Fuel Oil News

MARCH 2020

IRISH FOCUS

RETAIL FUELS

HGV CHALLENGES

Your industry needs you!

Winter is never without its challenges, but this year the scope and depth of the challenges faced does seem to be growing ever longer…

Along with the persistent rain, several named storms and literally hundreds of flood warnings, disruptive snowfall is apparently on its way as I write.

Add to this the threat of post Brexit staffing issues in some sectors of the industry, and the increasing impact of coronavirus – even last month's IP Week '*had to play second fiddle to Covid 19*' which saw a substantial reduction in the numbers attending. See page 9.

On a happier note, OFTEC, which was very pleased to have the chance to talk biofuels at Westminster last month, was also mindful of the fact that the oil heating industry is still '*fighting against the force of received opinion and people who think they already know the answer*' when it comes to the UK's energy needs. See page 4.

As our reliance on technology grows ever greater, it remains increasingly important to ensure that the industry still retains its basic technical know-how, something for which it has long been repected.

As for FAME, it certainly got this winter's many challenges off to a flying start; disappointingly for affected customers; answers to their questions about the issues arising remained somewhat elusive.

As one industry participant remarked recently: '*For an industry that is fighting for its long-term future, the need to be both knowledgeable about and on top of any problem experienced by a customer will only grow ever more crucial*'.

For the many in this industry who continue to provide an excellent service to customers still heavily reliant on fuel and in particular to those fuel distributors most affected by inclement weather events, keep up the good work – your industry most certainly needs you!

Fuel Oil News

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

On the cover

Ferguson Fuels is a third generation family business working across both Northern Ireland and the Republic.

Speaking to Irish correspondent Aine Faherty, Edward and Patsy Ferguson junior talk tankers, investments and industry issues. See page 12

In this issue

This month has a strong Irish focus looking both forwards and back in time at the the country's fuel distribution industry.

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A pivotal year for oil heating

Following OFTEC's attendance at last month's All-Party Parliamentary Group's winter reception for renewable and sustainable energy at Westminster, Fuel Oil News spoke with Malcolm Farrow, OFTEC's head of communications, to gauge feelings and reactions to the use of liquid fuels, including any hints as to inclusion in the government's longer term energy plans.

"With Kwasi Kwarteng, minister of state at the Department of Business, Energy and Industrial Strategy, in attendance this was a well-planned event in a packed room," said Malcolm.

'GOVERNMENT MUST NOT LOSE SIGHT OF THE FACT THAT NO HEATING TECHNOLOGY IS EITHER THE PERFECT SOLUTION OR WITHOUT CHALLENGES'

"This very useful event not only enabled us to raise the profile of biofuels, it also gave us the chance to make friends among attendees and to gain support. Biofuel is now backed by solid research, detailed information and analysis. Progress is being made with the industry serious about delivering on its plans.

"After a brief pitch on priorities, environment and motivation for change by new MPs and the minister, we found MPs interested in and supportive of what we had to say about the role of biofuels, with academia representatives being openminded on biofuels.

The need to respond to the off-grid heating consultation

"Whilst I do feel we're broadly heading in the right direction, I would urge all those in the industry to share their opinions once the long anticipated off-grid heating consultation is published, which we hear will be no later than Q3. It's vital that all industry participants and stakeholders take this opportunity to respond positively.

"It was really good to have this opportunity to get our biofuels message out to a wider audience, particularly as our industry faces stiff competition from many other competing technologies. We certainly expect the gas industry to put up a strong fight for bio LPG which can easily be retrofitted into off-grid homes. Compared with other technologies that are already available, we're playing catch-up – so this really is the year when we need to win the argument!

"We're also fighting against the force of received opinion and people who think they already know the answer. There's some uphill climbing to do but government must not lose sight of the fact that no heating technology is either the perfect solution or without challenges.

"WE'RE ALSO FIGHTING AGAINST THE FORCE OF RECEIVED OPINION AND PEOPLE WHO THINK THEY ALREADY KNOW THE ANSWER"

"Whilst it's well-known that the gas grid can cope far better with the peaks and troughs in heating demand, the same cannot be said for the electricity grid, which would need a significant increase in capacity if it is to meet the additional demands of electric cars and heating by 2032.

Rather than picking technology winners, government should focus on setting clear emission targets. This will encourage innovation and competition, which is good for consumers, and I'm confident liquid fuel heating will then play a leading role."

"Once the long anticipated off-grid heating consultation (expected Q3) is published, it's vital that all industry participants and stakeholders take this opportunity to respond positively," says Malcolm Farrow

UKIFDA EXPO 2020 – 'reflecting the changing arena of the liquid fuels industry'

At the start of 2020, UKIFDA joined forces with OFTEC and The Tank Storage Association (TSA) to launch a future vision for liquid fuels '*Supply Chain Strategy for Liquid Fuels*'.

"This year's UKIFDA EXPO will importantly reflect the changing arena of the liquid fuels industry," said UKIFDA CEO, Guy Pulham.

"It's also only right that on its 40th anniversary, UKIFDA EXPO 2020 will combine all the successful elements from previous exhibitions with some first time exhibitors and keynote speakers designed to showcase the industry's hard work with regard to meeting carbon emission targets through the introduction of biofuels.

The strategy details the steps to be taken towards a supply chain transition capable of delivering 100% biofuel to replace heating oil in 1.5m homes across the UK and 686,000 homes across Ireland

"This year's exhibition has so much to offer exhibitors and visitors alike," added Dawn Shakespeare, membership and events manager.

