Fuel Oil News

FEBRUARY 2022

THE TANKER ISSUE

ARE ADDITIVES DECARBONISING TRANSPORT?

THE UK TOP 20 DISTRIBUTORS – UPDATED

A renewed sense of optimism

The winter break offered the ideal opportunity to look back over 2021, and to consider all that it brought to our industry.

The challenges of 2020 never really abated and new ones came along. Yet, anchored by the resilience of all those in the fuel distribution community, fuelled by the determination of those who know they have knowledge, experience, belief and truth on their side and steered by the long-held values of an industry that always puts its customers first, there was a huge amount of good news to report, and we move into 2022 with a renewed sense of optimism.

Through every month of last year, against a backdrop of unpredictability and uncertainty, we were delighted to share, in our issues, story after story of industry success. Our community found opportunities to learn, grow and celebrate together as we continued to map out the road to the future.

The year may not have turned out quite as we hoped or expected but it did present plenty of opportunities to demonstrate the resilience and agility of the sector.

In these pages, we reported on fleet expansions, new fuels added, site and business acquisitions, outstanding charity and community support, deserved awards, product launches and technology advances.

There were also many positive developments in future fuels: the successful launch of the industry HVO trials (that rapidly expanded), greater uptake, new tanks and tankers and the encouraging news at the end of the year of the TRA recommendations to remove the trade measures on HVO.

We report in detail on that decision, and its implications, in this issue, and await the final decision on the adoption of the recommendations.

It is no wonder then that we are sensing a renewed optimism. We couldn't bring all the updates we do without you - our community of distributors and sector suppliers - and we look to sharing all your news again this year.

Do keep us updated!

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On the cover

A uniquely-designed ENVA tanker in its bright green livery. The bespoke build enables it to offer a variety of recovery solutions. Find out how this one fared in the race to find our Fuel Oil News Tanker of the Year for 2021 on pages 11 to 13.

In this issue

In this issue we speak with Merridale to find out what options you have for converting surplus red diesel storage facilities as the rebate changes loom, and we consider the value of additives in our 'Industry Analysis' on pages 16 & 17.

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Essar business update shows significant fuel sales recovery

Essar Oil (UK) Limited (EOUK) has given an update on its business, financing and VAT deferral repayments as customer demand across both fuels and petrochemicals returns to 95% of pre-covid levels.

A stronger trading environment saw the company record its best monthly product sales for 18 months in December 2021. In addition, Essar has re-entered the Irish market, having recently secured a contract to supply fuel.

With Stanlow a key strategic national asset, producing over 16% of the UK's annual road transport fuels, Essar continued to operate the complex at a significant capacity to ensure adequate fuel supply to its customers across the UK.

Company seeing stronger EBITDA

The continued strength in both demand and product margins in the market means EOUK is now generating EBITDA at approximately $300 million p.a. – approaching the levels seen in the five years prior to the onset of the coronavirus pandemic. Market analysts expect strong demand for refined products in the coming years on the back of a robust recovery in economic activities globally, and particularly in the UK.

Financing update

Having announced new financial arrangements with liquidity from a diversified range of sources in May and September, EOUK has secured additional financing in the last quarter of 2021 and, having agreed payment deferments with HMRC, confirms it has successfully made all due payments, in the three months to December 2021, and is on course to complete the balance in the quarter ending 31 March 2022.

Deepak Maheshwari, Essar CEO, commented: "Over the last quarter, the company has been able to strengthen its financial performance due to improvements in the product market and delivery of reliable and stable operations at Stanlow.

"We have also closed the defined pension benefit scheme for future accruals, which will provide long-term security of competitiveness for the company.

"Going forward, we will invest in projects such as HyNet which will enable the country's transition to a low carbon economy."

Logistics UK's chief executive recognised by the queen in new year's honours

David Wells, chief executive of business group Logistics UK, has been awarded an OBE in the New Year's Honours list, for services to transport and logistics.

Wells, 56, who has overseen the organisation for the past six years, has been recognised for his transformational work which has established the business group as one of the largest and most important in the UK, raising the voice and impact of the sector at a critical time to help make Brexit work and keeping Britain's economy moving during the Brexit transition and the Covid-19 pandemic.

Dramatic impact in a challenging year

"I am truly honoured to receive this OBE after an unprecedented period of challenge and change for our sector," he said. "I have always said that our industry shows resilience unlike any other, and that has been demonstrated time and again during my time as chief executive. I am indebted to all our amazing members and their staff, as well as the team at Logistics UK, for the support and commitment which they have shown to keep goods moving, despite the challenges posed by Brexit, the Covid-19 pandemic, skills shortages and other unforeseen circumstances. This award is for them too."

Mr Wells has successfully initiated and pursued a strategy to ensure that Logistics UK represents the entire logistics sector, collaborating, challenging and championing logistics with policy makers, and speaking to the media with one voice. Under his leadership, the organisation, which represents more than 19,000 members across the whole logistics sector, and moves the goods and services critical to everyone, has dramatically raised its profile and impact with decision makers and influencers in business, politics and the media.

Unprecedented recognition for the logistics sector

Driven by his leadership and influence with opinion formers, Logistics UK achieved unprecedented recognition for logistics employees as key workers at the start of the pandemic. Among a host of recent important policy wins for members, the business has successfully lobbied for higher funding for the new LGV apprenticeship standard, which will enable more people to enter the industry, as well as campaigning for the interests of the sector to be recognised in the UK/EU Trade and Co-operation Agreement (TCA).

"Thanks to the hard work and dedication of our team, and the backing of our members, I am so proud to see the recognition and influence which the logistics industry is now rightfully starting to achieve at all levels of government and in the media. This visibility will also be key to ensuring that our industry continues to attract the brightest and best talent in the years ahead."

Making a difference

Married with two sons, Wells was also recently appointed as Chair of the Trustees of a Suicide Prevention charity in his hometown of Eastbourne. Supported by local churches, the organisation offers counselling and support to those in crisis or considering suicide. "The past two years have been challenging financially for most charities; however, our support base has stepped up and our workers and volunteers are meeting the ever-increasing daily demand for our life-saving support."

Another energy giant expands interest in biofuels

Expanding its interests in fuels that can help to reduce greenhouse gas emissions, ExxonMobil has acquired a 49.9% stake in a Norwegian biofuels producer.

The company, Biojet AS, plans to develop up to five facilities to produce the biofuels and biofuel components and will convert forestry and wood-based construction waste into lower-emissions biofuels and biofuel components.

It is anticipated that commercial production will begin in 2025 at a manufacturing plant to be built in Follum, Norway. The agreement enables ExxonMobil to purchase as much as 3 million barrels of the products per year, based on the potential capacity of five facilities.

Lowering transport sector emissions

"The agreement with Biojet AS advances ExxonMobil's efforts to provide lower-emissions products for the transportation sector," said Ian Carr, president of ExxonMobil Fuels and Lubricants Company. "Using our access at the Slagen terminal, we can efficiently distribute biofuels in Norway and to countries throughout

northwest Europe."

Biofuels and biofuel components can meet the requirements for advanced fuels under Norwegian, European Union and United Kingdom regulations. According to the European Union Renewable Energy Directive, biofuels produced from wood waste can help reduce life-cycle greenhouse gas emissions by 85 % compared to petroleum-based diesel.

When produced, Biojet AS's biofuels can be used for passenger vehicles and heavy trucks. Additional opportunities for marine transportation and aviation may develop as the market for lower-emissions biofuels expands.

