

Designing a Workable UK Maritime Fuel Standard

Lessons from the implementation of FuelEU Maritime

Introduction and Purpose

The UK Chamber of Shipping is the trade association for the UK shipping industry, providing a collective voice for more than 200 members drawn from across shipping and the wider maritime ecosystem.

The UK Chamber represents members to Government, Parliament, regulators and international institutions; convenes industry expertise; amplifies shipping's economic and strategic contribution; and helps members anticipate and respond to change.

In March 2025, the UK Government issued their updated [Maritime Decarbonisation Strategy](#) in which they proposed a UK Fuel Standard consultation, expected to be launched in late 2026.

To support the Government in its current efforts to develop a UK Fuel standard, the UK Chamber working with industry and partners, has developed this document to highlight key takeaways and recommendations from the implementation of Regulation (EU) 2023/1805 FuelEU Maritime from 1 January 2025.



Key Recommendations

Drawing on the shipping industry's experience of implementing FuelEU Maritime, the UK Chamber considers that any future UK Fuel Standard should:

1. Be underpinned by a robust ship-level MRV framework

A UK Fuel Standard should be underpinned by a mature ship-level reporting and verification system that is operational, fully tested and aligned with existing international reporting frameworks before compliance obligations begin.

2. Ensure alignment and interoperability with international frameworks

The UK should prioritise alignment with emerging IMO fuel certification and lifecycle assessment (LCA) frameworks, whilst maintaining interoperability with neighbouring regional systems. Parallel certification, reporting and compliance systems should be avoided in order to minimise administrative burden, reduce regulatory fragmentation and prevent double counting.

3. Set realistic, achievable targets informed by fuel availability and infrastructure readiness

Decarbonisation trajectories should be evidence-based and reflect realistic fuel availability, technical feasibility and infrastructure deployment timelines, while avoiding competitive distortions or unintended impacts on trade patterns.

4. Ensure commercial practicality and implementation flexibility

The framework should include flexibility compliance mechanisms, clear legal responsibilities and practical implementation arrangements that reflect the diverse operating and contractual structures of the shipping industry.

5. Commit to periodic review and alignment with IMO developments

The UK Government should establish a structured review process to maintain alignment with IMO policy developments, avoid unnecessary divergence and ensure the framework remains effective over time.

If the above principles are embedded from the outset, the UK Chamber believes that a UK Fuel Standard can support maritime decarbonisation while maintaining competitiveness, reducing implementation risks and aligning with international frameworks.

It is crucial to highlight that the introduction of FuelEU Maritime has not been without significant challenges, some of which remain outstanding. The UK Chamber therefore considers there to be an opportunity for the UK Government to utilise the experience of the industry in shaping its own policy and regulatory framework.

Unlike an emissions trading scheme, a fuel standard regulates fuel choices, fuel certification systems, lifecycle accounting methodologies, pooling arrangements (if applicable), compliance balances, and indirectly, commercial contractual relationships. The implementation of FuelEU Maritime has therefore required substantially more operational and administrative changes across the maritime sector (and wider supply chains) compared to EU ETS.

The UK Chamber would also encourage the UK Government to take account of lessons already identified through the UK ETS process, including areas where industry has highlighted the need for further clarity on ship-level certification, data reporting and enforcement. These lessons are set out in the UK Chamber's [UK ETS Lessons Learned from EU ETS](#) paper (October 2024) and may also provide useful context as the Government develops its approach to a UK Fuel Standard.

A recurring lesson from both EU ETS and FuelEU Maritime has been that policy success depends not only on ambition, but on practical implementation.

Across monitoring, reporting, fuel certification, commercial arrangements, digital infrastructure and compliance, the UK Chamber considers that any future UK Fuel Standard must be practical to implement. This will require maximum alignment with other national maritime emissions monitoring requirements as well as alignment to international frameworks, or regional frameworks where necessary, coupled with the early engagement of industry stakeholders.

1. Regulatory Complexity and Implementation Timelines

Context

The implementation of FuelEU Maritime (FEU) has required the development of detailed compliance processes covering a wide range of areas, including fuel certification, lifecycle emissions calculations, monitoring plans, reporting obligations, verification procedures, compliance balances, pooling arrangements and the issuance of compliance documentation.

To support the implementation DG MOVE together with industry and EU Member States developed a comprehensive set of guidelines addressing these requirements.

