

PREVENTION OF AIR POLLUTION FROM SHIPS

Comment on the report of the Correspondence Group

Submitted by ICS

SUMMARY

Executive summary:	This paper provides comment on submission MEPC 62/4/5. In particular comment is provided on the need for early validation and refinement of the fuel availability model described in that submission.
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

Introduction

1. This document is submitted in accordance with the provisions of paragraph 4.10.4 of MSC-MEPC.1/Circ.2 and comments upon paper MEPC 62/4/5 submitted by the United States on behalf of the Correspondence Group.
2. The Correspondence Group proposes a model for the assessment of the future availability of compliant Fuel Oil under MARPOL Annex VI regulation 14.8.
3. One of the key elements still under consideration is the need to carry out a preliminary study in time to confirm the accuracy and reliability of the proposed model prior to its use for the final review that must be carried out prior to 2018 under regulation 14.8 of MARPOL Annex VI.
4. ICS believes that there are compelling arguments for carrying out such a preliminary study in order to ensure that the proposed model is capable of providing reliable projections of real world scenarios for future fuel availability taking into account step changes such as the introduction of additional ECAs. It is essential that the model is confirmed as being capable of providing reliable projections across such step changes in the regulatory environment.
5. ICS suggests that a preliminary study conducted in 2012/2013 of the likely 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 where available supply/refining capacity for 2015 was essentially set. The study would provide a projection of likely scenarios resulting from the introduction of the 2015 0.1% ECA standard, against a global backdrop, which could then be considered in comparison with the real situation.

6. This approach would enable validation of the projections for global oil demand growth and growth for distillate fuels including the influence of refining capacity. The knowledge gained would enable any necessary refinement of the model to be carried out in good time prior to the critical review of the impact of the 2020 requirements to be carried out by 2018.
7. Furthermore, ICS believes that it is essential to work backwards from the target date for the global 0.5% S standard in 2020 for a sufficient period so that refiners have time to invest/react. In that regard, it is important to remember that major upgrading projects – such as would be required by the regulation – generally take at least 4-5 years to decide whether to invest, to plan and begin implementation. Therefore ICS considers that 2018 is likely to be too late to provide timely assessment of fuel availability for a 2020 deadline, particularly if preliminary verification and refinement of the model has not taken place.
8. The possibility of a majority or even total conversion of residual fuels to distillates would be a significant undertaking for refiners. Without the more reliable statement of requirements that could be provided by an early study it is likely that even longer lead times for refinery construction and conversion will be needed. It should be noted that the MARPOL regulation requires a study to be undertaken by 2018, the regulation does not fix the date for the fuel availability study.
9. ICS therefore suggests:

During the period 2012/2013 the proposed fuel availability model should be used to carry out a preliminary study to provide fuel availability scenarios for the period 2015 – 2016, including the effects of the introduction of the ECAs in 2015. 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.

Recommendations

10. The Committee is invited to take note of the comment above and to take action as appropriate.