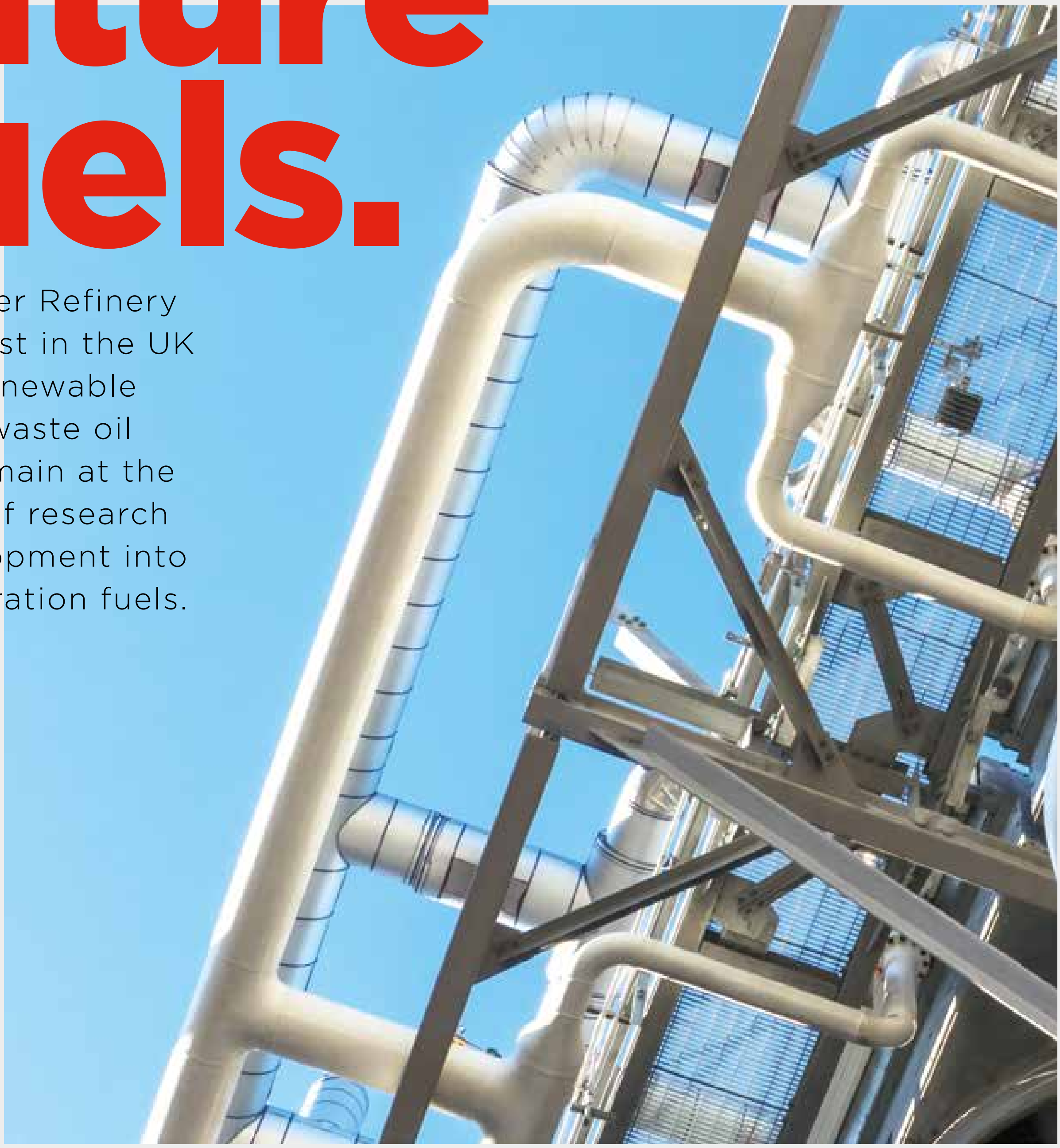
Seeking low carbon energy solutions

The investment in Biojet AS builds on ExxonMobil's continuing efforts to develop and deploy lower-emission energy solutions. ExxonMobil established a Low Carbon Solutions business in 2021 and is currently evaluating biofuels, carbon capture and storage, and hydrogen projects around the world. ExxonMobil's majority-owned affiliate, Imperial Oil Ltd., is moving forward with plans to produce renewable diesel at a new complex at its Strathcona refinery, and ExxonMobil expanded its agreement to annually purchase up to 5 million barrels of renewable diesel from Global Clean Energy's biorefinery in California. Chemically similar to petroleum-based diesel, renewable diesel and other biofuels can be readily blended for use in engines on the market today.

ExxonMobil, one of the largest publicly traded international energy companies, is one of the largest refiners and marketers of petroleum products. Since 2000, ExxonMobil has invested more than $10 billion to research, develop and deploy lower-emission energy solutions.

Pioneering future fuels.

Our Humber Refinery was the first in the UK to make renewable fuel from waste oil and we remain at the forefront of research and development into next-generation fuels.



PROVIDING ENERGY.
IMPROVING LIVES.

UKIFDA launches trio of fuel distribution industry awards

Hot on the heels of the launch of its 'Driver of the Year' and 'Green' awards for 2022, UKIFDA has announced a further three industry awards.

With the launch of its 'Innovation Award', 'Young Person of the Year Award', and 'Depot of the Year Award', UKIFDA is now searching for the most innovative products, services or initiatives, as well as the most outstanding young employee aged 25 or under, and the depot with the highest standards or making the biggest improvements.

"We're excited and proud to have launched our trio of awards in the run-in to UKIFDA EXPO on 27 and 28 April – and can't wait to find and celebrate the worthy winners," says Ken Cronin, UKIFDA chief executive.

"The last couple of years have been challenging for every sector and business due to the Covid pandemic and we wanted to acknowledge the incredible achievements and efforts of our UKIFDA Member distributor companies, as well as individuals within our industry, with our bumper awards line up."

A significant positive contribution

The Innovation Award 2022, proudly sponsored by Fuel Oil News, is designed to find and celebrate the most innovative product or service that makes the fuel distribution industry stand out.

Now in its second year, Margaret Major, managing editor Fuel Oil News was delighted to present last year's Innovation Award to Cornwall-based liquid fuel distributor Mitchell & Webber for making a big difference in the industry-wide drive for renewable liquid fuel to become a viable alternative to heating oil for off-grid properties.

Ken Cronin adds: "Given the ongoing success of the HVO demonstrations across the country, we're both proud and incredibly excited to have begun our search for the person or company that's made the most positive contribution to our industry during the last year, and look forward to reading the nominations when they start to come through."

Recognising the talent coming through

Sponsored by UKIFDA, the Young Person of the Year Award was also launched in 2021 and, as Ken comments: "It's also important to recognise and commend the success of young employees in our industry who are going above and beyond what is expected of them on a daily basis – which we are doing with our Young Person of the Year Award."

Setting the highest standards

The Depot of the Year Award 2022 is sponsored, once again, by Pen Underwriting, a specialist insurer of fuel distributors.

Ian Summerfield, commercial director of Pen Underwriting's Hazardous Goods and Environmental business, comments: "On behalf of Pen Underwriting, we are extremely proud of our long-standing relationship with UKIFDA and its members.

"We are delighted to sponsor the 2022 Depot of the Year award and publicly recognise those teams who are leaders in their field. We are acutely aware of the cost, hard work and dedication put in by every member of a fuel business to meet exacting safety and operating standards."

To win the Depot of the Year Award

2022, depots have to demonstrate the ways in which they are leading their field, setting the highest of standards and/or making the biggest improvements in health and safety or operating procedures.

Every depot that has been successfully audited, in the past 12 months, by UKIFDA technical manager Tony Brown under the UKIFDA Depot Certification Scheme is automatically entered.

"The audits cover 15 sections, including yard and tank storage, health and safety management, transport, and environmental management," comments Tony. "In addition, as part of an audit, we examine how the depot is performing compared to the expected standards in the industry, the productivity and knowledge of the depot staff, and how up-to-date site maintenance records are."

The awards will all be presented at the Reunion Dinner which takes place on 27 April 2022 during UKIFDA EXPO.

Ken comments: "It's wonderful to be back to a physical EXPO in 2022 after 3 years. Having our fantastic line-up of awards for companies, innovations, depots, drivers and young employees as well as green initiatives, means we can all enjoy an even greater celebration of our industry's successes during the past year."

The closing date for entries for the Innovation and Young Person of the Year awards is 7 March 2022.

Crown Oil provides crucial support to Covid vaccination centre

Crown Oil, the Greater Manchester based distributor, has given crucial support to its local community by providing an emergency fuel delivery to a vaccination centre on the New Year bank holiday.

Fuel Oil News spoke with Mark Andrews, company director, who said: "Our Toyota Hilux is a relatively new member of our fleet that specialises in emergency response fuel deliveries in time-sensitive situations.

"On bank holiday Monday, we had a call from a vaccination centre in Lancashire that needed a quick delivery of red diesel to keep the vital service running efficiently. Thanks to our 24/7 service, our emergency response vehicle was able to quickly deliver the much-needed fuel to the site.

"We're hugely grateful to everyone who is working tirelessly to keep the nation safe. Our staff are continuing to work round-the-clock, highlighting the importance of the fuel industry within the community.

"Thank you from everyone at Crown Oil."

New managing director appointed for the fuels division of Craggs Energy Group

The Craggs Energy Group has recently appointed a new managing director, Matthew Crockett, to advance the companies' strategies and deliver their future growth.

Matthew will lead the fuels division of the group of companies which includes: Craggs Energy Ltd, Moorlands Fuels Ltd, Greenarc Energy Ltd and Greenarc Fuel Cards Ltd. Matthew has worked in the downstream fuel industry for three decades and has worked for several leading companies within the sector to reshape their sales strategy and increase their commercial offering.

A transforming business in an ever-changing sector

Matthew commented: "I've been with the Craggs Energy Group of companies for nearly three years now and I'm delighted to be appointed as managing director at such an exciting and crucial time for our group and the industry. I have fantastic teams who share my passion for customer service and who, like me, embrace this ever-changing energy landscape.

"A big focus for our group, and myself, going forward will be the transition to low carbon and alternative ways in which we heat and generate power.

"We have worked very hard over the last twelve months to gain partnership agreements and distributor rights for (GreenD+) HVO Fuel across the UK. Working closely with a leading supplier of HVO Fuel, we have commissioned, and invested in, several operational infrastructures to be able to supply this alternative diesel fuel to businesses and other fuel suppliers across the country.

"I look forward to working with our long-established customers and building new relationships as we work to showcase our industry-leading position and demonstrate the wide range of products and services we have across The Craggs Energy Group."

Richard Wallace, The Craggs Energy Group's managing director commented: "Matthew joined us in 2018 to support strategic growth and change management. Since then, we have expanded our operations, offerings, and coverage, dramatically.

"Matthew has a strong history of transforming businesses in the downstream industry, with his years of experience and unique approach to sales and operations, I am excited and optimistic about the future growth for our group."

