

Merchant Marine Circular

Panama Maritime Authority
General Directorate of Merchant Marine
Control and Compliance Department

MERCHANT MARINE CIRCULAR MMC-365

To: Ship-owners/operators, Legal Representatives of Panamanian Flagged Vessels, Panamanian Merchant Marine Consulates and Recognized Organizations (ROs).

Subject: Panama Policy on SEEMP, IMO-DCS and Carbon Intensity Indicator.

Reference: a) Resolution No. 106-OMI-196-DGMM of February 27, 2018, adopting Resolution MEPC.278(70) of October 28th, 2016;
b) Resolution No. 106-26-DGMM of April 17, 2018 – Delegation responsibility;
c) Resolution No. 106-01-DGMM of 5 January 2021 – Verifier services;
d) Resolution J.D. No. 002-2020 dated 12 February 2020;
e) Resolution MEPC.346(78) – 2022 Guidelines for the Development of a Ship Energy Efficiency Management Plan (SEEMP), which revokes the Resolution MEPC.282(70) of October 28th, 2016 (**Only as Recommendation**);
f) Resolution MEPC.347(78) dated 10 June 2022 - Guidelines for the Verification and Company Audits by the Administration of Part III of the Ship Energy Efficiency Management Plan (SEEMP) (**Only as Recommendation**);
g) Resolution MEPC.293(71) of July 7th, 2017 (**Only as Recommendation**);
h) Resolution MEPC.292(71) of July 7th, 2017 (**Only as Recommendation**);
i) Resolution No. 107-OMI-256-DGMM dated May 24, 2022, adopting Resolution MEPC.328(76) - 2021 Revised MARPOL Annex VI, dated on 17 June 2021;
j) Resolution MEPC.352(78) - 2022 Guidelines on Operational Carbon Intensity Indicators and the Calculation Methods (CII Guidelines, G1) dated 10 June 2022).
k) MEPC.1/Circ.905 - Interim guidance on the use of biofuels under regulations 26, 27 and 28 of MARPOL Annex VI (DCS and CII), dated 24 July 2023 (**Only as Recommendation**).

1. PURPOSE

1.1. The purpose of this Merchant Marine Circular is to inform that the Republic of



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Panama has adopted the Resolution MEPC.328(76) dated on June 17, 2021 through which the IMO has adopted the amendments to Annex VI of MARPOL 73/78.

- 1.2. Furthermore, to provide guidance and instructions to ensure the correct implementation of the IMO Data Collection System (DCS) scheme and the Operational Carbon Intensity (CII).

2. BACKGROUND

- 2.1. The International Maritime Organization through the Marine Environment Protection Committee MEPC 67 held on October 2014, agreed to develop a collection system for ships, and, agreed also on the general description of the data to use for this collection system for fuel consumption of ships. Including as core elements the following: data collection by ships, flag State functions in relation to data collection and establishment of a centralized database by the Organization.
- 2.2. Later on, during the MEPC 68° held on May 2015, it was agreed that development of a data collection system for ships should progress and follow a three-step approach: data collection, data analysis, followed by decision-making on what further measures, if any, are required.
- 2.3. On October 2016 the MEPC 70° adopted mandatory MARPOL Annex VI requirements for ships to record and report their fuel oil consumption through Resolution MEPC.278(70), which entered into force on March 1, 2018.
- 2.4. Moreover, the MEPC 76° adopted new amendments to MARPOL Annex VI, aimed to reduce ship's greenhouse gas emissions, including technical and operational measures requiring all ships to calculate their Energy Efficiency existing ship Index (EEXI) and to calculate their Annual Operational Carbon Intensity Indicator (CII), to determine operational carbon intensity rating to improve the energy efficiency of ships.

3. APPLICABILITY

- 3.1. Ship Energy Efficiency Management Plan (SEEMP) – MARPOL Annex VI regulation 26.

