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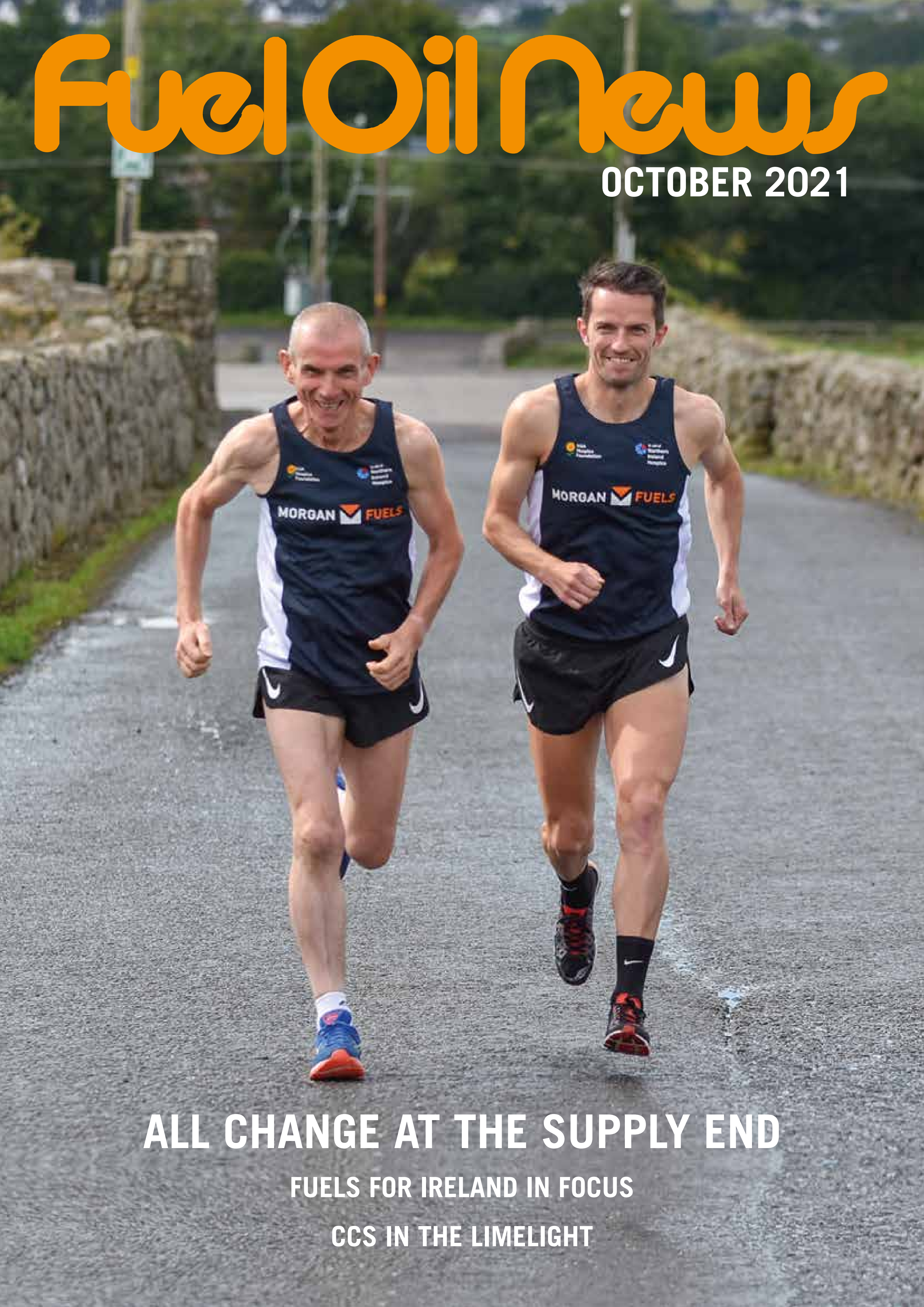

ALL CHANGE AT THE SUPPLY END

FUELS FOR IRELAND IN FOCUS

CCS IN THE LIMELIGHT

Impossible perfect or possible good?

In an issue in which we consider the way the industry is changing from the top end of the supply chain, a phrase used in a recent conversation struck a chord with me and has remained in my mind since.

Kevin McPartlan, of Fuels for Ireland, shares with us, on pages 16 & 17, the role of the association as a communication channel between members and legislators as well as how they are confronting the reality of the transition and delivering their vision to be a key driver of that change.

During our conversation, Kevin shared his concerns that 'the impossible perfect is the enemy of the possible good' – when we become so focussed on working towards the unachievable, yet seemingly perfect, solution for our destination that we fail to do all the good we can along the way.

A lesson as true for life as it is for our industry, it is worth considering the implications in all that we do.

We often talk about 'chunking things down' when the whole task seems overwhelming.

An athlete working towards gold in Paris in 2024 will not be expecting to deliver their personal best now. Neither will they currently be doing nothing, expecting just to show up and deliver on the day.

They will already be on the journey to their destination via a detailed development programme - small gain after small gain - until they are ready to peak when their moment for glory comes.

As Lao Tzu famously said: "A journey of a thousand miles begins with a single step" – the implication being that many more steps follow that first one.

With COP26 taking place early next month we may finally see the publication of the Heat and Buildings Strategy and have a better idea what those next steps will look like for our industry.

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Fuel Oil News

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On the cover

Irish distributor Hugh Morgan with friend and running partner Paddy Duffy as they prepare for the Marathon Des Sables. In our 'In Conversation' on pages 14 & 15 we ask which is the greater challenge – marathons or fuel distribution?

In this issue

On pages 11 & 12 we take an in-depth look at the changes at the top end of the supply chain and the implications for the future of fuel distribution while, on pages 16 & 17, we hear how Fuels For Ireland is contributing to future energy solutions.

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Prax refinery joins Humber decarbonisation project

As part of the Prax Group's ongoing commitment to sustainability, Prax Lindsey Oil Refinery has joined the V Net Zero Humber Cluster project.

The project, led by Harbour Energy and currently made up of the following organisations - Prax Lindsey Oil Refinery, Humber Zero (with partners: Phillips 66 Humber Refinery and Vitol's VPI Immingham power plant) and EP UK Investments - seeks to decarbonise the industrial emissions of the area, with the CO2 transported by pipeline for storage in the depleted Viking gas fields, located off the nearby Lincolnshire coast.

Prax Lindsey Oil Refinery's initial target is to capture 1.1 million tonnes of CO2 per year from the refinery's heaters and process units for transport and storage by Harbour Energy.

This project is likely to be implemented in two phases with the first in 2027 and the second following in 2029.

Commitment to sustainable business

Luc Smets, general manager at Prax Lindsey Oil Refinery, said: "We are extremely pleased to announce that Prax Lindsey Oil Refinery is a member of the V Net Zero Humber Cluster project. This underlines our determination to support the local economy and the wider community, whilst enabling us to explore new, sustainable business opportunities.

"As a dynamic and forward-thinking organisation, we consistently look for ways to keep our business innovative so that we can continue to meet the needs of our customers, whilst being mindful of the planet and its resources. Committing to decarbonising our emissions represents the firm commitment we have to minimising adverse effects on the environment, wherever it is practical for us to do so.

"In this, we are committed at all levels and within all functions of the Prax Group."

Funding could see Stanlow home to UK first carbon-free hydrogen power plant

With funding support agreed, Essar Oil UK, which owns the Ellesmere Port site, has submitted plans that bring the low-carbon hub a step closer. BEIS has awarded £13m to fund two world-first hydrogen projects led by the HyNet consortium in the North West. The first sees Essar Oil UK as owner and operator of the UK's leading low carbon hydrogen project with the company also involved in the second project, to conduct live trials of hydrogen fuelling. Both HyNet projects are led by developer Progressive Energy.

The project to develop the UK's first low-carbon hydrogen plant at Essar Oil UK's Stanlow refinery in Ellesmere Port, has been awarded £7.5m. The plant will produce 3TWh of low carbon hydrogen – double the UK's total current production of biomethane – which will be provided to industrial and, eventually, domestic customers in the region. The facility will deliver low cost, low-carbon hydrogen at scale and high efficiency, and with a very high carbon capture rate – over 95% of the carbon used in the process will be captured and stored - thanks to the pioneering carbon capture technology. When operational, the facility will capture 600,000 tonnes of CO2 per annum - the equivalent of taking over 250,000 cars off the road.

Decarbonising industry

HyNet has also received £5.2m to fund live trials of hydrogen fuelling at Unilever's Port Sunlight manufacturing site and at Pilkington's Greengate Works glass-making plant in St Helens. The projects will aim to demonstrate that hydrogen can be used as a substitute fuel for natural gas in manufacturing processes, helping the companies to transition to a low-carbon future and providing evidence that will pave the way for a range of global industries.

David Parkin, director, Progressive Energy and spokesperson for the North West Hydrogen Alliance (NWHA) said: "The Committee on Climate Change is absolutely clear that, to deliver net zero, hydrogen and carbon capture and storage are going to be a necessity. This funding is hugely significant for the North West, and the rest of the UK, providing essential support for HyNet and taking hydrogen energy from aspiration to reality."