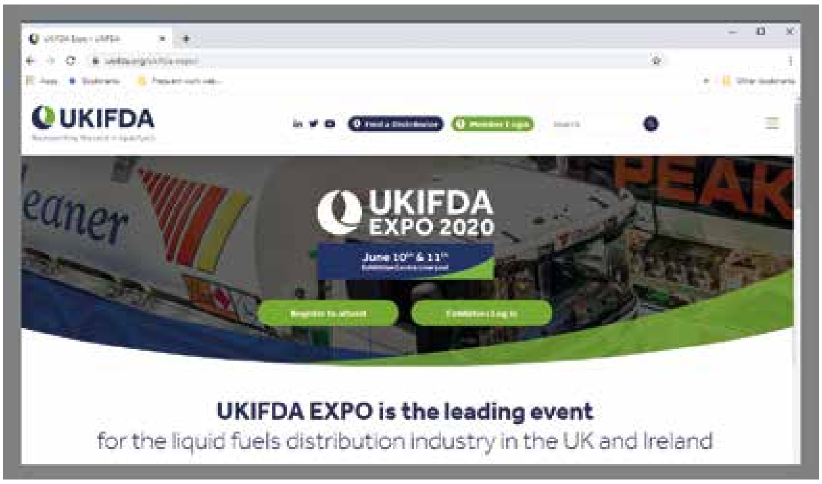
"From providing the opportunity to discover more about biofuels; the efforts to find solutions which will enable the off-grid energy sector to meet decarbonisation targets; to the keynote speakers who will be discussing the industry's most important topics, those attending will find much insight and interest at this year's exhibition."

Demonstrating their long-term commitment to this annual industry event, the headline sponsor is AON Credit Solutions.

Paul Martin, commercial director for Aon Credit Solutions said.

"We see great value in the EXPO, testament to the fact we've been exhibitors – as Acumen and Henderson for over 20 years now. We're keen to ensure UKIFDA members are assured of our continued commitment to providing insurance solutions to this ever-changing sector."

Representing the best in liquid fuels, check out the new UKIFDA EXPO website **https://ukifda.org/ukifda-expo/** where registration is now open for this special 40th anniversary event which takes place at the Liverpool Exhibition Centre on Wednesday 10th and Thursday 11th June.



News in brief

- The Department for Business, Energy and Industrial Strategy (BEIS) has awarded £13m to fund two world-first hydrogen projects led by the HyNet consortium in the North West. **Essar Oil UK**'s Stanlow refinery will be the site for the UK's first Low Carbon Hydrogen Plant.

- The **Phillips 66 Humber refinery** has received BEIS funding for a renewable hydrogen Gigastack project. Working in partnership with offshore wind company Ørsted, hydrogen producers ITM Power, the Gigastack project will allow the Phillips 66 site to utilise 'green hydrogen' produced from renewable energy in its operations and processes.

- '*UK refineries of the future will not only be able to cut emissions and protect high-skilled jobs but also increase the amount of low-carbon liquid fuels they produce as well, further supporting the UK's ambition to reach Net Zero by 2050*," said UKPIA director-general Stephen Marcos Jones.

- Aberdeen and the wider north east have a crucial role to play in the energy transition. Supporting Opportunity North East's ambition to create an **Energy Transition Zone**, PwC said: '*While oil and gas remain integral to meeting the world's energy needs, the introduction of an Energy Transition Zone will help the region secure a strong future built on renewable energy sources and carbon capture usage and storage (CCUS)*'.

- Confusion surrounding **diesel and clean air zones,** and ongoing weak consumer and business confidence continue to affect demand for new vehicles, says the Society of Motor Manufacturers and Traders (SMMT). Registrations of new diesel cars saw the weakest performance since 2000, with 19.8% market share, while petrol demand also declined by 9.5%.

- Having called for a 2ppl cut in road fuel duty the **Petrol Retailers' Association** was angered by a plan to increase fuel duty by 2ppl. The first budget of the new government will be delivered by Rishi Sunak on Wednesday 11th March.

- **Circle K** sees Norway as the laboratory for electric vehicle (EV) charging. "*Here we can understand how to become relevant to the EV driver and how to make a profitable business model out of it*," says Håkon Stiksrud, head of E-mobility. See also page 15.

Distributors as energy brokers

The Bayford Group, which celebrated its 100th anniversary last year, has always had energy at its core. Fuel Oil News readers will recall the sale of Bayford Oil to DCC Energy in 2009, a decision which at the time, '*left many in the industry reeling*'.

The Bayford Group, which returned to fuel distribution with Scottish distributor Oilfast in 2013, has now sold its shares to Campbell Brogan and Alan Tait.

Speaking to chief executive Jonathan Turner recently he said:

"Looking to the longevity of the Bayford Group, the focus needs to be on the next 30 years."

Never one to miss an opportunity, Jonathan's entrepreneurial focus is now firmly on energy's longer-term future. To this end Gulf Gas and Power was established in 2017 with '*a mission to become the go-to provider of great value, renewable and low carbon energy*'.

A new revenue stream for fuel oil distributors

Reading articles in *Fuel Oil News* about the need for fuel distributors to identify new revenue streams, Jonathan contacted editor Jane Raphael to share an idea which is already gaining momentum.

Acting as an energy broker, a fuel distributor who signs up business or domestic customers to Gulf Gas and Power's electricity supply receives a commission.

"As an additional non-competing revenue stream, this is a win-win situation for both concerned and clearly a national opportunity," explained Jonathan.

"Gulf Gas and Power may not be the cheapest electricity supplier – the company is currently ranked 4th cheapest – but its promise to deliver *100% renewable energy, 100% of the time* from wind, solar or hydro, does resonate with those keen to do their bit for the environment.

"We are all in the midst of an industrial revolution, driven by technology, governments and grandchildren. Much change is ahead which cannot be ignored, and we all need to grab opportunities."

Expansion

Gulf Gas and Power, which currently operates in the UK and Holland, is looking to expand further globally.

"We're using the profits within Bayford to assist with expansion," explained Jonathan.

"With just over £17m profit, the company had a record year in 2019 and this year we're heading for a better year."

