

# Fuel Oil News

AUGUST 2020



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## THE STORAGE ISSUE

DISTRIBUTORS CONSIDER  
FUTURE CHALLENGES

OIKOS TALKS  
SUPPLY RESILIENCE



# REMEMBER LAST YEAR'S ISSUES? FAME HASN'T GONE AWAY.



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## A tricky balancing act

August is a month we often associate with holidays, when schools are out even if the sun isn't. This is not a typical August but then again, this has not been a typical year.

Some aspects of normality are gradually returning with shops, pubs and restaurants all opening their doors once again. The evidence of the last couple of weekends also suggests that British people haven't lost their inexplicable desire to flock in numbers to sit on a crowded beach despite the clear risks to their health (and the almost certain disappointment of our unpredictable British weather).

The institution that is football has also returned, and at time of writing, we have just witnessed Liverpool FC lifting the premier league trophy in an empty stadium to the strain of Coldplay's 'Sky full of stars', 30 years since their previous league triumph. In a strange quirk of fate, Leeds Utd have simultaneously found their way back into football's top division, a feat they also achieved 30 years ago.

As the French would say, 'plus ça change, plus c'est la même chose' or, for those whose school days are even more historical than Liverpool's last

title win, 'the more it changes the more it is the same thing'.

The energy industry also cycles through significant change with a similar regularity and sense of 'déjà vu' but with increasing frequency and a changing imperative. The transition is frequently discussed as a discrete occurrence when in truth, energy has evolved in a continuum ever since we discovered we could control fire.

Energy transition is nothing new, but what is unusual about the current phase is that it is driven by a desire to keep the world habitable for future generations rather than by the promise of benefits such as increased power, decreased cost and improved living standards for the current one.

While much of the world has effectively, stood still for a substantial part of this year, the imperative to find a new mix of energy sources to stabilise the climate continues apace.

Balancing consideration of the challenges of this industry evolution with the pressing challenges of the here and now is not easy but I hope that is what we have achieved in these pages.

As always, your feedback is very much welcomed.

# Fuel Oil News

The independent voice for the fuel distribution, storage and marketing industry in the UK and Ireland.

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"Honour your debts, value your suppliers, and stick to your word" – Neil Donald



## In Profile

An opportunity to meet Neil Donald, chairman of The Fuel Trading Company and chief executive of Southern Counties Glass, and learn how his passion for getting the best out of himself and others is integral to all he undertakes.



## In this issue

The TSA Annual Review on page 17, highlights the importance of a flexible supply chain during challenging times, while the implications for safety and fuel quality of long-term storage are considered in 'Industry Knowledge' on pages 18 & 19

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Annual subscription for the UK & Republic of Ireland is priced at £98 or €113 inc. p&p. Overseas: £115 or €134.  
Back issues: £8 per copy.

**01565 653283**  
**www.fueloilnews.co.uk**

**Founded in 1977 by James Smith**  
**Published by**  
Ashley & Dumville Publishing,  
Caledonian House, Tatton Street,  
Knutsford, Cheshire  
WA16 6AG  
www.ashleyanddumville.co.uk



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## Janet Kettlewell takes over UKIFDA presidency

**Kettlewell Fuels director Janet Kettlewell, was inaugurated as the 33rd President of UKIFDA in June, during the trade association's first virtual AGM.**

Taking over the presidency from Jodie Allan, Janet will head the association's management committee working closely with chief executive Guy Pulham to optimise the work of the association.

Janet brings a wealth of sector experience and knowledge to the role, having joined her Yorkshire based family business Kettlewell Fuels, in 1996. With husband Trevor, Janet recently undertook an MBO of the business. Commenting on her appointment she said:

"I am absolutely delighted to have been given this opportunity to use my 24 years' experience for the good of the industry.

"I aim to continue the

sterling work of past presidents on raising standards in the industry and making further significant progress on how the industry meets the decarbonisation targets set by the governments of the UK and Ireland. As the market continues to develop and change, as we enter a new era of liquid fuels, we will embrace all the challenges that lie ahead for our sector with enthusiasm and passion and I am absolutely sure that UKIFDA and its members will continue to thrive.

"I cannot wait to start working with the fantastic team at UKIFDA and the exceptional management committee to see what the next two years bring."

Guy Pulham adds;

"We all warmly welcome Janet as our new President – and we know she will make an excellent and fitting successor to Jodie.

The team at UKIFDA has worked



closely with Janet in her roles as regional representative and vice president but also directly with her company Kettlewell Fuels, which has been a UKIFDA member for 24 years. She will prove a fantastic asset and a great advocate of our

campaign to secure the much-needed support from government to ensure biofuels play a key role in the future of the 1.5m heating oil consumers in the UK and 686,000 in Ireland who are not on the gas grid."

## ESL Fuels secures support from Made Smarter

**Chester-based ESL Fuels has secured support from Made Smarter, the UK movement helping SMEs join the industry 4.0 revolution.**

The support available to the fuel company includes expert, impartial technology advice and digital road mapping workshops, allowing the company to integrate systems, capture and analyse data and even create simulations of its plants and processes for optimisation.

The North West technology adoption pilot is working with small and medium sized manufacturers to help them introduce digital tools and technologies to help boost

productivity and growth, as well as navigate the impact of COVID-19.

Donna Edwards, programme director for the Made Smarter North West pilot, said;

"I am thrilled that so many firms of all sizes have tapped into our expertise to help them select the right approach for their business, how much to invest and which technologies will bring the greatest benefit."

ESL Fuels is one of the 104 businesses which have secured matched funding for projects to maintain their competitive edge using technology to come back smarter and navigate the future.



## Name change for FTA

**In July, FTA became Logistics UK in a name change that was originally planned for earlier in the year but postponed due to the COVID-19 crisis to focus on supporting members.**

The association has always represented the whole sector, with members from road, rail, sea and air, as well as those with goods to move like retailers and manufacturers.

David Wells, chief executive at FTA, comments;

"FTA is strong because of its size and scale and because we already represent all of logistics, a very large sector critical to the success of UK plc. The name change to Logistics UK is a natural progression and makes it more obvious to stakeholders, like policymakers and young people looking to develop a career in logistics, that we are the only business group that represents the whole industry. I believe this change will strengthen our position and give us a great opportunity to achieve even more for members in the months and years to come."



## TSA welcomes new member

**The TSA has further increased its representation of the UK's bulk liquid storage sector with the addition of a new member, Stanlow Terminals Ltd.**

Peter Davidson, executive director of the TSA, commented;

"We are delighted to be welcoming Stanlow Terminals to the TSA as a full member. Through our strong and diverse membership, we become a more powerful voice for the UK's bulk liquid storage sector and associated logistics. Together, we look forward to continuing to champion the economic and strategic value of UK terminals."

Patrick Walters, chief executive officer of Stanlow Terminals Ltd, said;

"I am delighted that Stanlow Terminals has joined the TSA. The company was formed earlier this year and our tanks and related infrastructure in the North-West now contribute to the UK's independent tank storage capacity. The TSA is an important organisation for companies engaged in the storage of bulk liquids and the provision of products and services to the sector. It provides an excellent platform to collaborate across the sector in the UK and abroad. The team at Stanlow Terminals looks forward to playing an active membership role."

## New trucks will improve delivery times for Moove

**Moove Lubricants has replaced older trucks with two new Renault curtain siders.**

Both trucks, one based in Gravesend and the other in Wakefield, will be used to transport IBC bulk oil deliveries to Moove Lubricants' customers in the UK.

Keiron Ellsley for Gravesend-based Moove Lubricants said;

"We're excited to announce the brand new additions to our fleet! Including new livery, we have moved away from tankers to have more curtain siders as it is a better option for delivery times and the way we operate across the UK."

Featuring Handsfree group cameras and tracking, fully equipped cabs, improved lighting for safety and all-in-one floors with spill containment and drain down, the new trucks give Moove Lubricants a total fleet of nine Renault vehicles.

Keiron went on to say;

"We'd like to say a special thanks to Kurt Hobbs, Gardner Denver and the Handsfree group for helping put this new build together."