Drawing on the expertise of its membership, the UK Chamber has also developed a '[FuelEU Maritime Resource Library](#)' (similar to its [EU ETS Resource Library](#)).

Problem Statement

Whilst extensive guidance has been produced by the European Commission, Member States and industry stakeholders, implementation has proved challenging (See the table below for examples). Despite this, shipowners have largely managed to meet the requirements of the regulation.

The administrative workload associated with compliance was significantly greater than industry and regulators had anticipated. As a result, compliance timelines have been difficult to meet, and in some cases deadlines have been missed, even where operators acted in good faith and remained operationally compliant. In practice, penalties may have been mitigated or avoided because DG MOVE and some Member States were minded to adopt a flexible approach. Some of these consequences only became apparent in the first verification period.

The regulatory framework and supporting guidance are highly complex. While considerable effort has been invested in developing guidance materials, including guidelines, webinars, and FAQs there remain areas requiring further clarification, such as the Slip Guidelines that allow operators to deviate from default slip emission factors.

Furthermore, some guidance has required further interpretation by verifiers ⁱⁱ and Member States, resulting in non-uniform interpretations. This has led to unforeseen discrepancies, implementation challenges, and additional resource demands for industry, Member States, and DG MOVE.

Examples of implementation challenges in FEU to date

Topic	Problem	Impact
Monitoring Plan (MP) submission and preparation	FEU regulatory requirement: 31 August 2024 FEU MP submission deadline to verifiers. Secondary legislation for MP format: published 26 July 2024.	Owners / operators had little time to create the MP in the required formats. ^{iii iv} Verifiers had little time to adjust their systems to accommodate FEU MP format.
THETIS-FEU module development	EU IT platform THETIS was still under development ^v / inconsistencies with calculations still being identified whilst being used in first verification period.	This resulted in issues with partial verification and ice class derogation calculations. It added more complexity to the first year of implementation. ^{vi}

Topic	Problem	Impact
Annual FuelEU Calculation	From 1 January 2025 FuelEU entered into force. However, the calculation to obtain the 'Attained FuelEU' was a challenge for both operators and verifiers, who were obtaining different results for very similar scenarios.	More guidance was required and was developed by an industry working group. However, this was only ready in the middle of 2025. ^{vii viii}
Compliance balance approval	Deadline for submission of verified data: 31 March Deadline for application of flexibility compliance mechanism: 30 April Final verified compliance balance recorded: 1 May	Very tight timelines for compliance. ^{ix} Application of flexibility compliance mechanisms is complex, and any errors propagate through entire pools. Despite further guidance on calculation – different interpretations of formula can exist. It is unclear what happens if issues with verifying final compliance balance continue past 1 May deadline.
Pooling	During the first year of FuelEU verification, issues have been faced by the industry both for the calculation and how to reopen a pool where a miscalculation has been made.	Regulated entities have missed compliance deadlines due to unclear processes and procedures. Verification workload has increased where issues have been found with compliance balances in a pool. Resulting in the whole pool needing to be re-verified following correction of ship-level data. ^x
Data submission deadlines	FuelEU regulatory requirement is to submit data for verification by 31 January annually. Clarity was lacking on where the data should be submitted.	Most assumed the data should be submitted to the verifier as per EU MRV/ETS requirements. However regulators later made clear this should have been done in THETIS and to the verifier directly. This was burdensome and time consuming.



Lessons for the UK

The principal lesson from FuelEU Maritime is that regulatory ambition must be matched by implementation readiness. The complexity of fuel standards extends beyond setting emissions reduction targets and requires detailed guidance, mature digital systems, clear compliance processes and sufficient time for industry, verifiers and administrators to adapt.

The experience of FuelEU Maritime demonstrates that even where industry is willing and able to comply, compressed implementation timelines, evolving guidance and immature systems can create avoidable compliance risks and administrative burdens. A future UK regime should therefore prioritise operational readiness and stakeholder engagement from the outset.



Recommendations

The UK Chamber recommends that the UK Government:

1. Provide comprehensive implementation guidance

- Support regulatory requirements with detailed guidance including FAQs, guidelines, webinars and other explanatory materials.
- Ensure that all materials / webinars are available well in advance of compliance deadlines.
- Centralise all guidance, updates and resources in a single and openly accessible UK Government portal.