UK reduces oil imports

Whilst the UK is the 12th biggest global importer of oil, over the past five years imports have reduced by over 10 million tonnes. According to Global Commodities, the UK now has the eighth-best oil reduction rate in Europe,

A new interactive tool from **www.dailyfx.com/** which helps track the changes, also shows that having recently overtaken the USA as the world's biggest oil importer, China has increased its oil imports by 64% since 2013 with its import rates now six times those of the USA.

2018's top 10 global oil importers (billion kg)

1. China – 462
2. USA – 429
3. India – 226
4. Japan – 149
5. Republic of Korea – 148
6. Germany – 85
7. Netherlands – 69
8. Italy – 63
9. France – 54
10. Singapore – 51

"Renewable and environmentally-friendly fuel options are the future," said John Kicklighter, chief currency strategist at Daily FX.

"While the end of crude oil is still far off, there will be considerable changes in the world's top importers and exporters."

Explaining the benefits of HVO fuel

HVO fuel supplier, Crown Oil has published a free 16-page brochure which explains the fuel's environmental and performance features. The brochure looks at the reasons why businesses are making the switch from fossil diesel to a renewable and FAME-free paraffinic diesel fuel.

"Whether it's a farmer experiencing filter issues, a data centre manager concerned about the risk of contamination or an event organiser needing fuel for portable generators, HVO solves all of these issues," said Mark Andrews, director, Crown Oil.

With reduced greenhouse gas emissions, wide-ranging OEM approvals and significantly longer shelf life than mineral diesel, it's clear that HVO offers the best operational and environmental performance."

https://www.crownoil.co.uk/products/hvo-fuel-hydrotreated-vegetable-oil/

"It's clear that HVO offers the best operational and environmental performance," says Mark Andrews

PORTLAND MARKET REPORT

IP WEEK 2020 – PLAYING SECOND FIDDLE TO COVID 19 – AN EVEN MORE PRESSING ISSUE

March update

London's IP Week takes place each February and provides an unerringly accurate pulse of the oil sector, both from the numbers of attendees and the range of topics discussed. Back in 2013, when Portland first covered this event, it was arguably the high point for the global oil industry, with prices topping $100 per barrel, demand booming and the new shale technology dominating every conversation. Attendance was correspondingly huge, discussions upbeat and as our report documented, seemingly every nationality and oil related profession was present.

IP 2020 was always going to be different. In the run-up to the event, the mood music was already sounding rather downbeat, as it became clear that the scale and extent of entertainment would be trimmed down versus previous years. Traditional glitzy events from the likes of Saudi Aramco and the State Oil Company of the Azerbaijan Republic (SOCAR) would still go ahead, but the extravagance of yesteryear would be toned down and shock horror, events would be wrapped up early…. (yawn).

FEBRUARY SAW A 25% REDUCTION IN OIL SALES VERSUS JANUARY. OVERALL, TOTAL DEMAND FOR OIL HAS BEEN REDUCED SOMEWHERE BETWEEN 750,000 AND 1,000,000 BARRELS BPD

Was the scaling down of social activity reflective of the challenges facing the oil industry and an indication that the sector is now heading into a more sober and serious phase? The event does indeed play a significant part in collectivising industry thinking and it has historically been immune to many of the trials and tribulations facing the industry. Back in 2015 for example and following the massive price crashes of 2014, one IP Week speaker (a commercial director of an oil trading firm) famously opened his presentation by saying that "just because the product is worth a lot less, doesn't mean that we are moving any less of it about – or making any less money for that matter!" But this year such bravado was harder to find, as even the most thick-skinned oil-men (for they are invariably men) are increasingly aware of the social pressures that are now facing the industry.

In the same way that no single day passes without some form of discussion on climate change, so the official IP event programme was dominated by the same subject and more specifically, how the oil industry is to survive (and prosper?) in a world where its basic product is at the core of the problem. Of the 17 official conference presentations facilitated by the Energy Institute (the official hosts of the event), 12 of them focused on climate change and the transition to a low carbon economy. Of course, discussions around CO2 and climate change are nothing new and have been covered at previous events, but Portland would wager that never have they taken centre stage in this way.

However, for all the efforts of the Energy Institute to put climate change at the centre of the week's proceedings, it still had to play second fiddle to an even more pressing issue and that was Covid 19! IN the run-up to the event, a string of oil majors such as BP, Exxon-Mobil, Repsol and Chevron had already "boycotted" the event, for fears of spreading and/or contracting the Coronavirus. Major supporting players such as VOPAK and Bureau Veritas also did the same, whilst the likes of Shell, PetroChina and RWE allowed their staff to attend, but cancelled their own social receptions.

What the no-shows missed was plenty of talk around the short-term and long-term impact of the virus on oil prices and specifically, how it was affecting Chinese consumption. Getting accurate figures in this area is very difficult, such is the fluidity of the situation and of course the massaging of data that takes place within China (several conference speakers had obviously updated their presentations "on the hoof"). But the emerging picture was that there had been a 20% decrease in Chinese imports of oil and (based on PetroChina's own figures), February saw a 25% reduction in oil sales versus January. Overall, total demand for oil has been reduced somewhere between 750,000 and 1,000,000 barrels per day (just shy of 1% of global demand) and this in turn has inevitably pushed prices downwards, so that they now sit in the mid-$50 per barrel range.

IP WEEK PROGRAMME – 'DOMINATED BY HOW THE INDUSTRY IS TO SURVIVE (AND PROSPER?), IN A WORLD WHERE ITS BASIC PRODUCT IS AT THE CORE OF THE PROBLEM'

All of which gave this year's IP week a rather peculiar and low-key air, combining as it did the growing existential crisis facing the oil industry with the fashionably apocalyptic Coronavirus. Certainly, the hedonistic and gung-ho feel of the 2010s seemed to belong to a different age. Nonetheless, the idle late-night chat (be assured that some social events still went ahead…!) was around how the no-show from the oil majors was a bit lightweight and OTT. Thinking about it though, maybe that is being too harsh. Perhaps their staff were back in the office trying to work out how to deal with the short-term dip in Chinese demand, along with the longer-term challenge of ensuring that "Big Oil" is as prosperous in the future, as it has been in the past.