- 3.1.1 Each ship shall keep on board a ship-specific Ship Energy Efficiency Management Plan (SEEMP), which shall be developed and reviewed taking into account the guidelines adopted by the Organization (Refer to Resolution MEPC.346(78) – 2022, Guidelines for the development of a Ship

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Energy Efficiency Management Plan (SEEMP). In the case of a ship of 5,000 gross tonnage and above, the SEEMP shall include a description of the methodology that will be used to collect the data required by regulation 27.1 of MARPOL Annex VI, and the processes that will be used to report the data to the ship's Administration (SEEMP Part III). Not later than January 1, 2023, a ship of 5,000 gross tonnage and above, which falls into one or more of the categories in regulations 2.2.5 (bulk carrier), 2.2.7 (combination carrier), 2.2.9 (containership), 2.2.11 (cruise passenger ship), 2.2.14 to 2.2.16 (gas carrier, general cargo ship, LNG carrier), 2.2.22 (refrigerated cargo carrier), and 2.2.26 to 2.2.29 (ro-ro cargo ship, ro-ro cargo ship (vehicle carrier), ro-ro passenger ship, tanker), shall amend and review its SEEMP to include the methodology and details required by regulation 28 of MARPOL Annex VI.

3.2. Collection and reporting of ship fuel oil consumption data (IMO-DCS) – MARPOL Annex VI regulation 27.

- 3.2.1** From calendar year 2019, all ships of 5,000 gross tonnage and above shall collect data specified in appendix IX of MARPOL Annex VI, for that and each subsequent calendar year or portion thereof, as appropriate, according to the methodology included in the ship's SEEMP.

3.3. Operational Carbon Intensity – MARPOL Annex VI regulation 28.

- 3.3.1** At the end of the calendar year 2023 and after the end of subsequent calendar years, each ship of 5,000 gross tonnage and above falling into categories in regulations 2.2.5 (bulk carrier), 2.2.7 (combination carrier), 2.2.9 (containership), 2.2.11 (cruise passenger ship), 2.2.14 to 2.2.16 (gas carrier, general cargo ship, LNG carrier), 2.2.22 (refrigerated cargo carrier), and 2.2.26 to 2.2.29 (ro-ro cargo ship, ro-ro cargo ship (vehicle carrier), ro-ro passenger ship, tanker) in Annex VI, shall calculate their Attained Annual Operation Carbon Intensity Indicator (Attained CII) from January 1 to December 31, using the data collected as per the Regulation 27 of Annex VI. Comparing it with the Required Annual Operational Carbon Intensity Indicator (Required CII) to determine operational carbon intensity rating A, B, C, D, or E.

3.4. No-applicability – MARPOL Annex VI regulation 19.2.

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3.4.1 Ships registered under Panama flag for international service **solely engaged in voyages restricted to specific areas within jurisdictional waters** of the Republic of Panama will not apply the CII calculation and rating requirements. In these cases, ships will only have SEEMP part I, and in case of ships of 5,000 gross tonnage and above falling into categories in regulations 2.2.5 (bulk carrier), 2.2.7 (combination carrier), 2.2.9 (containership), 2.2.11 (cruise passenger ship), 2.2.14 to 2.2.16 (gas carrier, general cargo ship, LNG carrier), 2.2.22 (refrigerated cargo carrier), and 2.2.26 to 2.2.29 (ro-ro cargo ship, ro-ro cargo ship (vehicle carrier), ro-ro passenger ship, tanker) of Annex VI, ships shall have the SEEMP Part-II verification, and comply with the Collection and reporting of ship fuel oil consumption data (IMO-DCS).

3.4.1.1. Furthermore, the appropriate measures to ensure compliance as reasonable and practicable in case of ships registered under Panama flag for international service **and operating within jurisdictional waters** of the Republic of Panama, will be determined by this Administration and informed as appropriate.

3.4.2. Ships not propelled by mechanical means, platforms including FPSO / FSU and drilling rigs, regardless of their propulsion are excluded of the requirements of regulations 27 and 28 of MARPOL Annex VI, considering the Unified Interpretations Section 4.6 MEPC.1/Circ.795/Rev.6.

3.4.3. In case of ships of 5,000 gross tonnage and above **not** falling into categories in the following regulations in Annex VI, 2.2.5 (bulk carrier), 2.2.7 (combination carrier), 2.2.9 (containership), 2.2.11 (cruise passenger ship), 2.2.14 to 2.2.16 (gas carrier, general cargo ship, LNG carrier), 2.2.22 (refrigerated cargo carrier), and 2.2.26 to 2.2.29 (ro-ro cargo ship, ro-ro cargo ship (vehicle carrier), ro-ro passenger ship, tanker) are not subject to CII calculations and SEEMP part III. However, the data collected as per the Regulation 27 of Annex VI shall continue to apply, and Confirmation of Compliance issued according to the form in MEPC.1/Circ.876 shall be used, referring to the guidelines adopted through Resolution MEPC.346(78). This group of ships is invited to calculate voluntarily their CO2 emissions.