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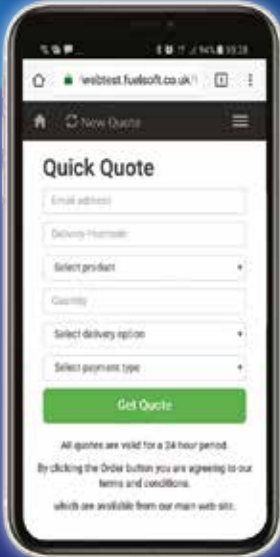
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# Adler and Allan delivers leak detection solutions

**Environmental risk reduction specialist Adler and Allan has extended its leak detection capability by offering Leighton O'Brien's Automatic Tank Gauge (ATG) Alarm Management solution (AMS) and Wetstock Live fuel management software to the UK petroleum industry.**

Aimed at commercial or industrial operators with onsite fuel systems for fleet or critical infrastructure, the AMS system provides remote, live, 24/7 monitoring of inventory data, water levels, ATG alarms and compliance status via a web portal. Real-time monitoring of the ATG can reduce the potential for fuel stock outs, product contamination, theft and leaks which can impact fleet and equipment uptime and severely disrupt operations.

Wetstock Live provides real time visibility of all aspects of a petroleum retail network including ATG accuracy and functionality, pump flow rates, delivery validation, wetstock



replenishment, water ingress and other alarms.

Andrew Clarke, director, Forecourt, said; "With these products, we're able to bring a global technology leader, providing best in class environmental compliance and wetstock

management solutions, to the petroleum industry in the UK. Leighton O'Brien complements our enhanced range of services and solutions and aligns with our focus on technology innovation and the highest levels of customer service and safety."

## Gleaner Oils owner joins board at Elgin City FC

**Moray businessman Stephen Scott has been appointed a board member for Elgin City Football Club.**

The former commercial property lawyer was born and brought up in Elgin before his studies and work took him to Edinburgh. Now back in Moray, Stephen owns the Gleaner Oils business in Elgin with his wife Jane.

A spokesperson for Elgin FC explains how the club have waited patiently for this;

"Stephen's wife Jane is a Lossie girl, and six years ago, they bought out her Uncle's interest in what had been her family's business, thus becoming 100% owners of Gleaner."

Putting in many 18-hour days as Stephen gained an understanding of how the business worked, caused him to politely decline previous overtures to join the City Board. But with the business and its subsidiaries in a good place, time can now be devoted to the club.

Stephen explained his links with the club; "My late father Alex (a well-known chartered surveyor in Elgin) and my uncle Ed, mum's brother (former editor of the Strathspey & Badenoch Herald), started taking me to



**Stephen presents a Man of the Match award to Rabin Omar, after a wonder goal in a 4-1 victory against Annan last November.**

Borough Briggs when I was a wee boy.

"Dad bought me my first season ticket in summer 1968 at the tender age of three, going on four. As those who know me will attest, I have been hooked on the club ever since. Our son Evan said to me when this decision was reached, that it would have made Grandad very proud, as he was also an Elgin boy through and through. I agree, and that means the world to me."

Similarly to Gleaner Oils, the club works hard to make a difference in the local community, offering community football holiday camps which accommodate hundreds of children every year and a growing youth academy with over 160 participants.

Stephen is enthusiastic about the role he can play in this;

"I look forward to working with all the great people on the board in furtherance of the ambitions of the club which we all love".

Elgin chairman Graham Tatters said; "He's a man with an unbelievable amount of experience in different matters in the business world. He's going to be a real asset to the club".

# Valero and Co-op achieve record site conversion

July saw a milestone reached by Valero Energy and the Co-op, with the biggest conversion of sites in one day that either company has ever attempted. The record switch of 28 Co-op fuel sites to Valero supply was made possible by close collaboration.

Valero, who last year agreed a long-term supply contract with the Co-op to be their principal fuel supplier, will now supply a total of 115 Co-op service stations across the UK. The sites are a mix of Co-op and Texaco branded.

Eddie Jenkinson, national fuels manager at Co-op, said;

“Developing great partnerships is key to our approach and we are pleased to build on our work with Valero as we continue to create filling stations which are seen as a community hub – delivering the food and fuel that our members and customers need, conveniently.”

Simon Fawkes, national account manager for Valero, said;

“I was particularly impressed with the enthusiasm, interest and cooperation shown by all the Co-op stores and team managers. A number of the sites had been supplied by



Valero previously, so it is a real pleasure for Valero to welcome them back and to welcome the new ones too. In addition to these 28 sites, a further two sites will be added in the coming months, bringing the total to 30.”

Andrew Cox, Valero’s director of sales and marketing, added;

“It’s great news that we’ve been able to bring this project together successfully in such challenging circumstances.”



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# 2019 and all that

## An update on the quest to resolve gas oil issues

At the turn of the year, we reported on the increasing number of fuel problems experienced across the UK in the second half of 2019. With immediate solutions to the problems proving elusive at the time, Margaret Major, managing editor of Fuel Oil News caught up with Neil Ryding of Fuel Additive Science Technologies (FAST) recently to hear about the progress that has been made since.

Neil recalls;

“For many farmers and contractors in the UK, 2019 was a year you’d want to forget from a machinery operations standpoint. The fuel filter blocking issues that started in July proliferated for the remainder of the year and continued into the early part of 2020. This was particularly the case if fuel was stored for periods longer than a month.

“The cost to the industry was huge in terms of replacement filters and significant downtime. To say nothing of ill-will between end users and fuel distributors.”

Affecting both on and off-road vehicles, the reported increase in issues appeared to coincide with the dramatic increase in FAME content driven by the renewable transport fuels obligation (RTFO), to the maximum levels prescribed by the fuel standard of 7% by volume.

The problem manifested nationwide in the blocking of fuel filters, leading to fuel starvation and multiple operational issues in off-road vehicles. Such was the demand for fuel filters that stocks were running low at some manufacturers.

### Identifying the problem

Speaking with Neil back in November it was clear that the root cause was very hard to pin down. Neil explained at the time; “Analysis of the filter contents is proving to be difficult and is taking longer than expected. There is apparently no single common cause of filter blocking. To date therefore, we have been very reluctant to jump to a conclusion or to offer a solution.”

FAST is a company that formulates, blends and distributes fuel additives that use tried and tested chemistry and methodology from the world’s most reputable suppliers. With



staff that includes recognised oil and fuel industry professionals of long-standing, with experience in fuels science, refinery processes and chemicals manufacture, FAST was keen to engage with the industry to find a solution to this significant issue and has invested significant time and resource to achieve this.

Taking a bottom-up, field-based approach has always proven to be the best way for FAST to learn what the real issues are and how to overcome them. Through this method the root cause was identified as being due to aspects of the biodiesel component being unstable, separating from the bulk fuel and agglomerating into solid ‘clumps’.

Neil explains;

“The root causes were never properly established at the time. The extensive work carried out by FAST however, analysing over one hundred fuel samples and around fifty fuel filters, clearly points to elements of the much-increased volume of biodiesel component (FAME) dropping out. This was made evident not only via blocked filters but also by the “scum” seen floating on the fuel surface within storage tanks.

“Although probably likely to occur more readily at lower temperatures, the dropout can also occur at ambient summer temperatures. Additional work carried out clearly demonstrates that dropout and particulate accumulation and agglomeration worsens over time. The longer fuel is stored for, the more likely you are to experience a problem.”

A critical finding of the work was that the problems are not always (in fact, rarely) visible to the naked eye. Even the poorest performing

fuels in terms of filter blocking issues, can look clear and bright and the fuels are within the parameters of the fuel specification.

### So, what was – and are – the solutions?

Given that biodiesel is not going away and that colder temperatures will be back with the autumn and winter months we asked Neil if they have found a way to prevent this drop out.

“There is a need to stop the agglomeration of the unstable biodiesel components or, in cases where the problem already exists, to re-disperse the components into the bulk fuel.” Neil answers.

“FAST initially utilised a high dispersancy/detergency product originally formulated for tank cleaning purposes. This proved to be immediately successful and was adopted on a widespread basis throughout the fuel distribution industry.”

### Prevention is better than cure

With that knowledge FAST then went on to look at prevention and it became apparent that those farmers and contractors who had been using FAST’s regular use diesel and gas oil additives for several months prior to last year’s problems, did not experience any of the issues.

Explaining why, Neil commented;

“Our products contain sufficient quantities of the dispersant and detergent chemistries to hold the biodiesel precipitates in solution, or to keep it sufficiently dispersed so as not to result in filter blocking and fuel starvation issues.”