For more pricing information, see page 22

Portland Fuel Price Protection
www.portland-fuel-price-protection.com

Stepping up to the challenges

IF THE UK IS TO MEET ITS GREENHOUSE GAS TARGET, THE ENERGY TECHNOLOGIES INSTITUTE (ETI) STATES IN ITS ***HGVS AND THEIR ROLE IN A FUTURE ENERGY SYSTEM*** REPORT THAT BY 2050, TRANSPORT WILL NEED TO LOOK '*SIGNIFICANTLY DIFFERENT*' THAN IT DOES TODAY REPORTS JANE RAPHAEL AND STEPHANIE SAMUEL.
ETI'S HEAVY DUTY VEHICLE PROGRAMME AIMS TO CHALLENGE WHERE HEAVY-DUTY TRANSPORT AND THE HGV SECTOR CAN HELP THE UK MEET ITS CLIMATE CHANGE TARGETS. TO ACHIEVE THIS, ALL TRANSPORT SECTORS WILL BE REQUIRED TO CONTRIBUTE TO DECARBONISATION.

The question as to how the UK's logistics industry can protect itself and grow throughout the 21st century and beyond, is one that will be addressed at a Freight Transport Association (FTA) conference in May.

Taking place at the Farnborough International Conference Centre, the **Future Logistics** event will examine further issues which are set to challenge the industry.

The logistics industry has already seen medium and heavy-duty vehicles commit to reducing emissions of carbon monoxide, hydrocarbons, NOx, particulate matter, particle number and smoke for over the past 25 years with a more recent commitment to reducing CO2 also.

CNG Fuels plans to become the UK's first supplier of carbon neutral fuels for HGVs

Heavy duty electric

With the introduction of Clean Air Zones (CAZs) which requires freight operators '*to step up to the low emission challenges*', much of the focus is now on city transport. At last year's **Freight in the City Expo** Volvo showcased electric trucks and autonomous vehicles with Vera making its debut. Designed for regular repetitive tasks over short distances, Vera is controlled via a central hub which monitors parameters such as vehicle location, load and battery charge.

"We see great potential for heavy-duty electric trucks for regional transport and construction in the longer term," said Roger Alm, president of Volvo Trucks.

"With our concept trucks, we aim to explore and demonstrate different solutions for the future while evaluating the level of interest in the market and in society.

"To increase demand for electrified trucks, the charging infrastructure needs to be rapidly expanded, while stronger financial incentives must be created for hauliers who act as pioneers by choosing new vehicles with a lower environmental and climate footprint."

Strategic moves, greater cost

As ETI emphasised in the aforementioned report, expanding charging infrastructures to decarbonise the UK's energy system is likely to come at a greater cost to transportation as a result of more expensive technologies.

Nevertheless, companies with deeper pockets are embracing the increased costs with **XPO Logistics** committed to reducing its urban logistics' carbon footprint in line with goals set by major European cities.

A significant investment has been made in French operations with the purchase of 100 Stralis Natural Power Euro VI tractors from IVECO. These tractors use a combination of **LNG** and **CNG** to generate lower NOx emissions than the Euro VI standard and, similarly to Volvo's electric trucks, the trucks

Volvo's Vera made its debut at last year's Freight in the City Expo

Tractors from IVECO use a combination of LNG and CNG, generating lower NOx emissions than the EURO VI standard

also reduce noise pollution.

"Our ongoing investments in alternative fuel technologies are an important part of our strategy as a sustainable business," said Troy Cooper, president of XPO Logistics.

Where there's muck there's fuel

With the inevitability of costs increasing, some companies are looking at ways to recycle waste as a renewable fuel source.

Having tried and tested the ability of trucks running on renewable resources, **CNG Fuels** plans to become the UK's first supplier of carbon neutral fuels for HGVs, using manure to help fleet operators achieve net zero emissions. The company is also looking at how best to accommodate low carbon hydrogen and battery electric technologies for HGVs.

"Renewable biomethane sourced from manure is currently the best low-carbon solution for HGVs," said Philip Fjeld, CEO of CNG Fuels.

Used as an HGV fuel, the GHG methane given off by manure prevents it from going into the atmosphere and reduces overall emissions. The EU's revised Renewable Energy Directive (RED II) recognises biomethane from manure as a carbon negative fuel.

CNG Fuels expects to begin offering carbon neutral biomethane from 2021 at the same price as the renewable fuel it currently supplies from food waste.

The need to address barriers and limitations

According to a recent FTA report, '*9 out of ten operators already using EVs are planning to expand their fleets within the next three years. However further expansion will require the government to urgently address the limitations which prevent wider adoption across the UK's fleet*'.

"While the survey shows there is incredible determination to create positive change across the logistics industry, it also identifies significant barriers that remain, preventing further uptake," commented Denise Beedell, FTA's policy manager for vans and urban.

"The report outlines fleet operators' frustrations with the limited vehicle-types available: 71% of respondents who decided against purchasing EVs cited this as the primary reason.

"For a number of years, FTA has urged manufacturers to progress the development of heavier EVs over 3.5 tonnes, as well as models such as tippers and pickups, and would like to see more definitive timelines from manufacturers as to when such vehicles will be available. In the meantime, FTA is asking government to recognise these limitations when implementing local and national policies on vehicle access.

"Operators also view grid capacity as a severe limitation to the ongoing shift to EVs; we believe they must not be expected to incur the cost of upgrading the electricity infrastructure." **fta.co.uk/evreport**

As a fuel oil distributor would you ever consider the use of an alternatively fuelled vehicle for deliveries?

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Third generation family business

Following in his father's footsteps by once again choosing Mercedes-Benz vehicles for the company's tanker fleet, Edward Ferguson, centre, is pictured with drivers Clark Hamilton and Conor Wilson

Situated close to the border of Counties Derry and Donegal, Ferguson Fuels has been operating across the region since Patsy Ferguson set up a fuel haulage business back in 1968.