4. IMPLEMENTATION

4.1. Instructions to Ship Owners and/or Operators

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4.1.1. Ship Energy Efficiency Management Plan (SEEMP) c.795/Rev.nnex VI regulation 26.

4.1.1.1. All relevant stakeholders are invited to initiate a review of SEEMPs without delay, especially in cases of ships of 5,000 gross tonnage and above to include the SEEMP Part-III, considering the adoption of the guidelines by the Organization (Refer to Resolution MEPC.346(78) – 2022 Guidelines for the development of a Ship Energy Efficiency Management Plan (SEEMP), to ensure the

updates of SEEMPs would be done before December 31, 2022.

4.1.1.2. The verifications and company audits for the SEEMP according to MARPOL Annex VI regulation 26.3.3 should normally involve the initial, periodical, additional verifications, and company audits. Therefore, all relevant stakeholders should refer for further guidance, to the guidelines adopted by IMO through Resolution MEPC.347(78) of 10 June 2022 - Guidelines for The Verification and Company Audits by the Administration of Part III of the Ship Energy Efficiency Management Plan (SEEMP).

4.1.2. Collection and reporting of ship fuel oil consumption data (IMO-DCS).

4.1.2.1. Ships of 5,000 gross tonnage and above, shall report within three (3) months after the end of each calendar year (31 March of each calendar year), to the Recognized Organization or Verifier duly authorized by this Administration, the aggregated value for each datum specified in appendix IX of MARPOL Annex VI, via electronic communication using the format specified in appendix 3 of Resolution MEPC.346(78) – 2022 Guidelines for the Development of a Ship Energy Efficiency Management Plan (SEEMP) to comply with MARPOL Annex VI regulation 27.3.

4.1.2.2. According to MARPOL Annex VI regulations 27.4, 27.5, and 27.6, in the event of change of ship from this Administration or company to another or both (change of flag and Company), the ship shall report on the day of completion of the transfer or as close as practical thereto, to the Recognized Organization or Verifier duly authorized, the aggregated data for the period of the calendar year corresponding while the ship flew the Panama flag or while operated by former company, as specified in appendix IX of MARPOL Annex VI, via electronic communication using the format specified in appendix 3 of Resolution MEPC.346(78) - 2022 Guidelines for the Development of a Ship Energy Efficiency Management Plan (SEEMP).

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4.1.2.3. To ensure compliance of ships of 5,000 gross tonnage and above with MARPOL Annex VI regulation 28.3, in case of transfer of the ship from one company to another according to regulation 27.5 or 27.6 of MARPOL Annex VI, the 2022 Guidelines for the Development of a Ship Energy Efficiency Management Plan (SEEMP) Resolution MEPC.346(78) dated 10 June 2022 recommends that all relevant data necessary for the calculation of the attained annual operational CII should be submitted by the former company to the receiving company within one (1) month after the date of transfer. The data

should be verified by the Recognized Organization according to regulation 6.7 of MARPOL Annex VI, before they are transferred to the receiving company.

4.1.3. Operational Carbon Intensity Indicator (CII).

4.1.3.1. Ships of 5,000 gross tonnage and above which falls into one or more categories of ships as per regulation 28.1 (2.2.5 (bulk carrier), 2.2.7 (combination carrier), 2.2.9 (containership), 2.2.11 (cruise passenger ship), 2.2.14 to 2.2.16 (gas carrier, general cargo ship, LNG carrier), 2.2.22 (refrigerated cargo carrier), and 2.2.26 to 2.2.29 (ro-ro cargo ship, ro-ro cargo ship (vehicle carrier), ro-ro passenger ship, tanker), shall calculate the attained annual operational CII following the 2022 Guidelines on Operational Carbon Intensity Indicators and the Calculation Methods (CII Guidelines, G1), adopted by the IMO through Resolution MEPC.352(78) dated 10 June 2022. Also, these groups of ships shall report within three (3) months after the end of each calendar year the Attained Annual Operational CII to the Recognized Organization or Verifier duly authorized by this Administration according to MARPOL Annex VI regulation 28.2 via electronic communication using the format specified in appendix 3 of the 2022 Guidelines for the Development of a Ship Energy Efficiency Management Plan (SEEMP) adopted by the IMO through Resolution MEPC.346(78) dated 10 June 2022.