2. Engage verifiers and industry from the outset

- Involve verifiers and industry representatives in the design and implementation of the regulatory framework from the beginning.
- Enable verifiers to review and approve monitoring plans, emissions data, and pooling arrangements, as is done under the EU system.
- Ensure sufficient flexibility within the framework so that updating and approving emission monitoring plans does not adversely affect emissions data reporting or compliance processes.

3. Establish industry working groups

- Create formal industry working groups, similar to those operating within the EU, to address practical implementation challenges.
- Facilitate knowledge-sharing and collaboration between Government, industry, and verifiers.

4. Provide adequate implementation support

- Establish appropriately resourced helpdesks to provide timely and prompt advice where issues arise.
- Publish clear contact information for such helpdesks to ensure smooth implementation.

2. Core data, ship-level requirements and IT infrastructure

Context

Any fuel standard must be underpinned by robust ship-level data collection, reporting and verification processes. The EU are currently looking at how to simplify and harmonise ship-level reporting requirements between EU MRV/ETS and FuelEU, creating a core MRV compliance framework and associated IT infrastructure (equivalent to the EU THETIS-MRV system) that will underpin both ETS and FuelEU compliance requirements.

Problem Statement

Experience from FuelEU Maritime demonstrates that implementing new reporting and compliance systems can be challenging. Key issues encountered include:

- Unclear reporting processes and submission requirements.
- Limited time for industry and verifiers to familiarise themselves with new digital systems.
- Complex fuel allocation methodologies for the in-scope portions of the voyages – complex to understand, operationally plan and verify how to allocate fuels on an annual basis.
- Difficulties with the administration and calculation of compliance pooling arrangements.

Currently, it is unclear how the UK ship-level MRV architecture (as provided through METS – a system built to be managed at company level), will be able to support an equivalent fuel-standard regime, particularly one which allows free pooling between different ships and operators and relies on the need for well-to-tank emissions factors.

Furthermore, the challenges highlighted above demonstrate the importance of having a mature, tested, and user-friendly system in place before compliance obligations begin.



Lessons for the UK

A fuel standard is only as effective as the data and systems that underpin it. FuelEU Maritime has demonstrated that robust ship-level monitoring, reporting and verification arrangements are a prerequisite for successful implementation and enforcement.

Introducing compliance obligations before digital infrastructure, reporting processes and verification arrangements have been fully tested risks undermining confidence in the regime and imposing unnecessary costs on operators. The UK should therefore establish the required MRV architecture well in advance of any compliance requirements.



Recommendations

The UK Chamber recommends that the UK Government:

- 1. Implement a UK MRV system at least one year before the fuel standard takes effect** to establish reliable baseline data and allow stakeholders to become familiar with reporting requirements. A phase in period to ensure that the system is aligned with EU system might require a longer period.
- 2. Develop the system in collaboration with industry and accredited verifiers**, drawing on lessons learned from FuelEU Maritime implementation.
- 3. Align the UK data collection requirements with IMO DCS, EU MRV, and FuelEU Maritime requirements**, including reporting formats, monitoring plans, verification procedures, compliance mechanisms, pooling arrangements (see point 11 below), and enforcement processes.
- 4. Ensure all digital infrastructure is fully tested and has completed at least one full reporting cycle before compliance obligations commence.**
- 5. Publish annual evaluations of the system**, identifying implementation challenges and opportunities for continuous improvement.

3. Certification Requirement for Renewable Marine Fuels (Zero-rating fuel and Technology)

Context

Understanding the sustainability characteristics of fuels on a well-to-wake basis is essential to any regulatory framework designed to reduce emissions. Without a reliable and certifiable fuel supply chain, it is not possible to report, verify or demonstrate emissions savings with confidence.

The fuel supply chain extends well beyond the maritime sector, with suppliers often serving multiple industries. In the EU, the Renewable Energy Directive, the Union Database (UDB) and the EU Gas Directive provide a cross-sector framework that enables fuel suppliers to demonstrate well-to-tank greenhouse gas savings. This centralised approach provides a level of assurance around the sustainability, quality and traceability of low-carbon and renewable fuels.

Without such a wider regulatory framework, the EU regulations (ETS and FuelEU) would not adequately allow fuels to be zero rated in terms of their emissions, and resultantly owners would get no benefit from bunkering lower GHG fuels.