For those interested in more technical information, FAST has published an in-depth background to the work carried out in ‘Biodiesel, Particles and Fuel Filter Blocking’.

### FAME is not going away

FAME has not gone away and this summer has already seen sporadic repeats of last year’s filter blocking issues. In our previous report we concluded that the likely key to prevent these gas oil issues may well lie in greater cooperation throughout the fuel chain with end users engaging with both fuel and additive suppliers to find the right additive solutions. With biodiesel here to stay, It appears that cooperation has, thankfully, found those solutions.

# An evolving industry adapting to thrive

IN THE JULY ISSUE OF FUEL OIL NEWS, WE CONSIDERED THE DIRECTION OF THE INDUSTRY AS IT ADDRESSES THE CALL FOR RENEWABLE FUELS IN ORDER TO MEET THE GOVERNMENT'S NET ZERO AMBITION. HAVING EXPLORED SOME OF THE OPTIONS FOR THE SECTOR, WE WANTED TO HEAR FROM THOSE WORKING WITHIN IT TO LEARN WHAT THESE CHALLENGES MEAN TO THEM AND HOW THEY PLAN TO, OR HAVE ALREADY, ADAPTED THEIR BUSINESS IN ORDER TO THRIVE BEYOND THE NEXT DECADE.

Looking ahead over the next ten years in an industry that is evolving faster than many of us may have initially imagined it would be challenging enough in normal times, it becomes almost impossible when even the next few months are cloaked in uncertainty.

## The current landscape

With the arrival of COVID-19 and the countrywide lockdown commencing in March this year, the previous high-level challenges of changing attitudes towards fossil fuels and resultant legislative changes became the least of many companies' worries, especially when faced with new challenges such as having to furlough loyal employees and continue to run a profitable business with skeleton staff.

The oil price crash added insult to injury for some although with significant numbers of customers taking advantage of the lower price, sales were up for many. This meant an unusually busy April for distributors with volumes significantly up on previous years, but the now full tanks may lead to a slower autumn.

Despite the challenges of this period, there have been many positive stories from an industry that has always managed to overcome adversity; from gifts given to distributors by customers grateful for the continuation of their supply, to stories of much needed and much appreciated support for the communities in which those in the industry operate.

## No strangers to adapting

When gathering feedback in order to paint a picture of how the industry was responding to COVID-19 back in April, it was clear that there had been a swift and effective response to the need to adapt in order to remain operational whilst improving safety standards. Kevin McPartlan, CEO of the Irish Petroleum Industry Association reiterated this at the time;

"The way we operate has to change to protect our staff and our customers but the products we supply will remain available throughout. We will continue providing essential services: heating Ireland's homes, fuelling businesses and keeping transport on the move."

In an industry that has faced many challenges, for most the pandemic has been the biggest, yet many companies have still managed to implement prior plans that have enabled them to continue to thrive.

Nicholl Oils opened its new automated filling stations in Greysteel – a convenient refuelling station for many reasons – but even more appealing to customers actively looking for contactless ways to refuel.

Connie Burns, marketing manager for the Nicholl Group, commented at the time;

"The new forecourt is located not too far from the Altnagelvin Hospital with a lot of key workers passing by daily. They now have access to fuel 24 hours a day whilst maintaining good social distancing."

For others, planned fleet upgrades to improve fuel consumption, reduce particulate emission and improve driver safety have also still gone ahead. Watson Fuels has updated nearly a third of its 350-strong fleet as part of a five-year investment, with the improved efficiency saving both time and money. Scott Roberts, operations and logistics director at Watson Fuels, commented on the investment;

"We have reduced supply-chain costs and ultimately, improved the price point for our customers in the long run."

## The changing fuel landscape

When asked about their vision of the fuel future in January this year, Nick Goodwin, managing director for Standard Fuel Oils and Rory Clarke, managing director at RIX mentioned their concerns around the increased levels of FAME

in fuel. As our article on page 9 illustrates, this is another area in which the industry has come together to find solutions.

As the market continues to evolve, an increasing number of distributors including Crown Oil, one of the early adopters, are adding new products such as HVO to their portfolios to ensure that they are ready for the increasing demand for greener alternatives.

Our July issue article 'Is hydrogen the future fuel for trucks?' highlighted that Shell already has three hydrogen dispensing sites in the UK with plans for more. If increasing numbers of the larger players in the energy sector embrace this opportunity, hydrogen has the potential to gain serious traction as a sector solution to contribute to the achievement of the UK's net zero ambition.

Although this year's unprecedented challenges have at times been 'all-consuming', the need to decarbonise remains at the forefront of many distributors' minds. Gemma Hogg, general manager at WCF Fuels North West, said;

"We recognise the need to decarbonise yet ensure a sustainable future for our business. This means our industry is more challenged than ever to develop lower carbon solutions. The need to address climate change and reduce CO2 emissions will always be high on the political and social agenda as consumers actively seek to make more sustainable purchase decisions. We suspect there may be a more rapid shift into renewable energy prompted by the recent pandemic which in turn increases pressure to adapt our business accordingly."

Managing director of Gleaner Oils, David Todd commented;

"The type of fuel will gradually change however, we are clear that some kind of liquid energy will be required to be delivered as the



country's off-grid housing stock will not easily convert to renewable power. The key to this will be adapting to the changes, while keeping our place in the community with local depots, local staff and great service."

### A time to diversify

There are also signs of increasing diversification; Halso Fuels launched sister company EL Oils to supply oil and lubricant products to customers under new branding that sits apart from the Halso Fuels brand thus increasing the opportunity to strengthen both sides.

With regard to Gleaner Oils' own expansion David Todd comments;

"We have a board agreed 5-year strategy which has already seen us expand into non-bulk fuel areas such as lubricants as well as increasing our estate of retail service stations."

Oil giant bp recently announced the sale of its petrochemical division as well as its intention to invest \$70 million in India's Green Growth Equity Fund, a fund focused on identifying, investing and supporting growth in zero carbon and low carbon energy solutions in India.

Dev Sanyal, bp group's executive vice president for gas and low carbon energy said; "India is committed to the energy transition and pursuing a range of low carbon options for the future. bp is equally committed to reimagining energy in India. Our investment in GGEF is aligned with our strategy of investing in integrated low carbon energy using innovative partnerships and business models. It provides a unique platform for bp to accelerate its ambition in India and to co-invest in a variety of zero and low carbon energy solutions in the country."

### Digital solutions

The necessity to restrict face-to-face interactions has seen a rise in remote sales, with

many businesses having to adapt swiftly to increased phone and online orders.

David Todd said;

"Call centres are not for us. However, the investment Gleaner has made in back office delivery systems and customer facing digital solutions helps strengthen our position."

Considering the change in communications, Gemma Hogg observed;

"Over the last few years, we have seen more of our customers ordering online and communicating through channels such as Whatsapp and Messenger. As such, we are constantly looking for opportunities to improve customer service through further digital transformation projects. In the last year we have introduced Feefo to help capture customer feedback and provide an independent assessment of the quality of our service. We have used this feedback to continually improve our business and show that we genuinely care about what our customers say."

For those already operating primarily online, increased sales and customer buying trends have created opportunities for expansion. Christopher Bicknell, managing director of HomeFuels Direct said;

"Expansion, diversification and an expanding product portfolio are all in the pipeline, however ease of use, automation and customer experience will continue to be the drivers for us. The challenges ahead are all fantastic opportunities for HomeFuels Direct."

### Technological advancements

Proving that necessity truly is the mother of invention, David Kingsman, managing director of Fuelsoft Ltd speaking with us in June, explained how the development of new technologies was originally driven by changes in the way fuel distributors were buying fuel.

"The marketplace was changing, and customers wanted software that was suitable for the current day and the future, so we were given the opportunity to enter the fuel marketplace and develop our first fuel distribution system."

With the recent global challenges emphasising the benefits of being cloud-based, the Fuelsoft application was ideally placed. Highlighting the ways in which advances in technology had helped the industry during this time, David commented;

"Migrating a system based on servers in the client's office to home working can be time consuming, but our cloud-based system has allowed clients to easily work from home."

### Surviving is thriving

In the 1970s, conventional coal and oil power plants accounted for 88% of electricity supplied to the UK market. By 2018, coal's share had fallen to 5% and last year, the percentage of the UK's electricity produced from coal and oil was less than 1%. As the use of coal declined, many distributors moved to oil and whilst some were lost, many more survived and went on to thrive in the changed energy world. In 1905 Albert Smith, the grandfather of the founder of Fuel Oil News, bought Ashley & Dumville which had been trading coal and coke since 1880. After his death in 1941, the family business continued with his grandchildren diversifying into oil in the 1950s.