Mark Wilson, chief executive officer, Essar Oil UK said: "We are excited to be part of this initiative and believe we have the facilities and technological skills to help deliver the project. The construction of the hydrogen facility at Stanlow is the first stage in becoming a carbon neutral site and will support our long-term ambition of remaining a key national supplier of energy to the UK as we move towards a zero carbon world."

Robert MacLeod, chief executive, Johnson Matthey said: "If the UK is to achieve its net zero targets, a new era of clean energy is required in which hydrogen plays a crucial role. But we need to act now, and act collectively, to deploy low carbon hydrogen at scale."

The Government investment will enable the North West to become a trailblazer in the UK for the transition to a low carbon economy. The projects form part of HyNet, which could see low-carbon hydrogen blended into the gas grid and piped into homes and businesses by 2025. The HyNet project is part of the wider North West Energy & Hydrogen Cluster which could deliver 33,000 jobs, over £4bn investment, and save 10 million tonnes of CO2 per year.

Morgans takes on the Sahara Desert for Hospice

Well-known for taking on marathons around the world, Hugh Morgan, CEO of Morgan Fuels, is soon to take on his biggest challenge to date. In just a few weeks Hugh will be participating in an event known as the toughest foot race on earth to raise money for two amazing charities, Irish Hospice Foundation and NI Hospice.

In early October Hugh, along with friend and well-known marathon runner Paddy Hamilton, will be taking part in the legendary Marathon Des Sables. The event is a six-day ultra-marathon that sees entrants running 156 miles in the Sahara Desert, at a time of year when the temperature can exceed 50 degrees Celsius, all while carrying their own food and water in a 15kg backpack and sleeping in a tent as and when they can over the challenge.

In taking on this gruelling challenge Team Morgan has set a target to raise £100,000 for the NI Hospice and Irish Hospice Foundation - two wonderful charities that support those facing death and bereavement throughout the island of Ireland.

The race was originally to take place in April but was postponed due to covid and then moved to October. On reflection, both runners have said the change in date made it difficult to train and prepare for the challenge, with covid making the whole race uncertain, but once the October date was confirmed it spurred them on and allowed for extra training.

Despite the difficult training regime and preparations needed ahead of the ultra-marathon, Team Morgan are focused on the end results to help raise the vital funds for both charities.

The ultimate challenge

As Hugh Morgan, CEO of Morgan Fuels, comments: "The challenge that Paddy and I are facing in the training and preparation for this run across the Sahara Desert is only a fraction of the challenge that the nurses and doctors face each morning as they try to care for their patients who are facing the ultimate challenge as they fight for their life. I encourage everybody to get involved in this fundraising event so we can raise as much as possible for both charities."

"Our overall goal is to help those supporting people in need. The implications of the covid-19 pandemic mean that charities have suffered hugely with the cancellation of fundraising events around the globe. This is our way of helping two worthy charities as they work through challenges to continue supporting those in need."

Team Morgan is all set and ready to go, and, at Fuel Oil News, we take our hats off to them for taking on such an incredible challenge. If you would like to show your support for Hugh and Paddy, please visit the link www.Idonate.ie/TeamMorganRun. You can also follow their training on Instagram: @TeamMorganRun

We also celebrate the 40th anniversary of Morgan Fuels in our feature on pages 14 and 15 of this issue.

Mabanaft rolls out Onroute truckstops brand

Mabanaft's new Onroute Truckstops brand is being rolled out across its network of truckstops starting with Junction 29 in Chesterfield. The rebrand heralds the beginning of a new era and places the new Onroute brand firmly on the map.

Looking after drivers and their vehicles

Mabanaft is on a mission to create a nationwide network of truckstops that offer good value, high quality places for drivers to stop at on their journey.

Onroute Truckstop's general manager, David Hatherell, said: " Drivers rely on the facilities and services of truckstops on a daily basis, we aim to be the leading light in a sector that lags way behind in terms of both service and facilities.

"We are investing in improving facilities - at Junction 29 we have refurbished the building interior and we installed an outdoor TV to allow more drivers to watch the sport over the Summer. We are also improving infrastructure at some of our sites, such as resurfacing the lorry park at Avon Lodge, with more improvements planned over the coming months.

"We know that drivers appreciate good value and quality food and drink. Our menus include all the usual favourites, as well as some great specials that are updated on a regular basis. We have launched a new Onroute Breakfast which is excellent value for money and seems to be a big hit with drivers. We've also installed new coffee machines at all our truckstops so that drivers can enjoy barista coffee made using freshly ground Lavazza coffee beans.

"We have retained staff at all the sites that we have purchased and genuinely value the knowledge and experience of these people. Everything we do is for the welfare of the driver and the safety of their vehicle. We promise a warm welcome, tasty home cooked food and safe, secure parking.

Having a branded network means drivers can visit any Onroute truckstop and be assured the same friendly service, good value and high-quality facilities."

For more information visit: www.onroutetruckstops.co.uk.

Beautiful things come in small packages

With Total Synthesis Limited (TSL) looking for a new manufacturing partner just before lockdown, it was seemingly perfect timing that the Jason Group was looking for new ownership at that moment.

"As a manufacturing business successfully trading for decades but with a shareholder who wanted to reduce his workload it was a perfect fit," explained Jason Group MD, Bill Stout. "We had known the owner for 25 years, the business was 20 minutes from our doorstep, and it was a friendly purchase."

"The lockdown, in many ways, was a pressure relief valve the year following the acquisition when we saw turnover increase by 40%," Bill continues. "We've always made more than small-pack fuel additives and the other sections of our business, like contract-packed aerosols, vehicle service-related chemicals, gun cleaners, bicycle lubes, and car valeting products all seemed to take off at the same time.

"Without lockdown, frankly, we may have struggled to cope with the existing business increasing at the rate that it did."

"In that time, we were very busy elsewhere. We took on another factory unit, installed another filling line and integrated the websites and operating practices. We also found fuel additive distribution partners with businesses overseas and developed a new range of products for countries like Ghana, Nepal, and Sub-Saharan Africa where fuel quality is truly appalling.

"We are also gaining good ground with the process of revitalising our UK marketplace," enthuses Bill. "We now have a dedicated sales team that has been canvassing for business for the last 6 months and we're very happy that we're making progress."

Constantly reviewing to improve

Paul Traynor from TSL continues: "Most of what we do is own brand - it's what we're geared for throughout the group. It's all about our chemistry but packed in customer labelling, and we have increased our presence in the marketplace with a distribution partner. Martyn Lodge, of EFT, is happy that the future is bright, and that we bring something different into the market. Martyn has been selling and supplying fuel additives all over the world for years and he and I are starting to become very familiar faces to UK fuel distributors."

"We have a great proposition for new and existing clients," Paul says. "We're ultra-competitive, our products are postal safe and much safer to handle, and the empties require no special disposal procedures. They can just be placed with regular plastic waste which maintains a greener policy."

As Paul acknowledges: "Many regard change as something best avoided but we feel it is vital that we consider what the industry can sustain in a shrinking marketplace with green lobbyists having a particular focus on this industry."

"Our products are constantly under revision as well as reviewing how we can improve manufacturing and distribution. The additional support now allows us to have an in-house technical department, backed by sales and customer service departments, that can help with anything from customers enquiries on their own branding, specific products and delivery schedules and our outstanding pricing structure. We like to think of ourselves as 'Big enough to cope and small enough to care.'"

TSL's products are manufactured and formulated in house, and they are constantly developing new products. They are currently launching a new additive to combat the corrosion and water retention that can be caused by the use of the new E10 fuel which is available for all engines - car, motorbike and garden / maintenance equipment - and available in a range of sizes.

Other products provide bespoke solutions for diesel bug, poor quality fuel, low temperatures and water retention and the clients range from domestic heating additives to agriculture, marine, gas oil users, kerosene, haulage, bus and coach fleets, generators, petrol and diesel users.

One interesting innovation in development is the addition of QR codes on labels to help with the customers' understanding of the products and what they deliver with the potential to point the customer directly to customers own websites.

Celebrating 50 years of excellence at Kinch Fuels

WILTSHIRE-BASED KINCH FUEL OILS LTD IS AN INDEPENDENT FAMILY RUN BUSINESS THAT HAS BEEN DELIVERING OIL THROUGHOUT WILTSHIRE AND THE SURROUNDING AREA SINCE ITS BEGINNINGS IN 1971. AS THEY CELEBRATE THEIR 50TH YEAR IN BUSINESS OUR MANAGING EDITOR, MARGARET MAJOR, MET WITH OWNER **ROY KINCH** AND HIS SON **RICHARD** TO HEAR MORE ABOUT THIS THRIVING AND HIGHLY TRUSTED SUPPLIER.

Roy and Pauline Kinch originally started the business from a coal yard, selling oil locally. Since then, the company has grown considerably and has established a solid reputation for its top-quality heating oil, lubricants and road and agricultural fuels. The company prides itself on offering competitive prices, a personal service and efficient and safe deliveries.

