BBC Chartering®

EU-ETS
FUEL EU MARITIME
UPDATE

Version: 1.0 March 2026

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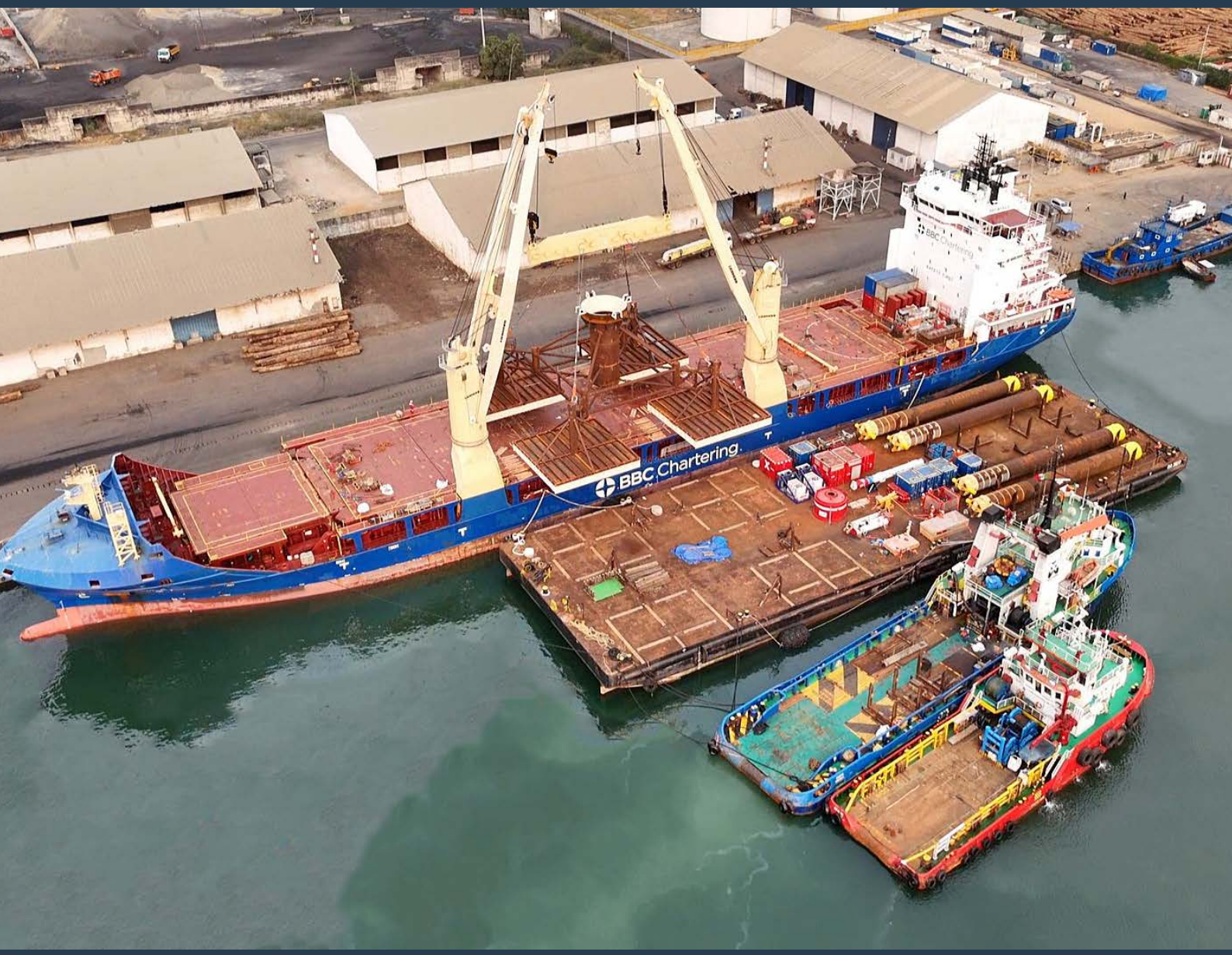
BBC Chartering

EU EMISSION TRADING SYSTEM

Explanatory Notes

We hereby inform about the latest developments resulting from EU measures to decarbonize shipping. This concerns CO_2 pricing through EU emissions trading and also the FUEL EU Maritime regulations on the mandatory use of lower-emission fuels.