With the end of lockdown in sight, there are still many immediate challenges to be overcome but as we emerge from those, the focus of the industry is sure to shift once more to the energy transition. In a climate where currently, surviving is thriving, we have no doubt that history will repeat itself, and that the fuel industry will continue to survive, adapt and thrive.

# Oikos builds resilience in the fuel storage sector

OIKOS GENERAL MANAGER TONY WOODWARD SPEAKS WITH CONTENT EDITOR STEPHANIE SAMUEL, ON THE CHALLENGES OF COVID-19 AND MAJOR INVESTMENTS TO HELP FUTURE-PROOF CUSTOMER FUEL SUPPLY IN A CHANGING MARKET.

Located around 40 miles east of London, on Canvey Island in Essex, Oikos has been importing, handling, storing and delivering products safely for over 80 years. The facility, with strategic access to the River Thames, is taking on significant infrastructure investment at its site that supplies road and aviation (including to Heathrow, Gatwick, Stansted and Luton) fuels across South East England, one of the world's leading fuel hubs.

Tony Woodward, Oikos general manager, said;

“Resilience in our critical national infrastructure in its widest sense, has to be the focus of the UK's next economic chapter, not least after Covid-19.”

With the focus often being on downstream and upstream fuel resilience and innovation, Oikos stresses how the storage sector has to be part of the solution to a recovering economic chapter in the UK, and not overlooked.

## Infrastructure at the vanguard of reforms

One of the major investments by the company known as Project Premo, involves a new, third loading bay for diesel fuel; a fillip for a sector which has been going through an uncertain few months. When asked about the effect of the virus, lockdown and the oil price crash on the company, Tony Woodward said;

“Our skeleton staff have continued to work on the terminal but the overall activity has reduced significantly. Some key revenue streams have been lost during the period but, there has been considerable expenditure on COVID-19 prevention measures. Oikos does not own the products stored at the terminal and thus is not susceptible to the changes in the crude price albeit our customers are, which impacts us indirectly.

“Resilience for us is about creating options and spreading risk as we are a 24/7 operation. Customer demand is rapidly changing and the storage sector as a piece of critical national infrastructure, has to be in the vanguard of those reforms. We are seeing a new focus on



a wider range of diesel grades with customers rightly wanting them delivered in a faster, more flexible and agile way. To have as a business, delivered this on time and on budget, and to the highest, independently attested safety and security standards, has been very satisfying.”

## The evolving diesel market

The evolving diesel market, resulting from changing consumer demand, has spurred the inclusion of additive injection at the new state of the art loading facility next to the existing loading bays.

“Customers who were previously reliant on pipeline deliveries, will now be able to load a truck at 2,250 litres a minute with a gate-to-gate turnaround of around 20 minutes using new road loading arms, Accuload equipment to measure volumes and Fuel-Facs dedicated software and Distributive Control Systems to manage loading, and produce HMRC compliant paperwork.” says Mr Woodward, who continues;

“This builds on recent upgrading of

existing storage facilities, a focus on new interconnectivity between different parts of the site and a deep-water jetty extension to cater for LR2 vessels up to 120,000 mt deadweight.”

With the diesel market evolving not just in terms of the infrastructure used but also in the chemical make-up of the product itself, we asked for Oikos' opinion on the energy transition and how the facility could adapt if faced with a decreasing demand for fossil fuel. Tony replied;

“Liquid hydrocarbon aviation and road fuels are likely to be around for the next 30/40 years. We have seen a shift towards more environmentally sustainable fuels and our continued aim is to accommodate these changes – more recently with the new introduction of B30 diesel onto the terminal – blended at Oikos with 30% environmentally sustainable products. We are also in the process of including other fuel components in finished road fuels from renewable sources and we have been examining a potential position on SAF – Sustainable Aviation Fuel.”



**If the future of work and industry is one of responsiveness, the fuel storage market must be no different.**

Based on the two new additive tanks and using a ‘best in class’ additivition rack system and new large and small-bore pipework, a range of diesel grades can be supplied to delivery vehicles.

“It is the creation of a further egress point for road fuel grades which can help our customers improve their market reach and service range to forecourts and bunkering depots which makes this so game changing,” adds Tony.

The market of course, needs to pick up as there has been a fall of 50% in road fuel volumes and a dramatic dive in jet fuel demand and that is where Oikos is taking a forward-looking view and a longer-term position.

Such investment in the current climate of gradual recovery is welcome and it is not just in the oil storage and delivery infrastructure. The project has needed new lighting, security and safety features and has involved a range of civil, mechanical and electrical engineers along the way.

**Responding to customer demand**

At the same time as opening the third diesel bay the company, now under the ownership of Aberdeen Standard Investments as part of its diverse range of energy interests, began Project Annexus, which is the re-commissioning of the Oikos Feeder line between the Oikos Terminal and the CLH Thames B pump station. This connects Oikos directly to the CLH Pipeline System and the UK’s national pipeline

infrastructure which better connects Oikos into the country’s fuel resilience network.

Tony Woodward comments;

“Ultimately customers are demanding more options and different ways of ensuring their delivery chains. So whether above or below ground, it is the role of storage terminals to enable those varied distribution channels.”

The whole project and pipeline underwent a thorough inspection process back in 2018 which saw a ‘smart pig’ sent through the pipe to report back on the pipe’s condition and any potential issues.

The re-connection of the Oikos Feeder Line also complements the existing connection to UKOP (United Kingdom Oil Pipelines) giving Oikos the distinction of being the only

independent terminal to be connected to two national pipeline systems.

When asked specifically why customers are looking for different ways of ensuring delivery/ supply chains, Tony explained;

“Now that Oikos is re-connected to both pipelines, we expect that the volume of Jet through the Annexus Project pipeline will increase significantly over the coming months. The additional road loading bay gives our customers increased flexibility rather than just relying on pipeline deliveries. Furthermore, we have seen deeper draft vessels – lightening their cargos at Oikos (deeper water) and then delivering the remainder to other terminals along the river (shallower water) – making for good, improved freight economics.”

Plans are also being developed for an additional 300,000m<sup>3</sup> of storage as part of the Southside Development as an integrated fuels terminal and distribution hub on a nationally significant scale. It is encouraging to see the sector increasing its resilience at this point in the economic cycle but such efforts need the government to continue to see the fuel storage sector as critical national infrastructure and to provide the policy and investment certainty over the long-term.

When asked what Oikos is hoping for in the anticipated National Infrastructure Plan, Tony Woodward responded;

“We need a shorter process, more urgency for key infrastructure projects and less regulation and bureaucracy. To that effect, we look forward to seeing the much-anticipated National Infrastructure Plan review in the coming months as part of the recovery and restart efforts.”





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# Kerosene demand soars in Ireland – but what's next for liquid fuels?

WITH RECORD LOW PRICES HAVING A SIGNIFICANT BUT UNSUSTAINABLE IMPACT ON KEROSENE DEMAND, OUR IRISH CORRESPONDENT AINE FAHERTY CAUGHT UP WITH DAVID BLEVINGS OF THE NORTHERN IRELAND OIL FEDERATION, FOR HIS VIEW ON THE CURRENT MARKET AS WELL AS ON THE INDUSTRY LOOKING AHEAD.



Import figures show that Northern Ireland imported 390M litres of kerosene in the first quarter of 2020, up 47% compared to the same period in 2019. For the Republic it was a similar story with 450M litres imported, showing a 35% increase for the same period. Most consumers (and businesses) have been taking advantage of the low cost of fuel in the early part of the year and tanks have never been so full.

## Planning for what follows

While the low price is good news for customers and distributors promoting liquid fuels the obvious question is “What comes next?”

David recommends that those in the sector plan carefully;

“The first thing that distributors should do is to put some of that hard-earned cash away for the very lean summer / autumn months ahead as kerosene demand will fall flat.

“Winter demand is likely to be pushed back to November or even early December, as tanks normally only half-filled were filled to capacity and will still have substantial quantities of fuel left as most consumer are on hot water only over the summer months.”