Craggs Energy launched over ten years ago, and now serves tens of thousands of UK wide customers with its fleet of over forty vehicles as well as employing over a hundred members of staff. We spoke in depth with this dynamic distributor in our December issue of Fuel Oil News and you can read the full article on our new website: fueloilnews.co.uk

PEOPLE MOVES

The Prax Group has announced several new appointments

Oliver Dunn has been appointed as global head of mergers & acquisitions.

With over 18 years of oil and gas M&A experience, Oliver has worked on a wide range of transactions across the oil and gas value chain, with a core focus on downstream and midstream markets.

A second senior appointment sees **Ben Lahnstein** join the group as global head of corporate finance and treasury. With more than twenty years of investment banking experience focusing on debt structuring and debt capital markets across a wide range of industries and geographies, Ben has more recently acted as an independent consultant, assisting clients to access capital markets.

The group has also appointed two new non-executive directors **Mark Ware** and **Julian Vickers**

Mark Ware currently serves on the Macmillan Cancer Support Board, a position he has held since October 2019. He is a member of the Finance & Audit Committee and the Remuneration Committee. His last full-time role was executive vice president of Vivo Energy plc from 2013 to 2019. He was chairman of Shell and Vivo Lubricants from 2018 to 2019. Prior to this, he was director of corporate affairs for the Vitol Group of companies from 2009 to 2013. He previously worked at BP plc for 27 years as group vice president in Communication and External Affairs.

Julian Vickers is currently CEO of the Natural Resources Global (NRG) Capital Group and has spent over 30 years in the natural resources sector. His career spans investment banking, management consulting and industry.

Commenting on the appointments Sanjeev Kumar, chairman and chief executive officer of the Prax Group, said: "I am delighted to welcome Mark as a non-executive director. He brings a wealth of knowledge and expertise across finance, operations and external affairs. His appointment marks an important step in strengthening the Board and enhancing the Group's corporate governance framework."

And with regard to Julian: "I am very pleased that Julian has agreed to join the Board as a non-executive director. His extensive knowledge of the resources industry as well as wide-ranging experience in the finance and energy sector, will contribute significantly to the strategic development of the Group. We look forward to benefitting from his skills, advice and guidance."

The Craggs Energy Group has recently appointed a new managing director, **Matthew Crockett**, to advance the companies' strategies and deliver their future growth.

Matthew, who will lead the fuels division of the group of companies, has worked in the downstream fuel industry for three

decades and has worked for several leading companies within the sector to reshape their sales strategy and increase their commercial offering.

Matthew said: "I look forward to working with our long-established customers and building new relationships as we work to showcase our industry-leading position and demonstrate the wide range of products and services we have across The Craggs Energy Group."

Richard Wallace, The Craggs Energy Group's managing director commented: "Matthew joined us in 2018 to support strategic growth and change management. Since then, we have expanded our operations, offerings, and coverage dramatically.

Matthew has a strong history of transforming businesses in the downstream industry, with his years of experience and unique approach to sales and operations, I am excited and optimistic about the future growth for our group."

Merkland Tank has appointed **Colin Hotchkiss** as its new Managing Director.

Ian Buchan, partner at Nevis, the equity investor that acquired Merkland Tank in 2017, said: "We're delighted that Colin is joining the business to support us to achieve our long-term goals. He has a wealth of experience of growing industrial services businesses across the UK and we look forward to working with him and the rest of the team to continue to deliver for our customers."

Colin said: "I'm excited to join Merkland Tank. I am inheriting a business with an excellent reputation for quality and reliability of service, and a long-serving trusted team who know the industry inside out. I'm very much looking forward to working with them to build on those strengths and lead the company into the next phase of ambitious growth."

OGUK has appointed **Mark Wilson** as its new health, safety & environment director.

Having started with the British Army as a mechanical engineer, Mr Wilson then joined ConocoPhillips and for seven years he held HSE and operational roles both on and offshore moving to EnQuest in 2018. He joins OGUK to replace **Trevor Stapleton** who is retiring in early 2022.

Commenting, OGUK chief executive Deirdre Michie said: "I'd like to express my sincere thanks to Trevor for his tireless work for OGUK and the industry as a whole. His unwavering commitment to upholding the highest health and safety standards has been admirable, especially in light of the incredibly challenging circumstances we still find ourselves in.

"I wish Trevor all the best for a long and happy retirement."

And, on the appointment of Mark Wilson: "We're delighted to have Mark join OGUK. Mark brings with him a wealth of HSE experience, from his time with organisations like ConocoPhillips and EnQuest, and I wish him great success in his new role"


Winter
is coming.

Our winner! For innovation, design and driving towards greener fuel deliveries

KETTLEWELL FUELS IS THRILLED TO SEE ITS FUTURE-READY TANKER AWARDED THE TITLE OF FUEL OIL NEWS 2021 TANKER OF THE YEAR.

An independent distributor, Kettlewell Fuels has been on the road since 1987, delivering domestic heating oil, agricultural gas oil and commercial DERV to homes, farms and businesses across North Yorkshire. With highly trained drivers, a flexible fleet and local knowledge, Kettlewell Fuels is trusted throughout its community to deliver the right solution for its customers.

Janet Kettlewell, co-owner and director at Kettlewell Fuels said: "The impact of climate change and the need for us all to be mindful of the environment is clear. As well as fulfilling our customers' changing requirements, we are investing in transport solutions that will enable us to deliver traditional fuel types and new products such as biodiesel and HVO. As part of our forward planning, innovation within the rigid tanker market is of interest. We added two new vehicles to our fleet, which will ensure we can deliver multiple fuel grades to a wide range of customers."

Across the industry, distributors and other services are working towards the introduction of a new fuel type during 2022; however, this is subject to completion of successful trials and obtaining government approval for use of HVO as a heating fuel.

Kettlewell Fuels commissioned COBO to build two tankers. These 'baby-tankers' have a larger capacity and are able to take 9,300 litres compared with the company's other four-wheelers.

COBO incorporates technology that allows all its pipes to be developed without the need for welded joints, neither in elbows, nor in clamping

flanges to the valve. This innovative system achieves the total elimination of stresses and fatigue typical of welded joints. It also reduces discharge time due to the elimination of the typical interior clearances of the welds and eases the assembly and disassembly of pipes during maintenance and inspection work.

Janet commented: "Our new vehicles deliver market-leading efficiency, giving us even more versatility within our already flexible fleet. We also like to ensure our drivers are looked after in terms of comfort. I'm pleased to say we've had some great feedback from them – apparently the new tankers are comfortable and nice to drive too."

As a longstanding customer of MechTronic's, Kettlewell Fuels uses the company's technology across its fleet, already running the OptiMate electronic metering system. The range of automatic processes available is reducing delivery times and preventing fuel contaminations as a result.

"As we prepare for the new fuels," stated Janet. "We know that the OpiMate system can accommodate all fuel types. OptiMate supports and automatically performs a line change during the fuel delivery process. It removes the need for the driver to calculate a line change manually, which is particularly beneficial when carrying mixed fuel loads. Drivers can continue with their deliveries safe in the knowledge that they are supplying clean fuel to customers."

Kettlewell Fuels also uses the ProControl 3 remote, which ensures that drivers can remain at the point of delivery throughout the entire process. They can remotely turn the cab engine off and although minimal, wider environmental impacts can also be achieved.

Janet concludes: "As an independent business, we pride ourselves on reliability and supporting our domestic, agricultural and commercial customers across our region. It is essential that the equipment we purchase is reliable and efficient – we feel that adding this build to our fleet provides this."

COULD YOU TAKE THE TITLE OF TANKER OF THE YEAR 2022?

We are delighted to announce that the winner of the 2021 Tanker of the Year award is Kettlewell Fuels, for its future-ready new vehicles, manufactured by COBO, which will be able to deliver multiple fuel grades.

Fuel Oil News now looks forward to receiving your entries for the 2022 tanker of the year award.

With entries accepted until 31st October 2022, there is plenty of opportunity to enter a new tanker which you believe gives that added extra to your business.

Please send details of the tanker, with a photo, to claudia@fuelollnews,co.uk, and we could be adding your company's name to the 19 winners below.

All our winners from 2003-2021

TIncknell Fuels (Magyar)
Heltor (Tosca Tankers)
Cambria (Road Tankers Northern)
Kelly Fuels (Central Welding)
Cooke Fuels (Road Tankers Northern)
EMO Oils (Central Welding)
Consols Oils (Maidment)
WCF Fuels (Road Tankers Northern)
BWOC (Feldbinder)
Stevenage Oils (Lakeland)
Craggs Energy (Tosca Tankers)
Howells Fuel Oil (Road Tankers Northern)
Inver Energy (Williams Tanker Services)
Wilton Transport Mini Tankers (Tosca Tankers)
Donegal Oil (Road Tankers Armagh)
Silvey's Fuels (Tosca Tankers)
Hylands Fuels (Road Tankers Armagh)
Crown Oil (Road Tankers Northern)
Kettlewell Fuels (COBO)

Tanker of the Year 2021 Runner up: A great looking pair from Flotech working hard to deliver for the client

Flotech Performance Systems is a manufacturer and turnkey solutions provider to the petrochemical, process and energy sectors. With more than 170 years collective experience in the petrochemical sector and based in Chichester, West Sussex, Flotech is extremely customer focussed, and the in-house design and manufacturing ability coupled with the experience and flexibility of the UK wide service team enables the company to react quickly and efficiently to the needs of its customers.

