

# Biofuel Clause for Time Charter Parties 2026

## TAGS

Clause

Emissions

ATTENTION: The Parties may wish to carefully consider the maximum blend ratio of Biofuel to be agreed and inserted in subclause (a), and the impact of Biofuel consumption to the speed and performance warranties prior to incorporating this Clause.

## BIMCO Biofuel Clause for Time Charter Parties 2026

Notwithstanding any other provision in this Charter Party, the Owners and the Charterers (the "Parties" and each individually a "Party") agree as follows:

"Biofuel" means any fuel produced directly or indirectly from biomass and comprises the following:

- (i) Bio-based fuel, being a fuel wholly or partly derived from biomass; or



(iii) Bio-residual marine fuel, being a blend of a petroleum residual marine fuel and a bio-based liquid fuel.

“LCV” means the lower calorific value of the relevant fuel, expressed in megajoule per gram.

“LCV Adjustment Factor” means the LCV of the Reference Fuel divided by the LCV of the Biofuel.

“Reference Fuel” means the conventional fuels to which the original speed and consumption warranties in this Charter Party apply.

(a) The Charterers shall have the right to supply Biofuel of the specifications, grades and blends which comply with the following:

(i) ISO standard 8217:2024 or any subsequent amendment thereof, provided that the bio-based component constitutes no more than **[insert percentage figure]\*** percent of the fuel by volume; or

(ii) ISO standard 8217:2017 provided that the bio-based component constitutes no more than **[insert percentage figure]\*** percent of the fuel by volume, subject to de minimis requirements, and if the Biofuel has Fatty Acid Methyl Ester (“FAME”) content the FAME bio portion meeting either EN14214, except for sulphur content and cloud point and cold filter plugging point requirements as these are covered by the final marine blend specification, or ASTM D6751 except for sulphur content; or

(iii) ISO standard 8217:2017 provided that the bio-based component constitutes no more than **[insert percentage figure]\*** percent of the fuel by volume and if the Biofuel has a Hydrotreated Vegetable Oil (“HVO”) bio portion meeting EN15940, except for sulphur content and cloud point and cold filter plugging point requirements as these are covered by the final marine blend specification; or

(iv) **[insert specification/grade]** provided that the bio-based component constitutes no more than **[insert percentage figure]\*** percent of the fuel by volume.

(b) Subject to the Owners’ prior written consent, the Charterers shall have the option to supply Biofuel of a specification, grade and blend not specified in subclause (a). Prior to such consent being given, the Owners may require that the Biofuel be quality tested by a jointly appointed independent

(c) All Biofuel supplied to the Vessel by the Charterers shall be of a stable and homogeneous nature and suitable for consumption by the Vessel's engines and/or auxiliaries and shall comply with the specification listed in subclause (a) or as agreed in accordance with subclause (b). Any provision in this Charter Party relating to the sampling and quality analysis of fuels shall apply equally to Biofuel.

(d) The Charterers shall give the Owners (i) reasonable written notice of their intention to supply Biofuel, including the intended specification(s), grade(s), blend(s) and quantity, and (ii) written instructions specifying the intended time for commencement of Biofuel consumption no later than seventy-two (72) hours prior to such intended consumption.

(e) The Charterers shall be liable for any loss or damage suffered by the Owners or the Vessel to the extent caused by any breach of subclause (c) by the Charterers, including but not limited to any time lost and any costs incurred in off-loading any Biofuel that does not comply with subclause (c). The Owners shall not be liable for any reduction in the Vessel's speed performance, any increase in fuel consumption, any time lost, and/or any other consequences to the extent caused by any such breach by the Charterers.

(f) Before undertaking any off-loading of Biofuel pursuant to subclause (e) and/or (k)(iii), the Parties shall use reasonable efforts to explore whether any corrective measures can be taken to render the Biofuel suitable for consumption, including but not limited to, the use of additives or other appropriate substances. Notwithstanding the above, the Owners shall not be obliged to consume any Biofuel that is not compliant with subclause (c).