4.1.4. Application of MARPOL Annex VI regulations 26, 27 and 28 to biofuel (Cf) and biofuel blends.

4.1.4.1. According to the provisions given in Resolution MEPC.346(78) - 2022 SEEMP Development Guidelines (paragraph 7.3) and Resolution MEPC.352(78) – G1 CII Guidelines (paragraph 4.1), in case the type of the fuel oil used is not covered by the guidelines, the carbon conversion factor (Cf) should be obtained from the fuel oil supplier supported by documentary evidence. However, IMO adopted the "Interim guidance on the use of biofuels under regulations 26, 27 and 28 of MARPOL Annex

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VI (DCS and CII)" dated 24 July 2023 through the MEPC.1/Circ.905, which should be considered as an interim simplified method until a more comprehensive method is developed to calculate a fuel's Emission Conversion Factor reflecting its well-to-wake GHG emissions and removals based on the LCA Guidelines (Res. MEPC 376(80)). Therefore, in the meantime, biofuels Cf shall be accepted according to the interim guidelines, which recommend the following: *biofuels that have been certified by an international certification scheme,¹ meeting its sustainability criteria, and that provide a well-to-wake GHG emissions reduction of at least 65% compared to the well-to-wake emissions of fossil MGO of 94 gCO₂e/MJ (i.e. achieving an emissions intensity not exceeding 33 gCO₂e/MJ) according to that certification, may be assigned a Cf equal to the value of the well-to-wake GHG emissions of the fuel according to the certificate (expressed in gCO₂eq/MJ) multiplied by its lower calorific value (LCV, expressed in MJ/g) for the purpose of regulations 26, 27 and 28 of MARPOL Annex VI for the corresponding amount of fuels consumed by the ship. In any case, the Cf value of a biofuel cannot be less than 0. For blends, the Cf should be based on the weighted average of the Cf for the respective amount of fuels by energy.*

4.1.4.2. Furthermore, with regards to IMO DCS verification, according to the delegation of authority granted by this Administration, Recognized Organizations shall:

- a) review the IMO DCS CII report to the Administration,
- b) and submit the DCS report data to the IMO GISIS.

4.1.4.3. This Administration will issue the correspondent Statement of Compliance – Fuel Oil Consumption Reporting and Operational Carbon Intensity rating for monitoring of compliance, upon completion of verification and receiving recommendation from the Recognized Organization.

4.1.4.4. The use of biofuel as an equivalent fueloil shall not exempt the ship from the reporting requirement under regulation 27.

4.2. Instruction to the Recognized Organizations

4.2.1. Recognized Organizations already authorized by the Panama Maritime Authority to issue the certificate required by MARPOL Annex VI, Chapter 4

¹ Refer to ICAO's *Approved Sustainability Certification Schemes and the CORSIA Sustainability Criteria (chapter 2) for CORSIA Eligible Fuels*

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– “Regulations on the Carbon Intensity of International Shipping”, have been delegated with the following functions:

- 4.2.1.1.** Verify that each ship shall keep on board a ship specific Ship Energy Efficiency Management Plan (SEEMP), and verify in case of ships of 5,000 gross tonnage and above keeps on board a Ship Energy Efficiency Management Plan (including SEEMP-Part III) as required by MARPOL Annex VI regulation 26.3.
- 4.2.1.2.** Issue a “Confirmation of Compliance” stating that the ship complies with the previous paragraph, using the sample format shown on the Annex of the Guidelines for the Verification and Company Audits by the Administration of Part III of the Ship Energy Efficiency Management Plan (SEEMP) adopted by the IMO through Resolution MEPC.347(78) dated June 10, 2022.
- 4.2.1.3.** Determine upon receipt the fuel oil consumption data if, this data reported by the ship has been collected and complies with MARPOL Annex VI regulation 27.
- 4.2.1.4.** Verify that the Attained Annual Operational CII reported (regulation 28.1) is based on the fuel oil consumption data reported, as per MARPOL Annex VI regulation 27.
- 4.2.1.5.** Determine the operational carbon intensity rating according to MARPOL Annex VI regulation 28.6.
- 4.2.1.6.** Recommends to the Administration the issuance of a “Statement of Compliance – Fuel Oil Consumption Reporting and Operational Carbon Intensity Rating” upon completion of verification and determination based on the above paragraphs, by emailing to imo-dcs@segumar.com; providing the following information:
 - SEEMP Confirmation of Compliance,
 - Data Reporting Form specified in appendix 3 of the 2022 Guidelines for the Development of a Ship Energy Efficiency Management Plan (SEEMP) adopted by the IMO through Resolution MEPC.346(78) dated 10 June 2022.