Moving beyond the fuel supply system, the application of technologies such as onboard carbon capture and storage (OCCS), and wind propulsion systems (WPS) also play a part in reducing the GHG emissions released to the atmosphere from ships. The EU regulatory framework recognises this with provisions for the use of OCCS in EU ETS, and rewards for using WPS in FuelEU.

Problem Statement

The UK does not currently have access to the EU Union Database (UDB – also see box opposite), and there is no equivalent global system that certifies the fuel supply chain with the same regulatory requirements or level of assurance.

This creates uncertainty around how the UK will:

- Certify fuels and verify sustainability data;
- Ensure access to reliable, traceable and verifiable information; and
- Recognise technologies such as onboard carbon capture and storage (OCCS) and wind propulsion systems (WPS), where guidance on reliability and greenhouse gas savings is still developing at both EU and IMO level.

Clear arrangements will therefore be needed to support fuel certification, data assurance and the recognition of emerging technologies within any future UK framework and this should ultimately tie in with any global framework developed by the IMO.

Important note regarding the EU UDB

In the EU maritime operators have also had this problem, and since the start of EU ETS requirements, shipping companies have had to rely on the PoS (Proof of Sustainability) being passed on from the final economic operator in the certified value chain reporting into the UDB. This itself has created problems including:

- Non supply of the PoS.
- Requirement for the original PoS, not a copy.
- Assurance of no double counting of GHG savings once the PoS is no longer being tracked within the UDB itself.

The EU is resolving these challenges by linking the information from the PoS in the UDB with the BDN (bunker delivery note) and feeding this through to THETIS, for shipowners/ operators and verifiers to access.



Lessons for the UK

The environmental credibility of a fuel standard depends upon confidence in fuel certification and lifecycle emissions data. FuelEU Maritime has shown that certification arrangements require extensive supporting infrastructure, reliable data exchange mechanisms and trusted verification processes extending well beyond the shipping sector itself.

The UK should avoid creating standalone certification arrangements that diverge from emerging international frameworks. Alignment and interoperability will be essential to provide certainty to fuel producers, suppliers and vessel operators while minimising administrative complexity.



Recommendations

The UK Chamber recommends that the UK Government:

- 1. Ensure that any UK fuel certification and LCA system is fuel- and technology-neutral**, enabling all eligible low- and zero-emission fuels and technologies to compete on a level playing field.
- 2. Prioritise alignment with the IMO fuel certification and lifecycle assessment (LCA) framework** to support global consistency, minimise regulatory fragmentation, and reduce compliance complexity for international shipping operators, prevent double counting, facilitate compliance verification and ensure full transparency and auditability.
- 3. Avoid the creation of parallel regulatory systems** that could increase administrative burdens, create inconsistencies between jurisdictions, and undermine international harmonisation.
- 4. Develop a clear transition strategy** setting out how alignment / interoperability with emerging IMO requirements will occur, including whether interim alignment (and interoperability) with the EU system is necessary pending implementation of the IMO framework.
- 5. Recognise and support mass balancing and book-and-claim mechanisms** within the certification framework, as these are important tools for facilitating the uptake of renewable and low-carbon fuels. However, these mechanisms should be designed to align with international standards to minimise the risk of fragmentation and double counting.
- 6. Develop clear and timely guidance on demonstrating the sustainability credentials of renewable fuels**, including standardised requirements for documentation, certification, verification, and audit trails.
- 7. Establish a comprehensive digital fuel certification database** capable of recording, tracking, and verifying fuel transactions and sustainability attributes, including mass balancing and book-and-claim arrangements.
- 8. Review and align Emission Reduction Claim rules under the UK ETS** with any UK fuel standard.

