

EU Sustainable Maritime Fuels

Legislative Framework and Funding Gaps

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EU Framework for Maritime Transport: State of Play

Drivers

- FuelEU Maritime long term investment technology choices (penalties of 2,400 €/t for conventional fuel consumed above the GHG limit)
- IMO Net zero framework, post-postponement

Constraints

FEUM

- No binding RFNBO targets under FEUM.

ETS

- ETS Maritime covers 70% of verified emissions for 5000+ GT vessels. Non-CO2 emissions to be included as from next year.

The IMO MEPC.2 vote postponement should be seen as such – a postponement. The EU legislative Framework can act as a guide for the NZF.

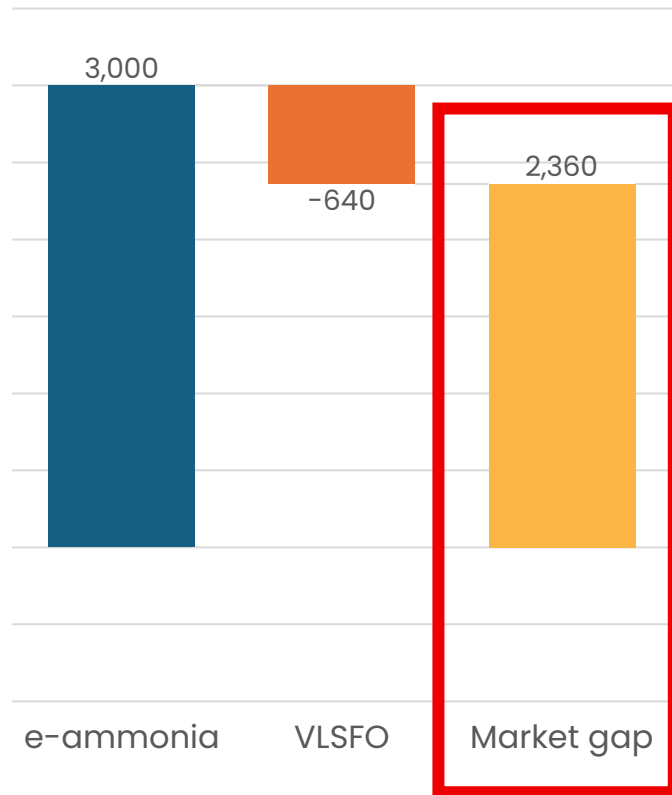


Legislatively, the EU has the right approach with the combination of a fuel standard and a carbon pricing mechanism. But the funding gap remains.

Impact of the FuelEU Maritime

The fuel cost gap is too significant ...

Existing market gap for e-fuels in the maritime sector
(EUR/t fuel oil equivalent)



With the current renewable hydrogen production costs (6 EUR/kg) and current market prices of VLSFO (very low sulphur fuel oil) at 640 EUR/t a green ammonia fuel cost would be **around 3.5x more expensive**

Notes: Example of e-ammonia produced with hydrogen cost at 6 EUR/kg

Impact of the FuelEU Maritime

ETS and ETD do not change the picture by much

Existing market gap for e-fuels in the maritime sector
(EUR/t fuel oil equivalent)