In addition to the desired positive effects on the climate, there are, of course, the associated additional costs, which we have been feeling more strongly since the beginning of 2026 than before.

What are the developments in EU-ETS?

Shipping has been fully integrated into the European Emissions Trading System for two years now. From the outset, BBC was able to adapt all processes to the new challenges with a sound strategy, ensuring that the technical handling of emissions trading was well established and that the commercial requirements of all parties involved were satisfactorily taken into account. Our direct market access to the EEX energy exchange enables us to purchase the necessary EUAs at the best possible conditions, allowing us to offer our customers reliable prices without any additional charges.

The introductory phase of the EU ETS has now been completed since January 1, 2026. While only 40% of emissions had to be accounted for in the first year and 70% in the second year, 100% of emissions must now be covered by emission allowances.

In addition to CO_2, the climate-damaging gases methane and nitrous oxide are now also included. Although these are released in very small quantities, their climate impact exceeds that of CO_2 many times over. This means that one ton of burned heavy fuel oil now accounts for 3.169 tons of greenhouse gases, compared to 3.114 tons of CO_2 alone previously.

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Both of these factors naturally lead to a noticeable increase in costs.

However, the market for emission allowances is also dynamic and is currently driving prices. In addition to many price-determining factors, such as controlled price caps, politically driven developments in the energy industry, and the EU‘s more ambitious climate targets under Fit for 55, regulatory changes are also affecting price developments. The phase-out of free allowances for various industries is now beginning. At the same time, the CBAM* system imposes emission levies on a large number of imported goods from the EU.

While the EUA price was around € 70/ton when shipping was included in the EU ETS, we are now calculating € 90/ton.

Fuel EU Maritime leads to the use of biofuels, which has the positive side effect of reducing emissions eligible for the EU ETS and thus also the number of EUAs required.

*CBAM Carbon Border Adjustment Mechanism – A system that envisages from 2026 onwards, a de facto financial CO2 levy on imports of energy-intensive goods from non-EU countries, similar to that already applied to goods produced in the EU, in order to prevent distortions of competition in climate policy.

FUEL EU MARITIME

Explanatory Notes

How does Fuel EU Maritime come into play?

Fuel EU Maritime is about gradually reducing the CO_2 intensity of the fuels used on board. In the BBC fleet, we are achieving this reduction through the targeted use of biofuels derived from renewable resources, which are climate-neutral when combusted. However, the emissions resulting from the provision of these biofuels are taken into account in the carbon footprint. Starting from a baseline of 91.16g CO_{2e}/MJ, emissions intensity is to be reduced by 2% between 2025 and 2030.

However, the use of biofuel also has its price. Currently, we are seeing price differences for heavy fuel oil (HFO) with a 30% biofuel content (known as 'B30') of approximately US$ 270 compared to pure fossil fuel of the same grade.

If MGO has to be used to comply with the strict sulphur limits within an Emission Control Area (ECA), the price difference for a B30 mixture is approximately US$ 200 per tonne.

Unlike the EU ETS, however, the required emission intensity does not have to be achieved on every voyage. Due to the limited availability of biofuels, not every ship can be supplied with the right fuel for the relevant voyages. Therefore, there are compensation mechanisms that allow for balancing between ships in a fleet (pooling), crediting excess fulfilment for later voyages in the following year (banking), or fulfilling the requirement in the following year rather than the current year (borrowing).

This explains why the costs of complying with a Fuel EU Maritime-relevant voyage are always incurred, even if no biofuel is currently being used for the ship and voyage in question.

How are costs for EUAs and biofuel
affected by these developments?