4. Avoid Double Reporting and reduce administrative burden

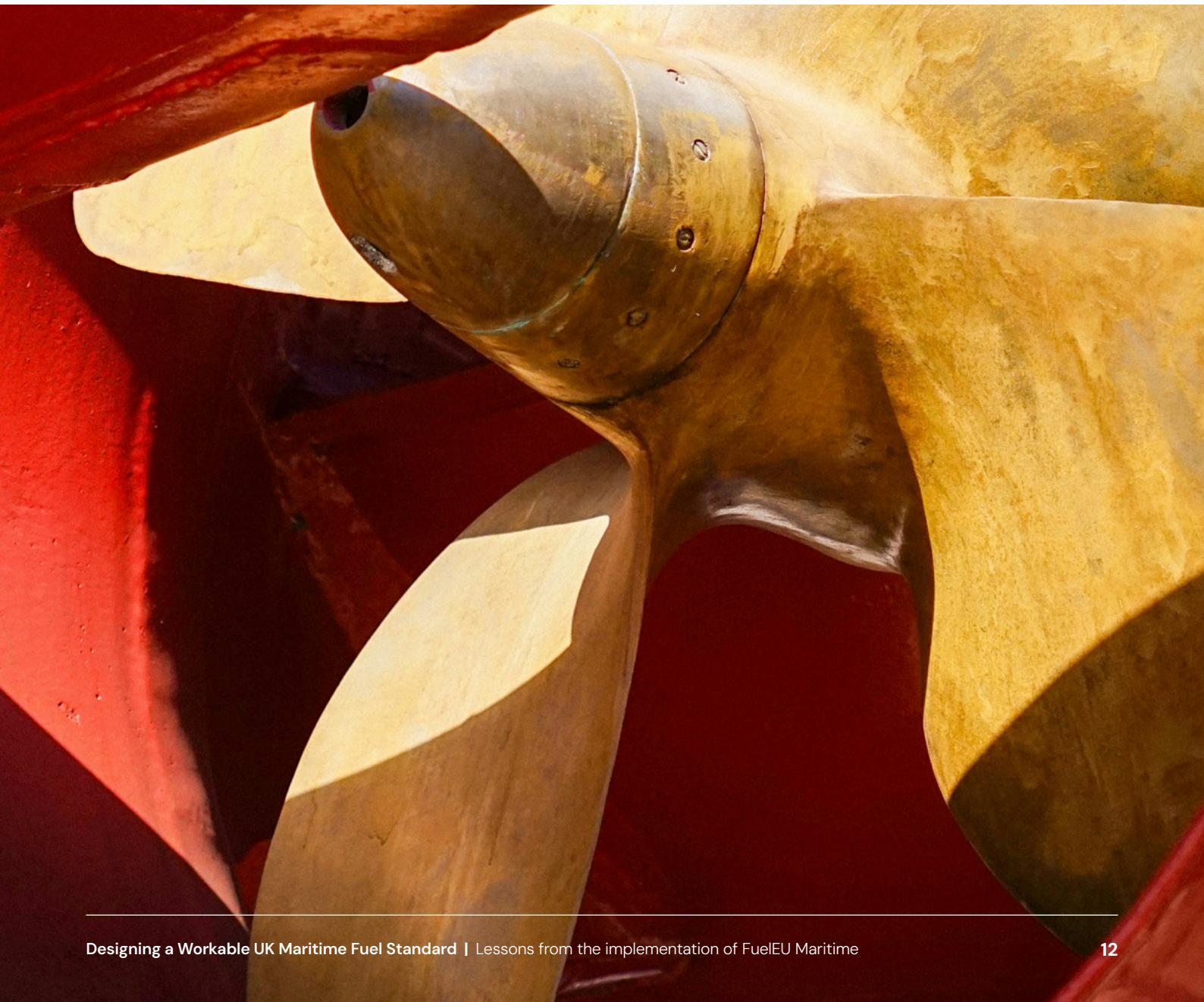
Context

Any UK fuel standard would, as a minimum, be neighbour to the FuelEU maritime standard, covering the entire EU bloc and 50% of voyages into and out of the region. Additionally, if the IMO develops a fuel standard there would also be a global reporting requirement in place.

Problem Statement

Emissions and fuel consumption data from ships may need to be used for multiple reporting requirements. If domestic, regional and international requirements are not designed with clear scope and alignment, there is a risk of duplication: the same data being reported more than once and the same emissions being subject to financial exposure under multiple regimes.

This risks increasing administrative burden, creating competitive distortions and making the UK less attractive; unfairly penalising operators for trade within the region being exposed for the same emissions under multiple regimes.





Lessons for the UK

The growing number of regional and international decarbonisation measures increases the risk of overlapping compliance requirements. The same operational and emissions data may need to be reported under multiple regimes, creating unnecessary administrative burdens and increasing costs for operators.

A future UK fuel standard should therefore be designed around the principle of reporting once and using data many times. Alignment with IMO and existing regional requirements will be essential to avoid duplication, double-counting, double financial exposure and unintended competitive distortions.