How has the business evolved over the last 50 years?

Roy replies: "From our humble beginnings, working out of a coal yard, Kinch Fuels started trading in 1971, selling oil to domestic and agricultural customers. To this day we remain a family firm and owe our success to a small team of staff dedicated to customer satisfaction.

Roy speaks with pride as he confirms the company ethos: "We offer an excellent fuel distribution service and are committed to the highest standards of customer care. As we have grown, we continue to value every new and existing customer, regardless of size, and offer a friendly and helpful service."

What have been the main company milestones of growth and change during that time?

"We are based in Malmesbury but have constantly expanded and now serve customers throughout Oxford, Cirencester, Swindon, Burford and beyond. We opened a second depot in Devizes where we have an office and storage as well as two tankers.

Kinch Fuels had a long-standing supply partnership with the Jet brand which ran for over 30 years until changes in supply locations encouraged Roy to become an independent supplier as he explains:

"We have our own artic to keep our storage topped up so that we can maintain our excellent record for delivery times."

How does business divide between domestic, commercial and agricultural?

Roy doesn't hesitate: "Domestic is by far the

largest part of our business and we have an excellent reputation among our customers. Our drivers know the customers and the delivery routes well and work hard through the winter months to ensure that we don't let anyone go without oil then take their holidays through the summer when there is less demand for deliveries."

Do you currently offer any alternative fuels, and do you intend to add any?

"We are not really getting requests from our customers for other fuels, and it seems that the price difference of HVO is too much for it to be considered as an alternative." Roy comments.

Looking to the future how do you see decarbonisation impacting on your customers?

"It looks very likely that electrification will play a large part in the heating of the future but that is still some way off. We cover a lot of rural areas and there are already a number of households that use wood pellets for heating."

How much has the business grown both in terms of customers, vehicles and areas? Do you see much opportunity to grow further, and do you have any plans to diversify?

"We have grown steadily over the years and are lucky enough to have a good team here who look after our customers well so that they are very loyal. We have a 12-strong tanker fleet with 9 drivers and 4 office-based staff taking customer orders.

"From our initial base in Malmesbury the area we serve has constantly expanded and now takes in a 30-mile radius. We have also developed the yard to ensure we have sufficient storage to look after our growing customer base without extending the delivery window"

"Many of our customers are on a top-up scheme to ensure that they get a supply that is reliable and convenient."

Do you have a next generation in the business?

As we talk about what the future might hold for Kinch Fuels Roy introduces his son, Richard, who is already very much a part of the business and echoes his father's enthusiasm for the business.

How are you celebrating your 50th year?

Marking the milestone with the introduction of a brand new 11-tonne Isuzu tanker to the Kinch fleet it seems the focus remains very much on customer service.

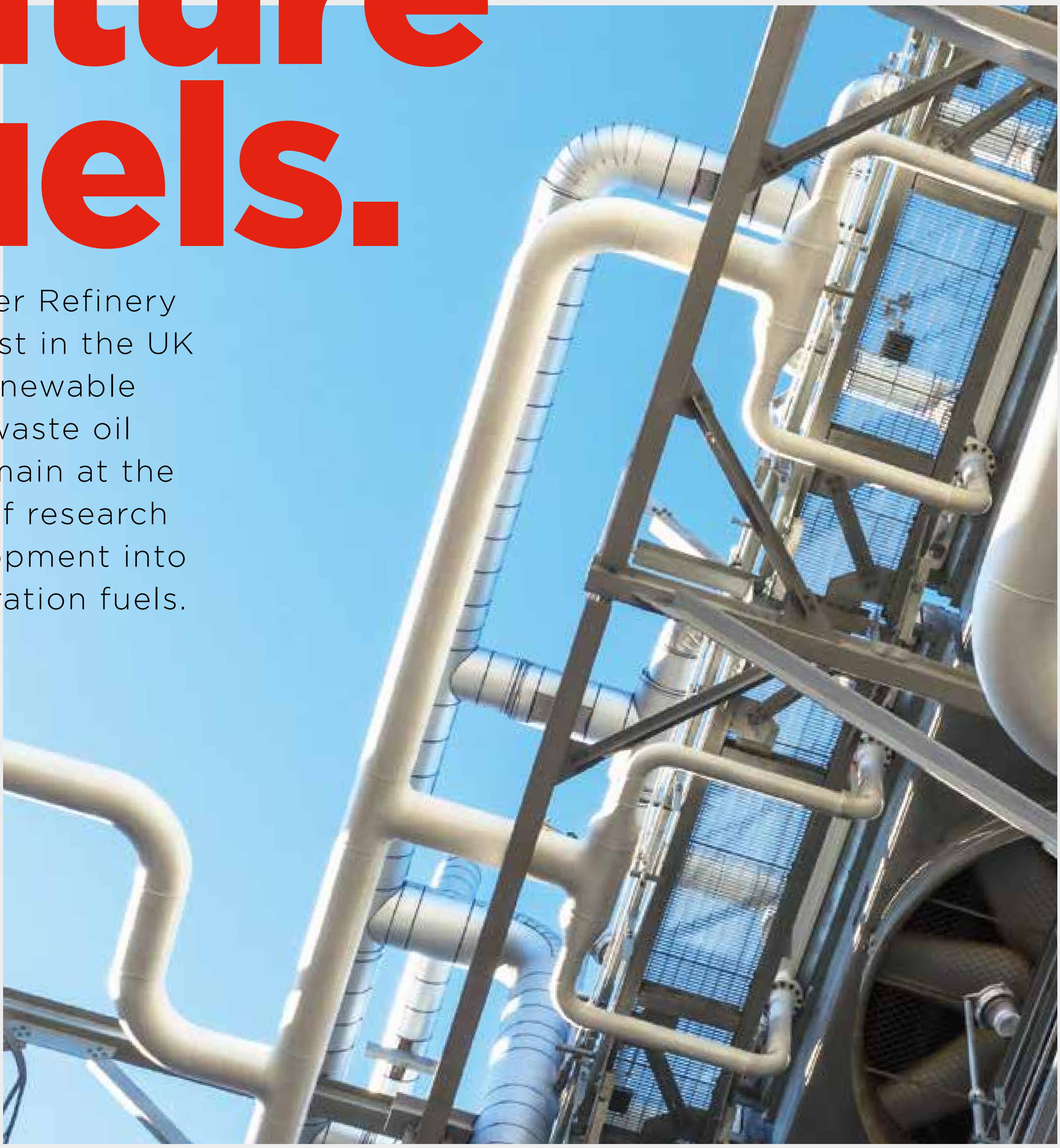
"With the increase in fuel oil tank capacity available on the higher GVW Isuzu 11 tonner, we will now be able to cover up to 12 customer drops per day using this vehicle." Roy explains. "Our previous Isuzu certainly gave us good service over many years but by moving up the weight range, this has allowed us to become more operationally efficient.

"The drivers of this new Isuzu have already confirmed how easy it is to drive in both urban environments and country lanes, as well as it being really manoeuvrable on site, allowing them to deliver to properties with quite limited access."

A previous 7.5-tonne tanker was retired to make way for the latest truck to join the 12 strong tanker fleet, which was commissioned and built by Road Tankers Northern in Barnsley. The new tanker will be carrying mainly kerosene and a range of domestic burning oils to customers local to the company's Malmesbury base in Wiltshire with the additional capacity ensuring that, as always, Kinch's customers can be sure of their supply.

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.

Top down: How is the industry driving change from the supply end?

"The downstream oil sector has a golden opportunity to achieve both sustainability and economic growth." (UKPIA)

UKPIA's Future Vision Report outlines how the downstream oil sector can become an essential part of society's drive to decarbonise to net zero emissions by 2050, while still supporting jobs, skills and economic growth.

As companies create and adopt new ways of lowering emissions from their products and processes across the refining and fuel supply sectors, we take a closer look at advancements at the cutting edge of our industry. How is the supply end getting involved with the development of low-carbon industrial clusters around refineries to reduce their environmental impact and place themselves at the forefront of the UK's zero-carbon economy? Has its workforce got the necessary skills to effect this change? And what are the possible implications for the supply chain moving forward?

UKPIA Members - a big part to play

Following the announcement earlier this year of £171 million of UK Research and Innovation (UKRI) funding towards major decarbonisation projects across the country, we are already seeing significant progress and the heavy involvement of several UKPIA members who are crucial to the achievement of net zero. Stephen Marcos Jones, UKPIA's director general, explains: "UKPIA members and the wider downstream sector have a significant role to play in the journey to net zero. We know that, as an energy-intensive industrial sector, our emissions will need to be reduced. We, like all parts of society, are contributing to today's emissions, however, we know that we can be part of the solution too.

"By working collaboratively with the Government and other parts of the energy sector, we can substantially reduce our process and product emissions to deliver the rapid decarbonisation that is necessary to meet net zero by 2050."

There are many ways in which the sector can contribute to successfully achieve this.

"As a producer of net zero hydrogen and low-carbon fuels and by adapting our fuel stations to offer EV charging alongside other zero-emission transport fuels, UKPIA's members can continue reducing emissions while developing and deploying the technologies required to meet net zero," says Stephen.

