

# The new green currency

by Steve Marshall

**Regulatory requirements and competitive pressure drive the accelerating trend towards sustainability in shipping. The ability to benchmark fleet performance against key environmental, social & corporate governance (ESG) metrics will be vital for future commercial success in an increasingly green-focused market, according to maritime data and technology firm OceanScore.**

“While many shipping companies are promoting ESG strategies to raise their profile in the market, this needs to be supported by reliable, trustworthy and transparent data that enables stakeholders to make commercial decisions based on actual fleet performance,” says Albrecht Grell, Co-Managing Director of OceanScore.

He also believes that whereas price and profitability have previously been the fundamental determinants of charter awards, financing and investments, ESG data represents the new green currency that will determine value creation for shipping companies as we advance amid stricter regulations and commercial pressure.

“There are increasing demands from banks, financial institutions and investors for ESG data to inform their decision-making as well as from charterers and cargo owners, underpinned by market initiatives such as the Poseidon Principles for banks and Sea Cargo Charter for bulk ship charterers geared to decarbonising the entire supply chain of shipping,” notes Grell.

## Trustworthy and transparent data

Recognising this need, the Hamburg-based OceanScore has built a digital platform that monitors the performance of the entire global fleet of 125,000 commercial

vessels, enabling diverse industry stakeholders to benchmark ship operations against sustainability goals.

The artificial intelligence (AI)-powered platform uses proprietary engineering algorithms and advanced regression models to analyse data from multiple sources, including the EU’s MRV (Monitoring, Reporting and Verification) and other reported vessel data.

As well as comprehensively tracking emissions (CO<sub>2</sub>, SO<sub>x</sub>, NO<sub>x</sub>, and particulate matter), the platform records a further 50 ESG scores around vessel safety and reliability, environmental performance and adherence to the United Nations Sustainable Development Goals (SDGs). These include, for example, wage levels for crew and vessel safety incidents.

Grell says OceanScore is working with Scope Ratings, Europe’s leading rating agency, to validate its scores independently. “This is part of the platform’s transparency policy to ensure objective, unbiased and high-quality data that can be trusted,” he explains.

Therefore, its data provide a sound basis for decision-making for ship managers, cargo owners, ports, banks, investors, insurers, protection & indemnity clubs, and other stakeholders. The platform is also designed to facilitate collaboration and data-sharing

among industry players, providing a single source of verified data visible to all parties for tracking vessel and ship managers’ sustainability.


## Higher level of accountability

Grell says a major concern for the industry is the inclusion of shipping into the EU Emissions Trading System (EU ETS) from next year. This event will impose a higher level of emission accountability for companies extending beyond annual reporting under the existing MRV regime, with the risk of heavy financial penalties or even expulsion from EU trading in the event of non-compliance.


This means shipping companies will be required to acquire and trade so-called EU Allowances (EUAs), or carbon credits, to cover the cost of their emissions in a given year, which could leave them with huge financial liabilities given a current market price of around €90 per tonne of CO<sub>2</sub> emitted.

OceanScore’s Co-Managing Director Ralf Garrn explains that the regulation poses issues such as how to accurately monitor emissions, how to acquire and trade EUAs, which trading platform to use, how to achieve the best price, how many EUAs should be purchased, and who should pay for carbon credits. “With the clock ticking

Summary Environment Sustainability Reliability




Environment




6.5/10

Sustainability



7/10

Reliability



7.5/10

Ship specifications

Built	Length o.a	Distance sailed in 2021
2019	399,769	72,279
DWT	GT	Main engine kw
228,111	228,741	75,570


About ship

MSC MINA is a Container Ship (Fully Cellular) and was keel layed on 16, Dec 2015. The vessel is managed by MSC Shipmanagement Ltd. Its registered owner is Compass Shipping 27 Corp Ltd

Voyage data

Reported destination	EGSUZ	Scale	10
Course	283°		9
Speed	18.00kn		

Location



OceanScore ETS Manager / Overview jlabick@idegala

Overview

- Open issues
- Times allocation
- EUA requests
- Trading
- EUA procurement
- Monitoring
- Overview
- Tables
- Fleet admin