Recommendations

The UK Government should also seek to avoid the duplication of reporting already undertaken on a regional and international level as regarding the Fuel Standard. The UK's obligations under the auspices of the IMO takes primacy, but in order to avoid double reporting and market distortion the UK Chamber recommends:

- **Clarity and alignment of definitions:** The definition of domestic maritime voyages and emissions within scope of a UK Fuel Standard should be made as clear as possible and avoid overlap with other regional or international schemes;
- **IMO scheme should have primacy** – this is in order to avoid any double reporting and avoid creating unnecessary divergences in certification, reporting and compliance requirements.
- **Alignment with neighbouring schemes:** Any UK regional measure should be designed to complement, rather than duplicate or conflict with, international or regional requirements (IMO and EU).
- **Align with equivalent FuelEU provisions where appropriate:** Any UK fuel standard should seek to maintain alignment with equivalent provisions under FuelEU Maritime, including derogations, exemptions and ship-level enforcement mechanisms. This would help minimise administrative complexity and competitive distortion.
- **Consider impacts on specific vessel types and services:** Alignment should take account of sectors where divergence could have disproportionate effects, including lifeline ferry services and regulated entities operating ice-class vessels.
- **Review derogations periodically:** Any derogations introduced should be accompanied by periodic review mechanisms to ensure they remain justified as technology, fuel availability and infrastructure develop, and to support dynamic alignment with relevant EU and IMO developments.

5. Fuel Standard Trajectory and Target Setting

Context

FuelEU has demonstrated the value of a fuel standard in creating a clear long-term demand signal for low-carbon marine fuels through a progressively tightening greenhouse gas (GHG) intensity trajectory. This certainty has helped industry begin planning investments in alternative fuels, vessels and bunkering infrastructure.

Problem Statement

Key lessons from FuelEU Maritime show that ambitious decarbonisation trajectories are only effective when they are supported by realistic fuel availability, technical feasibility and infrastructure readiness. Targets that significantly outpace the availability of compliant fuels are unlikely to accelerate emissions reductions and instead risk creating market distortions and unintended consequences. These distortions may include altered vessel routing, changes in bunkering strategies, shifts in port call patterns and competitive impacts between jurisdictions. Such outcomes could undermine both environmental objectives and the competitiveness of UK ports and shipping operations.

However, targets that are set too low risk creating additional administrative burden for minimal environmental benefits. A system that starts slowly and gradually ramps up (similar to FuelEU) would allow for the development of fuel availability, demand and supply without an initial shock to the market.

There is also a risk that frequent revisions to compliance methodologies, fuel eligibility criteria or reporting requirements could create regulatory uncertainty. Uncertainty increases investment risk and may discourage the long-term capital commitments required to develop alternative fuel production capacity, supply chains and bunkering infrastructure.





Lessons for the UK

Targets alone do not deliver decarbonisation. FuelEU Maritime demonstrates that successful emissions reduction pathways must be supported by sufficient fuel availability, infrastructure deployment and technological readiness.

If compliance requirements significantly outpace the market's ability to supply compliant fuels, regulation risks driving unintended operational behaviours rather than genuine emissions reductions. The UK should therefore adopt evidence-based trajectories that maintain ambition while reflecting real-world market conditions.



Recommendations

The UK Chamber recommends that the UK Government:

- **Align with International Frameworks** – a UK fuel standard trajectory should align with the IMO framework once adopted.
- **Align with FuelEU maritime in the absence of a global trajectory** – If an IMO trajectory is not yet available, FuelEU Maritime provides the most logical interim benchmark due to its operational maturity and the experience already gained by industry.
- **Base targets on realistic fuel availability** – Any GHG intensity reduction trajectory should be informed by robust assessments of:
 - Fuel availability and production capacity.
 - Infrastructure and bunkering readiness.
 - Technical feasibility for different vessel segments.
 - International competition for limited fuel supplies.
- **Provide Long-Term Regulatory Certainty** – The UK fuel standard should establish a stable, long-term compliance pathway that provides investors with confidence to support alternative fuel production, vessel investments and bunkering infrastructure development. Frequent methodological changes or significant shifts in compliance requirements should be avoided wherever possible, as these can undermine investment decisions and delay market development.
- **Minimise UK Market Distortion** – The design of the standard should seek to avoid unintended incentives that could drive artificial changes in trading patterns, bunkering locations or fuel purchasing behaviour. A well-designed regime should encourage genuine emissions reductions rather than compliance strategies that deliver limited environmental benefit.