Rising to the challenge

Specialising in solutions for the storage, transfer and distribution of liquid and gas products and offering engineering services including design, manufacture, installation and site support, Flotech was delighted to rise to the challenge of a new client, Enva, to deliver two bespoke tankers for 2021.

"Just before Christmas we finished two Road Tankers for a new client Enva, a great project that we are thoroughly pleased with.

"The project consisted of one 6x2 DAF with 12,000 litre capacity and one 4x2 DAF with 8,000 litre capacity. The configuration was developed in house and the result of close consultation with the client listening to their needs."

The client, Enva is a leading, full-service provider of recycling and resource recovery solutions. With sustainability at the fore, Enva recovers a broad range of hazardous and non-hazardous waste materials for re-use in manufacturing and for energy conversion, as well as providing a complete portfolio of water and wastewater services.

Both tanks were designed and fabricated in house to ADR requirements in Aluminium. The tanks are single compartment with the capability to self-load and discharge via hydraulically powered PD pump & pneumatically powered 20m hose reel. All pipework is stainless steel.

The design also incorporates a large capacity stainless steel battery cabinet for waste battery collection as well as a rear mounted enclosure for collection of waste oil drums. Access to the enclosure is via a hydraulically operated tail lift that was specified in collaboration with D'hollandia.

Solutions aligned to client needs

James Phillips, regional business development manager for D'hollandia commented: "Great to see them in the field, thanks for allowing us to be part of the project."

Enva was very pleased with the finished trucks and especially impressed with how good they look going about their work as Paul James, transport & compliance manager at Enva, enthused: "Great looking trucks and a real pleasure working with you guys."

A spokesperson for Flotech explained: "We take pride in the goods and services we supply, and are highly focused on quality, safety and customer satisfaction.

"We listen carefully to, and work closely with, our customers to ensure our solutions are fully aligned to the needs of the project. We believe in strong positive long-term relationships with our customers, suppliers, and employees alike."

Tanker of the Year 2021 Runner up: Lovells' eye-catching, new tankers pay tribute both to past history and to current success

Based in Long Crendon, Buckinghamshire, Lovells Fuels is an independent family run oil distributor delivering oil to domestic, commercial and agricultural customers across Buckinghamshire, Oxfordshire and neighbouring counties. It is a business that prides itself on traditional values and excellent service and, whether it is delivering fuel or selling oil tanks and oil tank security products, the team at Lovells do it all with polite, friendly efficiency.

Lovell Fuels is run by Simon Lovell who is the third generation of the Lovell family to trade in the oil depot on the Bicester Road in Long Crendon. Simon has a great deal of knowledge of the oil industry, as he grew up and worked with H. W. Lovell & Son and stayed in the industry after it ceased trading.

Simon explains to us how he has maintained the values he has always worked with, something that is very important to him: "Lovell Fuels holds the same values that H. W. Lovell & Son held – personal and efficient customer service and competitive prices.

"That is one of the reasons that I normally buy second-hand trucks as a rule – to keep costs down as the company grew. As it has grown over the years and become more profitable, and with it becoming increasingly difficult to find the right used trucks, I took the plunge and ordered these two back in 2020 to join our fleet in 2021."

Two superb additions

Buying new meant that Simon could spec. the tankers exactly as required, adding many desirable new features which are highlighted here in the main details of the new tankers.

DAF LF 320

A 4-wheeler built by Road Tankers Northern

13000 litre capacity in 4 compartments: 2500, 3500, 4500, 2500

This one has the new Alpeco Tex meter system which allows our drivers, by remote control, to operate pre-set compartment changes and product hose flush all from the customer's tank. It also has the Touchstar in-cab computer.

The second truck, which was also acquired from RTN and arrived back in the summer of 2021, brought some excellent additional capacity to the fleet as the first 6-wheeler.

DAF CF 370

A 26 Ton 6-wheeler

19000 litre capacity in 5 compartments: 5000, 2500, 4500, 2500, 5000

Also fitted with the new Alpeco Tex system with remote control allowing the driver to set up delivery, pre-set changes, hose product change and monitor quantity delivered all from the customer's tank.

This one also has a bulk delivery 800 lpm delivery system and is set up with the Touchstar in-cab computer.

Simon is, quite rightly, proud of these new additions to the Lovell fleet: "I'm basically taking the opportunity to make the most of the fact I have new vehicles and thought why not try for truck of the year?"

As well as being fitted with excellent new delivery systems they are also colourful paint choices showcasing the Lovell Fuels brand as they go about their deliveries.

As Simon explains: "Red white and blue basically because I'm a proud Brit and because my parents' old oil business used to be red and white and red, white and blue in the 80s. I came up with my own arrangement of how the colours should be, chassis, cab and tank wise."

We think the tankers look excellent and, with the new systems on board, will enable their drivers to maintain the vital Lovell traditions of personal and efficient service to their customers.

These are values that have done our industry proud since fuel delivery began and have earned Lovells Fuels one of our highly sought-after runners-up spots!

TRA proposes removal of measures for HVO

The UK's Trade Remedies Authority (TRA) has published its recommendations with regard to trade remedy measures on biodiesel. Having reviewed each measure that was carried across into UK law when the UK left the EU, to assess suitability for UK needs, the TRA has proposed that existing measures on imports of FAME biodiesel are kept, but that measures on imports of HVO biodiesel are removed.

The recommendations, if upheld, could alleviate the two main concerns raised over HVO – future availability and cost – since the removal of the trade measures would mean that HVO could be imported from the US / Canada for use in UK agriculture and transport as well as in oil-fired heating. This would establish the security of supply needed to encourage uptake of this low carbon alternative to kerosene.

The TRA's provisional findings, contained in the Statements of Essential Facts, would mean that the UK's FAME production industry continued to be protected from dumped and subsidised biodiesel from the USA, including where consigned through Canada, but that HVO from these countries could be imported.

Investigation findings

Following transition reviews, the TRA has proposed that anti-dumping and countervailing measures on fatty-acid mono-alkyl esters (FAME) biodiesel be maintained at their current levels for five years from 30 January 2021. It has also proposed that the same measures on renewable diesel produced from paraffinic gasoil obtained from synthesis or hydro-treatment, of non-fossil origin (HVO) be revoked.

The UK has an established FAME production industry, but no UK HVO production industry exists.

The TRA's investigations found that government-subsidised producers in the US would be likely to dump FAME biodiesel in the UK in the future and cause harm to UK industry if the measures no longer applied. Although the TRA found that dumping of subsidised HVO would also be likely to occur if the duty were no longer applied, there would be no damage to domestic manufacturers/businesses as there is no HVO industry in the UK and the higher prices for HVO would mean that it did not displace UK produced FAME.

HVO in demand for heating

The TRA also established that there is demand for HVO in the UK for use in heating buildings as it offers a cost-effective and more environmentally friendly alternative to existing heating fuels.

TRA chief executive Oliver Griffiths said: "The TRA's findings on biofuels shows how we can tailor existing measures to better suit the UK economy. Our proposals would ensure that British biodiesel producers continue to be protected from unfair international competition from subsidised US products, while helping to drive down prices for users of a type of biodiesel that is not made in the UK."

A 30-day period for comments ended mid-January. After consideration of any submissions the TRA will produce Final Recommendations, which will be sent to the Secretary of State for International Trade who will make the final decision on whether to uphold the TRA's recommendations.

Immediate action needed

Bruce Woodall, chairman of OTS Group Ltd, a company with 50 years' experience in the fuel sector and taking an active lead in creating a sustainable future for fuelling solutions, welcomed the recommendations from the TRA but stressed the need for more urgent action on HVO.

"There is no question that a new fuel like HVO, which reduces GHGs by up to 90% immediately, is a vital liquid fuel, especially to replace kerosene in the home heating sector," he commented. "But the cost has to be aligned with the current cost of kerosene for the domestic market to take it up.

"The Government's present policy of backing heat pumps as the solution for off-grid domestic heating is totally impractical for any home that cannot achieve an EPC rating C without incurring massive cost or, if listed, never.

"If the UK is to achieve net zero by 2050 the Government must start immediately taking pragmatic steps towards that goal. Enabling the use of HVO in the home heating sector for off-grid homes would be a massive step in the right direction and the impact would be immediate."

UKIFDA supports TRA proposals on HVO measures

Following the publication of the TRA recommendations on trade measures for biodiesel UKIFDA indicated their support for the proposals in the following statement:

UKIFDA notes the announcement today from the Trade Remedies Authority that their provisional recommendation is to remove measures on imports of HVO into the UK from the US.

We support this recommendation.

The liquid fuel for heating industry in the UK is currently concentrating on renewable liquid fuels as a replacement for conventional fossil-based heating oil, in particular Hydrotreated Vegetable Oil (HVO).

The fuel provides an 88% reduction in carbon emissions and can simply replace heating oil without any major changes to a customer's appliance making it an extremely cost-effective and less disruptive way of decarbonising. We believe this will be the technology of choice for many of our customers.

The announcement highlights the use of HVO in home heating. The UK currently does not produce any HVO and therefore this announcement today of widening supply makes a lot of sense without damaging any operations in the UK.

