

## Could Iino Kaiun Kaisha's new voluntary carbon market methodology become a bankable reason to fuel switch?

Japanese shipping line Iino Kaiun Kaisha has developed a new voluntary carbon market methodology that may offer ships higher earning potential than existing energy efficiency technology-based approaches, which have existed for almost a decade but so far failed to gain significant traction.

The methodology, VM0053 (formally 'Verified Carbon Standard Program: Alternative Low-Carbon Fuels for Shipping, v1.0'), is the first that new and existing ships can use to claim carbon credits by operating on low-carbon fuels. It could enable vessels to monetise the portion of emissions savings that surpasses requirements in regulations such as FuelEU Maritime and the EU ETS, provided those emissions have not already been allocated to other initiatives such as FuelEU pooling or Book & Claim.

VM0053 is differentiated from previous voluntary carbon methodologies used in shipping, which are based on emissions savings derived from energy efficiency technologies such as advanced hull coatings, wind power and air lubrication systems.

According to figures published by the Gold Standard, the carbon standard-setting agency behind most of the methodologies ships have previously used to generate credits, only 297,523 credits have been issued through industry projects so far, with emissions reductions occurring between 2013 and 2024.

That is a fraction of the 81 million carbon credits the Gold Standard issued across all sectors in 2025 alone, according to the World Bank's State and Trends of Carbon Pricing 2026 report, underlining how marginal shipping's presence in the voluntary carbon market has been to date.

Alison Morris, President at FReMCo Group, has previously helped develop numerous Gold Standard methodologies for shipping and also provided a technical review of VM0053, which is certified by the carbon standard-setting agency Verra.

She said the significantly greater fuel and emissions savings potential of alternative fuels versus energy efficiency technologies could be key to the new methodology's success.

'On our energy efficiency projects, the emissions savings are typically less than 10%, although a few technologies offer

a little more in some instances,' she said. 'Whereas e-fuels based on renewable electricity can reduce emissions by over 90% compared to fossil fuels.'

As stated in VM0053, green or e-hydrogen, green or e-ammonia and synthetic fuels such as e-LNG, e-LPG, e-diesel and e-methanol are all covered by the methodology. When it was released in June, Iino Kaiun Kaisha said it hoped the methodology would create additional revenue opportunities and also contribute to improving the economic incentives for adopting low-carbon fuels.

Maciej Antczak, a Managing Partner at STX Group, which trades voluntary carbon credits, said that until now there has been no dedicated, independent accounting framework within the voluntary carbon market for incentivising the move to low-carbon fuels in maritime transport.

'The timing is notable,' he said, 'It [the methodology] arrives as shipowners are under increasing regulatory pressure from FuelEU Maritime and the IMO is developing its Net Zero Framework, while simultaneously grappling with the cost premium of alternative fuels like green ammonia, e-methanol and e-LNG versus conventional bunkers.'

Price opacity remains one of the biggest challenges for shipping companies weighing up voluntary carbon market projects, making return-on-investment calculations uncertain.

Antczak highlighted that energy-efficiency credits from shipping projects have historically traded at around \$15 per tCO<sub>2</sub>e, a premium to generic nature-based credits, where carbon credits are generated through nature conservation and restoration.

He said: 'Buyers, particularly those in logistics, retail and consumer goods with material scope 3 shipping exposure, have found the narrative around maritime decarbonisation resonant with their stakeholders.'

'It's direct and traceable: a specific vessel, a specific route, a measurable fuel saving. That transparency tends to appeal to sustainability teams under scrutiny from NGOs and auditors alike.'

No carbon credits have been issued through VM0053 yet, meaning there is no live trading market. However, Antczak

highlighted that buyers and traders will consider how the market will assess the regulatory risk overlap, particularly with EU ETS and FuelEU Maritime.

'There is a double counting risk that will need to be managed carefully,' he said. 'Credits that can demonstrate clean separation from compliance obligations will command a premium from end buyers looking at reducing their scope 3 emissions.'

Morris also noted that prices across the voluntary carbon market are down right now, partly due to overlapping initiatives, including rating agencies and quality-classification schemes, which are all working simultaneously to make the market more transparent. 'It will push prices down until [the initiatives] are hashed out,' she said.

She added that buyer trends are also changing, with some now favouring removal credits, where carbon is sequestered from the atmosphere, over reduction credits like those VM0053 would generate by reducing emissions through fuel switching.

'Some only want removal credits now; they are a trend of the day,' she said.

Morris noted that most shipping companies are bunkering alternative fuel on a trial basis currently.

She explained that for VM0053 to be financially viable, companies would likely need to group several vessels regularly bunkering alternative fuels into one carbon credit project.

'There is also the infrastructure aspect. On green corridors, for instance, a ship would need to be able to bunker with alternative fuels at both ends of a voyage and this is not possible at present because the infrastructure for e-fuels is still very limited,' she said.

Antczak believes the first verifications of ships under the new methodology will be instructive.

He concluded: 'Whether VM0053 accelerates the demand for low-carbon fuel switch credits for shipping will depend on the integrity of early project issuances and how clearly the methodology navigates the regulatory overlap question.'

A link to the VM0053 methodology can be found here



<https://bit.ly/VM0053methodology>