## So, what does come next?

David suggests the future will look very different to the picture painted by current kerosene sales levels;

“While it is great to see increased demand for liquid fuels, the reality is that a 100% fossil fuel does not fit with the current climate policy of our respective governments which proposes

a move to net carbon zero by 2050.

“Yes, that date is some years away, but we need to act now before fossil fuel bans become the norm, as is already happening in other countries in Europe.”

## Acknowledging the future energy scenario

Reporting that many distributors are suggesting that; ‘As governments try to rebuild their economies post Covid-19, green issues will go on the back-burner as there will be no cash.’ David disagrees;

“Make no mistake, despite the recent pandemic, green issues are still very much alive and a key focus of governments across the World.

## IN A FUTURE ENERGY SCENARIO, KEROSENE IS EFFECTIVELY ‘DEAD’.

“My view is that we have to acknowledge that kerosene as a heating fuel, will not be acceptable in the future and we need to deliver a low or no carbon alternative pretty quickly.

“Most distributors know that extensive tests have been carried out with various biofuels and they do work. They are more expensive than kerosene but the reality is that in a future energy scenario, kerosene is effectively ‘dead’ and we need to talk about low carbon and sustainable liquid fuels for the future.”

## IF WE PLAY OUR CARDS RIGHT AND ACT NOW, WE CAN SEE A SIMILAR DEMAND FOR SUSTAINABLE LIQUID BIOFUELS

### An imperative to lead

With the NI Government currently consulting on their new energy policy and the Republic pushing their Climate Action Plan (that advocates a mass move to heat pumps) David believes there is an imperative to step up, lead from the front and deliver a 100% sustainable renewal liquid fuel by 2030 to ensure liquid fuels remain on the pitch.

David continues;

“Further trials are starting with blends from waste and we are engaging with academia to deliver meaningful supporting evidence that shows biofuels have a credible and vital role to play in any future energy strategy to assist the delivery of substantial carbon savings.”

### Act now

“So, in my opinion, the huge increases in kerosene demand we saw in the first quarter of 2020 may never be repeated but if we play our cards right and act now, we can see a similar demand for sustainable liquid biofuels as customers demand a cheaper and easier solution to low carbon heating compared to alternative technologies.”



# PORTLAND MARKET REPORT

JULY  
IN VIEW

THE OIL WORLD WAS TAKEN BY SURPRISE IN JULY BY AN UNEXEPCTED PORTFOLIO ANNOUNCEMENT FROM BP

In July, BP made the shock announcement that they would be completely exiting the Petrochemicals market. For a cool \$5bn, they would sell their global business lock, stock and barrel to Ineos (part-owners of Grangemouth Refinery), who now have responsibility for 14 petrochemical refineries, manufacturing 10m tonnes of petrochem products each year. Even with a pandemic raging, the petrochemicals sector remains buoyant and with a very significant track record in chemicals, BP's move definitely took the oil world by surprise.

Petrochemicals have always sat in an odd place when it comes to the oil industry. Yes, they come from crude oil and yes they are made in the same way (refining, cracking and steam reforming) as other oil products. But their usage and consumption is entirely different and infinitely more complicated than bog-standard petrol and diesel. After all, the latter are simply combusted for their energy content, making them the ultimate "one trick ponies". Petrochemicals on the other hand are virtuoso multi-instrumentalists that can turn their hand to anything. Propylene makes paints and packaging. Ethylene gets stuck into adhesives and detergents. Benzene operates in pharmaceuticals and medicines, at the same time that toluene colours our world with inks and dyes. Butadiene gets a bounce from making tyres and ammonia has really grown into its role as a fertiliser component. And whilst paraxylene wants to have airs and graces because of its high-tech work in computers and solar panels, most of us can't see beyond the plastic bags.

Global growth in the chemicals sector is predicted to be 5% year on year for the next 10 years, as increases in the world's population support product demand. The impact this will have on the oil industry is illustrated by the fact that the International Energy Agency predicts that 50% of the corresponding growth in oil demand will be generated by petrochemical production. Much of the affinity that oil company executives have for petrochemicals is because the steady, rateable revenues generated by the likes of plastic, provide a natural hedge against the crazy volatility provided by commoditised transport fuels. This

has never been more true than today, where low oil prices are being offset by booming demand for single use plastics – be that for medical PPE, hand sanitisers or new "Covid-safe" workspaces. Remember also that low oil prices are good news for petrochemical refiners, because low feedstock costs (cheap oil) means higher sales margins on the end-product.

On top of all these very positive commercial factors, the petrochemical sector has the added benefit of being at the greener end of the oil industry. Granted, that may be difficult to believe when you drive up the A19 past Middlesbrough, and CO2 is of course emitted in the production of petrochemicals.

**PETROCHEMICALS  
ARE VIRTUOSO MULTI-  
INSTRUMENTALISTS THAT  
CAN TURN THEIR HAND  
TO ANYTHING.**

But once the products are produced, they become "permanent", rather than simply being combusted, as is the case with transport fuels. The result means there is no double-whammy effect of duplicated CO2 emissions and furthermore, it is infinitely easier to limit, re-use or sequester gaseous discharges from a refinery, than it is to control emissions from individual transport vehicles.

All of this explains why the chemicals industry (up until now including BP) are currently investing around \$50bn annually into capacity upgrades. Compare this to the current moribund investment levels for oil exploration or look at the likes of Saudi Aramco, who have splashed a whopping \$70bn on SABIC (a huge and sprawling Saudi chemicals corporation), in an attempt to diversify away from their bog-standard crude oil operations. This massive investment has also been (almost) matched by the Abu Dhabi National Oil Company – another

oil producer looking to diversify – who has just invested \$45bn into its own petrochemical expansion.

**50% OF THE  
CORRESPONDING  
GROWTH IN OIL DEMAND  
WILL BE GENERATED  
BY PETROCHEMICAL  
PRODUCTION**

Why then has BP decided to sell a very profitable part of its portfolio, with (some) green credentials and operating in a buoyant marketplace? The official line is that BP Chemicals was not sufficiently integrated into the rest of BP, whilst those of a cynical nature believe that because of low oil prices, BP needed a cash boost to support their balance sheet. There may be some truth in both these suggestions, although BP has faced enough crises in its time to weather this particular storm, and as for non-integrated parts of the business, that's hardly unusual for a global oil major. What seems most likely is that new BP CEO Bernard Looney (wanting to make his mark?) concluded that with profits and product demand high, there wouldn't be a better time to sell the petrochemicals division and that potential suitors would be happy to pay top dollar. If that is the case, then it looks like we have quite a wheeler-dealer sitting at the top of the oil industry. What will be next?

For more pricing  
information,  
see page 22

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# TSA Annual Review 2020

PETER DAVIDSON, EXECUTIVE DIRECTOR OF THE TANK STORAGE ASSOCIATION (TSA), SPEAKS WITH FUEL OIL NEWS CONTENT EDITOR STEPHANIE SAMUEL, ABOUT THE TSA'S ANNUAL REVIEW AND THE IMPORTANCE OF A FLEXIBLE SUPPLY CHAIN DURING CHALLENGING TIMES.

The tank storage sector is essential to maintaining day-to-day life, providing the critical link in the transportation system for liquid products, from foodstuffs and animal feeds, to fuels and chemicals. As much as any other sector, bulk liquid storage has also felt the impact of the coronavirus (COVID-19).

Peter Davidson commented;

“During this challenging time, the industry and associated logistics have continued to work tirelessly to keep critical infrastructure operating. Against a background of increased demand for petroleum storage globally and a decline in oil demand due to the COVID-19 pandemic, the critical importance of bulk liquid storage terminals in responding to market fluctuations and in improving the flexibility of the entire supply chain has undoubtedly come to the fore. The current crisis has not only highlighted the extent to which the economy we live in is global, but the need to ensure the flexibility and resilience of the supply chain while prioritising safety.”

Now with lockdown easing, oil demand is slowly increasing. In terms of the wider sector and more generally, government figures indicate that average road fuel sales per filling station are currently at around 75% of a typical week before lockdown. But the picture has not looked so positive over the past few months, and the importance of keeping infrastructure in operation has been paramount, something that this year's TSA Annual Review has kept in focus. The review contains key data and information on terminals, process safety and occupational health and safety as well as on the industry's significant contribution to the UK economy.

