

# Memorandum of Understanding

between

**the Federal Republic of Germany,**

represented by the Federal Minister for Economic Affairs and Energy,

and

**Land Schleswig-Holstein,**

represented by the Minister-President,

**the Free and Hanseatic City of Hamburg,**

represented by the First Mayor,

**Land Mecklenburg-Western Pomerania,**

represented by the Finance Minister,

**Land Lower Saxony,**

represented by the Finance Minister,

**the Free Hanseatic City of Bremen,**

represented by the Senator for Science and Ports,

**the Mayor of the state capital Kiel,**

represented by the Councillor for Social Affairs, Housing, Health and Sport,

**the Mayor of the Hanseatic and University City of Rostock**

**on the improvement of the conditions**

**for the use of shore-side electricity in ports**

## **Preamble**

The use of on-board diesel engines to generate electricity means that berthed ships make a substantial contribution in ports to emissions of greenhouse gases, atmospheric pollutants and noise. The supply of shore-side electricity from renewable energy can achieve considerable reductions in emissions, depending on the type of ship and the period spent in port. The proportion of renewable energy in the German electricity mix and the generation of additional volumes of renewable energy play a major role in terms of cutting greenhouse gas emissions.

The reduction of emissions in shipping is a goal of the Federal Government in the context of its work on developing Annex VI to the International Convention for the Prevention of Pollution from Ships (MARPOL) of 1973 of the International Maritime Organization of the United Nations. The implementation of EU Directive 2008/50/EC of the European Parliament and of the Council on ambient air quality and cleaner air for Europe requires the Member States to take action to reduce emissions from ships in port cities. Directive 2002/49/EC of the European Parliament and of the Council of 25 June 2002 relating to the assessment and management of environmental noise and Directive (EU) 2016/802 of the European Parliament and of the Council of 11 May 2016 relating to a reduction in the sulphur content of certain liquid fuels also attach high priority to corresponding action.

Directive 2014/94/EU on the deployment of alternative fuels infrastructure requires the Member States to build up an shore-side electricity supply for ships in ports of the TEN-T Core Network and in other ports by 31 December 2025 where there is demand, unless the costs are disproportionate to the benefits.

Apart from the high investment costs, shore-side electricity from stationary facilities cannot compete with conventional electricity generated on-board by diesel engines even in terms of the operating costs and the cost of the electricity. Due to the high electricity costs and the resulting lack of demand, virtually no shore-side electricity is available in German maritime ports. A supply of shore-side electricity in all the ports can therefore only be realised if the purchase of shore-side electricity is economic for

the owners of the ships or can be offered at similar costs to generation on board the ships themselves.

The fact that there are currently so few shore-side electricity supply facilities is however related not merely to the operating costs, but also to the high investment costs, which cannot be refinanced from operation. At present, there is not a single facility for cruise, ferry or container ships in the world which can be operated economically if the investment costs are included.

On 26/27 June 2018 (agenda item 6.4), the Conference of the Ministers for Economic Affairs called on the Federal Ministry for Economic Affairs and Energy to work with the Länder to draw up suitable solutions to establish shore-side electricity. In a joint Federal-Länder working group, proposals for how to improve the business environment for the use of shore-side electricity in ports were elaborated and the reasoning behind them was set out in the report transmitted by the Federal Ministry for Economic Affairs and Energy to the Conference of the Ministers for Economic Affairs in May 2019. On 26/27 June 2019 (agenda item 5.3), the Conference of the Ministers for Economic Affairs called on the Federal Ministry for Economic Affairs and Energy to give further consideration to the package of measures and its implementation.

In the 2030 Climate Action Programme, the Federal Government has adopted measures under Figure 3.3.3.7. to utilise shore-side electricity in ports.

One of the measures proposed in the report to the Conference of the Ministers for Economic Affairs is the funding of environmentally friendly on-board electricity and mobile shore-side electricity supply units to supplement stationary supplies. The Federal Ministry of Transport and Digital Infrastructure stated on 6 June 2019 that innovative projects to test out environmentally friendly on-board and mobile (containerised, rolling or floating) shore-side electricity supply systems in real-life conditions can now receive funding. Also, the Federal Ministry of Transport and Digital Infrastructure will publish before the end of 2019 funding guidelines for the broad market activation of systems which have been tested under real-life

conditions. Plug-in systems for the reception of shore-side electricity by ships are also eligible for funding.

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Subject to the reservation that the necessary legislative procedures need to take place, and particularly to the approval of the Bundestag and the Bundesrat, and to the reservation that funding needs to be allocated in the federal budget and the financial plan, and to the approval of the legislators responsible for the budgets in the Länder, the parties intend to implement the following package of measures:

1. The Federal Ministry for Economic Affairs and Energy will draw up proposals for statutory rules to introduce a special equalisation scheme for shore-side electricity in maritime ports (restriction of the EEG surcharge to 20%), and will launch the interministerial coordination for the legislative procedure in the first half of 2020. In the drawing up of the proposals, consideration will be given to avoiding unnecessary bureaucracy for the use of the arrangements by the ship-owners. Consideration will be given to whether:
  - it is possible to dispense with a provision on minimum electricity consumption and the documentation of an energy management system,
  - the applications can be handled not by the electricity consumers themselves (the specific ships) but by the facility operator or the shipping line,
  - relaxed rules can be introduced for the application procedure, e.g. regarding the amount of data reported to the delivery point.
2. Since many ships only dock in the ports on a few days in the year, the local distribution system operators should be able to offer separate grid fees based on the daily price where ships offer interruptibility of electricity demand which serves the system. The necessary amendment to the Grid Fee Ordinance is to be drawn up in the near future and consulted on in the usual way. The aim is to attain a decision by the Bundesrat by the end of 2019 if possible.
3. The Federal Ministry for Economic Affairs and Energy will work together with the Länder to examine whether and by what statutory rules legal certainty can be further increased for the operation of shore-side electricity supply facilities and will initiate the necessary changes.

4. In the context of the establishment of the Economic Plan for the Energy and Climate Fund for the 2020 financial year, the Federal Government had included a total of €140 million for the funding of shore-side electricity supply facilities in German ports. Subject to the approval of the legislators of the budget, this funding is to be made available in 2020-2023 for an investment promotion programme of the Federation to co-finance the construction of shore-side electricity supply facilities (including their connection to existing electricity grids) in maritime and inland ports. For the federal grants to be provided, the Länder must set up their own co-financing programmes and the relevant municipalities must provide funding from their municipal budgets. The targets set out in the programme and the funding rates will be stipulated on the basis of a funding guideline or announcement by the Federation in the context of administrative agreements between the Federation and the Länder.
5. The Federal Ministry for Economic Affairs and Energy will work in the Federal Government to advocate an initiative at European level for further action to make use of shore-side electricity in ports. The Länder will actively support this process via the contacts of their maritime port cities.
6. With a view to supporting the aforementioned points, the Federal-Länder working group on shore-side electricity, led by the Federal Government Maritime Coordinator, will be consulted. The aim is to implement the measures listed under 1. to 5. by the summer of 2020.

Kiel, 10 October 2019

For the Federal Republic of Germany

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**Peter Altmaier**  
Federal Minister  
for Economic Affairs and Energy

For Land Schleswig-Holstein

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**Daniel Günther**  
Minister-President

For the Free and Hanseatic City of Hamburg

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**Dr. Peter Tschentscher**  
First Mayor

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**Reinhard Meyer**  
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**Reinhold Hilbers**  
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**Dr. Claudia Schilling**  
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**Claus Ruhe Madsen**  
Mayor