We would like to illustrate how these changes will affect costs using three sample voyages:

Example Calculations



	# 1	# 2	# 3
Vessel:	**BBC CAMPANA**	**BBC LEER**	**BBC AMBER**
daily consumption @ sea:	18,0 mt	17,0 mt	25,5 mt
daily consumption in port:	2,5 mt	2,5 mt	2,0 mt
@ a speed of:	13,0 kt	15,0 kt	15,5 kt

EUA price:	90 €	
HFO price:	480 US$ / t (pure fossil fuel)	750 US$ / t (bio fuel blend “B30”)
MGO price:	800 US$ / t (pure fossil fuel)	1.000 US$ / t (bio fuel blend “B30”)

Example 1

From EU port to EU port

2 days loading at	2 days discharging at	total distance
HAMINA	**LE HAVRE**	**1250NM**

	RESULTS	REMARK
total fuel required	82,1 t	
fuel accountable	82,1 t	
thereof: - low sulphur fuel	82,1 t	
- biofuel blend B 30	6,0 t	MGO blend
fuel CO_{2e} intensity	89,24 g CO_{2e} / MJ	compare: without bio fuel: 90,77g CO_{2e} / MJ
CO_{2e} Fuel EU Maritime (WtW)	312 t	
CO_{2e} EU ETS (TtW)	262 t	
CO_{2e} saved due to bio fuel	6 t	

EXTRA COSTS FOR BIOFUEL BLEND 1.204 US$

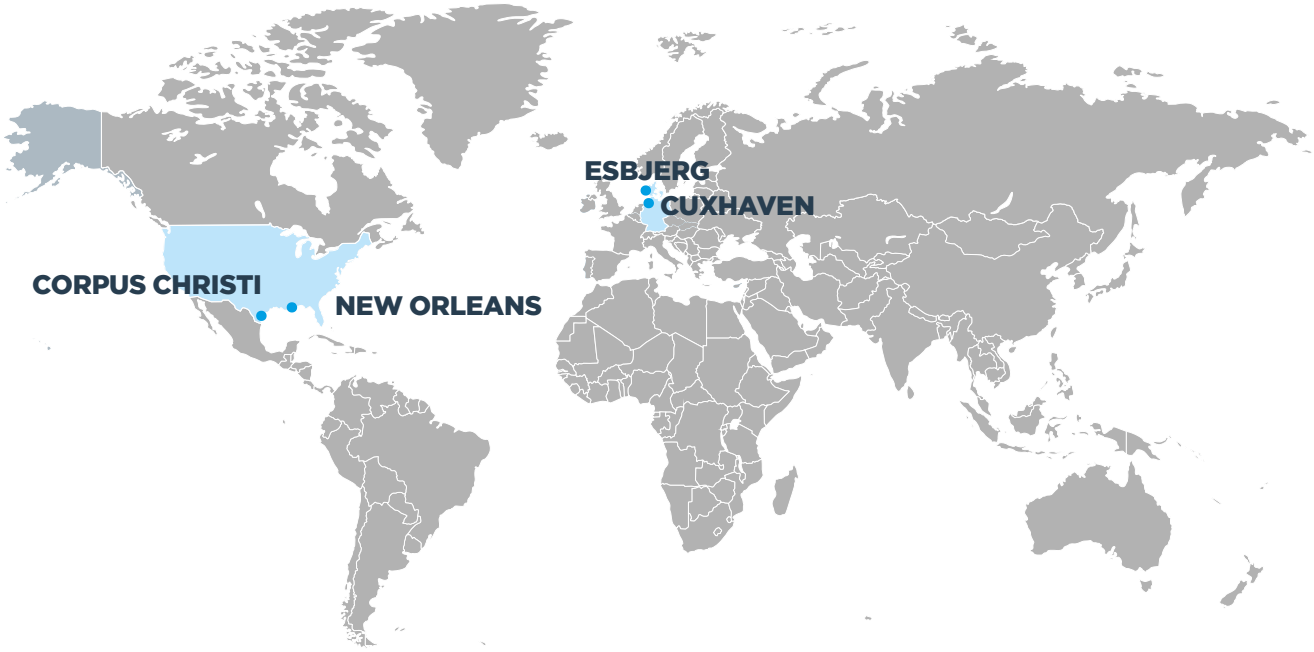
EUA COSTS 23.564 €

24.095 € to compare without bio fuel

7.418 € to compare with costs in Jan 2024

Example 2

From US East Coast to EU port:



loading at	discharging at	total distance
NEW ORLEANS **CORPUS CHRISTI**	**CUXHAVEN** **ESBJERG**	**5947NM**