"Most of our members are central to emerging plans in the decarbonisation of industrial clusters. Low-carbon clusters are being developed around the country and, in the North-East region alone, our members are involved in projects such as Gigastack, the Northern Endurance Partnership, Humber Zero, and Net Zero Teesside. Across the UK, members are also major partners in HyNet North West in Cheshire, Scotland's ACORN project, and the South Wales Industrial Cluster, all of which have ambitious plans for cluster decarbonisation via hydrogen, CCUS, and other technologies."

Essar's Stanlow refinery is central to the HyNet consortium's plan of creating blue hydrogen and capturing carbon under the Liverpool Bay. Prashant Ruia, chairman of Essar Oil UK commented: "Essar is committed to playing its part in the decarbonisation of the region and the two hydrogen production plants to be built at Stanlow are absolutely fundamental to the Hynet project. Together with our plans for the manufacture of biofuels from waste, HyNet North West will be key to our ambition of being a long-term provider of sustainable energy solutions for the UK."

Phillips 66 is active in the Humber Zero project which plans to create a carbon capture and hydrogen hub to help reduce industrial emissions while Prax's Lindsey Refinery is the latest organisation to join the V Net Zero Humber Cluster and is aiming to capture 1.1 million tonnes of CO_2 per year from its heaters and process units for transport and storage by Harbour Energy.

Valero's Pembroke refinery is located on the west of the South Wales Industrial Cluster, which is considering hydrogen and carbon capture deployment options to decarbonise heavy industry across South Wales.

Meanwhile in the North East, BP is leading as the operator on Net Zero Teeside, a Carbon Capture, Utilisation and Storage (CCUS) project, while Shell is part of the group of companies which plans to store captured carbon from the Teesside and Humber clusters in the Endurance field in the North Sea.

Across the industry there's more good news as we are seeing investment in renewable fuels to reduce emissions in road vehicles and the development of sustainable aviation fuels from feedstocks such as waste oil at the Fulcrum BioEnergy plant, which is expected to be operational in 2024. Phillips 66 tripled its renewable diesel capacity last year and is considering further expansion.

People power

But does the top end of the supply chain have the skills necessary for the transition to net zero? Stephen Marcos Jones believes that it does.

"Our biggest assets are our people," he told Fuel Oil News. "We have a highly-skilled workforce, with 35% of refinery workers having a degree level qualification or higher and 23% having completed an apprenticeship – clearly that STEM expertise will be essential for the energy transition.

"On the large industrial decarbonisation projects, our sector continues to innovate, upgrade, and work safely on multi-billion-pound assets, which are continuously evolving. Because of this, the transition to industrial cluster projects is not a giant leap, rather, a continuous evolution of skills in our workplaces.

"As the largest producer and user of hydrogen in the UK, our workforce is uniquely placed to benefit from, and push forward, the hydrogen economy. We think that, as we make our own hydrogen production less CO_2 intensive, we can export more of it to decarbonise other industries and transport. Those same engineering skills will also be required for large CCUS projects where our members also can be leaders.

"As well as those technical skills, I think another important attribute where our industry has proven its ability, is in managing the massive upgrades mentioned earlier. The scale of the net zero challenge cannot be overemphasised, but our members – many of them global players – can bring their project expertise to the table. This means delivering renewable fuel and energy projects at the same scale that we currently use to deliver the hundreds of millions of litres of fuel every day."

A bright future

With no shortage of skills to move these decarbonisation projects forward, protecting and creating jobs is very much a priority for the industry.

"While reaching our climate targets will require extensive change across our economy, we must do so in a way that protects jobs," said business and energy secretary, Kwasi Kwarteng, outlining the Government's plans.

Despite initial worries over job security, it's thought that, as well as reducing emissions, projects such as HyNet and Humber Zero will actually create and maintain thousands of local jobs, which is welcome news for the employment market and those working in the industry.

According to Jonathan Briggs, Humber Zero's project director: "Humber Zero aims to reduce emissions while preserving jobs and supporting growth in the energy-intensive industries that have made Humber a leading industrial hub. It can establish the foundation for a gateway to decarbonise the wider Humber, bringing new industries, sectors and jobs to the region."

The project, which aims to remove eight million tonnes of CO_2 by 2028 through carbon capture and storage technology, is expected to create 25,000 jobs during construction, 200 permanent jobs and safeguard 20,000 direct, and indirect, jobs in the area.

And it's the same at HyNet according to Inovyn: "HyNet North West will protect and retain jobs in existing high value manufacturing industries. Workers will develop fresh skill sets and train in exciting new sectors, fostering regional growth and inward investment. By kick-starting the UK's hydrogen economy, HyNet North West will help support up to 75,000 jobs across the country by 2035."

Stephen Marcos Jones believes: "The future can be a bright one. While the jobs themselves will be different, there will be a range of new jobs with similar skillsets to today's downstream sector workforce, but this will only occur if the transition is managed well by both industry and government."

He adds: "There will be an increased demand for skills relating to the safe handling of hydrogen and building the carbon capture and storage projects of the future. The large foundation-industry assets will need to be upgraded to be more energy-efficient and emit less carbon and this will require world-class engineering."

"Furthermore, new jobs will be created to monitor carbon emissions from sites. Unmanned vehicle pilots for inspections and machine risk officers to ensure the safe working on sites, will all be required in the future of the downstream sector, so there are definitely new opportunities that are going to emerge – potentially quite quickly."

The Future Fuel Scenario

As refineries take major steps towards meeting the Government's stringent net zero targets - driving change from the top down - and the future is looking bright for the job market, what will be the impact on the supply chain and the look of future fuel?

Right now, it's very much an evolving scenario as Stephen Marcos Jones points out: "Fossil-based technologies will probably have less demand, and new energy sources will grow to fill the gap.

"We see low-carbon hydrogen as an important energy source in the future fuel mix, not only for industry, but also with hydrogen home boilers, hydrogen-fuelled farm equipment, and as a transport fuel, for example in rural areas where access to electricity and gas grids is more challenging.

Low-carbon fuels such as biofuels will also play a big role, especially in aviation and heavy vehicles, which will be important across the UK. The Department for Transport recently announced a new strategy for low-carbon fuels which is very much needed and will, we believe, show the huge potential for these fuels – bios, synthetics, and from wastes – to contribute significantly to net zero alongside electricity and hydrogen."

We look forward to speaking in greater depth to Stephen Marcos Jones on broader industry issues in our November issue.

With many fuel oil distributors having already taken significant steps of their own to move towards net zero, it's reassuring to know that change is very much being driven right through the industry. And, while some may feel uncertain about what lies ahead, they can rest easy in the knowledge that whatever future fuel they'll be distributing, the top end of the supply chain will be ready with it.

Preparing for the red diesel rebate changes

With the changes to red diesel entitlement coming up next April, and ahead of our broader analysis of the impact on our industry and your customers, we speak with David Bryce, area sales manager at the IPU Group. The group has been directly involved in the consultation process, with dialogue with HMRC, as well as with the final submission and is hosting a free webinar this month to share their understanding of the implications.

"From 1st April 2022, it will be illegal to put red diesel and other rebated biofuels into the tank of a vehicle, vessel, machine, or appliance that is not legally able to use it.

Only the following sectors remain eligible to use red rebated diesel from April 2022:

- Agriculture, forestry, horticulture, and fish-farming
- Rail transport
- Fuel used for non-commercial purposes- heating & power generation
- Community amateur sports clubs (CASC) and golf courses
- Sailing, boating & marine transport (excluding private pleasure craft in Northern Ireland)
- Travelling fairs & circuses

Those no longer able to use rebated fuels will be required to use diesel or biofuel on which the full duty has been paid."

As yet, there is no finalised legislation document and, with the changes due to come into effect in April 2022, businesses have little time to be fully prepared despite the inevitable significant financial impact.

As David highlights: "There is absolutely no doubt that those forced to stop using red diesel will feel the financial strain. Jumping from 11.14 pence per litre for red diesel to 57.95 pence for white diesel is a hefty and noticeable jump. For a business using 150,000 litres of diesel per year, that's a staggering annual increase of £70,215.

"It might be tempting for current users of red diesel to stock up and future proof themselves for the next few years. However, fuel suppliers cannot:

- Agree to customers stockpiling fuel
- Agree to customers increasing usual order quantities
- Sell large volumes of red diesel just before the cut-off date."

In our conversation David also highlighted the issue with 'pink diesel': "The need for correct tank cleaning has never been higher. Sites, including the depot storage tanks of fuel oil suppliers, must be cleaned to remove all residue of red fuel. Not doing so could result in 'pink' diesel – a mix of white and leftover red diesel."

Ensuring that all dye residue and contamination on tank walls has been removed will be incredibly important as "putting clean fuel into a dirty tank will only speed up the contamination process and deterioration of fuel – best practice is to maintain the cleanliness of your tank both before and after a fuel delivery."

