

# Assessing the alternatives

Eastern Pacific Shipping is building its decarbonisation strategy through strong asset management, the use of technology and, as its CEO **Cyril Ducau** explains, a holistic alternative marine fuels programme

Singapore-headquartered Eastern Pacific Shipping (EPS) has its finger firmly on the pulse in terms of shipping's energy transition. Overseeing a fleet of 17 million deadweight tons, the ship management company operates vessels across the containership, dry bulk and tanker segments. Shipping's decarbonisation is a collaborative effort and for EPS this includes working to support the energy strategies of vessel owners and charterers. In recent months, for example, the company has placed an order for three LNG dual-fuelled 210,000 DWT bulkers that will go on charter to Rio Tinto and it has also ordered five 210,000 DWT dual-fuelled Newcastlemax bulk carriers which, on delivery, will be chartered to BHP for a five-year term. This is on top of six dual-fuelled very large ethane carriers chartered to Zhejiang Satellite Petrochemicals and four dual-fuelled LPG mid-sized gas carriers chartered to Equinor.

## THE WHOLE IS GREATER THAN THE SUM OF ITS PARTS

In 2015, the Paris Agreement called on the world to reduce greenhouse gas (GHG) emissions to limit global temperature increase in this century to 2 degrees Celsius. This call to action was a catalyst for countries, industries, and companies to work together to substan-

tially reduce emissions. The International Maritime Organization (IMO) has, in turn, set a mandate for shipping to hit a 50% GHG reduction by 2050. EPS is fully committed to the green and technology-driven growth of the industry to hit this target and eventually achieve zero emissions. However, no one yet knows which technology or alternative energy source will get us there. What we do know is that today there are proven ways to lowering emissions which EPS follows. This includes asset management, use of technology, and, most importantly, a holistic alternative marine fuel programme.

Asset management involves fleet rejuvenation and operational excellence. EPS continually phases out legacy vessels and reinvests in state-of-the-art newbuilds, which have naturally evolved to run more efficiently than the previous generation of ships. Operationally, our teams are focused on keeping our Annual Efficiency Ratio (AER) low and well inside the IMO reduction targets. Accomplishing this requires a great deal of planning and monitoring around various fuel types, tonnage, distance, speed, and cargo weights.

Technology plays a role in asset management and the drive to lower emissions. Many of the technologies EPS uses come from our in-house mentorship-based accelerator programme, which invests in global maritime startups. Vessel optimisation technology has

proven to lower fuel and energy consumption, whether using AI to optimise routes or sensors to monitor engine performance.

A full spectrum of alternative marine fuels play the largest role in lowering EPS' carbon footprint. Biofuels are reserved for legacy tonnage still to be phased out. LNG, LPG, methanol, ammonia, and ethane are used in our newbuild programme, which happens to be the largest programme in the industry with over 60 vessels. These fuels are the best solution available in the market today to drastically lower emissions, but none of them offer a perfect solution, especially once one contemplates a variety of parameters such as operational safety, technical feasibility, or economic viability.

As a leading tonnage provider, EPS has a responsibility to use whatever means necessary to lower our emissions today. Simultaneously we are committed to sharing our findings, best practices, and technical expertise to develop better solutions for tomorrow. Shipping is so immense, diverse, and fragmented that there will not be an end-all-be-all energy source for every vessel or trade. For example, what is good for mega-containerships may not be suitable for shuttle tankers or offshore vessels. Continually testing, collaborating, and using various options is the only way to find what will get everyone to zero.

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### GRATEFUL BUT NOT SATISFIED

The pursuit of net-zero has proven one thing, EPS' methodology is working. Since 2015 EPS has enjoyed a steady decline in our AER, achieving a 15% reduction from 5.1 in 2015 to 4.4 in 2020. We are pleased with this performance, but it is important not to become complacent. In the next couple of years, our fleet will reach over 18 million DWT under management with close to 200 vessels. It will be challenging to maintain a low AER at a time when 60 newbuilds are scheduled to join our fleet across all three of our core segments of containership, dry bulk, and tanker vessels. Fortunately, by following our strategy of asset management, use of technology, and the holistic use of alternative marine fuels, these ships

will be the cleanest on water in their respective categories. For these reasons, our goal is to maintain the same trajectory to achieve an AER of less than 4.0 by 2025. This commitment should put us well ahead of the path set by IMO for 2023 and 2030 as we continue working on our net-zero ultimate ambition.

### WHATEVER IT TAKES

At EPS, we have a saying that sustainability begins with accountability. This saying was the driving force behind the creation of our Environmental, Social & Governance (ESG) Policy that includes an annual emissions report. Since 2019, the report has been made available to the public for two reasons. The first is so we can hold ourselves accounta-

ble for our actions. The second is to allow our peers to benchmark their performance. EPS will always be willing to share data on the various marine fuels we use and the technology we implement. We do this because it will take a collective buy-in with shared resources between all players to get to net-zero.

The preferred energy sources of the future are not certain, but one thing is. By 2050, all of us will all be long retired, and the next generation will be running the industry. As the adage goes: 'A society grows great when men plant trees whose shade they know they shall never sit in.' Similarly, the maritime industry will grow great when today's leaders take an unbiased approach to asset management, use of technology, and a holistic approach to available alternative marine fuels. This methodology is essential for environmental preservation for future generations.

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