We are currently running a second phase demonstration project across the UK in 200 homes which is progressing well.


Driving down your fuel costs
The Merridale range includes fuel management systems, fuel pumps and dispensers, fuel storage tanks, tank gauges and fuel management software for client and web-based solutions.
Merridale systems are installed at over 4,000 sites throughout the UK, Ireland, Channel Islands and Holland.
Up to 400,000 vehicles fuel every day on a Merridale system.
Highest build quality
Designed to last a minimum of 10 Years
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Hybrid conference
Convened by the Energy Institute's sector experts, International Energy Week builds on the strengths and legacies of IP Week and is the global conference for a new energy era.
As the climate crisis continues to transform societies' expectations, International Energy Week 2022 will be the energy industry's first global meeting to assess the outcomes of COP26 alongside the continuing recovery of the COVID-19 pandemic.
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Decarbonising transport: are additives the answer?

Transport emissions is a hot topic that we've considered from many different angles and that continues to be a big challenge for distributors on the journey towards net zero. As Stephen Marcos Jones, director-general UKPIA, commented in his exclusive blog for Fuel Oil News from COP26: "Transport is the largest emitter of CO2 in the UK. We believe we must look at all technology options available to reduce emissions as quickly as possible, especially with no regret solutions in the near term."

The challenge is how to decarbonise now. Liz Boardman speaks with those in the industry to consider the role of additives and to hear how they can contribute to decarbonising transport in the distributor sector.

How additives can help reduce emissions

ElimiNOX chairman, Tony Granger, believes that additives, in particular fuel conditioners, have a big role to play in decarbonisation.

"Much of the attention towards reducing carbon emissions has been on better-designed engines and vehicles, or the introduction of hydrogen-powered and electrification vehicles. However, these are costly alternatives that aren't always efficient. The supply chain incurs carbonisation in manufacture, and most fleet owners are seeking immediate innovative solutions for existing vehicles, such as tankers and HGVs.

"Many accept the fact that they are polluters and will buy carbon credits for offsets. However, the alternative solution (reducing greenhouse gases from polluting vehicles, reducing fuel and maintenance costs and increasing fuel lubricity) is to focus on a low-cost fuel conditioner that's proven to achieve these outcomes."

He argues that there is only one product "that that will emulsify water with fuel to eliminate the effect of the diesel bug and enable a cleaner and more efficient combustion, while reducing engine maintenance and filter replacement".

An instantaneous result

"Our ElimiNOX Eco™ fuel conditioner can save fuel and reduce soot and particulate matter, as well as carbon and other harmful greenhouse gases. It decreases fuel consumption and increases lubricity, reducing friction, improving combustion and resulting in reduced toxic emissions. CO2 reduction can be up to 30% while PM 2.5 and PM 10 can be up to 61%.

"Major benefits include improved performance and mpg (one fleet user achieved 8-10% fuel savings across 27 Volvo and Scania Euro 6 HGVs over 12 months covering 1.2m miles). Above all though, it provides an instantaneous result and is a cost neutral solution to achieving ESG and carbon reduction goals."

Diesel for decades to come

Martin Lodge, of Environmental Fuel Technology agrees that additives are instrumental in reducing emissions. "Our products cut climate carbons and local particulates," he explains. "So they're addressing climate issues, and issues of air pollution on motorways/in congested areas.

"Tankers are particularly important because, while consumer vehicles may electrify or go hybrid, haulage will be running on diesel for decades to come and represents a huge portion of vehicle carbon emissions. As such, ameliorating the carbon released by lorries in the supply chain will be a key step in any climate strategy – and the additisation of fuel to directly target the hydrocarbons is a fantastic way to do it.

"Our flagship products don't just cut local particulates, they directly target hydrocarbon release, both through increasing the efficiency of fuel burned and specific measures to target carbon emissions that are harmful to the climate. DiesoLiFT, our additive targeted at diesel haulage, tankers and rail, has been proven in field trials to directly reduce greenhouse gases, particularly NOX. It also saves a lot of money, because it improves fuel efficiency, so this is a win-win for fleet operators. They keep ahead of climate legislation and see a 3-7% reduction in their fuel costs."

When additives were first introduced, the environmental angle wasn't the big draw that it is now, as Neil Ryding of Fuel Additive Science Technologies (FAST) Ltd explains: "Fuel additives have always had significant environmental benefits, but it was never part of their original marketing, so only in recent times have we had to demonstrate these credentials specifically. Much data exists however, that illustrates fuel consumption improvements and emissions reduction when additives are used appropriately."

"Fuel additives are not a new phenomenon and as a niche part of the wider oil industry, they have been around for over 100 years. They exist – and have always existed – to optimise fuel use in every respect and thus reduce the visible and gaseous emissions from an engine or boiler. In this respect, they have always contributed to a 'green' agenda. But for a given carbon content of the fuel mix this only happens if you reduce fuel consumption overall. Also – and let's be brutally honest here – fuel additives are hydrocarbons themselves; they are by-products of petroleum distillation."

He adds: "Decarbonisation is a word that is bandied around and repeated without people really stopping to think what it means. This is especially pertinent in the transport sector as, unless we go to a fully hydrogen fuel source or to fully electric vehicles, then the future fuels mix will always need to contain carbon, regardless of where the fuels have their origins."

Distributor benefits

There's no doubting the green advantages of additives across the road transport sector, but what are the specific benefits for distributors?

"The benefits for distributors are enormous," says Tony. "Fuel cost savings rank as a major priority alongside decarbonisation and meeting ESG objectives."

ElimiNOX is a member of

UKIFDA and is working with the trade body and a distributor on testing oil boilers and agricultural machinery using HVO with its products

"We were runners-up at the Innovation Awards in 2021, and believe we have an important message for the fuel distribution industry and its many transport and tanker fleets," adds Tony. "We have ongoing trials with a number of fuel distributors, ranging from oil companies to HGV haulage, construction and tanker fleets, who want to test the product before they use it."

For Martin, the financial element is key: "First off, additives save you money through a direct boost to fuel efficiency. Trials on HGVs show a 3-7% improvement in mpg so, as long as you're spending less than 3% of your total fuel budget on additisation, you're saving potentially tens of thousands of pounds."

DiesoLiFT has been trialled with London and Leeds Midland Rail, the City of York Council, and Morrisons supermarkets – all familiar names, all with fantastic results. Morrisons HGVs running on fuel additised with DiesoLiFT recorded a 40.7% drop in NOX, and a 23% drop in other particulates.

"For distributors, we think this represents an easy cost-benefit proposition – you can cut your carbon footprint but, as every trial we've participated in shows, you can also save a significant amount of money on fuel.

"DiesoLiFT and Vulcan are formulated with a protective package that prevents corrosion and water contamination in storage issues caused by high ethanol biofuels, saving you more money on servicing and waste. And, by cutting CO2, NOX and particulates, they help distributors keep ahead of climate legislation – allowing you to broadcast to customers that you're doing your bit for the environment."

Essential to cost control

FAST acts as a technical resource, in terms of fuel testing and fuel consultancy, for many of the UK's fuel distributors and played a key role in the fuel filter blocking issues of 2019-20.

"We know that distributors value our input and our products – the stumbling block is often with the end (fuel) users," says Neil.

"Fuel additives have technical and economic benefits for fuel distributors. They are not – as some would have it – an admission that the fuel being sold is sub-standard. More, they are a way of providing legitimate enhancements or of solving problems often associated with poor storage conditions, rarely the fault of the distributor.

"Given that it is widely accepted that the internal combustion engine will remain the primary motive driver for a few years to come, the potential for engines to foul up, the need to optimise fuel use and, critically, the need to maintain fuel in storage, means that fuel additives will be essential. This is very relevant in a fleet environment where cost control is critical and where, as well as the potential to save on fuel costs, additives will also reduce the maintenance load.

"There can't (or should I say, shouldn't) be many fuel distributors whose business is not significantly enhanced by the inclusion of a premium fuel brand or of discrete fuel additives in their product range."

A quick fix or a long-term solution?

While some may see additives as a short-term solution, the reality is that diesel won't be going anywhere for a while.

"While fuel additives can be a short-term solution, the facts are that fossil fuels will still be with us for a very long time," emphasises Tony. "We first saw ElimiNOX Eco™ as a short-term solution, bridging the gap between fossil fuels and alternatives such as electrification or hydrogen-powered vehicles, but now we see it as a longer-term solution too.

"The world focus has been on the fossil fuel producers being the cause of climate change and increasing CO2 levels. However, if the fuel produced can be treated to significantly reduce, or eliminate, harmful and toxic emissions, then it has a long-term future.

"Businesses are driven by cost savings and our proven Greentech innovation fuel conditioner is a driver for this. We see ElimiNOX playing a key role in providing a credible solution to the oil industry in the transition to clean fuels-net zero over the coming decades."

Martin agrees that additives are here for the long term: "Additives allow diesel to work as a 'transition' fuel. We'll be using diesel vehicles for decades to come, and in the case of lorries and heavy haulage, that's especially true. The transition to electrification is a seismic ripple for consumer vehicles, but it won't be touching HGVs any time soon. Our diesel products – DiesoLiFT, Vulcan, and Nanothene – are a way to handle the emissions issues that arise."