## A vital sector

The UK bulk liquid storage industry generated £3 billion in revenue in 2019 and planned investment over the next five years is estimated at £607 million. Across 293 terminals in the UK and Ireland, with 10,248,395 m<sup>3</sup> of storage capacity, the sector employs around 4,000 highly skilled people and through its skills base, training and technological expertise, the sector continues to work efficiently, effectively and safely.



A large part of the storage capacity (~9.3 million m<sup>3</sup>) is for oil and its derivatives, with chemicals having the second largest storage capacity with ~668,000m<sup>3</sup>. In 2019 the sector had an aggregated throughput of just under 70 million tonnes.

Peter Davidson added;

“The tank storage sector continued to maintain very high standards of occupational safety during 2019, remaining one of the safest industries in the UK with proportionally fewer injuries than almost all other sectors. Process safety standards also continue to be very high, with only one significant loss of containment, and two tier 2 events when measured against the API RP 754 reporting standard. TSA leads and contributes to a number of external safety working groups and is currently developing a suite of terminal specific indicators that cover receipt, storage, processing and export of bulk liquids.”

## A special look ahead

This is the fifth edition of the Annual Review, also features a special section on the sector's vision for the future. Earlier in 2020, the TSA published a report titled *‘Enabling the energy transition: the role of the bulk liquid storage sector’* highlighting the key role for the bulk liquid storage sector and associated logistics in the energy transition and in supporting the achievement of the UK's decarbonisation targets. Peter Davidson elaborates;

“TSA member companies continue to invest in terminal infrastructure, with planned investment over the next five years estimated at around £607 million. The sector invests heavily in latest technology and innovations, and employs highly trained, specialised personnel in order to meet ongoing safety and environmental standards.

“Looking ahead, and as we move towards the next phase of the energy transition, significant investment and planning not only in infrastructure, but on innovation and knowledge as critical inputs for change, will be required to meet the UK's decarbonisation targets. It is therefore critical that investors have confidence in the policy and legislative framework in place. This, for our sector, means working in partnership with government to help reach solutions that meet policy objectives as well as ensuring that all policies are developed on a timescale that engenders investor confidence thus avoiding delays caused by the lack of transitional infrastructure.”

The review reinforces the message that the bulk liquid storage sector is well positioned to meet challenges ahead and accommodate the wide range of alternative energy sources that may be needed in the future. It also highlights a number of recommendations setting out the sector's essential considerations as we move towards the next phase of the transition.

# The implications of long-term oil storage

THE YEAR 2020 WILL BE CITED IN HISTORY BOOKS FOR DECADES TO COME. THE CORONAVIRUS PANDEMIC PLACED THE WORLD INTO LOCKDOWN AND RESULTED IN THE MOST DRAMATIC OIL PRICE CRASH SINCE 1991. WITH MANY CUSTOMERS TAKING THE OPPORTUNITY TO FILL THEIR TANKS FOR SIGNIFICANTLY LESS THAN THEY WILL HAVE PAID PREVIOUSLY, WE LOOK AT THE IMPLICATIONS FOR SAFETY AND QUALITY OF STORING LARGER QUANTITIES OF FUEL FOR LONGER PERIODS.

While many end users benefited from the price crash, others chose to panic buy before the price reached its lowest point bringing complaints from some customers, as the price became much cheaper than when they had filled their tanks.

Managing director of Marsh Fuels, Carrie Marsh gives insight into how this affected the company;

“As you probably know, we experienced a raft of panic buying as lockdown arrived in March and it was crazy trying to keep up with supply. We had to introduce rationing of 500 litres per household and that allowed us to not let anybody down. Then came the price drop.”

## Consideration of consequences

Ben Duckworth, marketing director of Craggs Energy Ltd has also seen an unusual buying pattern which he attributes to the extremely attractive oil prices and is keen to highlight the potential unwelcome consequences that could occur as a result of the increased storage.

“It is unusual for us to see as many customers filling their tanks to maximum capacity as we have during these times of record low prices. As tanks are put under this additional strain, we would urge customers to ensure their tank is not the forgotten part in all this.

“We regard a properly maintained tank as key to minimising the risks associated with using and storing volumes of fuel and are proud to be officially OFTEC (Oil Firing Technical Association) accredited for tank inspections and installations.”

Many distributors also had to consider the possibility of their own storage tanks being fuller for longer due to the change in buying patterns.

In order to ensure that its own stocks weren't being stored for too long, Carrie said;



“We continued our usual FIFO method of loading to avoid old lingering stock that could become susceptible to contamination from standing or bacterial growth. Luckily, we still service our core customer base readily, which keeps stocks moving.

“We are having our own storage tanks cleaned and tested this year, so are very aware of the importance of regular testing and maintenance for both longevity of the tanks, but also to avoid any failure that might become an environmental issue. We have always prided ourselves on a clean and tidy yard and take the philosophy that if we look after our equipment, it will look after us.”

Carrie also highlighted that quality, trusted distributors would naturally leave room for expansion of the oil during the warm summer months, meaning that customers would not have to worry about overflow.

## The impact of leaks is significant

Helen Wakeham, deputy director of Water

Quality for the Environment Agency added;

“With people storing more oil than normal over the summer months, the risk of leaks is ever greater, and the danger these pose to the environment and wildlife must not be underestimated.”

Even for customers unable to take advantage of the low prices, tanks are usually fuller than normal through the summer months. Distributors are well-placed to inform and advise customers on the importance of avoiding leaks or spillages as well as the potential for bacterial growth.

Ben explained the emphasis that Craggs places on tank awareness;

“One of the biggest risks in any oil system is leakage of fuel so it is important that tanks are regularly checked. When you consider the potential cost of lost fuel, emergency tank replacement and the possible cost of environmental damage to the customer's property as well as surrounding properties we believe it is our duty to raise these



considerations with our customers.”

Ben continues;

“As well as checking the tank externally for signs of wear and tear or cracks and unsafe siting or an inadequate base, Craggs offers a fuel testing service which will identify whether the quality of the fuel is being compromised. If water has found its way into the tank through cracks, open lids or even through condensation forming with changing temperatures it can react with the stored fuel to form a sludge at the base of the tank.

“Once the fuel starts being used again this sludge will eventually be drawn out of the tank along with the fuel. For agricultural customers this can result in blocked filters and unusable machinery and for domestic users, expensive damage to boiler parts. With fuel that has been stored for any length of time prevention is infinitely preferable to the costly consequences.”

Marsh Fuels is also taking steps to advise customers on safe storage, after a recent fire in a nearby village which occurred when someone lit a bonfire near to their neighbour’s fence on the other side of which was an oil tank. The oil tank subsequently caught fire, putting both households at serious risk.

### A vital focus on integrity and quality

When it comes to the larger scale storage of commercial customers many of the considerations are similar in terms of both the integrity of the storage containers as well as the quality of the fuel. When this fuel may be

stored for essential services such as hospital generators, it is vital that it can be relied on when needed.

Those who use fuel in significant quantities or for whom fuel is a critical asset, are exactly those who LCM Environmental (part of Craggs Environmental Ltd) is keen to assist in avoiding such problems.

Paul Rava, operations director of the business who has been offering fuel management services for just short of 30 years, explains;

“Where fuel is stored in quantity for long periods of time, often as a back up to essential services, it is vital the supply is there when needed. Whether above or below ground regular tank testing and, when required, maintenance is the only way to ensure tank integrity and fuel sampling is essential to ensure consistent fuel quality.”

### Storage facilities benefit from flexibility

According to the Tank Storage Association’s Annual Report, facing longer-term storage earlier in the year during lockdown had little negative impact, but instead, highlighted the importance of having a reactive and flexible supply chain.

The TSA’s executive director, Peter Davidson, said;

“The key point to make here is that terminal operators are very closely attuned to the needs of their customers and the importance of liquid storage terminals in responding to market fluctuations and in

improving the flexibility of the entire supply chain has truly come to the fore during this challenging time. TSA member companies have continued to operate safely throughout this period with careful planning.”

### Looking ahead

As oil prices become more stable, Carrie concludes;

“It feels ‘back to normal’ here at the moment both in terms of delivery to customers and supply. We hold our own storage tanks and review their careful management as we have done pre-Brexit October 19, C-19 etc of late so with the combination of well-maintained tanks, safe filling, careful supply planning and not being afraid to introduce rationing or similar if needed, I am confident for the remainder of 2020. And I could probably guarantee that the customers will still need urgent orders fulfilling the week before Christmas!”