Given its location, it's not surprising that Brexit could still pose a real issue, with the company presently left waiting and wondering about the impact this could have on its business operations.

Speaking to Irish correspondent Aine Faherty, Edward Ferguson said:

"Only time will tell what will happen and what difficulties or opportunities Brexit may bring."

Having run Ferguson Fuels with his brothers Patsy Junior and Seamus, the three brothers have now been joined by a third generation of the Ferguson family which includes a nephew and nieces. Like other family-run businesses, Ferguson Fuels has a team of people who care deeply about the company's success and its reputation.

Asked how he found working with the family, Edward said:

"It has its pros and cons but there are far more positives than negatives."

"All the family realise that for the sake of the business they must put the effort in and, at times, make sacrifices."

Ferguson Fuels, whose business operates with a 50/50 split between Northern Ireland and the Republic of Ireland, has a depot at Bridgend on the Inishowen Peninsula in Donegal, where just under half of its 40-strong team are based, and a head office depot in Derry/Londonderry city.

Environmental issues – making adjustments

Whilst environmental issues and their impact on the fuel business are of concern, no firm plans have been made to date.

"If there's a very strong push on environmental issues by the government, this will certainly have to change," said Edward.

"Coal has already been restricted in the city, and should people not be allowed to burn oil, that's when we will really have to be thinking about the future," said Edward who does not see this being in his lifetime.

Investments

Investing last year, Ferguson Fuels has already added three new vehicles to its fleet; although there are presently no plans to add more vehicles this year, this could be up for review at the end of the financial year.

The latest vehicles to arrive – a pair of Mercedes-Benz 4x2 Arocs 18-tonne rigids – were supplied by MBNI Truck & Van, with Road Tankers Armagh manufacturing the 13,000 litre tanks.

"Our father was convinced that Mercedes-Benz trucks were the best he could buy," said Patsy Ferguson junior.

"The company's experience over the past four decades has proved our father right. Our vehicles have always performed superbly – they've been consistently reliable, cost-effective to run and are well-liked by our drivers."

The new trucks have joined eight others which all deliver heating and fuel oil to domestic and commercial clients. The company also has two Atego 7.5-tonners to carry coal.

Rigids operate from both the Bridgend and Derry/Londonderry depots, with tractors based at Belfast Harbour to pull tank trailers and make bulk collections from the oil terminal.

Being fuel efficient is always the company's aim; trucks are maintained in-house with the company relying on the good services of MBNI Truck & Van and Road Tankers Armagh for the supply of parts, advice and technical support when needed.

Tackling issues

The installation of gas in areas of Derry city is a big issue as more households make the switch from oil heating. As a result, the industry has become far more competitive as fewer customers use oil.

Speaking last month, Ferguson Fuels, which watches the oil price very keenly, was pleased to report that oil prices were currently '*much more competitive with those of gas*' so good news for their business.

Although things naturally slow down over the summer months, the company has never had to lay anyone off.

"Our agricultural customers keep the business moving and then there's always the need to keep on top of the service and maintenance of our vehicles in readiness for the next winter season," added Edward.

Rekindling memories of times past

The problems with memory are these: as one's age increases, it fades...in addition to which it very often plays tricks.

These caveats having been entered, my reading of the January 2020 edition of *Fuel Oil News* and the inclusion in it of the very excellent Terminals & Storage Map 2020 rekindled my memories of times past.

This comprehensive, see-at-a-glance guide to oil industry installations across the British Isles and Ireland highlights all of the '*who is doing what and where*' information an interested oilman would need.

As an Irish reader with a bit of history in the industry, I found my eye being drawn to the entry relating to the Whitegate Refinery in Cork.

Early days at Whitegate

I was drawn back to the 1960s, to a period when I was but a fledgling employee on the staff of Caltex (Ireland), one of the lead shareholders in what was a shining example of foreign direct investment.

Those were the days when oil majors were even more proactive than they are today in marketing their brands and in promoting corporate and product values. There was a greater sense of competition as each company strained to be more creative and gain advantage over the others.

It was a time when motorists drove around with 'tigers in their tank' and homes glowed to the warmth of a paraffin oil heater, fuelled in many cases by the redoubtable 'Esso Blue Dealer' or, as he was more wittily known, 'the Esso Blee Dooler'.

I was a member of the six-strong advertising, sales promotion and public relations team assembled by our managing director, Dan Langan, a former rugby-playing Limerick man looked upon by many as the towering figure of the oil industry in Ireland at the time.

Leading us was our ebullient, cheerful and hugely-entertaining boss, the late Sean O'Shea and his back-up team of ex-Irish international winger, Maurice Mortell, Maureen Lenihan, Kevin Mullen, Ian Kavanagh and myself.

As the industry prepared itself for the opening of Whitegate, a grand ceremonial occasion was envisaged at which all key players would have a podium prominence.

Bringing in the first crude delivery

However, for practical organisational purposes, it was agreed that the honour of sailing the first delivery of crude oil into the refinery would fall to the company whose name, metaphorically speaking, was drawn out of the hat – a process from which Caltex emerged victorious.

As a consequence, our team was given the task of putting together a programme that would do justice to the occasion and uphold the image of the company, in the eyes of its directors and their counterparts in the USA, and its fellow operators (competitors) on the ground in Ireland.

While some might have viewed the assignment as something akin to a poison chalice, it was a truly inviting challenge of a kind and of a magnitude that would likely arise only once in a lifetime.

There followed an intensive planning phase, with lots of tic-tacking between management in Ireland and their bosses in USA, and between the company and its fellow refinery owners.

Like every plan, it came to fruition in a red carpet, gilt-edged opening-day event on which no money or effort was spared. In those days, Ireland was not the sophisticated, multi-cultural place it is today – on the contrary! Being an invited guest at such a grand event was something to be coveted and prized.