IPU knows that many are looking to HVO as a fuel alternative, but David reminds us that: "Despite HVO being a synthetic diesel alternative, it is classified as a fossil fuel and will therefore be eligible for the full rate of duty. Many may think that this newer, 'cleaner' fuel cannot fall victim to the same contamination problem found in diesel fuel storage – but it can. IPU is conducting an extensive, unbiased study with a focus on alternative fuels ahead of this rebate change."

Fuel stores will be a valuable target

The changes to red diesel entitlement mean that many businesses will also have to consider a higher level of protection for their fuel: "Switching over to white diesel is going to turn your fuel supply into liquid gold. Just like you wouldn't leave your car unlocked overnight, you need to keep your stored fuel protected. Fuel tanks, particularly those above ground, at remote locations or unmanned sites, are prime targets for thieves."

As a result, a fuel management system is something that many will now need to consider with the anti-theft monitoring, fuel condition monitoring and fuel level monitoring such a system affords.

IPU was directly involved in the consultation process and had an open dialogue with HMRC about the upcoming changes to red diesel entitlement and will be running a webinar on October 12th to give detailed information on the changes expected in April 2022.

They will give first access to the findings of their study, a copy of the white paper on the changes and will answer questions live to those directly engaged in the changes. If you would like to book a place on the webinar you can contact IPU on 0121 511 0400 or by email: ipu@ipu.co.uk

We look forward to hearing more on the subject of red diesel duty changes from all those involved across our industry in our November issue 'Industry Analysis'.

Morgan Fuels - A marathon not a sprint

MORGAN FUELS HAS GROWN ORGANICALLY TO BECOME ONE OF THE LARGEST SUPPLIERS OF FUELS IN IRELAND AS WELL AS A MAJOR FUEL CARD PROVIDER OPERATING IN IRELAND, UK AND EUROPE. WITH THE BUSINESS CELEBRATING ITS 40TH ANNIVERSARY YEAR IN 2021, FUEL OIL NEWS EDITOR, MARGARET MAJOR, CATCHES UP WITH MANAGING DIRECTOR, **HUGH MORGAN**, WHO, AS YOU READ THIS, IS PARTICIPATING IN THE MARATHON DES SABLES, A 6-DAY ULTRA MARATHON IN THE SAHARA DESERT AND ONE OF THE TOUGHEST ENDURANCE CHALLENGES, TO HEAR MORE ABOUT THE CHALLENGES OF BOTH BUSINESS AND DISTANCE RUNNING.

Talk us through the history of Morgan Fuels from its beginnings in 1981, through expansion into complementary divisions, to the current business.

"After I'd completed a few years as a truck driver, there was a filling station beside the farm that came on the market. I purchased it in May 1981, at the ripe old age of 20, and this was the beginning of my journey in the oil business with my brother Eamon. I also had massive support from my 3 sisters, Mary, Stephanie, and Pauline who helped to get the business off the ground.

"The journey in the oil business has been very interesting and, after completing 40 years in business in 2021, I would love to travel every inch of it again.

"On the site I set up the first unmanned bunker site on the island of Ireland with such clients as O'Reilly transport, Laverty livestock haulage and many more who are still to this day are very loyal customers to Morgan Fuels."

What has driven the growth of the business?

"Our growth has come from defining a 'What good looks like' approach within our business. We have a built a model, that first started in Ireland, where we focus on understanding the specific needs of our clients within the transport sector and offering them a fuel solution that gives a wide variety of choice within the network and that caters for all sizes of business.

"From there we look to ensure that we have complete transparency with pricing, market movement and how we invoice. The key for us is ensuring that all clients have a personal account manager that they can work with, in order to not offer a contact centre approach to customer care. Once we had this model in place we then stepped and repeated the process across to the UK and then on to mainland Europe, where we now have over 6,000 sites across 17 different countries."

You have grown quickly over the last 40 years. Are you still looking for future growth?

"Our industry never stands still, and neither do we at Morgan Fuels. We are always looking to the future and ways in which we can grow our business. We have recently offered additional services such as VAT reclaim, across Ireland, the UK, and Europe, meaning our clients can claim back their VAT through Morgan Fuels' VAT department efficiently and hassle free.

"We offer a full toll road solution across mainland Europe, our own online portal for ferry bookings, and I am pleased to announce that we have opened an operation in Portugal, and have recently partnered with Leap Telematics so we are able to offer a first class fully bespoke telematics solution to our clients across all regions.

"We are very busy in 2021 and we do not plan to slow down any time soon."

Do you currently offer any alternative fuels, and do you intend to add any?

"Alternative fuels will play a major role in the future of transportation, and we are currently reviewing how best to support our clients through these changes."

Over the next few years, what do you see as the major challenges and positives for the industry?

"The biggest challenge to the industry is the one of how we continue to transport goods and services to the desired destination and at the same time lower the negative impact on the environment. This is a challenge we all face, and Morgan Fuels will ensure that we are supporting our clients and the industry with the right solutions that keep their business moving."

How do new customers find out more about you?

"New customers can visit our website at www.morganfuels.com or connect with us on social media -Facebook and Instagram - or can simply give us a call on 028 308 48365. We always have time for a chat."

Is there a next generation to take the business into the future?

"My family - 1 son and 3 daughters - are now shareholders in the business and are actively involved in the day to day running of it. A business can only be as strong as the people in it. That's why Morgan Fuels has invested a great deal of time and energy recruiting the industry's finest talent.

"We have a vision for the future and all our employees share this vision and are all moving towards making it a reality."

What was the best bit of advice you were ever given in this industry?
"The best advice I was ever given in life was from my late father. He always said: 'Walk when everyone is running and run when everyone is walking.'"

How did the diversification into fuelcards come about?
"The fuelcard business resulted from my experience as a truck driver where I saw them being used by all the major oil companies."

What do you see for Morgan Fuels looking ahead?
"I see a collaborative approach between Morgan Fuels, our clients and the industry as a whole. There will be many changes afoot with the way goods are transported and the support the transport industry will need, and Morgan Fuels will be right on the front line with them."

Unbelievably, while our readers are reading this, you will be participating in the 35th Marathon Des Sables! Please tell us how your passion for marathon running came about and share with us some of the events you have taken part in, the memories you have and the charities that have benefitted from your support.
"I have been running for around 15 years, but didn't get involved in marathons until 2011, when I wanted to help out Newry Gateway Club who needed a new bus. I didn't do much before that because of work and travelling a lot. One day I got talking to Paddy Duffy, who was involved in the Gateway Club, and I told him I wanted to do a marathon to raise money for them.

"My late sister, Bridget, had Down's Syndrome and she was one of the first Gateway members back in the early 70s when there were only about 15 or 16 people going at that time. Now there are, unfortunately, about 280 to 300 going to it all the time. They do powerful work for people with disabilities, and I always said that I would do some kind of fundraising for them and that's when I started - I put on my running shoes and did the Dublin marathon.

"My goal was to make enough money to buy a new bus for the club which cost around £45,000.

"I hadn't raised enough after the Dublin marathon, so I did the London marathon the following March and we raised around £58,000 at that stage and were able to buy a new bus as well as repair the old one. So, then I just said I'd do a few for myself and it just went from there.

"I have completed all of the Big Six marathons and the Great Wall [of China] marathon as well as the major city marathons like Rotterdam, Paris, Barcelona and Valencia."

And, finally, which is the most challenging – running a fuel distribution business or running a marathon?
"There is no difference in either of them as a challenge. What creates the challenge for me in both is the passion to succeed in everything I do.

"The MDS is a challenge that I can't wait to get the starting line of. Two great passions I have are to raise money for the Irish hospice foundation and the Northern Ireland hospice – 2 great charities which look after the most terminally ill people on the island of Ireland - and the 2nd is to finish the marathon."

And, with the determination Hugh has constantly shown in both business and previous running challenges, we have no doubt that we will be reporting a successful outcome for both in our next issue. Good luck Hugh!

If you wish to support Hugh's fundraising for these two excellent charities, please visit https://www.idonate.ie/TeamMorganRun

A conversation with Kevin McPartlan, Fuels for Ireland

FUELS FOR IRELAND IS UNEQUIVOCABLE IN ITS AMBITION: "OUR GOAL IS CLEAR: THE MEMBERS OF FUELS FOR IRELAND ARE GOING TO TAKE EVERY STEP NECESSARY TO MAKE NOT ONLY OUR INDUSTRY, BUT ALSO IRELAND, CARBON NEUTRAL BY 2050."

Formerly known as the Irish Petroleum Industry Association, Fuels for Ireland rebranded itself in August 2020 after a period considering what the industry body is, in fact, all about.

Kevin McPartlan joined the then Irish Petroleum Industry Association as CEO in 2018. He worked with members to redefine the vision of the organisation to reflect the shared understanding that the fossil fuels cannot be the basis of Ireland's long-term energy plans, or the basis of the industry's long-term business strategy – an understanding which led to the renaming of the organisation as Fuels for Ireland (FFI). Representing fuel importers and distributors and Ireland's only refinery, FFI has acknowledged that its members won't sustain their businesses into the future by selling fossil fuels.

We speak with Kevin to understand what this means for the members and the broader picture of energy consumption in Ireland.

