

Observations on bridging proposals
MEPC-83
13 March 2025

CONTEXT

SUISSENEGOCE thanks the proponents of the two bridging proposals for their meaningful efforts to find convergence among the many delegations who are about to meet at MEPC 83.

Here we do not propose a new bridge. We are simply proposing **how a few steps within each existing proposal will converge on the same architecture.**

We further note that this converged architecture can, if correctly parameterizes and supported by guidelines, **meet the objectives of the IMO’s 2023 Strategy.**

Likewise, it can be used to deliver measures that will meet the SUISSENEGOCE criteria of Investability, Flexibility, Practicability and Fairness.

Table 1: comparison of SUISSENEGOCE’s template with the 2 bridging proposals

<u>SUISSENEGOCE template</u>	<u>ISWG-GHG 18-J-9: “Singapore Proposal”</u>	<u>MEPC 83-7-39 “ICS Bridge”</u>
GFS: two tiers	Yes	Yes if the definition of ZNZ is separated from the definition of the base line from which “ZNZ contribution” is applied
Flex	Yes – if SU’s may be earned from below the Upper Tier GFS line ¹	Yes. Proposal already open to multiple versions of flex
Contribution paid between Lower-Tier-GFS and Upper-Tier-GFS	Yes	Yes (given adjustment in row 1)
RU is used to drive decarbonisation	Yes, if SUs earned from below the U-GFS then the upper tier RUs can be used for this purpose. (else use of upper tier RU for this purpose may lead to volatility of outcomes)	Yes. Proposal already open to multiple versions of flex
Contribution set to drive revenue generation	Yes if SUs earned from below the U-GFS the lower tier RUs can be used for this purpose. (else use of lower-tier RU for this purpose may lead to volatility of outcomes)	Yes
Possibility of using architecture to meet SUISSENEGOCE criteria		
Yes	Yes	Yes
Possibility of ensuring that no compliance payment is made by a compliant vessel.		
Yes	Yes	Yes

¹ As proposed by MMMCZCS and others

Possibility of using architecture to raise sufficient and stable funds for uses identified in the IMO GHG Strategy of 2023		
Yes	Yes	Yes
Possibility of using architecture to motivate compliance with the base and striving for milestones within IMO GHG Strategy of 2023		
Yes	Yes	Yes

Further to the above observations, SUISSENEGOCE proposes that **the converged architecture of the two bridging proposals** is parameterized as follows:

1. GFS: two tiers
2. Lower -GFS set at [DNV strive]
3. Upper -GFS set at [Line selected from ISWG GHG 18-2-11]²
4. All lines to be set as annual targets computed as a linear interpolation among the data points in the proposals identified above.
5. Flex: DU's generated above U-GFS and L-GFS, SU's generated below U-GFS, payment of RUs as alternative compliance in both tiers, use of purchased SUs above U-GFS, pooling and banking of compliance units possible.
6. Banking limited to one year.
7. No SUs generated by fossil fuels.
8. Contribution paid between L-GFS and U-GFS set at [\$75 to \$100] per tonne of CO₂e.
9. RU is set to drive decarbonisation to at least U-GFS. [\$450 to \$650] per tonne of CO₂e.
10. RU can be increased, and increased only, in the event that the pace of decarbonisation is lagging.
11. Contribution can be increased in the event that the IMO NZF is underfunded. Target fund size in first year to be [\$15bn to \$30bn]. Targets in subsequent years defined as [TBD]
12. Uses of funds as per IMO GHG Strategy.
13. Portion of these funds to support ZNZ being [40% to 60%]

² Submitted by China, UAE and South Africa