(g) The Owners warrant:

(i) that the Vessel is suitably fitted and equipped to consume Biofuel allowed to be supplied under subclause (a) and, if applicable, subclause (b) and the Vessel's crew has the necessary competence and training to handle and manage Biofuel operations safely and in accordance with applicable regulations and best industry practices; and

(ii) that all necessary preparations and approvals for the consumption of such Biofuel have been completed and obtained. If, as a consequence of fuels supplied by the Charterers, cleaning of the fuel

Charterers' account.

(h) The Owners shall ensure that Biofuel of different grades, specifications, and/or batches shall be segregated into separate tanks within the Vessel's natural segregation. The Owners shall not be liable for any restriction in fuel capacity as a result of such segregation.

(i) Comingling of fuels shall only be allowed subject to written agreement between the Parties. The Charterers shall not be responsible for any consequences arising from the comingling of fuels or use of additives in tanks or lines, unless such comingling or use of additives is carried out under the Charterers' written instructions. For the avoidance of doubt, bunkering on top of unpumpable quantities does not constitute comingling, unless the Owners reasonably expect such unpumpable quantities to cause incompatibility with the Biofuel quantity to be supplied.

(j) If the Vessel consumes Biofuel during the period of the Charter Party, the speed and consumption warranties agreed in this Charter Party shall be adjusted to reflect the LCV of the Biofuel, as follows:

(i) by multiplying the consumption warranties of the Reference Fuel agreed in this Charter Party by **[insert percentage figure]** per cent and/or by multiplying the speed warranties agreed in this Charter Party by **[insert percentage figure]** per cent.

(ii) If no percentage(s) are inserted in subclause (j)(i), the consumption warranties of the Reference Fuel shall be adjusted by multiplying the consumption figures agreed in this Charter Party by the LCV Adjustment Factor. If the Vessel is unable to maintain the speed warranties agreed in the Charter Party due to the use of Biofuel, the Owners shall have the option to adjust the speed warranties based on the LCV and density of the Biofuel. The Owners shall provide the adjusted speed warranty of the Vessel without undue delay but always before the commencement of consumption of the Biofuel, together with their detailed calculations and documentation to support such speed adjustment.

(iii) The LCV values of the Reference Fuel are those stated in this Charter Party or, if not stated, the LCV values of the Reference Fuel applicable under the **[insert applicable scheme or regulation]\*\*** to apply.

equivalent, by a jointly appointed independent laboratory, with the costs to be borne equally by the Parties.

(k) The Charterers shall provide written instructions to the Vessel such that any Biofuel supplied to the Vessel shall be consumed within **[insert number of days]**\*\*\* days from the date of supply. The Owners shall provide to the Charterers regular updates on the Biofuel quantities remaining on board.

(i) If the Biofuel is not consumed within the agreed period, the Owners shall have the option to require fuel quality testing by a jointly appointed independent laboratory confirming the Biofuel's compliance with subclause (c). Any such testing together with any reasonable measures required to verify compliance with subclause (c), shall be for the Charterers' account, unless the failure to consume the Biofuel has arisen from the Owners' fault.

(ii) If the Biofuel remains compliant with subclause (c) following fuel quality testing, the Biofuel shall be consumed as soon as practicable, but no later than **[insert number of days]**\*\*\*\* days from the date of such fuel quality testing.

(iii) If the Biofuel is found to be non-compliant with subclause (c) following fuel quality testing, then the Charterers shall be liable for any loss or damage suffered by the Owners or the Vessel, including any time and costs incurred in off-loading any such non-compliant Biofuel, unless the failure to consume the Biofuel within the agreed period has arisen from the Owners' fault.

(l) \*\*\*\*\*Any Biofuel remaining on board at the time of redelivery shall be taken over and paid for by the Owners at **[insert currency and amount]** per ton of Biofuel.

*\* If no percentage is inserted, then the default shall be a blend percentage by volume not exceeding the bio portion requirements for the fuel to comply with Regulation 18.3.1 of MARPOL Annex VI or any subsequent amendment thereof.*

*\*\* If no applicable scheme or regulation is inserted in subclause (j)(iii), then the IMO LCA Guidelines shall apply*

*\*\*\* If the number of days is not inserted in subclause (k), the default shall be ninety (90) days*

## Background

The Biofuel Clause for Time Charter Parties 2026 has been developed in response to the growing industry focus on alternative fuels, with biofuels identified as a key transitional option in meeting the maritime sector's decarbonisation objectives. Biofuels offer shipowners and charterers a readily available solution for complying with emerging regulatory requirements – including FuelEU Maritime – and for mitigating financial exposure under applicable emission trading schemes.