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Note: The Statement of Compliance – Fuel Oil Consumption Reporting and Operational Carbon Intensity Rating (SOC-DCS-CII) is issued by this Administration pursuant to MARPOL Annex VI regulations 6.6 and 6.7 shall be valid for the calendar year in which it is issued, for the following calendar year, and for the first five (5) months of the subsequent calendar year. All Statements of Compliance shall be kept on board for at least five (5) years (Refer to MARPOL Annex VI regulation 9.12).

4.2.1.7. Submit to the International Maritime Organization the reported data noted in appendix IX, MARPOL Annex VI, by accessing to IMO-GISIS Ship Fuel Oil Consumption Database Module.

4.2.1.8. It is of utmost importance to clarify, when submitting to the International Maritime Organization the reported data noted in

appendix IX, MARPOL Annex VI, the ship's categories shall be reported as follows, as defined in Regulation 2 of this annex:

4.2.1.8.1. “Cruise Passenger Ship” or “Ro-Ro Passenger Ship”

under the category of “Passenger Ship”.

4.2.1.8.2. Tankers, particularly “Chemical Tankers” and “Product Tankers” shall be reported under the “Tankers” category.

4.2.1.9. Verify in case of ships rated as D for three (3) consecutive years or rated as E (MARPOL Annex VI regulation 28.7) that the SEEMP has been revised and includes the plan of corrective actions to achieve the required annual operational CII, following the 2022 Guidelines for the Development of a Ship Energy Efficiency Management Plan (SEEMP) Resolution MEPC.346(78) dated 10 June 2022.

4.2.1.10. Carry out the periodical company audits may include annual audits of the company and verifications on board the ship (shipboard audits).

4.2.1.11. Carry out additional shipboard verifications and company audits should be conducted six (6) months after the issuance of the Statement of Compliance at the latest for ships rated as D for three

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(3) consecutive years or rated as E.

4.3. Instruction to the Verifiers

- 4.3.1. Verifiers already authorized by the Panama Maritime Authority have been delegated only with the functions indicated in paragraphs above 4.2.1.1, 4.2.1.3 to 4.2.1.6 and 4.2.1.9.
- 4.3.2. Furthermore, Verifiers shall recommend to the Administration the issuance of a “Confirmation of Compliance – SEEMP part III” upon completion of
- 4.3.2. verification. This Administration issue the Confirmation of Compliance – SEEMP part III after recommendation received to imo-dcs@segumar.com.

5. ADMINISTRATIVE FEES

- 5.1. The Administrative fee for the issuance of the Confirmation of Compliance (COC SEEMP-Part III) and Statement of Compliance – Fuel Oil Consumption Reporting and Operational Carbon Intensity Rating (SOC-DCS-CII) shall be as set out in the Merchant Marine Circular MMC-324.

December, 2023 – reference k) and section 4.1.4 added.

January 2023 – paragraph 3.4.3 added.

October 2022 – Entirely updated and revised considering the entry in force of 2021 Revised MARPOL Annex VI.

July, 2022 – Modification of paragraphs 1.1, 1.2, 4.2.1.1, 4.2.4 and 5 and inclusion of paragraphs 4.2.1.6 .

April, 2021 – Modification within numbering scheme and through the text: paragraphs 2, 4.2.1.7, 4.3.4.10 and 7 were added, references and emails accounts were updated.

November, 2018- New paragraph 3.5 and 3.6 has been added.

September, 2018 – Addition of new paragraph 2.2.

June, 2018 – Update to Annex “Standard Format for Confirmation of Compliance”, as per MEPC.1/Circ.876.

May, 2018.



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Inquiries concerning the subject of this Merchant Marine Circular or any other request should be forward to:

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