this has been incorporated in our CASPER tool. As per the EMSA's interpretation we can easily check what would be the impact of different fuel across voyages whether they are intra EEA or Extra EEA. We optimise voyages basis the nature of voyage, fuel availability and impact of using bio-fuel blend in each leg of the voyage.

14. The IMO's new Global Fuel Standard (GFI) and the EU's FuelEU Maritime are currently separate but overlapping regulations, Will FuelEU Be Replaced or Aligned with IMO's GFI? If yes, what is the timeline like?  
**KS:** EMSA has a clear stand on this subject, they have provided the provision to revisit the FEUM basis the IMO measures, if EMSA evaluates that the IMO GFI serves the purpose of EMSA, they might get the FEUM replaced or amended. There is no set timeline, however, we will have to wait and watch how the IMO GFI unfolds in the coming months.

15. Is it necessary to draft a special type of contract to participate in a pooling? What will be the rules for those under compliant vessels? And for the leader of the pooling with surplus CB?  
**KS:** Answers as per above, there is no leader in pooling, only a COMPLIANCE pool manager who takes the initiative and responsibility of forming and getting the pool verified.

16. One more option - not to sail to Europe... what does panel think - is this possible? could sail to North Africa instead?

**KS:** Someone will have to take the cargo to and from EU. If the sea is not used, then the cost of transport will be much higher and please do note that other industries including land and air transport have similar or stringent mechanisms in place.

17. Is it possible for a vessel to be part of a pool and still incur a deficit? If so, can the vessel settle the penalty for the deficit after accounting for the pooling arrangement?

**KS:** This is a good question and the answer is "YES" you can be part of a pool and still remain deficit, for example the initial deficit on a vessel is -1000 tCO<sub>2</sub>e, the vessel then becomes part of a pool however, is not able to get all the surplus require to make the deficit zero, say she get only 600 tCO<sub>2</sub>e in surplus, then she can be part of the pool and incur a reduced deficit of -400 tCO<sub>2</sub>e. The outstanding deficit will require payment of equivalent penalty.

18. Pooling is within the ships of a company or different Company

**KS:** Pooling can be with vessels within the company, and outside the company and with ships from multiple companies provided they satisfy the terms and conditions set by FEUM regulation.

19. Sanjeev: How do you reconcile the fuel allocation methodology when vessels switch between multiple fuel types during single voyage legs?

**SWS:** We cut every leg into mini segments whenever the engineer flips fuel, compute how much energy each segment used, multiply by the official emission factors, and save the signed result so the verifier can't dispute it.

20. How is the industry working around with regards to Fuel EU penalty incurred by a vessel during the initial part of the year (say from 1st Jan - 31st May) and then getting handed over to another manager/ owner?

**SWS:** The software freezes the debt on the day the ship changes hands, tags it to the old manager, and produces a file the lawyers can drop into the sale contract so nobody is left guessing who pays the fine.

21. Sanjeev: What verification protocols ensure accurate energy allocation percentages for vessels with complex multi-port itineraries within EU waters?

**SWS:** Every port hop, fuel flow and manual correction is cryptographically logged so the accredited verifier can replay the exact voyage chain and confirm that the percentage splits are legit.

22. Sanjeev: How does your system handle GHG intensity calculations when vessels use fuel blends with varying sustainability certification levels?

**SWS:** We treat each litre of bio/LNG/whatever as a weighted building block, keep track of which part is officially "green," and average them so the final gCO<sub>2</sub> per MJ figure is regulator-proof.

23. Sanjeev, what safeguards ensure accurate reporting when vessels retrofit wind-assisted propulsion systems mid-compliance period?  
**SWS:** We auto-revise the monitoring plan, stream the new rotor-sail data, lock the old baseline for comparison, and drop any unverified wind savings so the report can't be accused of green-washing.
24. Sanjeev, how does your system address the administrative burden when vessels participate in both FuelEU pooling and EU ETS compliance simultaneously?  
**SWS:** One data set feeds both regulations; the software just prints it in two formats and reminds you of the separate deadlines.
25. Sanjeev, what mechanisms handle disputes over energy allocation when weather routing significantly affects voyage patterns?  
**SWS:** We save the full weather and AIS evidence, let both sides propose their numbers, then either auto-merge when they're close or kick it up to the verifier with all proof attached.
26. Kiran: Do you think that company should bank surplus for future use? What happens when IMO GFS mechanism kicks in? Is there a possibility for both systems to co exist.  
**KS:** If there is surplus balance even after being utilised to compensate for the deficit vessels in the fleet, then the surplus owner can bank or trade the surplus. The decision would depend upon the owners requirement for the coming years, if the owner is confident to generate surplus in the future years and at the same time finds a buyer who is willing to pay the right price for the balance surplus, then she or he can sell the surplus, if not best bet would be to bank. The possibilities if IMO GFS and FEUM co existing is possible, however, it's still early days hence it's better to focus on the matters at hand.
27. Pooling sounds promising — but how do you ensure that the surplus being sold is real, auditable, and compliant?  
**KS:** As answered earlier, ensure that you strike a contract with the reliable and trustworthy entities, make a thorough KYC, a robust agreement and a guarantee to pay penalty in case they promise cannot be fulfilled. This along with regular checks and verification can make the entire process real, auditable and verifiable.
28. Kiran, is pooling just a short-term fix until owners switch to compliant fuels — or can it be a viable long-term strategy?  
**KS:** The end goal of the FEUM is to promote the uptake of RFNBOs and penalise the use of fossil fuels, even pooling helps in the cause. Pooling is offered because not all the vessels can switch over to RFNBOs immediately nor all vessels can be scrapped, and we get a world fleet of zero carbon ships. Pooling merely helps with the transition. For example, an owner can start with a few vessels switching partly to bio-fuel blends and place orders for vessels that can run on RFNBOs. The infrastructure for RFNBOs will need time to be set up and become cost effective and accessible.

29. Some argue that the relatively low penalties under the IMO's Global Fuel Standard (GFI) could slow down the industry's shift toward alternative fuels. In fact, there have been cases where shipowners reverted to conventional fossil fuels and even placed newbuilding orders based on conventional fuel. Given this trend, is there a possibility that the GFI will be revised to include stricter requirements or higher penalties in the near future?

**KS:** Yes the answer is in the question, the GFI targets would be revised based on the initial results and observations. IMO has a complex and a difficult task at hand and it will take some time for the mechanism to get implemented and be effective.

30. Ship owners may be reverting to conventional fossil fuels by placing new building orders considering use of CCUS Technology.

**KS:** The future will be a mix of vessels with capabilities to run on RFNBOs, harness wind and solar energy and even nuclear ships. In the interim, the industry will try out different technologies like the CCUS. The concern with the CCUS is the need for more power and a solution to take care of the captured carbon economically and sustainably.

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