The clause establishes a clear contractual framework for the allocation of responsibilities and costs between owners and charterers, recognising that the safe and proper handling of biofuels is essential to maintaining efficient vessel operations. Under subclause (a), the parties are encouraged to give careful consideration to the type of biofuels to be supplied and the intended blend ratio. In this regard, the clause includes an "ATTENTION" statement reminding the parties to consider the maximum blend ratio to be inserted in subclause (a) and the impact of biofuel consumption on speed and performance warranties prior to incorporating the clause.

## Drafting Team

The Biofuel Clause for Time Charter Parties 2025 is the result of a collaborative and consensual process between owners, charterers, a fuel expert and P&I Club. BIMCO is grateful to the drafting team for their considerable time, effort and commitment in producing the Biofuel Clause for Time Charter Parties 2026:

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As part of the development work, the subcommittee consulted a large group of stakeholders engaged in shipping and decarbonisation. BIMCO would like to thank them all for their support and valuable input to the process.

## Explanatory Notes

These explanatory notes are intended to provide an insight into the thinking behind the Biofuel Clause for Time Charter Parties 2026. They also explain how the clause is intended to operate and the allocation of responsibilities and costs between the parties. If you have any questions about the clause, please contact us at [contracts@bimco.org](mailto:contracts@bimco.org) and we will be happy to assist.

## Key Features of the Clause

### Definitions

“Biofuel”: The definition of “Biofuel” is drafted to provide a clear and consistent understanding of what qualifies as biofuel under the clause. It aligns with the terminology and structure adopted by the International Organization for Standardization (ISO), ensuring coherence with established industry standards.

The clause includes definitions of “LCV”, “LCV Adjustment Factor” and “Reference Fuel” to support the operation of the speed and consumption adjustment mechanisms in subclause (j)

#### Subclause (a)

Subclause (a) enables the parties to specify the agreed fuel specifications for the Biofuel that charterers may supply to the vessel during the charter party period. ISO 8217:2024 is identified as the preferred specification because it reflects the most recent standard published by ISO. However, recognising that this specification may not always be readily available in the market, the subcommittee has included ISO 8217:2017—together with defined Fatty Acid Methyl Ester (FAME)

It should be noted that charterers may supply fuels that comply with any of subclauses (a)(i)–(iii). They are not required to select a single specification for the full duration of the charter; rather, they may utilise any of the agreed specifications at any time, including any additional specifications and grades introduced under subclause (a)(iv). It is also important to emphasise that the agreed percentage by volume of biofuel is to be inserted into each subclause. Accordingly, charterers may only supply the default specifications where the fuels also comply with the agreed biofuel percentage by volume. It should be noted that a biofuel portion exceeding 30 percent may require flag state approval, subject to applicable flag state requirements.

It is important to note that subclause (a)(ii) permits the charterers to supply Biofuel where the bio-based component contains FAME, subject to the condition that the FAME bio portion meets either EN 14214 or ASTM D6751 (each with the stated carve-outs for sulphur content, cloud point, and cold filter plugging point).

Where the parties do not insert a percentage, the clause now provides a default position: the blend percentage by volume must not exceed the bio portion requirements for the fuel to comply with Regulation 18.3.1 of MARPOL Annex VI (or any subsequent amendment).

This approach was adopted to reflect current market practice while avoiding “hard coding” a fixed blend limit in the standard wording. As discussed during the drafting process, the industry evolves quickly and a fixed percentage that reflects current conditions may not remain appropriate over time.

#### Subclause (b)

Subclause (b) permits charterers to supply biofuel of a specification, grade, or blend not listed in subclause (a), provided that the owners give their prior written consent. Any biofuel supplied under this subclause (b) must have a clearly defined specification against which it can be tested, ensuring that fuel quality can be verified.

Under this subclause, the Owners have an absolute right to refuse the supply of biofuel that is not specified in subclause (a).

In addition, the subclause clarifies the sequence and purpose of the testing: any testing owners may require must take place prior to consent being given, and it must confirm compliance with any applicable regulatory, classification society, and original engine manufacturer requirements. The costs of such testing are for the charterers' account.