Ships reporting: 24

Nautical miles sailed: 375 847

EUA appl. total CO<sub>2</sub> emitted (t): 108 900

EUAs required: 58 935

Price of EUA

Indicative price: € 87 +10.23%

€ 89 Max, 18 May

EUAs by Group owner

To be bought: 255


- Group Owner A: 173
- Group Owner B: 70

EUAs by charterer

To be delivered: 1270

- Charterer A: 785
- Charterer B: 312

EUA Balance



Photos: OceanScore

to implementation of the EU ETS, shipping companies need to understand the practical implications and initiate efficient systems to address these issues and ensure compliance. A solid monitoring solution, properly covering the many different options to deal with the ETS regime, is a necessity given the complexities of shipping and the ETS regulation,” Garrn advises.

Therefore, in a further evolution of the platform, OceanScore has launched an integrated solution that enables ship operators to both manage emission liabilities and trade carbon credits under the impending EU ETS regime for shipping.

The web-based ETS Manager is designed to manage and monitor the entire process from automatically ingesting vessel operational data, assessing the need for EUAs, allocating them to owners or stakeholders, requesting and accounting for them, and tracking open positions. The solution incorporates the advanced trading tool EUA Trader, powered by RWE Supply &

Trading, to buy and sell EUAs (also available as a standalone application).

EUA Trader tracks the market price of EUAs and facilitates the buying and selling of carbon credits on the RWE Supply & Trading platform through a simple operation that is fully integrated into OceanScore’s ETS management platform, with the ability to buy incremental volumes as needed and forward trading flexibility to hedge the risk of price changes.

Grell says the ETS Manager is rapidly gaining traction among European and non-European clients ahead of the three-year phased implementation of the EU ETS from 1 January 2024, with OceanScore investor Döhle Group among several pilot customers. “The industry faces a major challenge to navigate the complexity of

the new regulation and mitigate financial risk due to the requirement to purchase carbon credits to cover the cost of emissions, which will reach €8 billion or more annually,” he calculates.

Grell furthers, “The interplay between owners, managers and charterers creates significant complexities unique to shipping and poses potentially significant risks, especially for ship managers, if not managed properly. Excel alone will not be sufficient to maintain transparency and control of these processes.” He says OceanScore’s comprehensive solution, characterised by a high level of automation to reduce administrative workload and issues with wrong data entries, is geared to “simplifying complexity” for shipping companies to help them navigate the difficult path to EU ETS compliance.

“Harnessing the power of new AI-driven technology to process vast volumes of vessel data will be vital to enable shipping to meet market and regulatory challenges in the relentless green shift for decarbonisation of the industry,” Grell continues. Moreover, he highlights, “OceanScore can also function as a one-stop shop for stakeholders such as ports that need to determine the emission levels of multiple vessels from different ship owners and managers or cargo owners that need to assess the carbon footprint of different fleets to ensure they remain within their sustainability targets.”

### A high level of confidence

OceanScore recently gained a strong endorsement for its solution with an over-subscribed seed funding round that saw several high-profile investors commit capital for expansion of the platform, including global container shipping giant MSC as well as the Döhle Group, the Schoeller family (shareholders in Columbia Shipmanagement and Scope Ratings), TecPier, and Israel’s theDOCK.

MSC’s Group President Diego Aponte comments, “We have decided to leverage OceanScore to provide better visibility on the environmental and broader sustainability performance of ships in our fleet.” New investor theDOCK’s Nir Gartzman adds, “OceanScore’s analyses are predicated on advanced data science and deep engineering expertise to provide effective decision-support tools to optimise sustainable fleet management. This gives us a high level of confidence in its solution.”



solutions tailored to the industry’s unique needs. Click [oceanscore.com](https://oceanscore.com) to learn more.

OceanScore is a Hamburg-based provider of sustainability data and compliance solutions with a strong maritime background. The company offers a range of ESG solutions tailored to the industry’s unique needs. Click [oceanscore.com](https://oceanscore.com) to learn more.