It's a subject that Neil is passionate about: "To what problem are fuel additives in the transport sector a short-term solution? Aviation fuel contains specific and regulated fuel additives. Tetraethyl lead is/was a fuel additive used extensively to enhance the performance of petrol in the period after WWII. Fuel additive 'packages' as we know them today, containing fuel detergents, corrosion inhibitors, combustion enhancers, antioxidants, stability additives, demulsifiers, etc., have been commonplace in road fuel since the late 1970s, introduced initially at the behest of the premium car brands.

"The world's leading engine and vehicle manufacturers, via their World Wide Fuels Charter, now make the use of recognised fuel additives virtually obligatory, if fuel is to meet their requirements. And let's not forget that the latest revisions to our national road fuel standards allow and encourage the use of recognised fuel additives as performance enhancers.

"I would suggest that fuel additives will be around for as long as hydrocarbon fuel and, as we move inexorably towards a more bio-based mix, the need will be accentuated, certainly in terms of storage stability and water content control."

It seems there is agreement that not only do additives offer many operational and financial benefits to distributors, but they are also a perfect example of a progressive measure to reduce emissions until a greater uptake of vehicles fuelled by electric or other zero-carbon transport fuels eventually emerges at scale.

We may not be certain of what the future fuels mix will look like, but we do know that additives are here to stay and will play a vital role in decarbonisation – great news for both manufacturers and distributors.

TOP 20 FUEL OIL DISTRIBUTORS

UK MAINLAND

2022	2021	COMPANY	NUMBEROFTANKERS
1	1	Certas Energy	900
2	2	Watson Fuels	306
3	3	NWF Fuels	155
4	4	Rix Petroleum	115
5	5	Goff Petroleum	104
6	6	Your NRG	88
7	8	WCF Fuels	78
8	9	Crown Oil	77
9	7	Johnstone Oils	76
10	10	Ford Fuel Oils	70
=11	=11	Oilfast	50
=11	=11	WP Group	50
13	13	Mitchell & Webber	48
=14	16	Barton Petroleum	44
=14	20	New Era Fuels	44
=14	n/a	Craggs Energy Group	44
17	=14	Highland Fuels	43
18	16	Carrs Billington	42
19	17	Gleaner Oils	41
20	19	Oil4Wales	40

Distributors are ranked by number of tankers as supplied to Fuel Oil News in January 2022
If you feel you should be included in the above list, which is also published on fueloilnews.co.uk please contact margaret@fueloilnews.co.uk with your latest tanker fleet number

HGV Driver Shortage – Protecting Your Reputation

With the current HGV shortage, it is now more important than ever to be aware of the risks associated with hiring a new driver. We frequently hear of the value of good drivers to the businesses in our sector, but a rogue driver can also very quickly destroy your reputation. When recruiting, it is, therefore, vital to consider how the right decision-making process can help to reduce the costs and risks that a new driver could generate.

To get some valuable guidance on this, we spoke with Karl Jones, account director at OAMPS, the downstream fuel industry insurance specialist whose close relationship with the sector gives them a deep understanding of the unique challenges of fuel distribution. Here are his recommendations.

New Driver Selection

The quality of your drivers plays a huge role in the overall success of your business – diligent, deliberate and conscientious drivers will probably cost you less in damages, get better customer feedback and cause less management stress than someone who will make more deliveries, but will cut corners to do so

Arguably, one of the most challenging aspects is sifting through the applicants for a vacancy and choosing the best driver for your business. As a minimum, we would recommend each potential new driver provides references and a claims record from their previous employers, as well as a medical declaration.

In addition, we would suggest potential drivers completing:

- Licence check (online)
- Drug & Alcohol Test
- A medical declaration that they are fit to drive
- Medical fitness to Drive check, including an Eye Test
- Online driver profiler assessment to assess their attitudes towards driving
- Theory or Highway Code test to assess their knowledge
- On-road practical assessment in the type of vehicle they will be driving

You should also bear in mind that:

- Employing an experienced driver with all the training does not protect you – it is the business responsibility to ensure they are competent i.e. not to rely on previous manual handling training etc.
- Foreign drivers will need to be disclosed to insurers
- Young and/or inexperienced drivers may need to be disclosed to insurers

A comprehensive induction

Once the driver has passed these tests, we would also recommend a comprehensive induction process, which should include:

- Awareness and understanding of the company's 'driving for work' policies and procedures.
- Initial driver assessment and training for the vehicle and types of journeys they will be making.
- A 'Buddy' system, in which a new member of staff is paired with an experienced staff member to act as their mentor for a period of time. It's important to ensure the 'buddy' does not pass on incorrect information or bad habits, so some training and monitoring for 'buddies' should also be carried out.
- Driver Handbooks should include information about the company's driving rules and procedures, as well as advice about safe driving. Keep a copy in the vehicle's glove box.
- Vehicle and Route Familiarisation – especially if the new staff member will be driving a type of vehicle they do not normally drive or on types of roads or areas they are not familiar with.
- Telematics (if used) can provide an accurate picture of how the new person is driving.
- Managers should monitor the feedback about new drivers carefully during their induction period, and ensure that the driver is also looking at the data about their driving to see how they can improve.
- Contractually, you might also consider making new or temporary drivers responsible for a higher proportion of your own damage excess

All training, manuals and handbooks should be signed for as evidence of completion and understanding.

Driver Retention

Having found the driver(s) of your dreams, keeping them on your payroll when other sectors might be offering increased wages will be a challenge.

Regardless of role, happy employees are generally productive employees, and providing a supportive and positive working environment is likely to be an effective, low-cost option. Other factors would include:

- Competitive Remuneration
- Private Medical Insurance
- Personal Accident/Sickness Insurance
- Performance Bonuses
- Profit Share

Agency/Temporary Drivers

If you are forced, or choose, to use Agency or Temporary drivers, all of the factors mentioned above should still be taken into account, and we would recommend you only use an Agency that has Driver Negligence Insurance cover.

KARL JONES has been helping businesses get better value out of their insurance spend for more than 20 years. Karl adds that experience and expertise to the OAMPS team that has specialised in the downstream fuel industry for more than 30 years.

Merridale options for converting your red diesel storage facility

CONTINUING OUR SERIES LOOKING AT THE IMPLICATIONS FOR THE SECTOR OF THE CHANGES TO RED DIESEL ENTITLEMENT WE NOW SPEAK WITH **STEPHEN HANNAN**, SALES DIRECTOR AT MERRIDALE, A LEADING SUPPLIER AND SERVICE PROVIDER TO THE FLEET INDUSTRY. STEPHEN TALKS US THROUGH THE OPTIONS AVAILABLE TO FLEET OPERATORS WHO NEED TO CONVERT EXISTING STORAGE FACILITIES.

As we have previously highlighted, fleet operators should be aware that the government has legislated that, from 1st April 2022, gasoil, otherwise known as red or rebated diesel, will no longer be permissible for many types of vehicles and plant machinery in the UK.

Having been approached by members of the fleet operating community for guidance on responsibilities and actions, Stephen spoke with Margaret Major, managing editor of Fuel Oil News, to share some important insight with our community in the article below.

Where the responsibility lies

It is the responsibility of all fleet operators who currently use red diesel to determine whether the new legislation applies to them or otherwise.

As a leading supplier and service provider to the fleet industry, quite a significant number of companies have approached Merridale for guidance. From our perspective, where changes do apply, fleet operators appear to be faced with three main choices. These are:

- To close or 'mothball' the existing red diesel storage facility and utilise any existing white diesel facility.
- To modify the existing red diesel storage facility to store white diesel and use it as a stand-alone facility.
- To modify the existing red diesel storage facility and to interconnect the storage tank formally used for red diesel with the existing white diesel storage tank.

Each of these options will cost fleet operators, to some degree, and it is anticipated that this will place significant demand upon the pump & tank industry. It is important to note that it has been indicated that government is not prepared to create amnesty periods and that all conversions MUST be completed by 1st April 2022.

Option 1: To 'close' or 'mothball' the existing red diesel storage facility and utilise any existing white diesel facility.

It is almost certain that the Environmental Agency will not be prepared to let you simply

cease usage and leave in situ and, since diesel was reclassified as flammable, any quantity of unused diesel that you store will probably be of interest to DSEAR and your insurance companies.

Unless you have a significant quantity of red diesel still stored, it would probably be of no interest to your fuel supplier for them to purchase this from you due to the reprocessing that this would require. We would, however, still suggest you approach them to see if they do provide this option.

The likely outcome is that you will need to employ specialists to clean the tank, dispose of all remaining product, and uproot the storage tank for authorised disposal.

Where such tanks are in very good order, there may be a market to sell these to refurbishers.

Option 2: To modify the existing red diesel storage facility to store white diesel and use it as a stand-alone facility.

So far, this is the option that most companies have indicated is top of their considerations. However, fleet operators would be expected to employ a specialist contractor to remove residues, clean out the tank, and flush with fresh product, as suggested by the following government report:

'Registered fuel suppliers that switch a fuel tank from red to white diesel will need to flush out the tank and supply lines until no trace of marked rebated fuel remains.' This will help to ensure compliance and minimise the risk that white diesel that has had the full duty rate paid on it is contaminated with the red diesel marker.'