#### Subclause (c)

Subclause (c) places an obligation on charterers to supply biofuel that is stable, homogeneous, and suitable for consumption by the vessel's main engine and/or auxiliaries. This requirement is in addition to the obligation to supply biofuels that meet the agreed specifications and blends set out in subclauses (a) and (b).

The subclause also stipulates that all sampling and quality analysis requirements applicable to conventional fuels will apply equally to Biofuel. This is intended to avoid the creation of parallel or duplicative quality analysis regimes.

#### Subclause (d)

Subclause (d) places an obligation on charterers to give owners reasonable notice before supplying biofuel. This requirement reflects the practical need for owners to prepare the vessel's fuel tanks in advance. No fixed notice period has been prescribed, as the appropriate timeframe will depend on the vessel's trade, schedule, and operational circumstances. It is specified that the charterers' notice must include the intended specification(s), grade(s), blend(s) and quantity.

In addition, charterers must provide owners with written instructions specifying the intended time at which the vessel will commence using the biofuel. This requirement is important from a fuel management and operational planning perspective, ensuring that owners can make the necessary preparations safely, efficiently, and in good time.

#### Subclause (e)

Subclause (e) provides that charterers are liable for any loss or damage suffered by the owners or the vessel to the extent caused by any breach of subclause (c). As subclause (c) also refers back to the requirements of subclause (a), charterers' liability may be triggered by a breach of either subclause (a) or (c).

The subclause expressly provides that recoverable loss includes (without limitation) any time lost and any costs incurred in off loading any biofuel that does not comply with subclause (c).

The wording "to the extent caused by" was adopted to address causation with the intention being to capture situations where non compliant fuel is a contributory or dominant cause of the loss or damage.

charterers.

#### Subclause (f)

Subclause (f) has been included to encourage the parties to engage in dialogue before any debunking takes place. This reflects the recognition that debunking is often a costly and time consuming process that warrants careful consideration and proactive communication between the parties.

The subclause expressly links this process to off loading under subclause (e) and/or subclause (k)(iii), and provides that, before undertaking any off loading, the parties shall use reasonable efforts to explore whether corrective measures can be taken to render the biofuel suitable for consumption (including but not limited to the use of additives or other appropriate substances).

However, it is important to emphasise that any biofuel that is not compliant with subclause (c) must not be consumed while such discussions are ongoing. This safeguard ensures that potentially non compliant or unsuitable fuel is not used pending the parties' review and decisions on appropriate next steps.

#### Subclause (g)

Subclause (g) sets out the owners' obligations to ensure that the vessel is properly fitted and equipped to consume biofuel, and that the crew has the necessary competence to handle biofuel safely and effectively on board. The standard to be met is compliance with applicable regulations and recognised best industry practices. Owners must also make all necessary preparations and obtain any required approvals before biofuels are consumed on board.

The owners' warranty is expressly linked to the scope of fuels allowed under subclause (a) and, if applicable, subclause (b) (i.e. where owners have consented under subclause (b)).

The clause further addresses the allocation of tank cleaning costs. Cleaning costs fall to charterers where owners reasonably require tank cleaning. The phrase "to the extent reasonably necessary and to a reasonable standard" ensures that owners may only request such cleaning where supported by industry standards; otherwise, cleaning remains for owners' account. It is also clarified that charterers bear these costs only where the cleaning is required as a direct result of the fuels they supply. Accordingly, if the vessel is delivered with existing fuels on board that must be removed or cleaned before biofuel can be loaded, those cleaning costs remain the owners' responsibility.

the biofuel ready status is affected such that additional tank cleaning becomes necessary before biofuel can be used again, those consequences fall within the risk allocation contemplated by the clause.

#### Subclause (h)

Subclause (h) addresses the segregation of fuels on board. Biofuels of different grades, specifications, and/or batches must be stored in separate tanks, in line with the vessel's natural segregation arrangement. If the vessel's ability to receive biofuel is limited as a result of this required segregation, such limitation does not give rise to any liability on the part of the owners.

It is important to emphasise that it is the batches of biofuel—not the suppliers—that must be segregated. This reflects the operational reality that variations between batches may affect fuel quality and handling requirements, irrespective of the source.