6. Financial Risk and Commercial Considerations

Context

The shipping industry is characterised by different company structures and different commercial agreements including bareboat charters, time charters, contracts of affreightment and very short-term vessel contracts. Unlike an emissions trading scheme, FuelEU Maritime directly influences fuel purchasing decisions, vessel operating strategies and long-term investment planning.

As such, operators are exposed to high commercial & operational uncertainty/complexity, particularly in relation to future fuel costs and availability, annual compliance balance optimisation, access to revenues generated by regulatory frameworks and interactions between multiple regulatory regimes.

Problem Statement

FuelEU Maritime has shown that compliance strategies vary significantly between operators. Some companies may be able to use lower-carbon fuels and internal pooling to meet their obligations cost-effectively, while others may need to rely on external pooling, penalties or alternative commercial arrangements. This creates several practical and financial risks:

Planning for future fuel costs and availability.

FuelEU's strict limits on well to wake GHG intensity and lifecycle emissions compel operators to shift away from fossil derived energy. This transition touches every level of fleet operations and requires:

- long term structural reinvestment
- new procurement strategies
- alternative fuel testing
- supply chain readiness
- commercial restructuring

Optimisation of annual compliance balance

- **Fuel strategy optimisation** is company dependent, and one size does not fit all. Some companies may find that biofuel bunkering combined with internal pooling would be the cheapest pathway. For others, the optimised fuel strategy may be to rely on external pooling.
- **Pooling opportunities** are only available via a secondary unregulated market, making planning and execution of pooling both complex and uncertain from one year to the next.

Access to revenues generated by some of these regulatory frameworks might support shipping decarbonisation (if directed accordingly), but access to the money is often both uncertain, and where available, particularly in the EU, complex to access.

Interactions between multiple regulatory regimes (FuelEU, CII, EU ETS, IMO, and regional ETS schemes) and how they overlap and are interpreted creates a highly complex regulatory environment to navigate and comply with.

Evolution of regulations, particularly those based on gateway targets can make compliance complex to plan for (see right-hand side box).

FuelEU Renewable Fuel of non-biological origin (RFNBO sunrise clause)

FuelEU has a sunrise clause for RFNBOs. While the RFNBO sub-target can provide a useful incentive for production and use of e-fuels, the regulation also includes a provision that it only takes effect if there is sufficient supply. This introduces regulatory uncertainty and prevents the signal policymakers intended to send.



Lessons for the UK

Shipping is commercially diverse, and regulatory design must reflect this reality. FuelEU Maritime has shown that fuel standards influence not only environmental performance but also contractual relationships, fuel procurement decisions, investment strategies and vessel operations.

A future UK regime should therefore recognise commercial complexity and provide the regulatory framework that allows emissions reductions to be achieved in the most cost-effective manner, while preserving competitiveness and investment confidence.



Recommendations

Noting that regional differences in the availability, pricing and certification of compliant fuels may influence bunkering behaviour, vessel routing decisions and wider trade patterns, the UK Chamber recommends that the UK Government:

- **Carefully assess potential market impacts before introducing a UK-specific fuel standard trajectory** – including constraints in the supply of biofuels, RFNBOs and price differences.
- **Consider carrying out an impact assessment** – focusing on additional costs for importing and exporting UK goods and the effect on inflation.



7. Other key areas for consideration

A. Revenues generated

FuelEU Maritime does not generate direct financial flows to governments in the same way as the ETS. There are multiple ways to comply with FuelEU – achieving annual compliance target, applying a flexibility compliance mechanism (banking, borrowing, pooling) or paying the penalty. Strategies are different for every operator. In the first year of operation FuelEU penalties to comply were only paid by 2% of the participants (Source: DG Move FuelEU implementation update 5 May 2026).

B. Legal Clarity

The regulatory complexity of FuelEU Maritime has made it necessary to define clear commercial responsibilities between different entities involved in shipping operations, including ship managers, charterers, owners, and fuel providers. Such commercial relationships rely on standardised charter party clauses to clearly identify who carries the risk and costs of compliance (regarding matters such as fuel procurement decisions, pooling arrangements, surcharges, penalties). As such, the commercial implementation of FuelEU has required extensive revision of charterparty clauses, commercial agreements and fuel procurement arrangements across the sector.^{xi xii}

Important note regarding implementation of FuelEU commercial contracting clauses

Some of these clauses will be tested during this year of FuelEU operations and the UK Chamber expects some challenging discussion about the implementation of these clauses.