The action does not finish here. Unless the tank is to be used for the same fuelling purposes as previously, the fleet operator may also need the services of a specialist equipment contractor, such as Merridale, to reprogram existing fuel and tank management systems, as well as any driver and vehicle identifiers. We would also recommend that all line, pump, and nozzle filters are cleaned or replaced, and appropriate labels and descriptors are fitted.

Option 3: To modify the existing red diesel storage facility and to interconnect the storage tank formally used for red diesel with the existing white diesel storage tank.

Many fleet operators may wish to interconnect the former red diesel tank with the existing white diesel tank so that their overall storage capacity is not compromised.

To do this, the fleet operator will firstly need a specialist to carry out everything detailed above, to modify the use from red to white diesel.

Additionally, there would need to be a specialist pump and tank pipework company to interconnect the outlet lines from both tanks, including the fitting of appropriate non-return valves. This can be a simple matter though, where the existing facility consists of multi-compartment storage tanks or two tanks very close together, so pipework can be interconnected easily.

As a leading supplier and service provider to the fleet industry, quite a significant number of companies have approached Merridale for guidance on conversion. You can find out more here: fuelmanagement.co.uk/category/fleet-operators/

As the deadline rapidly approaches, we will continue to communicate updates and insights on all aspects of the red diesel rebate change. If you have questions for the community or wish to contribute insights and updates, please contact Margaret@fueloilnews.co.uk

PORTLAND MARKET REPORT

JANUARY IN VIEW

PREDICTING THE PRICE OF OIL THROUGH 2022

Although sensible people try to avoid making oil price predictions, we like to put our head 'above the parapet', at the beginning of each year, with a projection of where we see prices over the next 12 months. Before doing that, we're happy to point out that, in 2021, we got our price predictions pretty much bang on, meaning that, for 9 out of the last 10 years (the exception being 2014), we have got our annual forecasts broadly correct. We won't labour the point as no-one likes a smart-a*se and the reality is that 2021 was a fairly easy year to call after the carnage of 2020. Prices were low, investment in new oil and gas projects was non-existent and the economic impact of covid (i.e., lockdowns) was steadily diminishing. It didn't take a genius, therefore, to conclude that prices would rise in 2021.

'THE SUPPLY-DEMAND SITUATION REMAINS CRITCAL'

And so, it came to pass, with the price of crude starting the year at $55 per barrel (Jan 21) and finishing 2021 at $77, having hit a peak 2 months earlier at $86 per barrel in October. The narrative behind these price movements was pretty much as we wrote last year; "we predict that prices will go up in 2021 and even see the possibility of a major price spike, as the gap between supply and demand becomes critical". Now that we are turning our attentions to 2022, we can say that the supply-demand situation remains critical and, in fact, the danger of a major price spike looks more likely this year than it did in 2021. Ongoing factors around declining investment in oil and gas coupled with buoyant demand growth are still at play, but the joker that has now been added to the pack is the extraordinary situation regarding global gas prices.

We covered this in detail in November but, when the price of any commodity octuples (natural gas has risen by over 800%!), buyers naturally start to look for alternative sources of supply. Crude (or refined crude) is one of those alternatives, and power stations, heavy industry, fertiliser manufacturers and a legion of other gas users are all now switching to oil. Anecdotally, only last week Portland was approached by a food processor who wanted to switch to oil because the gas price made their operations commercially unviable. And, whilst the general public may consider oil prices already to be too high, they are still nothing like as high as gas! The collateral damage from the high gas price can be seen everywhere and oil isn't the only commodity being leaned on as a result. Coal too has seen an incredible recovery over the last 12 months, with demand rising by over 10% and global coal powered electricity in 2021 hitting all-time record highs. Even more concerning is the International Energy Agency's prediction that these figures will be exceeded in 2022.

The current situation should also be a surefire opportunity for renewables to fill the gap created by exorbitant prices and subsequent abandonment of gas. To a certain extent this is true in Europe and North America, where renewables are well developed and already plugged into the energy grid. However, where there are the greatest energy requirements (China, India, South-East Asia), green energy simply cannot keep up with the rapid growth in electricity demand that comes with post-pandemic economic recovery. This is a subject that Portland has returned to many times and is the reason why gas exploration (if not oil) must continue, because the alternative is a world where coal usage rockets every time gas prices become too high. Only a regular supply of new gas over the next 10 years will stop these price spikes taking place.

Let's go back to oil though and where all of this leaves the price in 2022. The likely development is that oil prices will significantly increase in the first 6 months of this year, with supply continuing to be starved, whilst rebounding economies and hitherto users of gas, put significant pressure on oil demand. Hopefully the gas crisis will have dissipated somewhat by Q3, as the American fracking industry responds to clamouring demand, which in turn should bring more crude to the market, as fracked gas goes hand in hand with fracked oil. This should see prices ease by Q4, although they will still end the year higher than they are today.

'WE SHOULD BE HOPING FOR THE LESSER OF THE 2 EVILS'

In numerical terms, we easily see oil topping $100 per barrel in the next 6 months, before settling at the $80 to $90 per barrel band by December. Only one thing can realistically stop this happening and that of course is Covid. You only have to see the impact of the Omicron strain in December (21) to see the profound impact covid continues to have on oil markets. In the run-up to Christmas, oil prices fell by an incredible $10 per barrel, as traders and analysts suddenly panicked about the possibility of further covid-related lockdowns. In 2022, any new strain of the virus, a growing inefficacy of the vaccines available or a sudden increase in hospital patients (at a national level) could all bring about new lockdowns and, if the last 2 years have taught us anything, it is that lockdowns bring oil prices crashing down. Overall though, such an outcome is beginning to feel less likely and, furthermore, we should probably now be hoping for the lesser of the 2 evils. If we accept that the weakening impact of covid will mean fewer global lockdowns, then we also will have to accept the inevitable and unwelcome increase in the price of oil.

For more pricing information, see page 26

Portland
www.stabilityfromvolatility.co.uk

TotalEnergies: Energy Outlook 2021

WITH TOTAL REFOCUSSING ITS BRAND AND ACTIVITIES IN A BID TO BECOME A LEADING RENEWABLE ENERGY PLAYER, WE TAKE AN IN-DEPTH LOOK AT ITS LATEST VIEW OF THE FUTURE FOR ENERGY AND THE IMPLICATIONS FOR THE LIKELY SUCCESS OF THE TRANSITION TO NET ZERO 2050.

In the vanguard:

At the company AGM in May 2021, the shareholders of Total voted to change its name to TotalEnergies to reflect the company's over-arching ambition to become one of the top 5 renewable energy players by 2030.

With this ambition in mind, the focus will embrace the full spectrum of energy sources: oil, gas, biomass, wind and solar. This will be accompanied by a switch of emphasis which will see oil product sales, as a % of total energy sales, falling from 55% in 2019 to 30%. The growth of energy production will be based on two so-called 'pillars' – LNG and Renewables & Electricity.

Over the past five or so years, the company has been very much in the vanguard of positioning itself to be a major player in acquiring companies along the electricity supply chain, from renewable generation to battery storage to vehicle charging and domestic power.

This has included the following acquisitions:

- In 2016 the company acquired long-established French battery manufacturer, Saft Group.

  In the same year it acquired Lampiris, the third-largest supplier of natural gas and renewable power to the Belgian residential sector (circa 1 mln customers), which is now called Total Spring.
- In 2018 it acquired G2Mobility, a French, leading provider of electric vehicle charging solutions with almost 10,000 points managed by its web services platform, supporting both municipal governments and private businesses.

  Paris-based power supplier, Direct Energie, France's third largest energy supplier, was acquired in the same year, giving Total a portfolio of around 4 mln customers, which it hopes to expand to 6 mln by 2022, to become a major challenger to both EDF (which currently supplies 80% of the market) and to Engie.
- At its AGM in May the company expressed the intention of developing 100GW of renewable energy by 2030, supported by $60 bln of investments therein.

  This will include a 55MW solar farm in Lorient, in the northwest of France, along with solar developments in both Spain and India. The company is also involved in offshore wind projects in the North Sea.

With the above backdrop, and the recent

COP26 meeting in mind, it is therefore of particular interest to understand the company's latest view of the future. This is described in its Energy Outlook 2021, which updates scenarios that were developed in the previous year.

Energy Outlook 2021:

The scenarios, which look forward to 2050, are:

Momentum – described as a 'forward looking' scenario and based on the decarbonisation strategies established by countries that have committed to achieve net carbon neutrality (net zero) by 2050, while China meets its net zero objective by 2060. It works on the basis of specific targets already declared by those who have set them and the nationally determined contributions agreed at COP21 (Paris Agreement) for the others, which, themselves, are subject to regular review and updating.

The key assumptions in this scenario are:

- Countries committed to net zero by 2050 will ban new ICE sales in 2035 which, in turn, will provide impetus to the electrification of light vehicles and increased adoption of hydrogen and hydrogen-based fuels, such as e-fuels, methanol & ammonia in other transport modes.
- More widespread end-use electrification, with rising demand for renewable power sources, such as solar and wind.
- Natural gas will see large scale use as a 'bridge' or transition fuel source, particularly in power generation and industry (supplanting coal).
- Increased recycling of plastics, with a ban on single use plastics from 2040, both by countries committed to net zero in 2050 and China.
- Emissions will peak in the mid 2020s in China which, itself, will achieve circa 60% decarbonisation (vs current levels) by 2050.
- Global economic growth will average just over 3% pa, with energy use expanding by circa 0.5% pa.