An occasion with much razzmatazz

It was an occasion on which Caltex had the freedom to display its creativity and event management prowess, with all of the grace, ceremony and razzmatazz one could muster. Included in arrangements was a specially chartered train from Dublin to Cork on which high-ranking government officials, media, industry and trade groupings, and others, travelled with silver service dining on board and menu cards printed on the finest parchments inside covers bound with crimson ribbon.

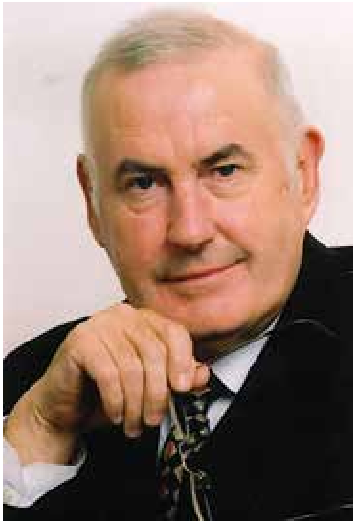
But if it had a highlight – a grand unveiling, so to speak – it was reflected in the agreement that it would be a Caltex oil carrier that would transport the first shipment of crude into Cork Harbour, a ceremonial honour that would be a focus for press attention and media coverage, nationally and internationally.

How proud and impressive the occasion was is something that can only be imagined. Built in 1952, and previously known as the 'Caltex Pakanbaru – 59', the vessel was spruced-up for the occasion and rechristened 'Caltex Whitegate'. As it edged its way up Cork Harbour to its discharge point at the refinery jetty; the band played and the flags fluttered while the delighted guests and onlookers applauded its arrival.

In 1967 – in the wake of subsequent ownership changes – the vessel was renamed 'Texaco Whitegate' and continued to operate under that name until March 1976 when it completed its last voyage to the breaker's yard in Troon.

In the history of Cork and the tiny village of Whitegate, and in the annals of the oil industry in Ireland, the opening of the Whitegate Oil Refinery was a red-letter day and a testament of sorts to Ireland's proud status as an independent state.

Now in the hands of international refining and marketing company, Irving Oil, the Whitegate refinery remains a key part of Ireland's oil distribution infrastructure and an important contributor to the economic welfare of Cork and Ireland's South-West region generally.



Born in Newry, Co. Down, Don Hall is founder of Dublin-based Hall Public Relations, the second oldest consultancy in Ireland. Having begun his career in the oil industry, he is proud to retain his connection to the industry through the company's work with Valero Energy (Ireland)

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Circle K – looking ahead

'Circle K is the largest provider of biofuels to the Irish market' **reports senior director of fuel, Jonathan Diver.**

"Circle K is Ireland's largest forecourt and convenience retailer as well as being its largest fuel importer and retailer," said Jonathan Diver, senior director of fuel.

"As a key stakeholder in the fuel, energy and convenience sector, we're committed to implementing environmentally sustainable practices across our operations and product ranges.

"This year we're probably looking at a marginal decrease in overall fuel volume," Jonathan told Irish correspondent, Aine Faherty.

"This can be attributed to a couple of factors – the first being the level of efficiency and economy in newer cars which ensures motorists get more kilometres per litre of fuel. This is extremely positive and aligns with the unique selling point of Circle K's own premium additised fuel product *miles*, designed to take motorists up to 3% further.

The second factor is the continued growth of hybrid cars, another positive development in reducing Ireland's carbon footprint.

"Circle K has always been at the forefront of innovation – we were the first to introduce premium additised fuel to the Irish market through *miles* and *miles*PLUS. At the core of our *miles* products are specialised fuel additives, developed by industry leading experts; they are proven to help customers reduce fuel consumption. We're extremely pleased with the performance of these fuels which demonstrate how Irish consumers are taking better care of their vehicles and, crucially, wanting to use fuel that's better for the environment.

Electric vehicles and CNG

Whilst Ireland's relationship with EV usage continues to evolve in line with targets set in the government's Climate Action Plan, there will still be a requirement for petrol and diesel for motorists.

"With significant EV advancements made, Circle K has the largest number of high-speed EV charge points across its network of service stations through its partnership with ESB. Circle K was also the first retailer to host a Tesla Supercharger in Ireland.

September 2019 saw the grand opening of Circle K's Athlone site on the M6 motorway in Co. Westmeath. The site's opening created over 30 new jobs in the locality

A strategic partnership with IONITY, Europe's high-power charging provider, has seen Circle K introduce Ireland's first 350kWh Superchargers at Cashel (M8), Gorey (M11), Athlone (M6), City North (M1), with two more set to be introduced in Kill North and Kill South.

"In line with our own expansion plans and consumer demand, we will continue to innovate and grow our EV network in support of the government's Climate Action Plan.

Last year Circle K opened Ireland's first fast-fill Compressed Natural Gas (CNG) refuelling station at Dublin Port, and this year plans to expand this network to four new locations. The new CNG stations will support Ireland's freight sector as it endeavours to reduce carbon emissions.

Biofuels

"Contributing to Ireland's renewable energy target, Circle K is the largest provider of biofuels to the Irish market. From an industry perspective the biofuels market is a challenge due to the need to implement further investment and monitoring in order to achieve the targets set. All EU countries are provided with a realistic target based on their country's infrastructure, for example, public transport and agriculture. The Irish market's 2020 target is 11%.

"With targets in excess of 20%, Scandinavian countries are currently leading the way. Having a strong presence in Scandinavia, Circle K is able to learn from what has been achieved and is introducing some initiatives to Ireland.

Forecourt developments

"Ireland's forecourt and convenience sector has certainly experienced significant change, with Circle K very much being at the forefront. For customers the experience and in-store offering are just as important as the fuel offering. Nowadays we're living busier lives with commuting numbers at an all-time high, making access and speed of service at service stations vital to the journey. We work hard to ensure the customer journey is easy with pay at pump at several locations.

