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Amendments to Regulations on environmental safety for ships and mobile offshore units

Introduction

The Norwegian Maritime Authority (NMA) has laid down amendments to the Regulations of 30 May 2012 No. 488 on environmental safety for ships and mobile offshore units (Environmental Safety Regulations).

With respect to the exemptions pursuant to 14c second paragraph, the deadline for compliance with the Tier III requirements is extended from 1 January 2022 to the first voyage in the world heritage fjords in 2023. Extending the deadline to 2023 implies that ships may be granted an exemption from the Tier I requirements in 2020 and 2021 and the Tier II requirements in 2022.

These regulatory amendments do not change the emissions requirements of the Regulations; however, they allow companies favouring environmentally friendly solutions to implement measures years before the strictest parts of the Regulations enter into force. COVID-19 has a negative impact on the shipping companies' schedule, but not on the implementation of the comprehensive technical measures.

Details on the applicable exemption provisions pursuant to section 14c second paragraph

Section 14c of the Environmental Safety Regulations stipulates special rules on emissions of nitrogen oxides (NO_x) from ships in the world heritage fjords. The purpose of imposing the requirements was to reduce the NO_x levels in the world heritage fjords. NO_x emissions were identified as a periodic problem in the world heritage fjords. The gradual tightening of the NO_x requirements gives the industry time to adapt to the new requirements. Ships intending to enter the world heritage fjords in 2020 must comply with the Tier I requirements regarding NO_x emissions.

NO_x emissions can be reduced using SCR catalysts (Selective Catalytic Reduction) or an alternative fuel, e.g. LNG (liquefied natural gas).

It is set out in section 14c second paragraph that ships that can document compliance with the Tier III requirements by 1 January 2022 may be granted an exemption and enter the world heritage fjords in 2020 and 2021 without complying with the Tier I requirements. Such an acceleration of the Tier III requirements is a condition for granting exemption. Exemption may be granted to the individual ship upon application. The company must document how the ship will proceed to comply with the Tier III requirements not later than 1 January 2022. In an application for exemption the company must describe what kind of technology the ship will utilise in order to satisfy the Tier III requirements, including a

detailed modification plan, and relevant signed contracts for the execution of the modification. When the modification is completed, the company must submit a copy of a new EIAPP certificate to the NMA.

Changed condition for exemption

The deadline for compliance with the Tier III requirement is extended from 1 January 2022 to the first voyage in the world heritage fjords in 2023. Extending the deadline to 2023 implies that ships may be granted an exemption from the Tier I requirements in 2020 and 2021 and the Tier II requirements in 2022. This deadline is extended, although the Tier III requirements will be implemented earlier.

These regulatory amendments do not change the emissions requirements of the Regulations; however, they allow companies favouring environmentally friendly solutions to implement measures years before the strictest parts of the Regulations enter into force. COVID-19 has a negative impact on the shipping companies' schedule, but not on the implementation of the comprehensive technical measures.

These amendments enter into force immediately.

Reasons for the amendments – what is the problem, and what are we trying to achieve?

The COVID-19 pandemic developed quickly and unexpectedly, leading to wide-scale lockdown of society and closure of borders. This lockdown has led to delays in necessary deliveries, access to qualified personnel and access to necessary shipyard facilities for the industry that intended to make use of the exemption arrangement of the Regulations.

COVID-19 has resulted in severely reduced revenues for significant parts of the industry and the Norwegian cruise destinations. The municipalities around the world heritage fjords have lost substantial revenues due to the lack of cruise ships.

Only a limited number of ships have applied for an exemption pursuant to section 14c second paragraph. Exemptions are only granted based on documented agreements and contracts verifying conversion in order to satisfy the Tier III requirements. The exemption arrangement of section 14c the ships that are granted exemption must comply with the Tier III requirements a two year ahead of what is required in the current Regulations

The amendments will facilitate shipping companies' incentive to speed up the installation of NO_x cleaning. The number of large passenger ships in the world heritage fjords is likely to be very limited in 2020. Taking everything into account, it is our view that the proposed amendments will be beneficial to the environment.

Economic and administrative consequences

The emissions consequences of the regulatory amendments are limited. Due to the pandemic, ship traffic in the world heritage fjords has been reduced to a minimum. It is expected that COVID-19 and the after-effects for the cruise ship industry will lead to a reduced number of cruise ships over the next years.

Only a few ships have applied for exemption. In the years up to 2023, the amount of NO_x emissions is expected to be small compared to the gain achieved by complying with the Tier III requirements two years ahead of the deadline stipulated in the Regulations, i.e. 2025.

The economic consequences for the companies are positive, as they may operate in the world heritage fjords for an extended period before converting to new technologies with associated investment costs.

For the destinations in the world heritage fjords, it would be positive if some of the cruise activity recovers, but the level is likely to remain significantly lower than what was expected before COVID-19.

This is beneficial from a socio-economic perspective, as most of the revenues of the municipalities in the world heritage fjords derive from cruise traffic and tourism.

COVID-19 has led to a situation that the industry could not and cannot affect. Only the deadlines are amended, not the measures. The NMA regards the proposed regulatory amendments as an adaptation to the extraordinary situation we find ourselves in. A rapid implementation of the amendments allows for ships to enter the world heritage fjords already in 2020. Moreover, the positive effect of the amendments will be reduced if the implementation does not take place quickly. A minimum of six weeks consultation would prevent exemption from being granted this season, as the consultation process would take place during the most important part of the season. The carrying out of the consultation process would hinder the desired effect of the amendments in the most crucial period of time for the industry, and thus the amendments are implemented without a consultation, cf. the Instructions for Official studies and Reports section 3-3.

The current legislation does not allow for exemption from the Tier I requirements to be granted in 2020 and 2021 unless the company can provide evidence that the Tier III will be complied with from 1 January 2022. Furthermore, there is no room for granting exemption from the Tier II requirements in 2022. Therefore, an appropriate measure is to amend the provision of the Environmental Safety Regulations in order to change the condition for exemption, so that the Tier III requirements must be complied with before entering the world heritage fjords in 2023.

The amendments of the Regulations mainly affect companies having ships of 1,000 gross tonnage and upwards that cannot comply with the Tier III requirements from 1 January 2022 due to the lack of timely access to shipyards and deliveries. For the industry in the world heritage fjords that depends on tourism, the amendments can be positive considering that cruise ships are allowed entry this season. With respect to emissions to air from the ships, the NMA presumes that due to COVID-19, traffic is significantly reduced. Consequently, there will be less air pollution in 2020. In the longer term, the amendments imply that ships that are granted exemption must comply with the Tier III requirements two year ahead of what the current Regulations require.

Annex

Regulation concerning amendments to Regulations of 30 May 2012 No. 488 on environmental safety for ships and mobile offshore units

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This document has been electronically approved, and therefore does not contain handwritten signatures.