This scenario is projected to result in a temperature rise c.f. the pre-industrial level, of between 2.2 and 2.4°C

Rupture – described as a 'back-casting' or retroactive scenario and assumes achievement of the over-arching Paris Agreement commitment of a temperature rise of well below 2°C and based on IPCC emissions scenarios. It assumes that there will be significant shifts in the public policies of those countries not already committed to net zero in 2050, large scale advances in clean technologies and re-building a global new energy system.

The key assumptions in this scenario are:

- The extension to all emerging economies of the decarbonisation approaches adopted by the 'net zero in 2050' countries.
- The diffusion of innovation will enable the amplification of those 'enablers' that will help to drive the energy transition, such as:
  - Further development of electrification and renewable energy sources
  - Expanded penetration of new energy 'carriers' e.g clean hydrogen in industry and transport, e-fuels, biofuels and biogas
- Increased energy efficiency
- That global economic growth will average just over 3% pa, with energy demand growing by circa 0.3% pa.

This scenario is projected to contain the temperature increase c.f. the pre-industrial level at 1.7°C, with an achievable sensitivity for a 1.5°C rise.

The above scenarios provide something of a sobering assessment insofar as, even under 'Momentum', which closely reflects many of current global commitments, the outcome is projected to be a temperature rise in excess of 2°C above pre-industrial levels in 2100.

It will require at least the much more ambitious and demanding scenario under 'Rupture' to achieve the COP21 (Paris Agreement) goal of containing the increase to 'well below 2°C'.

This echoes the tenor of sentiment that emerged from COP26 as well as a recent comment from the head of the IEA – that the world will need to adopt significantly more ambitious reduction commitments AND act on them – sooner rather than later.

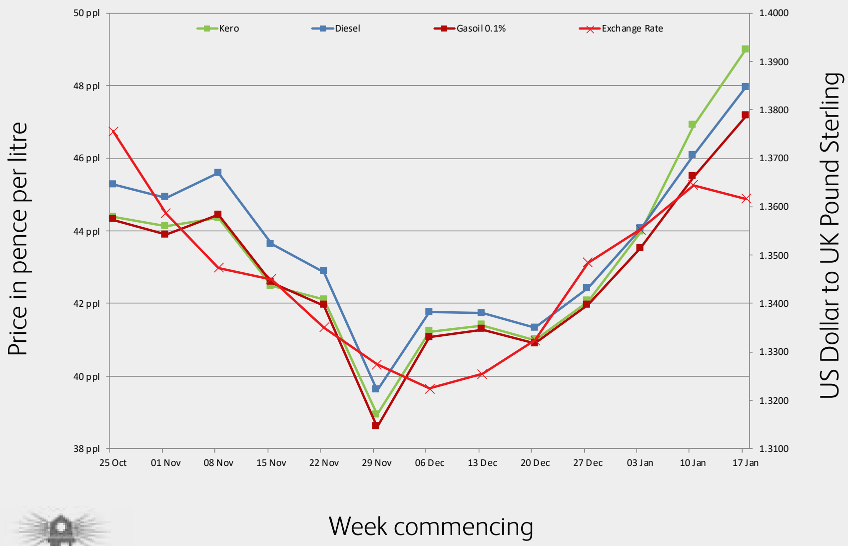
The energy transition needs to be accelerated!

ROD PROWSE, worked for 30 years across the full spectrum of the downstream oil sector, in both the UK and USA, which has included leadership positions in both retail and wholesale fuels businesses. Rod draws on his extensive knowledge of this global industry to bring us 'Industry Insights'.

Wholesale Price Movements: 19th December 2021 – 18th January 2022

	Kerosene	Diesel	Gasoil 0.1%
Average price	44.18	44.02	43.49
Average daily change	5.18	5.17	5.07
Current duty	0.00	57.95	11.14
Total	44.18	101.97	54.63

All prices in pence per litre



Kerosene

Highest price	Biggest up day
49.08 ppll	**+43.10 ppl**
Tue 18 Jan 22	Tue 04 Jan 22

Lowest price	Biggest down day
39.00 ppl	**-2.24 ppl**
Mon 20 Dec 21	Mon 20 Dec 21

Diesel

Highest price	Biggest up day
48.15 ppl	**+43.35 ppl**
Tue 18 Jan 22	Tue 04 Jan 22

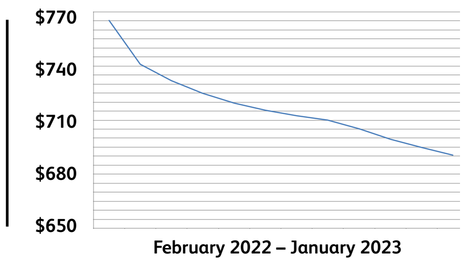
Lowest price	Biggest down day
39.42 ppl	**-1.99 ppl**
Mon 20 Dec 21	Mon 20 Dec 21

Gasoil 0.1%

Highest price	Biggest up day
47.47 ppl	**+42.88 ppl**
Tue 18 Jan 22	Tue 04 Jan 22

Lowest price	Biggest down day
39.05 ppl	**-2.10 ppl**
Mon 20 Dec 21	Mon 20 Dec 21

Gasoil forward price in US$ per tonne



The Fuel Oil News Price Totem

	Trade average buying prices			Average selling prices		
	Kerosene	Gasoil	ULSD	Kerosene	Gasoil	ULSD
Scotland	47.75	58.98	106.98	54.44	63.02	111.17
North East	46.70	57.61	106.06	55.99	61.37	109.14
North West	48.27	60.21	108.45	54.70	63.73	111.20
Midlands	46.77	58.14	106.52	53.04	61.84	109.86
South East	46.87	58.10	106.50	59.82	64.56	109.40
South West	47.22	57.94	106.34	55.58	61.63	108.99
Northern Ireland	47.33	59.31	#DIV/0!	53.50	63.85	#DIV/0!
Republic of Ireland	61.09	64.74	107.92	66.78	68.57	111.34
Portland	45.08	55.66	103.21			

The price totem figures are indicative figures compiled from the Portland base rate using calculated regional variances.
Buying prices are ex-rack. Selling prices are for 1000 litres of kero, 2500 litres of gas oil and 5000 litres of ULSD (Derv in ROI). Prices in ROI are in €.

Wholesale prices are supplied by Portland Analytics Ltd, dedicated providers of fuel price information from refinery to pump.
For more information and access to prices, visit www.portlandpricing.co.uk

WELCOME TO FEBRUARY'S EDITION OF OUR SPECIAL MONTHLY FEATURE WHICH GIVES YOU THE OPPORTUNITY TO 'MEET' AN INDUSTRY FIGURE AND, HOPEFULLY, TO DISCOVER ANOTHER SIDE TO THEM BEYOND THE WELL-KNOWN FACTS.

WE CHAT WITH **BRAD WILKIE**, COMMERCIAL DIRECTOR MECHTRONIC LTD, WHO LOVES FAMILY AND SPORTS IN ALMOST EQUAL MEASURE AND, WHILST HIGHLY ACCOMPLISHED ON TWO WHEELS, HARBOURS SECRET AMBITIONS FOR FOUR-WHEELED ADVENTURES.

Brad with his wife and kids on a recent holiday

"LISTEN TO YOUR CUSTOMERS."

BRAD WILKIE

Give your career history in 25 words or fewer
I started as an apprentice at MechTronic in 2008 and progressed through the business to Commercial Director.

Describe yourself in 3 words
Strong-minded, resilient and likeable.

What were your childhood / early ambitions?
To follow in my dad's footsteps.

Describe your dream job (if you weren't doing this?)
F1 racing driver!

What's the best business advice you've ever received?
Always treat people as you want to be treated.

Share your top tips for business success
Listen to the customers and manage internal and external relationships.

What's your most recent business achievement of note?
Becoming commercial director.

Tell us your greatest fear
Something happening to my family.

Brad with his brothers undertaking a bike challenge for the Etape du Dales

Which is most important – ambition or talent?
Ambition.

What's the best thing about your job?
Meeting customers and building relationships.

Which is the quality that you most admire?
Honesty and integrity.

What are you most likely to say?
That's brilliant news, thank you!

What are you least likely to say?
Swear words.

Describe your perfect day
Enjoyable ride on my bike with my brothers, followed by some quality time with my wife and three boys.

Do you have a favourite sports team?
Manchester United.

What's the biggest challenge of our time?
Recovering from the pandemic.

Cheese or chocolate?
Ooh tricky, I like both but I eat more chocolate!

Share your greatest personal achievement
Creating a warm, safe environment for my boys to thrive.

What's your pet hate or biggest irritant?
Drivers hogging the middle lane.

If you were on 'Mastermind' what would your specialist subject be?
Anything to do with sports.

If you were elected to government what would be the first law you'd press for?
Push for better equality.

If your 20-year-old self saw you now what would they think?
Aged well, considering there's three kids on the scene!

What is number 1 on your bucket list?
I would love to take the wife and the boys to Disney World.

What 3 things would you take to a desert island?
Beer, family and nice food.

Tell us something about you that people would be very surprised by
I am an identical twin!

Who would you most like to ask these questions of?
Dwayne Johnson, aka The Rock.

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