"This year will see us continue to focus on implementing sustainable practices across our product range. We're committed to working with the Irish government and third parties to support the use of alternative fuels, taking a leadership position on a number of initiatives in support of this commitment."

A clear opportunity

"Ireland's fuel distribution industry is competitive, customer satisfaction is rated very high, with customers receiving a same day or next day service," writes David Blevings, director, Northern Ireland Oil Federation (NIOF).

"Over the past five years the sector has seen rapid change – more customers are now able to switch to natural gas with rationalisation reducing the number of fuel oil distributors. Profitability in the sector remains stubbornly low, whilst on the installation side oil may remain very popular, standards are at a very low level with cost conscious consumers, and installers, continuing to drive prices downwards.

"Given that oil continues to be a premier choice for home heat in Ireland, there remains a clear opportunity for liquid fuels," says David.

"Over 90% of off-grid homes in the Republic of Ireland are below BER C1 which makes them unsuitable for retrofitting to air source heat pumps (ASHP) which is the government's preferred option. Retrofits come with the need for significant investment and disruption with an older house costing up to €40,000 to upgrade to a suitable ASHP level and the story is similar in Northern Ireland."

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TOP 10

FUEL OIL DISTRIBUTORS: IRELAND

ROAD TANKERS ARMAGH

Republic of Ireland

Company	2020 tankers
East Cork Oil	182
Top Oil	120
Corrib Oil	110
Jones Oil	41
Valero Marketing	38
EMO ROI	37
Campus Oil	29
Glen Fuel Services	20
M&J Kelleher	20
Ultima Oil	17

Glen Fuels

Fuel Oil News respects the wishes of some fuel oil distributors who chose not to disclose figures.

LCC Oil Go ClickOil

Northern Ireland

Company	2020 tankers
LCC Oil	94
Bangor Fuels	32
Carlisle Fuels	28
AH Fuel Oils	25
Patterson Oil	22
Thompson Fuels	16
Morrow Fuels	16
WR Kennedy & Sons	12
P Ferguson & Sons	11

Based on 2010 figures Nicholl Fuels remains a key player in the Northern Ireland market.


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Inside Out

Developments and challenges in the UK's retail fuels sector

OVER THE PAST DECADE STABILITY IN SITE NUMBERS AND OVERALL FUELS' VOLUMES HAS BEEN A KEY FEATURE OF THE FORECOURT SECTOR. IN PARTICULAR, THE SHARP PROGRESSIVE DECLINE IN OUTLET NUMBERS WITNESSED OVER PRIOR DECADES HAS SLOWED MARKEDLY

1980 = 25,527
1990 = 19,465
2000 = 13,043
2010 = 8,892
2019 = 8,400

The sector's profile in 2019 is summarised in the table below:

Ownership	Outlet Numbers	Average Fuel volume (Million litres/year)	Market Share
SUPERMARKETS	1,588	10.2	**45%**
INDEPENDENT DEALERS	5,454	2.4	**37%**
OIL COMPANIES	1,358	4.9	**18%**

Source: Experian Catalist

- Leader by market share is **Tesco**, with around **16%**, followed in short order by **BP (15%)**, **Shell (14%)**, Esso **(12%)** and **Sainsbury's (10%)**.
- **Total forecourt fuel volumes** which have been around **36 billion litres** over the past 5 years, now comprise **55% diesel : 45% petrol**.
- Small declines in petrol over 2015-2018 seem to have reversed (+0.5%) last year; with **diesel demand**, which peaked in 2018, showing a modest **(1.5%) reduction** last year. As a percentage of the total new model sales, diesel cars have fallen from a peak of 48% in 2015 to 26% in 2019.
- There are currently **257 unmanned sites**, of which 159 are at Asda supermarkets. At 3% of the total network this is far below levels in mainland European countries e.g. Benelux (30-40%) and Scandinavia (50%+).
- Just under **90% of the forecourt network have shops** which retail **£4.1 bln/year** – equivalent to circa £550,000 per outlet.
- **Convenience-stores**, (C-stores) which account for 30% of the 'shop estate', generate the highest average turnover – **£1.1 mln/year** – which accounts for almost 60% of total forecourt shop sales.
- **Spar** is significantly the largest 'symbol group', represented at **15%** of outlets and accounting for 17% of shop sales.
- Just under **800 sites** (9%) have **no shop** with 189 (2%) having only a kiosk with 80% being independent dealer outlets.

Continued confidence and developments

While fuel margins have recently been buoyant, earnings from non-fuels' activities now comprise the lion's share of forecourt totals.

Continued confidence in the sector is evident from the 3% increase in average site value in 2019, according to the Barber Wardlow Property Value Index. This index shows a cumulative rise of 38% over the past 5 years.

Each of the past two years have seen the addition of just over 30 new build sites.

One of the sector's noteworthy developments in recent years has been the continued expansion of large dealer groups, defined as those with networks in excess of 100 sites. This is clearly illustrated in the tables below, which compare the position in 2015 with the current one.

2015		**CURRENT**	
GROUP	Site numbers	GROUP	Site numbers
Malthurst Retail Holdings (MRH)	463	**Motor Fuel Group (MFG)**	904
Motor Fuel Group (MFG)	385	**EuroGarages (EG)**	360
EuroGarages (EG)	354	**Rontec/Snax 24**	245
Rontec/Snax 24	214	**Applegreen (1)**	163
Co-op	146	**Co-op**	145
TOTAL	**1,562**	**TOTAL**	**1,817**

Note (1) Includes 35 Welcome Break MSA sites.

Collectively these sites now comprise 22% (18%) of the total UK site network, 33% (27%) of the independent dealer sites and supply circa 21% (18%) of overall forecourt fuel volumes (2015 figures are in brackets).