"The rebrand was much more than a new name and a new logo. It was a reflection of a new understanding that we are not 'in the oil business'. Our members across Ireland work hard every day to power Ireland's economy and society. They are about getting kids to school, people to work, heating homes and businesses and keeping shelves full.

"The industry is not about defending fossil fuel, even though Ireland has one of the highest dependencies on oil of all the European countries with some counties 75% reliant on oil for home heating. There are many in rural communities who drive 2.5 times the mileage of core urban dwellers with little by way of community transport options, and 50% of Irelands energy consumption is currently delivered by oil so the challenge is not insignificant."

A transition is not a single step

"Legislators only seem to discuss the end of the transition and forget that it is a journey, a process of change. There is a famous joke about asking for directions in rural Ireland with the likely response beginning; 'Well you don't want to be starting from here'. Beginning with our huge dependency on fossil fuels is not the ideal place to begin a transition to clean energy but it is where we are, and we need to plot the route from here.

"However strong the imperative to deliver change you can't just turn the taps off overnight and we need plans before bans. Governments only want to talk about the end game and the banning of oil boilers without consideration for the 80-year-old in an old, rural farmhouse who faces a cost of around 35,000 to 60,000 euros to retrofit the property and fit a heat pump with a grant only delivering a third of this. There is also skill shortage in tradespeople making it impossible to retrofit the number of homes targeted even if the money were available."

However, Kevin believes that FFI is not serving members well if it fails to address the reality: "Despite this current reliance on fossil fuels, if these distributors have not identified a route to and begun the transition to low or zero carbon liquid fuels in the next 5 to 10 years, they will not have a business. Fossil fuels cannot be the basis of Ireland's long-term energy plans, or the basis of our industry's long term business strategy."

With 700,000 homes dependant on home-heating oil, how do we reduce emissions?

"We believe that rather than setting targets for particular technologies we should be setting targets for outcomes, so instead of saying we will install 600,000 heat pumps by 2030, Government should aim for 600,000 homes with zero-emission heating systems. The focus has to be on overall decarbonisation rather than any specific solution."

1 Improve the efficiency of current systems
2 Retrofit where possible
3 Use biofuels

Goal obsessed but technology neutral

The Irish Government appears to be prioritising particular technologies - with targets such as 1m EVs by 2030 – a target which is looking very unlikely to be achieved and, even if it is, still leaves the majority of vehicles (1.7m) powered by ICE. FFI has noticed that the approach to failure to deliver a target appears to be to simply set a new, bigger one. "We take a different view. When FFI sets a target – such as that to reduce carbon emissions by 50% by 2025 in home heating, we stand over it, welcome scrutiny and expect to be held accountable.

Fuels for Ireland
Powering today and tomorrow.

"The Irish government is trying to back winners but, as a result, fails to incentivise other contributing technologies and fuels.

"FFI is pushing hard to be goal obsessed but technology neutral and believes it is vital that there are no penalties where there are no alternatives. Government use policy weight and fiscal penalties to push people in the right direction but it is not conscionable to load the extra cost on oil consumers if they have no alternatives."

Keen to emphasise that this is not a matter of defending oil but of advocating the interests of the consumer Kevin explains how FFI is determined to play its part in achieving net carbon neutrality by 2050 but to do so without allowing consumers to be hit over and over again.

Kevin cites the example of the NORA levy which was introduced in 1996 as a means of funding the maintenance of holding 90 days of strategic oil reserves: "Over-charging oil consumers a levy of 2c on every litre of fuel sold has generated a surplus of around €300 million in recent years and, going forward, an amendment to legislation last year provides for the diversion of this levy, at the discretion of the Minister, to the Climate Action Fund. It is not only an unfair levy on the oil industry, compared to other energy producers, but it is effectively a cash grab from those who live in rural Ireland (who pay a disproportionately high share of the NORA levy) to urban dwellers since the majority of CAF initiatives benefit those who live in major cities."

The impossible perfect is the enemy of the possible good

Kevin feels that policy-makers focus on the potential future impact of their preferred technologies but ignore the real-world benefits which could be delivered immediately from those they do not favour. "This is a significant inhibitor to us hitting our year on year 7% carbon emission reductions between now and 2030.

"The government has too many people saying the right thing but not the real thing. Heat pumps suit some homes but, for those that they don't, you can't just wait to reach the point when they will be suitable. By replacing inefficient non-condensing boilers with clean modern units, and introducing advanced, synthetic and bio fuels into home heating we can reduce, and ultimately eliminate, emissions from these hard-to-decarbonise buildings.

"Furthermore, with the housing crisis in Ireland and the shortage of tradespeople, we

simply don't have the workforce to deliver the deep-retrofitting targets the Government has set. We're only now setting up apprenticeship schemes to address this. We just can't wait for all those young people to complete their training to really address greenhouse gas emissions from home heating. Let's harness all the available savings now."

Fuel distributors have a part to play

Emphasising his frustration that the Irish Government has attempted to plot the energy transition without involving the body that represents 50% of energy consumption in Ireland Kevin acknowledges the part members and distributors can play in influencing both consumers and those in government delivering fuel, as they do, to both.

"The distributors are perfectly placed to communicate and empower consumers to build up political pressure, so it is essential that there is an understanding of the scale and scope of the threat to the industry but also that there is a solution.

"Some feel that the industry addressing the idea of carbon neutrality is like turkeys voting for Christmas, but you can't ignore the reality that Christmas is coming. Distributors have a choice between burying their heads in the sand and delivering ever-diminishing volumes or stepping up to the plate, protecting their businesses and consumers by taking steps to reduce, and ultimately eliminate, carbon emissions from our products.

"The truth is that, even if it is only driven by a financial imperative, the industry will still have to change but, of course, the moral side is important to us so there is both a moral and a commercial imperative to accept that there will be a transition to a low-carbon future for home heating."

Taking a strong stand on this has not lead to any loss of membership for FFI and all the members have bought into the new policy, even where there are differing attitudes to the pace of change. Kevin is determined that working to find a consensus will not be achieved by simply dropping to the lowest common denominator.

"The belief of FFI is that a truly valuable industry association must show leadership. Members must be able to challenge one another to go beyond their comfort zones. As CEO, my job is to facilitate two-way communication. It's not enough to tell government what industry is thinking, but also to inform our members of policy makers' views, attitudes, priorities and plans."

The future for liquid fuel

At time of writing the industry is still waiting for a long-delayed biofuel strategy document in which FFI hope to see acknowledgement of the potential for liquid biofuels produced from waste to play a part in the transition.

The industry is at the start of a revolution, but liquid fuels have a part to play for many years to come and Kevin has confidence in supply in the long term even though right now it is a challenge.

50% of global HVO production is in the US but there is a ban on importing it to the EU which Kevin believes will change as well as other sources coming into play.

"It is important to recognise that the future fuels may not even be the fuels that we have or know right now but could be a zero-carbon fuel that may still be in development.

"To achieve net zero on a global level it is essential for aviation to decarbonise. This is an exciting opportunity for our members because there is an impetus to find a sustainable aviation fuel giving us a part to play in the research and development for this fuel. Where are you more likely to test a new low carbon liquid fuel – in an aeroplane or in an oil boiler?"

Remaining energy neutral and finding best-fit solutions

"We are making the major changes needed to make carbon neutrality a reality which works for everyone and that is exactly why Fuels for Ireland came into being," Kevin concludes.

"But one thing that will never change is our members' commitment to fuelling Ireland's future and meeting our customers' needs: today, tomorrow and long into the future."

PORTLAND MARKET REPORT

SEPTEMBER IN VIEW

HURRICANE IDA – WHY THE IMPACT HAS BEEN A STORM IN A TEACUP COMPARED WITH KATRINA

The beginning of September was marked by the Category 4, Atlantic Hurricane, 'Ida'. As well as causing enormous damage and loss of life across the United States, the hurricane sparked immediate comparisons with Hurricane Katrina, which hit Louisiana and New Orleans 16 years before almost to the day. The initial impact of both events on oil and gas infrastructure was very similar, with huge swathes of both offshore and onshore production being taken out of action. Yet, when it came to prices, there were no similarities, with oil markets in September 2005 behaving in an entirely different way to September 2021.

In 2005, Hurricane Katrina brought the US oil industry to its knees, with 30 oil platforms and 9 refineries impaired, destroyed or shut down. A full 25% of total US production was 'shut-in', along with 20% of gas production and numerous other related (and non-related) breakdowns in the commodity supply chain (petrochemicals, shipping, agricultural commodities etc.). Sadly, there was also considerable environmental damage, with some refinery tanks actually floating off their foundations due to flooding. In total, over 25m litres of oil was spilt in the immediate aftermath of Katrina.