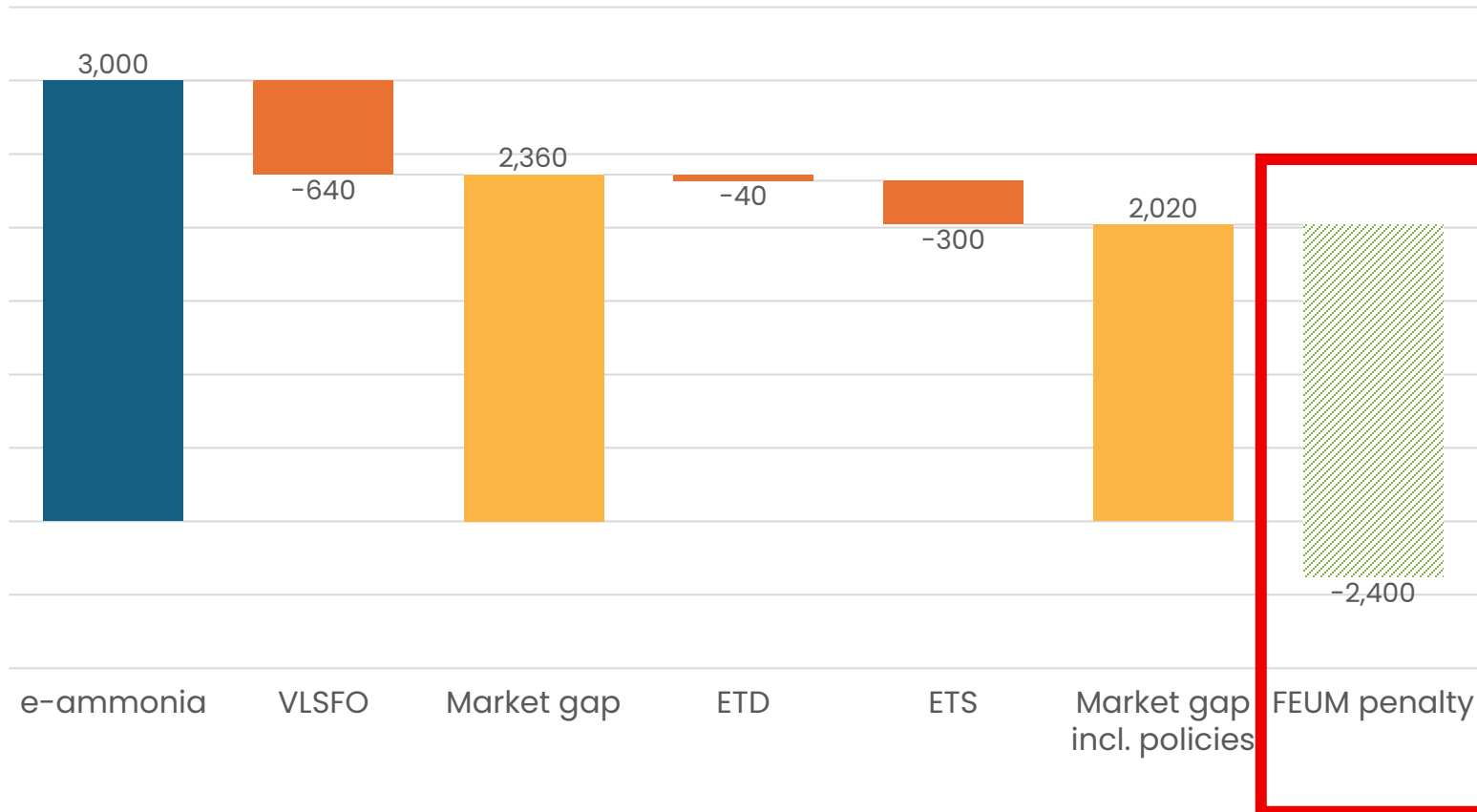
Introduction of the ETS for the maritime sector and the Energy Taxation Directive will help to bridge the gap – **but neither would be anywhere near enough to fully cover the cost difference**

Notes: Example of e-ammonia produced with hydrogen cost at 6 EUR/kg

Impact of the FuelEU Maritime

Non-compliance penalty in the FEUM can really make things move

Existing market gap for e-fuels in the maritime sector
(EUR/t fuel oil equivalent)



The non-compliance penalty introduced in the FuelEU Maritime regulation (2,400 EUR/t) would provide the needed incentive – **but there are no RFNBO specific targets in FuelEU Maritime.**

This combined with relatively small objectives until 2030 means that the penalty will not make much difference for e-fuels (after all – if the target can be met using LNG no one will be facing the penalty)

Notes: Example of e-ammonia produced with hydrogen cost at 6 EUR/kg



STIP: Will it cover the funding gap?

What's included?

- Possible upcoming measures for Maritime Fuels analogous to SAF support.
- Member State 'encouragement' to propose earmarking of maritime revenues.
- Possible upcoming MRV framework for ETS Maritime and FuelEU Maritime.
- The Commission will 'examine' how PPAs could be extended to RLCF.

What is missing?

- **Binding RFNBO FuelEU Maritime targets.**
- **Earmarking of ETS Revenues back to the maritime sector.**
- **Demand-side policies: maritime transport as a 'lead market'**

Total mobilisation of **€2.9 billion until end-2027** through different funding mechanisms.

→ However, total investment needs are around **€34.7–46.7 billion**

STIP is a step in the right direction, but the funding gap remains. A combination of binding FEUM targets, and the use of ETS revenues can ensure that this gap could be covered without endless reliance on additional funding.

Thank You