#### Subclause (i)

Subclause (i) addresses comingling of fuels and the use of additives, which may only be carried out or introduced upon the charterers' written instructions. This ensures that any chemical, performance enhancing, or stability related additives are used in a controlled and transparent manner.

It is also important to note that bunkering on top of unpumpable quantities does not constitute comingling unless the quality and/or volume of the fuel already on board—when combined with the quality and/or volume of the fuel to be supplied—is sufficient to create a risk of incompatibility.

This clarification is intended to provide practical assurance while preserving the owners' ability to manage fuel quality risks appropriately.

This wording is intended to address cases where unpumpable quantities may become material due to the relatively small volumes of biofuel bunkered: an unpumpable quantity that would be immaterial in percentage terms in a full tank may be significant where only a modest quantity of biofuel is supplied, thereby increasing the risk of incompatibility and making tank preparation more critical.

#### Subclause (j)

Subclause (j) addresses the important issue of how the use of biofuel affects the vessel's speed and consumption warranties under the charter party. These warranties are typically based on conventional fuels—such as heavy fuel oil or marine gas oil—which generally have higher energy content than most biofuels.

consumption warranties when operating on biofuel. Subclause (j) therefore provides the parties with flexibility to agree an appropriate adjustment mechanism tailored to the needs of the particular charter party.

Under the first option, found in subclause (j)(i), the parties may agree on a percentage adjustment to the speed and consumption warranties. This percentage may be either below or above 100%, depending on whether the warranties are to be reduced or increased.

Option two, set out in subclause (j)(ii), allows the parties to apply an LCV Adjustment Factor to modify the consumption warranties. This option has been included as an objective method, where the adjustment is determined solely by the relative LCV values and density. The calculation follows a fixed formula, and the only variable the parties must agree upon is the LCV value itself. If the parties do not specify an applicable LCV value under subclause (j)(iii), the default value will apply (see subclause (j)(iii)). This option also operates as the default mechanism if no percentage is inserted under subclause (j)(i).

Subclause (j)(ii) further provides that the speed warranty shall not be adjusted unless the owners notify the charterers that the vessel is unable to maintain the agreed speed warranties based on the LCV and density of the biofuel supplied. In that case, owners must provide the adjusted speed warranty without undue delay, but always before the commencement of consumption, together with detailed calculations and supporting documentation.

Subclause (j)(iii) enables the parties to agree on the regulatory scheme that will determine the LCV value to be used, with the IMO LCA Guidelines serving as the default position.

Finally, subclause (j)(iv) requires charterers to provide the LCV of the biofuel as documented by the supplier. Either party may also request independent LCV determination (ASTM D240 or equivalent) by a jointly appointed independent laboratory, with costs shared equally.

Subclause (k)

Subclause (k) addresses the limited storage life of biofuels, which is generally considered shorter than that of conventional fuels. To manage this, the parties are given the option to agree on a specific period within which the biofuel must be consumed, with a default period of ninety days. If the biofuel is not consumed within the agreed timeframe, it must be tested at the charterers' cost. Where testing confirms that the biofuel remains suitable for consumption, it must then

establish an operationally appropriate consumption window.

If the biofuel is found to be non compliant, or if it is not consumed within the stipulated periods, any remaining fuel must be debunkered at the charterers' cost.

The phrase "unless the failure to consume the Biofuel has arisen from the Owner's fault" has been added to clarify that when the failure to consume the biofuel results from circumstances attributable to the owners, the obligation to test or debunker at the charterers' expense is not triggered.

#### Subclause (l)

Subclause (l) addresses situations where the vessel is redelivered with biofuel remaining on board, provided that such remaining quantities are permitted under the charter party. The subclause establishes a framework for the parties to agree on a price for any biofuel left on board at redelivery.

When determining this price, the parties may consider whether the biofuel holds particular value for the owners in their future trading—such as potential benefits under regulatory schemes like FuelEU Maritime—or whether the owners will treat the remaining biofuel in the same manner as conventional fuel.

If no price is inserted, this subclause does not apply and the bunkers on delivery, including biofuels, are to be considered in light of the relevant bunker on delivery clause in the charter party.

#### Copyright and Availability

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