The impact on fuel prices in September 2005 was absolutely electric. The wholesale price of gasoline went up by almost 30% overnight, from $625 per tonne to $850 (an increase of around 10 pence per litre). On US forecourts the increases were much more severe, with rises of up to $4 per gallon (55ppl!), leading to many accusations of profiteering. These rapid, and unprecedented, price rises stimulated a very rare event indeed, with the US Government and International Energy Agency combining for only the 2nd time in history (the first coincided with the First Gulf War) to make a release of both the global emergency oil reserve and the US Strategic Petroleum Reserve. Around 60m barrels of crude and refined oil (which equated to 5 days of US consumption) were allowed to flood the markets (awkward term considering the circumstances…). It had the desired effect, with fuel prices very soon equalising back down to pre-Katrina levels.

This month's Hurricane Ida initially looked like it would cause a similar amount of chaos. 150mph winds battered the Gulf Coast and nearly all production facilities were shut down, along with the same 9 refineries of 2005. Power cuts across the region meant not only did over a million people have no electricity, but industrial output also ground to a halt. Even those refiners outside of the 'hurricane alley' were affected as, without electricity, they had to rely on emergency power supplies which led to very minimal capacity throughputs.

"WHY WAS THE IMPACT ON OIL PRICES SO MUTED?"

Despite all this, oil prices in September were almost boring in comparison to September 2005. There were no great price movements in either direction and the restrained response of the US Petroleum Reserve was to make a 'mini-release' of 2m barrels (whilst the IEA remained completely on the side-lines). Those market observers who were predicting the worst when Hurricane Ida hit, were soon scratching their heads and asking why the impact on oil prices was so muted?

The first, obvious, answer is that many Gulf Coast refineries found themselves just outside the hurricane's path, meaning that only a precautionary shut-down was required followed by a reasonably quick restart of operations. Equally, many oil platforms and refineries shut down in advance of the hurricane (rather than being hit mid-production) and all of them had worked on engineering and operational resilience in the years between Katrina and Ida. This beefing up and structural reinforcing of engineering apparatus was also evident when it came to much of Louisiana's state infrastructure. For example, unlike in 2005, none of the state's flood levees were breached, meaning that no production facilities were meaningfully flooded. As a result, oil spillages were negligible.

Nonetheless, to remove so much oil production from US markets and see barely a ripple of subsequent price movement is surprising and says much about the increasing diversity of the US supply chain. The proliferation of shale over the last 10 years (an industry that didn't exist in 2005) has broadened the base of US oil production, whilst refineries in Texas, New Mexico and the Mid-West have reduced the previous refining domination of the US Gulf Coast. In addition, those same Gulf Coast refineries have been exporting much of their volume since 2016 (prior to which it was illegal to export oil from the USA) and, post-Ida, much of the volume earmarked for export was simply diverted back into domestic markets. Finally, it is worth noting that oil-fired power stations in the US South are now a thing of the past (not the case in 2005), an element of commercial transport (including rail) is now powered by natural gas and, today, 10% of American gasoline is ethanol. Although difficult to quantify these factors, they do nonetheless highlight that production pressures on neat crude and refined products have shifted since 2005.

Of course, oil prices could still go northwards if the long-term effects of the hurricane start to hamper production recovery. Even as we write this report, half of capacity remains offline, and analysts are predicting a total reduction in production of around 500,000 barrels per day in September. That coincidentally (ha ha!) is the exact same amount that OPEC announced they would release into global markets in the aftermath of Ida. This was done under the guise of protecting the market from price spikes, but of course we all know that it was a swift and opportunist move to steal market share from crippled US operators!

For more pricing information, see page 22

Portland
www.stabilityfromvolatility.co.uk

Carbon capture and storage - a technology in the limelight

THE UN IPCC REPORT, PUBLISHED IN EARLY AUGUST, PROVIDED A STARK WARNING OF THE NEED FOR URGENT AND CONCERTED ACTION TO ADDRESS THE REALITY OF, AND THREATS FROM, CLIMATE CHANGE AS WELL AS THE EXPECTED CONSEQUENCES OF FAILURE TO ACT IN THIS WAY.

Action will have to be taken on several fronts, with technology playing a key role. Within this suite, the part to be played by carbon capture and storage (CCS) has been widely signalled and accepted. The technology itself has been around since the 1920s, when the presence of CO2 in natural gas fields required it to be separated from the saleable methane gas. In the early 1970s it was used in Texas, where the captured CO2 from a gas processing plant was piped to a nearby oilfield and injected to achieve enhanced oil recovery.

The International Energy Agency (IEA) has been unequivocal in stating that 'CCS will be critical for putting the energy systems around the world on a sustainable path' and highlights four ways, in particular, that the technology can play a key role:

- **Power generation -** adding CCS to gas and coal generation plants would allow them to continue operating without pumping CO2 in to the atmosphere, complementing a rise in renewable generation.
- **Heavy industry -** CCS could tackle emissions in the so-called 'hard to decarbonise' sectors, where there are limited (or no) alternatives, such as cement and steel production.
- **Hydrogen -** CCS could enable the production of 'blue hydrogen' with hydrogen produced from fossil fuels, such as gas or coal, but with emissions captured which is, currently, a significantly lower cost option to 'green hydrogen' – hydrogen created from renewable energy sources.
- **CO2 removal -** direct air capture would extract carbon from the atmosphere, thereby offsetting emissions emanating from elsewhere.

As this is viewed in some respects by certain 'players' in the oil & gas sector to be the least disruptive measure / technology of those deemed to facilitate the energy transition, it has attracted particular favour – especially on the part of the US oil / gas majors.

We will now go on to examine some specific projects and progress to date/ planned.

Projects / Progress:

As of the end of last year, there were 21 operational CCS plants globally, capturing 40 million Mt of CO2. Over the past 4 years, plans have been unveiled for just over 30 CCS facilities, principally in the US and Europe, but also some planned in Australia, China, Korea, the Middle East and New Zealand. If all these projects were to proceed, the amount of global CO2 capture capacity would more than triple, to around 130 million Mt per year. As of the end of last year, three new facilities were under construction, with 17 in the 'advanced development' phase. A further 24 were in the 'early development' stage.

In the **US** new projects with a total capacity of just over 35 million Mt have been announced over the past 4 years (including 10 in the first half of 2021), mainly split between capturing emissions from power generation and industry (e.g. cement and ethanol production). One project, by Occidental Petroleum, will be the world's first direct air capture, removing CO2 from the atmosphere and pumping it deep underground in to the Permian oil basin which, initially, will be used to enhance oil recovery. Operation is expected to start in 2023, with an annual removal capacity of up to 1 million Mt of CO2 per year. Policy support, in place since 2018, offers developers a tax credit of up to $50 per tonne captured & stored permanently. The Clean Air Task Force estimates that US capture capacity could expand 13-fold, to circa 290 million Mt per year by the mid 2030s with proper policy support.

Canada is pursuing incentives for at least two new, and massive, carbon capture projects by 2030, with nearly a dozen oil and gas companies already pursuing rights to store carbon dioxide in Alberta's vast underground caverns. The hubs to collect carbon from clusters of emitters would advance the government's goal of cutting emissions by 40-45% from 2005 levels by 2030.

To encourage private investment in CCS projects, the country is counting on its carbon price, which is set to rise to C$170 ($135) per tonne of carbon by 2030 from C$40 currently, plus a planned tax credit, and the Clean Fuel Regulation, which requires lower emissions intensity in fuel.

The cost of building the projects, and their locations, are not yet known.The two carbon storage hubs would be planned or under construction by 2030, sequestering at least 15 million tonnes of carbon annually by that year in total.

The country's four existing projects, representing 15% of global facilities, currently capture 4 million tonnes per year.

In the **UK** the Government published a consultation paper, in February 2021, seeking views on an approach to sequencing the deployment of CCS clusters - a 'cluster' being a reference to an industrial cluster to comprise carbon capture and carbon dioxide

transmission and distribution projects. The consultation identifies a two-phase process in 2021, whereby industrial carbon clusters will be evaluated and sequenced, and individual carbon capture and transportation projects for clusters will be selected. Final investment decision on the initial clusters is timetabled for H1 2022, and onwards. The paper also outlines the government funding available for CCS, including the £1bn CCS Infrastructure Fund. The target is to have at least two CCUS schemes up and running by the mid-2020s and two more by 2030 to capture at least 10 million tonnes per annum of CO2.

After publication of the consultation, the Government subsequently invited operators to submit initial proposals for its CCS cluster sequencing process.

It has received proposals from five CCS projects:

- **DelpHYnus,** operated by Neptune Energy, located south of the Humber estuary.
- **East Coast Cluster,** which brings together the BP-led Net Zero Teesside and Equinor-led Zero Carbon Humber schemes and the Northern Endurance Partnership (NEP), which involves Eni, National Grid, Shell and TotalEnergies.
- **Eni's Hynet scheme,** located on the north-west coast of England.
- **Scottish Cluster,** which includes the Acorn scheme with backers Shell, ExxonMobil, Storegga, Harbour Energy, Macquarie, Ineos, Petrofac and Wood.
- **V Net Zero,** led by Harbour Energy, located south of the Humber estuary.

The Government has said that all met the initial test to demonstrate they could credibly become operational by the end of the decade. These will now move forward to the next round of selection, called Track 1- due in October.