While Ben also reports that the domestic side of the business has reduced now due to both summer and some “very full tanks”, Craggs is seeing a high level of demand from agricultural customers who are benefiting from both the warm and damp weather that we have been enjoying this year.

Given the sheer number of customers across all sectors including domestic, agriculture and commercial who stocked up on fuel when prices were at their lowest and the mild weather and reduced activity during lockdown, it is likely that a large volume of storage will continue for some time yet.

# The distributor of 2030

## – a look at opportunities to evolve and adapt

### An unavoidable prospect

One of the ‘bread and butter’ aspects of the oil distributor’s business is, and has for many years been, the supply of heating oil to off-grid customers. These are the homes, currently numbering circa 1.5 million, and commercial enterprises, currently 200,000-250,000 in number, who do not have access to the gas grid. The future prospects for this business will be substantially impacted by decarbonisation initiatives being pursued by the government on the one hand and the trade association for the main primary physical suppliers of heating oil (UKPIA), on the other.

In a policy statement on ‘Future heating in buildings’ released last year, the government set out plans to consult on regulatory options to phase out the installation of fossil fuel heating systems in off-gas grid buildings and to explore and test the different approaches to heat decarbonisation, for buildings both on and off the gas grid, particularly looking at the role of heat networks, heat pumps, hydrogen and biogas. It may be a year or so before the outcome of this consultation exercise is known.

In its ‘Future Vision’ published in July 2019, UKPIA stated a commitment to cease supply of heating oil to properties off the gas grid during the 2020s, when use of liquid fuels for space heating will fall to ‘very low levels’. The association does not envisage that a sustainable low-carbon liquid fuel will have a future role in the energy supply system outside of the transport sector (ground transport, as well as aviation and maritime sectors).

Further, there appears to have been a heightened focus and attention during the current Covid-19 pandemic, on the need for greater urgency in the development and adoption of renewable energy technologies; this is seen as not only essential to help accelerate the containment and decline of greenhouse gas emissions, but also to help create new employment opportunities in renewable energy projects for those expected to be displaced by the economic fall-out of the pandemic. The ‘decarbonisation’ agenda has clearly acquired an added momentum!

The challenges which this backdrop presents to oil distributors are clear and compelling. What changes does this suggest



to established business models? What diversification options should be considered over the next 10 years, to 2030?

### Opportunities for 2030

Oil distributors are endowed with unrivalled local knowledge, insights and understanding of the geographies in which they operate and of the customer portfolio to be serviced. Consequently, they are uniquely well-positioned to satisfy future energy / fuel requirements for space heating and agriculture, as well as transport (in its various guises) and broader mobility. Many evolved successfully from an earlier time when coal was the dominant energy source for heating- as coal merchants- so they are well accustomed and equipped to prepare for the challenges to be faced over the next 10 years.

*THERE IS LITTLE CERTAINTY AROUND HOW QUICKLY PETROLEUM KEROSENE COULD BE PHASED OUT AS THE PRINCIPAL HEATING FUEL FOR OFF-GRID PROPERTIES, BUT THERE IS CLEARLY A GROWING MOMENTUM TOWARDS PURSUIT OF LOWER CARBON ALTERNATIVES.*

We now contemplate a few of the opportunities which the distributor may consider as possible avenues for diversification away from the supply of oil products. This is far from exhaustive nor necessarily appropriate nor, indeed, feasible, for all distributors, but hopefully gives a flavour of some of the possibilities. The avenues highlighted focus primarily on those which provide ready access to an existing or known portfolio of customers i.e. existing users of refined petroleum products.

- **Power supply.** The electrification of both transport / mobility and heating will create materially rising demand. The opportunity to participate will be enhanced by increased deployment of distributed energy / power systems (compared with the traditional centralised generation and transmission model) as power sources become more dispersed/localised.
- **Hydrogen supply.** This gas, particularly in its ‘green’ variant, is attracting greatly increased attention and interest as an important solution in the decarbonisation agenda with applications in energy storage and power generation, as a heating fuel, for use in certain industrial processes and for transport/ mobility.
- **Supply, installation and maintenance of heat pumps.** While the rate of take-up is still comparatively modest, this technology is

and will continue to be, strongly promoted by government as one of the favoured solutions to heat decarbonisation in both commercial and residential buildings.

- **Solar energy.** Both through supply and installation of solar panels and possible participation in small scale solar power plant projects.
- **Agricultural/animal feeds and crop fertiliser supply.** As established fuel suppliers to the agricultural sector, these products could constitute a logical 'bolt-on'.
- **Improved energy efficiency and insulation standards in buildings.** Through its 'heat in buildings' initiative, the government is keen to promote improved energy efficiency and insulation standards. With the UK having amongst the poorest across Europe, this will be a major undertaking over a not inconsiderable period of time. Distributors have the opportunity to play an important role through such things as the supply of appropriate materials, enhancement measures and advisory services.
- **Renewable fuels.** The Scandinavian refiners, Neste and Preem, are well established in the development and production of renewable




fuels from their existing refineries, using non-petroleum sources; Total in France and ENI in Italy have converted existing oil refining facilities to biorefineries producing a range of renewable fuels from sustainable vegetable oils and waste (e.g. UCO). There will surely be encouragement for a UK refinery/refineries to develop renewable formulations (low carbon liquid fuels) as drop-in fuels for the transport sector, providing a niche opportunity for oil distributors to exploit.

- **Commercial/agricultural diesel/gasoil.** While it is hard to gauge the future trajectory of demand for these products, it is almost certain that there will be a continuing requirement to supply diesel to commercial users and gasoil for the agricultural sector and inland/coastal marine bunkers.


There is little certainty around how quickly petroleum kerosene could be phased out as the principal heating fuel for off-grid properties, but there is clearly a growing momentum towards pursuit of lower carbon alternatives. This creates a clear challenge to evolve and adapt to the likely 'future state' but, with established customer portfolios, oil distributors are well placed to prepare for the various challenges of evolution and adaptation. The opportunities considered above hopefully provide some 'food for thought' in this regard.

If you have already started down a diversification route or are considering one of the options highlighted above or, indeed, another one not covered, it would be good to hear from you regarding your thoughts and experiences. Please get in touch with [stephanie@fueloilnews.co.uk](mailto:stephanie@fueloilnews.co.uk).



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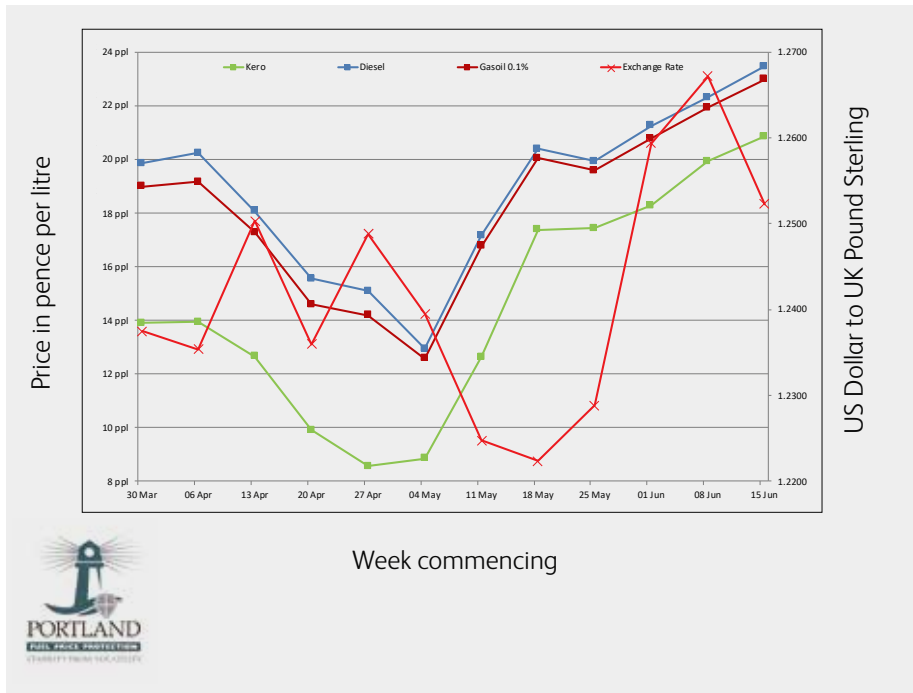
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## Wholesale Price Movements: 19th June 2020 – 18th July 2020

