Offshore Wind Foundations Alliance (OWFA) position paper – Carbon Border Adjustment Mechanism (CBAM) and Emissions Trading System (ETS) revision

The Offshore Wind Foundations Alliance (OWFA) fully endorses the EU's ambition for a global transition to climate neutrality and the Carbon Border Adjustment Mechanism (CBAM) and the revision of the Emissions Trading System (ETS) as necessary tools to enable it. OWFA welcomes the inclusion by the Commission of the steel value chain in its CBAM proposal, whereas it believes that more ambition is needed as regards its carbon emission scope. OWFA calls for a full coverage of maritime transport emissions as part of the ETS revision.

- **OWFA welcomes that the CBAM proposal covers the steel value chain, including offshore wind foundations**
- **CBAM should also apply to indirect emissions and to road transportation emissions**
- **The revision of the ETS should apply to 100% of maritime transport emissions**
- **ETS and CBAM should eventually cover products' full carbon footprint**

CBAM - product coverage

OWFA **supports the product scope of the Commission's proposal** and **welcomes the wide coverage of the steel value chain**, including offshore wind foundations. This will ensure fairer competition between EU and non-EU foundation producers by guaranteeing that all market players in the EU pay the same carbon price associated with manufacturing a foundation. This could prevent carbon leakage and encourage the global transition to decarbonisation as all fabricators are progressively incentivised to green their production processes.

CBAM - carbon emission scope

In the current CBAM proposal, the carbon price would only apply to direct CO_2 emissions, whereas the inclusion of indirect emissions (emissions from electricity, heating and cooling consumed during production) would only be considered at a later stage. Yet, **indirect emissions represent an important share of the total emissions embedded in goods imported into the EU**[i] while EU producers of offshore wind foundations mostly use electricity from renewable sources, indirect emissions from non-renewable energy may release a significant part of the carbon emissions associated with their production in some third countries. For this reason, OWFA regrets the exclusion of indirect emissions from CBAM and believes it **will fail to encourage third countries to decarbonise their power sector.** As the ongoing revision of the EU's ETS foresees an extension of the scheme to transport**, CBAM should also cover road transportation emissions associated with production** (e.g. emissions from the transport of raw materials to the production site) to ensure a full level playing field.

ETS - maritime transport emissions

OWFA believes that **an ambitious decarbonisation policy needs to address emissions from maritime transport**. International trade-related freight transport accounts for around 7% of global CO_2 emissions[ii], while emissions from international shipping grew by almost 10 % from 2012 to 2018[iii]. In the case of the wind energy value chain, research has shown that transporting wind turbine components for long distances has a profound impact on their lifecycle CO_2 emissions, this is particularly true for offshore wind foundations due to their heavy weight[iv]. Therefore, **shipping emissions of products imported into the EU should be fully accounted for by including 100% of emissions from incoming voyages in the revision of the Emissions Trading System (ETS).**

Lastly, OWFA believes that **covering products' full carbon footprint in both the ETS and CBAM is the way forward** to achieve global emissions reduction targets. ETS and CBAM should eventually aim to cover all emissions related to the production of goods based on a full life-cycle assessment from resource extraction to use phase and end-of-life of the product.

References

[i] Lamb, William F., et al. (2021) *A review of trends and drivers of greenhouse gas emissions by sector from 1990 to 2018*. Environmental research letters

[ii] International Transport Forum. (2015). *The Carbon Footprint of Global Trade, 3.*

[iii] International Maritime Organisation. (2020). *Fourth IMO Greenhouse Gas Study*

[iv] Bhandari, R., Kumar, B., & Mayer, F. (2020). *Life cycle greenhouse gas emission from wind farms in reference to turbine sizes and capacity factors*. Journal of Cleaner Production, 277, 123385.