Recommendation

The UK Chamber recommends that the UK Government:

- **Engage early with legal practitioners, shipowners, charterers and other affected stakeholders** – to ensure that compliance obligations can be implemented effectively through existing commercial arrangements and contractual frameworks.

C. Responsible Entity

Under FuelEU, the “responsible entity” (i.e. the legal entity subject to compliance obligations) is named as the DOC Holder – without any flexibility. This is different to EU ETS, where the default responsible entity is the registered owner, who may delegate responsibility to the ISM ship management company. The EU recognises that this disparity between the EU ETS and FuelEU is causing additional compliance complexity and so will be discussing as part of the ongoing review of EU ETS and pending review of FuelEU Maritime (due in 2027).



Recommendation

The UK Chamber recommends that the UK Government:

- **Carefully monitor developments on compliance responsibility under EU ETS and FuelEU** – recognising that FuelEU requirements may change in future.
- **Keep compliance obligations as simple and consistent as possible across regimes** – particularly as the regulated entities are often the same even where policy responsibility sits with different Government teams.

D. UK Maritime Emissions Model

The UK has developed a Maritime Emissions Model which represents the UK Department for Transport’s first internal capability for estimating and forecasting maritime emissions.

Industry recognises this as an important step in strengthening the evidence base for maritime decarbonisation policy. However, stakeholders have identified areas where further testing, validation and refinement would help improve confidence in the model and its use in future policy development.

The UK Chamber has coordinated a [review of the DfT Maritime Emissions Model](#) drawing on input from a number of Classification Societies, UK universities, P&I clubs, other associations, shipowners and consultancies. The review:

- Compares the DfT Model against three other fleet models.
- Identifies areas where assumptions, data sources and methodologies could be strengthened;
- Highlights challenges associated with applying Science Based Target methodology to shipping decarbonisation pathways.

The credibility of any future Fuel Standard will depend on the robustness of the evidence base that underpins it. Assumptions regarding fuel availability, infrastructure deployment, vessel technology uptake and operational behaviour should therefore be kept under review and subject to continued industry engagement.



Recommendation

The UK Chamber recommends that the UK Government:

- **Engage with industry on the underlying assumptions, data sources and methodologies within the UK Maritime Emissions Model** – prior to its use in setting future Fuel Standard trajectories or emissions reduction obligations.

E. Multiple routes to compliance

FuelEU allows for compliance through either:

- Meeting the annual GHG reduction target
- Paying the accrued penalty
- Applying a flexibility compliance mechanism (pooling, banking and borrowing provisions)

This is one of the principal strengths of FuelEU Maritime. Specifically, the flexibility compliance mechanisms allow emissions reductions to be delivered in a cost-effective manner while recognising the diversity of operating profiles across the shipping sector.



Recommendation

The UK Chamber recommends that the UK Government:

- **Include equivalent flexibility mechanisms in any UK Fuel Standard from the outset** – restricting these mechanisms would significantly increase compliance costs without necessarily improving environmental outcomes. However, as indicated in section 1 and 2 of this report (**Regulatory Complexity and Implementation Timelines** and **Core data, ship-level requirements and IT infrastructure**), pooling has created challenges and must be supported by a robust database and guidance to be successful.
- **Allow for aggregated or anonymised data sharing** – to facilitate pooling governance without revealing proprietary commercial strategies or individual vessel trading positions.

F. Timely review and clear plan

The EU MRV, EU ETS and FuelEU have a clear plan of revision for thresholds, vessel types (i.e. offshore vessels), additional GHG gases etc. A similar clear plan for reviewing the system needs to put in place by UK Government.



Recommendation

The UK Chamber recommends that the UK Government:

- **Undertake annual, published operational reporting** – covering penalty incidence, compliance rates, fuel availability, MRV system administrative performance and any unintended market distortions observed.
- **Commit to a five-yearly review of the UK fuel standard** – to ensure any adjustments to the regulatory framework improve implementation and compliance.
- **Undertake a statutory review of the UK Fuel Standard within 12 months of the IMO adopting its final global fuel standard** – to ensure IMO primacy, align rules and targets where necessary, avoid double counting or double payment, and adjust the UK system as needed to maintain a level playing field for UK-flagged and internationally trading vessels.

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