

MARINE ENVIRONMENT PROTECTION
COMMITTEE
66th session
Agenda item 4

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PREVENTION OF AIR POLLUTION FROM SHIPS

Ensuring availability of fuels compliant with MARPOL Annex VI by 2020

Submitted by International Chamber of Shipping (ICS)

SUMMARY

Executive summary: This document highlights the increasing importance of reliably assessing the availability of MARPOL Annex VI compliant fuels in a timely manner and suggests that the successful implementation of the requirements of regulation 14 will be dependent on an early review.

Strategic direction: 7.3

High-level action: 7.3.1

Planned output: 7.3.1.1

Action to be taken: Paragraph 10

Related documents: MEPC 62/4/5, MEPC 62/4/21, MEPC 62/24, MEPC 63/23

Introduction

1 During MEPC 64 the Committee considered the ICS paper MEPC 64/4/17 calling for a preliminary study on the availability of compliant fuel, taking into account the introduction of the Sulphur Emission Control Areas (SECAs) to be implemented in 2015 as a test case. A number of States recognised that such a preliminary study would be advantageous whilst others considered that such a study would be of little value in assessing the 2020 availability due mainly to the differing fuels required by the 2015 ECA and the proposed 2020 requirements. The Committee agreed that this matter should be reconsidered at a future session and invited interested delegations to submit proposals to MEPC 66 (MEPC 64/23, paragraph 4.36).

2 Many States that spoke during the MEPC 64 discussion recognised that it would be important to ascertain fuel availability sooner rather than later, and to identify what action might be necessary to ensure the availability of compliant fuel in 2020.

3 There have been a number of articles in the press recently expressing opinion on the availability of marine fuels to meet the MARPOL Annex VI 2020 requirements. Some have been highly optimistic and suggested there will be no supply problems, whilst others have described a very different and more pessimistic scenario. The lack of clarity in this

matter is of increasing concern to the shipping industry, especially when the availability of alternative means of compliance in advance of 2020 is also questionable. ICS is of the opinion that continuing questions surrounding exhaust gas scrubbing technology efficiency and the environmental acceptability of discharge, together with the lack of infrastructure to support gas fuelled technologies, means that these options will most probably have very limited impact on the increased demand for traditional hydrocarbon low sulphur fuels by 2020.

4 The possibility of conversion of very large volumes of residual fuels to marine distillates to meet both the 0.5% global demand and the 0.1% SECA demands will undoubtedly be a significant undertaking for refiners. Without the timely and reliable indication that could be provided by an early study it is possible that investment in refinery construction and conversion will not be pursued.

5 ICS believes that it is essential to carry out a study sufficiently in advance of the 2020 global 0.5% sulphur implementation date to give refiners adequate time to invest and react. It is important to recognise that major refinery upgrading projects which will be required by the regulation, are understood to take a minimum four or five years to implement. Therefore, ICS considers 2018 too late for both the assessment of 2020 Annex VI compliant fuel demand and its predicted availability. It should be noted that the MARPOL regulation requires the study to be completed "by 2018", but does not stipulate any date to commence the fuel availability study nor does it prevent early completion.

6 ICS believes that time is rapidly running out for a study to have any possibility to influence refining capacity to ensure availability at reasonable cost for all fuel markets.

7 An additional concern is that demand for fuel with maximum 0.5% and 0.1% sulphur will lead to increased blending; 0.1% and 0.5% sulphur fuels are not a standard refinery output. There is a need to consider what fuels will be blended and the consequent effects on combustion. There are an increasing number of incidents being experienced of contamination issues with cat fines and chemicals in blended fuel supplied to meet the present stipulated sulphur limits and also with the delivery of fuel with a flashpoint below the SOLAS specification. Such issues are likely to escalate with the increased demand for low sulphur fuel.

9 ICS therefore urges that the fuel availability model proposed by the Correspondence Group is used to carry out a study on MARPOL compliant fuel availability as soon as possible. ICS believes that the critical review of fuel availability that is to be carried out under regulation 14.8 of MARPOL Annex VI is now urgent.

Action requested of the Committee

10 The Committee is invited to consider the need for urgently commencing the study on fuel availability and to decide as appropriate.