	RESULTS	REMARK
total fuel required	300,8 t	
fuel accountable	140,1 t	
thereof: - low sulphur fuel	55,6 t	
- biofuel blend B 30	13,2 t	HFO blend
fuel CO_{2e} intensity	89,29 g CO_{2e} / MJ	compare: without bio fuel: 91,34 g CO_{2e} / MJ
CO_{2e} Fuel EU Maritime (WtW)	516 t	
CO_{2e} EU ETS (TtW)	436 t	
CO_{2e} saved due to bio fuel	13 t	

EXTRA COSTS FOR BIOFUEL BLEND 3.574 US$

EUA COSTS 39.284 €

40.717 € to compare without bio fuel
12.066 € to compare with costs in Jan 2024

Example 3

From Far East to EU port

loading at	discharging at	total distance
SHANGHAI PHY MY	**BREST HAMBURG**	**14107NM** via Cape Hope

	RESULTS	REMARK
total fuel required	1.013,8 t	
fuel accountable	473,9 t	
thereof: - low sulphur fuel	54,0 t	
- biofuel blend B 30	50,4 t	HFO blend
fuel CO_{2e} intensity	89,28 g CO_{2e} / MJ	compare: without bio fuel: 91,63 g CO_{2e} / MJ
CO_{2e} Fuel EU Maritime (WtW)	1.719 t	
CO_{2e} EU ETS (TtW)	1.459 t	
CO_{2e} saved due to bio fuel	48 t	

EXTRA COSTS FOR BIOFUEL BLEND 13.604 US$

EUA COSTS 131.292 €

135.603 € to compare without bio fuel
38.706 € to compare with costs in Jan 2024

FAQs

Definition

What is EU-ETS?

The EU ETS is a system that puts a price on GHG emissions in order to create economic incentives to avoid emissions. Emissions allowances are tradable, and regulated annual issuance keeps the price at an effective level. Otherwise, the price is subject to market fluctuations.

Which countries participate in the EU ETS?

All EU countries plus Norway, Iceland, and Liechtenstein as part of the European Economic Area, as well as the overseas territories of EU countries, referred to as outermost regions.

Which voyages are subject to the EU ETS?

Voyages between two EU ports that are called at for the purpose of cargo handling is subject to 100% CO_2 pricing. Voyages between an EU port and a non-EU port (inbound or outbound) for the purpose of cargo handling is subject to 50% CO_2 pricing.

How is a “voyage” defined in terms of the EU ETS?

From a commercial perspective a voyage may include a series of ports being called. However, in terms of the EU ETS regulations it is the passage from one port to another only. Thus, for an overseas voyage towards the EU, it is the leg from the last port prior entering the EU, that needs to be considered for the EU ETS emission monitoring.

Why not calling a port close to the EU e.g. for bunkering, deliveries or a crew change to shorten the leg, that accounts for CO2 emissions?

A port of call is defined by the regulation as a port where a cargo ship stops to load or unload cargo. The call for any other purposes would not qualify as a “port of call”. Consequently, the mere call for dry-docking in an EU port, or the sole Kiel Canal transit, would not cause EU ETS emission costs.

Would a transshipment of cargo in port close but outside of the EU be beneficial?

The idea is tempting: Simply tranship your overseas cargo at a port close but outside of the EU and you will only have to consider the CO2 emitted on the rather short leg from this transshipment port to the EU destination. However, the emission costs saved would not cover the additional costs e.g. port fees, stevedoring and creates further exposure with regards to cargo damages, documentation, transit times.

For the container ship segment special regulations apply, to prevent such evasive behaviour.

MANAGEMENT SYSTEM CERTIFICATION
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ISO 9001 • ISO 14001
ISO 45001

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