Probably one of the most ambitious **European** CCS projects is called Northern Lights which, when it starts operations in 2024, will be the first ever cross-border, open-source CO2 transport and storage infrastructure network. It will offer companies across Europe the opportunity to store their CO2 safely and permanently deep under the seabed off Norway. The company is building two dedicated CO2 carriers and will ship captured CO2 to an onshore terminal on the Norwegian west coast and, from there, transport it by pipeline to an offshore subsurface storage location in the North Sea.

Phase 1 of the project will be completed mid-2024 with a capacity of up to 1.5 million tonnes of CO2 per year. The ambition is to expand capacity by an additional 3.5 million tonnes to a total of 5 million tonnes, dependent on market demand. However, the receiving terminal, offshore pipeline, and the umbilical to the offshore template will be built to accommodate the additional volumes. Both phases will offer flexibility to receive CO2 from European sources. The project is a partnership between Equinor, Shell and Total, and is a key component of Longship, the Norwegian Government's full-scale carbon capture and storage project.

It is estimated that the UK and Norway have, collectively, courtesy of the North Sea, 90% of the currently identified carbon storage geologies in the whole of Europe.

In **Australia**, the government announced, in June, the backing of six carbon-capture projects at a cost of $39 million.

Also in June, the Dutch government confirmed that it has awarded € 2.1 billion, nearly half of its 2021 annual budget for sustainable projects, to a project aimed at capturing and storing carbon emissions from Europe's largest port, Rotterdam.

The 'Porthos' project, being developed by an industrial consortium that includes Shell, ExxonMobil, Air Liquide and Air Products, aims to collect emissions from factories and refineries in the environs of the port and store them in empty gas fields in the North Sea.

The IEA asserts that CCS will need to be a key pillar of a successful energy transition, as the only group of technologies that contribute both to directly reducing emissions in critical economic sectors and to removing CO2 to balance emissions that cannot be avoided – a balance that is critical to achieve net-zero emission goals.

The challenge, however, is daunting. In its analysis of net-zero pathways, the IEA projects that the need for CO2 storage will grow from the current 40 million Mt per year to more than 5000 million Mt per year by 2050. This, in turn, will necessitate carbon management services – transporting and storing CO2 in large quantities – becoming a global industry supporting emissions reductions across multiple parts of the energy system.

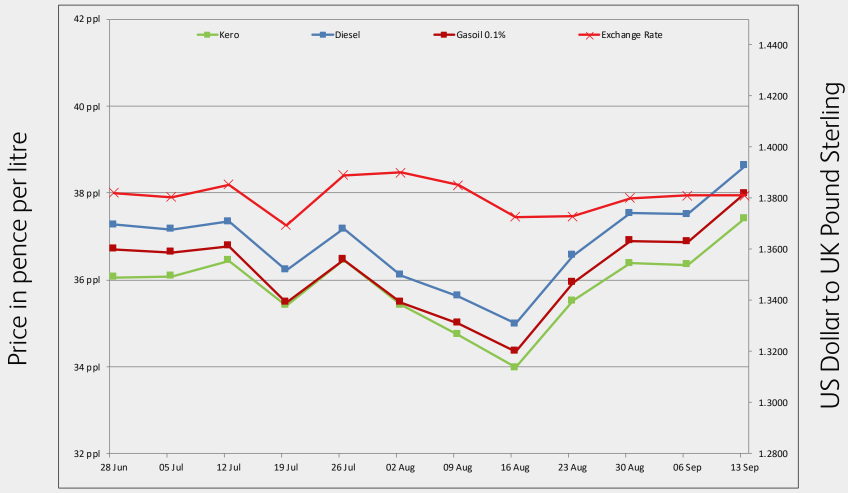
It may be that the 'wake-up-call' from the recent IPCC report will create greatly increased impetus to the expansion of global CCS capacity- but a lot of headway needs to be made and substantial outlays committed!

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 August 2021 – 18th September 2021

	Kerosene	Diesel	Gasoil 0.1%
Average price	36.04	37.17	36.54
Average daily change	0.45	0.46	0.46
Current duty	0.00	57.95	11.14
Total	36.04	95.12	47.68

All prices in pence per litre



Week commencing

Kerosene

Highest price	Biggest up day
37.94 ppl	+1.16 ppl
Fri 17 Sep 21	Mon 23 Aug 21
Lowest price	**Biggest down day**
33.06 ppl	-1.43 ppl
Thu 19 Aug 21	Thu 19 Aug 21

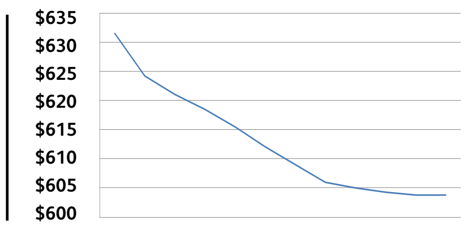
Diesel

Highest price	Biggest up day
39.18 ppl	+1.28 ppl
Fri 17 Sep 21	Thu 02 Sep 211
Lowest price	**Biggest down day**
34.05 ppll	-1.45 ppl
Thu 19 Aug 21	Thu 19 Aug 21

Gasoil 0.1%

Highest price	Biggest up day
38.57 ppl	+1.20 ppl
Fri 17 Sep 21	Thu 02 Sep 211
Lowest price	**Biggest down day**
33.41 ppl	-1.46 ppl
Thu 19 Aug 21	Thu 19 Aug 21

Gasoil forward price in US$ per tonne



October 2021 – September 2022

The Fuel Oil News Price Totem

	Trade average buying prices			Average selling prices		
	Kerosene	Gasoil	ULSD	Kerosene	Gasoil	ULSD
Scotland	38.91	51.22	99.14	44.36	54.73	103.02
North East	37.86	49.85	98.22	45.39	53.10	101.07
North West	39.43	52.45	100.61	44.68	55.51	103.16
Midlands	37.93	50.38	98.68	43.02	53.59	101.78
South East	38.03	50.34	98.66	48.54	55.93	101.35
South West	38.38	50.18	98.50	45.17	53.38	100.95
Northern Ireland	38.49	51.55	n/a	43.51	55.50	n/a
Republic of Ireland	52.25	56.98	100.08	57.12	60.35	103.25
Portland	36.24	47.90	95.37			

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 OCTOBER'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 **DAWN SHAKESPEARE** WHO, AS MEMBERSHIP AND EVENTS MANAGER FOR UKIFDA, WAS A HUGE PART OF THE SUCCESS OF THE RECENT VIRTUAL EXPO, AND WE DISCOVER HER PASSION FOR THE INDUSTRY ALSO EXTENDS TO FAMILY, HONESTY, COMMITMENT AND ELEPHANTS.

"JUST BE HONEST."

DAWN SHAKESPEARE

Dawn in a Spanish bar

Give your career history in 25 words or fewer.
Had children, worked for Weight Watchers, joined Evesons Fuels in tele-sales, became a rep, then a depot manager. Left to join UKIFDA.

Describe yourself in 3 words.
Cheerful, talkative & honest.

What were your childhood / early ambitions?
I wanted to work in police forensics.

Describe your dream job (if different from your current one).
Hotel / holiday resort inspector.

What's the best business advice you've ever received?
The 7Ps - Prior Planning and Preparation Prevents Piss Poor Performance.

Share your top tips for business success.
Work hard, be nice to people and never over-promise and under-deliver.

What's your most recent business achievement of note?
UKIFDA's 1st ever virtual exhibition. "It was as exhausting as a physical exhibition and more prone to going wrong."

Tell us your greatest fear.
Being unhappy.

Which is most important – ambition or talent?
Talent - ambition can make people greedy.

What's the best thing about your job?
I don't know what I will be doing from one day to the next - it's so varied.

Which is the quality that you most admire?
Commitment.

What are you most likely to say?
I struggled with this one - because I'm always talking.

And at her beloved Villa Park

What are you least likely to say?
"I can't do that" - I would have to at least try.

Describe your perfect day.
Lying by the pool in the sun with friends and family, a glass or 3 of wine followed by a nice meal out.

Do you have a favourite sports team?
The mighty Aston Villa, of course!

What's the biggest challenge of our time?
Greed, which is the reason for most of the world's problems today.

Cheese or chocolate?
Cheese.

Share your greatest personal achievement.
Corny, but it is definitely my two beautiful children, who have overcome many challenges and are both lovely people who have fantastic careers.

What's your pet hate or biggest irritant?
Liars. Just be honest, it's easier and less damaging to everyone.

If you were on 'Mastermind' what would your specialist subject be?
Disney films from the 1980s / 1990s (might give you a clue to the age of my children).

If you were elected to government what would be the first law you'd press for?
Tougher sentences for any form of racism.

If your 20-year-old self saw you now, what would they think?
Who'd have thought it? you were so quiet at school.

What is number 1 on your bucket list?
Wash and play with an elephant (as long as it was free and not in a zoo).

What 3 things would you take to a desert island?
My partner of 36 years, food and a satellite phone.

Tell us something about you that people would be very surprised by
I used to be very shy.

Who would you most like to ask these questions of?
Nelson Mandela.

Boarding a helicopter to the Grand Canyon

Dawn at VW festival with her granddaughter

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