

MARINE ENVIRONMENT PROTECTION
COMMITTEE
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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 importance of reliably assessing the availability of MARPOL Annex VI compliant fuels and proposes a means to facilitate timely and successful implementation of the requirements of regulation 14 of MARPOL Annex VI.

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 62 the Committee considered paper MEPC 62/4/5 reporting the outcome of a Correspondence Group on the assessment of availability of fuel oil under MARPOL Annex VI. That paper proposed a model for the assessment of future availability of compliant fuel oil under the provisions of MARPOL Annex VI, regulation 14.8

2 A related paper by ICS (MEPC 62/4/21) was also under consideration at that time. However, due to time constraints at MEPC 62 and subsequently at MEPC 63 the Committee was unable to fully discuss the paper submitted by ICS suggesting the need for a preliminary study to verify of the accuracy and reliability of the model proposed by the Correspondence Group.

3 As highlighted in the submission to MEPC 62, ICS believes that there are compelling reasons for carrying out a preliminary study on fuel availability. This is to ensure that the proposed model is capable of providing reliable data that can be used with confidence by the Committee when considering the timely and efficient implementation of the provisions of Annex VI. It is essential that the assessment model is verified and proven to provide data that leads to accurate and reliable predictions of fuel availability including the effects of the regulatory step changes and the introduction of any additional ECAs should that occur.

4 At MEPC 62, ICS suggested that a preliminary study of the availability of compliant fuel, taking into account the introduction of the Baltic, North Sea and North American ECAs in 2015, would provide a suitable test case. Such a study would provide a projection of possible scenarios resulting from the introduction of the 2015 0.10% ECA standard, against the background of the world market. This could then be considered in comparison with the real situation encountered in 2015.

5 Due to the global nature of both the International Oil Industry and International Shipping, such a study would provide valuable insights into the possible impacts of the regulatory requirements on the global and regional availability of fuel oil compliant with the increasingly stringent requirements for sulphur content.

6 This approach would enable validation of the projections for global and regional oil demand and marine distillate fuels, taking into account the influences related to refining capacity. The knowledge gained would enable any necessary refinement of the model to be carried out in good time prior to the critical assessment of the availability of fuel to be completed by 2018 at the latest.

7 Furthermore, 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 remember that major refinery upgrading projects, such as will be required by the regulation, will 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.

8 The possibility of conversion of very large volumes of residual fuels to marine distillates will undoubtedly be a significant undertaking for refiners. Without a timely and reliable indication of adequate availability that could be provided by an early study it is possible that the refinery construction and conversion to provide the necessary availability will not be pursued.

9 An additional concern is that demand for fuel with 0.1% Sulphur will lead to increased blending; 0.1% and 0.5% sulphur are not a standard refinery output. There is a need to consider what fuels will be blended and the consequent effects on combustion. There have already been contamination issues with cat fines and chemicals in blended fuel supplied to meet the 1% ECA limit. Such issues are likely to escalate with demand.

9 ICS therefore urges that during the period 2012-2014 the fuel availability model proposed by the Correspondence Group be used to carry out a preliminary study to provide fuel availability scenarios for the period 2015-2016. This will provide essential information for the validation and refinement of the model prior to the critical review of fuel availability that is to be carried out under regulation 14.8 of MARPOL Annex VI.

Action requested of the Committee

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