	Kerosene	Diesel	Gasoil 0.1%
Average price	21.92	24.91	24.31
Average daily change	0.27	0.28	0.28
Current duty	0.00	57.95	11.14
Total	21.92	82.86	35.45

All prices in pence per litre



Highest price <b>22.76 ppl</b> Fri 19 Jun 20	Biggest up day <b>+1.05 ppl</b> Fri 19 Jun 200
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<b>Kerosene</b>	
Lowest price <b>20.75 ppl</b> Fri 26 Jun 20	Biggest down day <b>-1.45 ppl</b> Wed 24 Jun 20

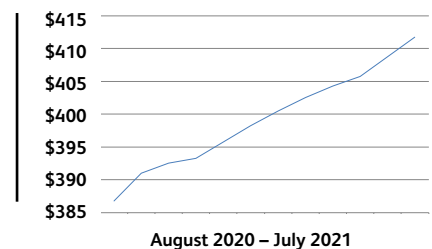
Highest price <b>25.73 ppl</b> Mon 06 Jul 20	Biggest up day <b>+0.92 ppl</b> Fri 19 Jun 20
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<b>Diesel</b>	
Lowest price <b>23.68 ppl</b> Fri 26 Jun 20	Biggest down day <b>-1.41 ppl</b> Wed 24 Jun 20

Highest price <b>25.19 ppl</b> Mon 06 Jul 20	Biggest up day <b>+0.85 ppl</b> Fri 19 Jun 20
--	---

<b>Gasoil 0.1%</b>	
Lowest price <b>23.68 ppl</b> Fri 26 Jun 20	Biggest down day <b>-1.33 ppl</b> Wed 24 Jun 20

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	24.73	39.13	87.04	28.19	41.81	90.45
North East	23.68	37.76	86.12	28.39	40.23	88.62
North West	25.25	40.36	88.51	28.61	42.72	90.76
Midlands	23.75	38.29	86.58	26.94	40.73	89.30
South East	23.85	38.25	86.56	30.44	42.50	88.92
South West	24.20	38.09	86.40	28.48	40.52	88.55
Northern Ireland	24.31	39.46	n/a	27.48	42.48	n/a
Republic of Ireland	38.07	44.89	87.98	41.62	47.54	90.77
Portland	22.06	35.81	83.27			

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 <https://portland-fuel.co.uk/pricing>.

WELCOME TO OUR SPECIAL MONTHLY FEATURE. WITH THE DEFINITION OF 'IN PROFILE' BEING 'TO SEE FROM THE SIDE' WE HOPE YOU ENJOY THIS OPPORTUNITY TO 'MEET' AN INDUSTRY FIGURE AND DISCOVER ANOTHER SIDE TO THEM BEYOND THE WELL-KNOWN FACTS.

HERE, WE SPEAK WITH CHAIRMAN OF THE FUEL TRADING COMPANY AND CHIEF EXECUTIVE OF SOUTHERN COUNTIES GLASS, **NEIL DONALD**, AND LEARN HOW HIS PASSION FOR GETTING THE BEST OUT OF HIMSELF AND OTHER IS INTEGRAL TO ALL HE UNDERTAKES.

## "HONOUR YOUR DEBTS, VALUE YOUR SUPPLIERS, AND STICK TO YOUR WORD"

**NEIL DONALD**

### Give your career history in 25 words or less

Engineering, ACAS, General Manager FT print works, grew and developed fuel and non-fuel businesses since 1984

### Describe yourself in 3 words

Enjoy tough challenges

### What were your early ambitions?

Be as good as my father

### Describe your dream job (if you weren't doing this)

Being a competent, caring, honest and objective Prime Minister

### What's the best business advice you've ever received?

Don't be a dictator, talk and listen to all those that you work with, and encourage constructive criticism and debate from and with them

### Share your top tips for business success

Work hard, attend to detail, don't rely on banks, honour your debts, value your suppliers, and stick to your word

### What's your most recent business achievement of note?

Seeing over the past 10 years a strategic change in Southern Counties Glass' business development and success in specialist glass products and services

### Tell us your greatest fear

Currently my worst fear is having to reduce staff numbers in the current economic maelstrom, which if this transpires will be through no fault of their own. In addition, the stupidity of exiting the EU, and the consequences from this, particularly Johnson failing to conclude a trade deal with the EU.

### Which is most important – ambition or talent?

Talent, and discovering and developing this in individuals

### What's the best thing about your job?

Seeing colleagues enjoying their time at work

### Is there a quality that you most admire?

Honesty and straightforwardness

### What are you most likely to say?

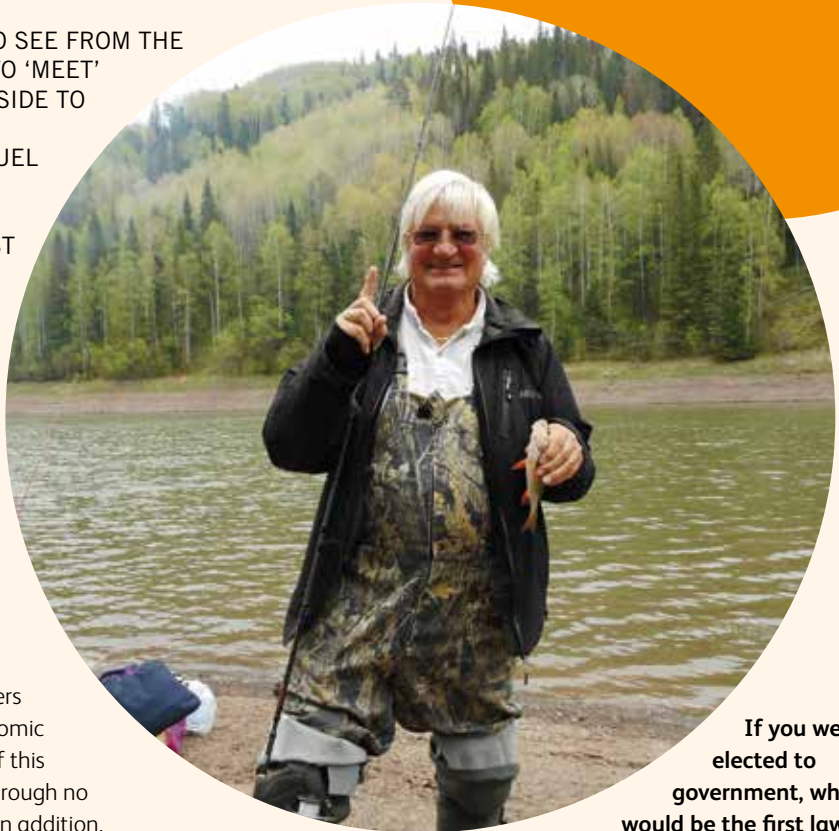
Good decision

### What are you least likely to say?

You're fired

### Describe your perfect day

Good cup of coffee, getting e mail correspondence up to date, going fishing, socialising with a drink and meal with friends.



Neil with his catch of the day on the Krasnoyarsk Sea in Siberia. He tells us that the 'sea' is actually a huge lake fed by a number of rivers – the largest being the Yenisei – and resulted from the construction of a hydro dam which was finished in 1972.

### Do you have a favourite sports team?

Scotland rugby team [and a return to ongoing success], and Brighton and Hove Albion.

### What's the biggest challenge of our time?

Eliminating poverty

### Share your greatest personal achievement

Developing and selling good businesses, knowing the purchasers will find difficulty in making them even better

### What's your pet hate or biggest irritant?

Incompetent politicians with no understanding of real life. To quote Alan Hardacre [in a discussion I had with the then Secretary of the Football League in 1974] "if their brains were atom bombs they couldn't blow that piece of paper off this table"

### If you were elected to government, what would be the first law

#### you'd press for?

Allowing local authorities to build modern council houses at a fair rent, abolishing the right to buy such properties unless at current market value, and bringing water supply back into public ownership

### If your 20-year-old self saw you now, what would they think?

Jeez, you've gone grey

### What is number 1 on your bucket list?

Sailing a catamaran in the Grenadines with family and friends

### What 3 things would you take to a desert island?

Fishing equipment, a continuously charged satellite phone, and a fully functional and equipped boat

### Tell us something about you that people would be very surprised by

Labour Party member since 1971

### Who would you most like to ask these questions of?

Vladimir Putin

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