Continued from page 19

By far the largest consolidation in recent years was the **MFG** acquisition of **MRH**, then the largest group, acquired for a reported £1.2 bln in 2018. This transaction required CMA approval on condition that 38 sites were divested. This amalgamation, which created by far the biggest independent group, uses BP, Esso, JET, Shell and Texaco brands in its network as well as offering the Murco brand to dealers.

While considerably smaller in the UK, **EG Group** is one of the world's largest retail site operators with almost 5,500 outlets globally. This includes 3,221 filling stations in mainland Europe (Benelux, France, Germany and Italy); 540 sites in Australia following the acquisition of the Woolworth network in 2018 plus two C-store networks in the USA – Krogers (762 outlets) and Cumberland Farms (567 outlets). The UK network, which opened its first site in 2001, uses the BP, Esso and Shell brands.

Rontec was originally created in 2011 by Gerald Ronson to enable the acquisition of Total's UK retail & commercial fuels business. This included 488 owned/leased filling stations of which 254 were later sold to Shell. In 2015 Rontec was merged with Ronson's existing network, Snax 24; BP, Esso, Shell and Texaco brands are used.

In 2018 Dublin-based **Applegreen**, a new entrant to the Big 5 group, acquired a majority (51%) stake in MSA operator, **Welcome Break**. Outside the UK the company now has 199 sites in Ireland with 121 in the USA, a country were it has expanded in recent years. Using its own distinctive 'green apple' logo on sites, the company has an extensive C-store offering and owns 30 hotels in the UK.

The **Co-op** network is predominantly Texaco branded (115 sites). This is largely a legacy from its Somerfield supermarkets purchase in 2009, with the latter having acquired 140 Texaco sites back in 2005. Its own brand is also used on several outlets.

Consolidation in the sector is likely to continue, albeit on a reduced scale. With the major oil companies seeming to have completed site rationalisation programmes, the likelihood is that the groups above will acquire some of the smaller multiples and/or the singleton sites.

THE CHALLENGES OF ELECTRIFICATION AND WHERE WILL THIS LEAVE THE RETAIL FUELS SECTION?

Although sales of electric & plug-in hybrid vehicles only accounted for 1.6% of total vehicle sales last year, representing just over 0.5% of the total parc, the momentum behind electrification is expected to accelerate sharply in the coming years.

Not only being driven by the imperatives of addressing climate change, more immediately stringent EU CO2 emissions' targets on European vehicle manufacturers will fully kick in 2021. Failure to meet these targets, to which the UK will subscribe, will result in significant financial penalties.

By the end of 2019 there were **25,702 electric charging points** at 9,529 locations with 1,083 points on 441 devices located at 334 forecourts. Pressure to improve and expand the charging infrastructure has been growing and is expected to intensify.

With an ambitious target for the development of a public charging network, the government is promoting the concept of ***destination charging*** at supermarkets, hotels, gyms, car parks, etc. With this in mind, Tesco plans to install 2,400 charging points at 600 of its stores. The expectation is that eventually most charging will be done at home, in residential localities, streets and roads.

Clearly, retail fuels will have a key continuing role in ***en-route charging*** with both BP and Shell having ambitious plans for charging points on their networks. Later this year Shell plans to open its first all-electric charging outlet. This site, which is at Fulham in London, is being converted from a conventional fuelling site and is expected to have 10 charging stalls, each with 150 kW of max charging power.

Whilst the established 'modus vivendi' of the forecourt sector will probably not change markedly for another 10 or so years, it will no doubt be faced with static to gradually declining fossil fuel sales.

A major conundrum is how this will impact other forecourt revenue streams – shop/C-store/ car wash, etc and how closely these are correlated? This will largely be driven by factors such as location, local footfall and alternative provision.

The sector could have a major role in providing locations to supply alternative or e-fuels e.g. hydrogen or methanol. The key challenge will be to remain relevant by ensuring that it has/develops a sustainable business model.

Greenergy and BG Fuels

Greenergy International and BG Fuels, a leading Canadian gasoline and convenience retailer are to merge.

By combining Greenergy's supply chain expertise and growing independent dealer offer, and BG Fuels' national retail brand management and site operation capabilities, the merger will create economies of scale and provide the industry with greater choice and flexibility for fuel supply and retail branding.

BG Fuels, which will be integrated into Greenergy over the course of the year, will be led by Greenergy CEO, Christian Flach, with Joe Calderone, BG Fuels CEO, joining the board.

"Since entering the Canadian market in 2013, Greenergy has invested in strategic infrastructure in Ontario to deliver low-cost and resilient fuel supply to customers, and also introduced two new retail brands for the independent dealer market," explained Christian Flach.

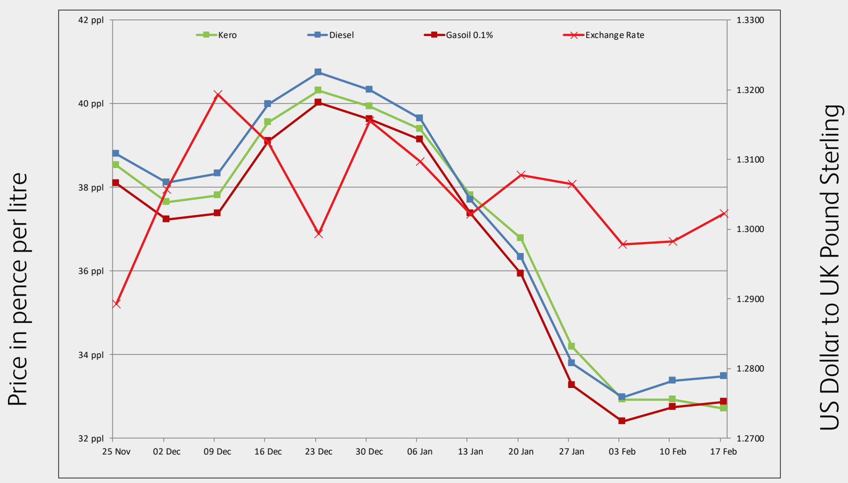
"The merger with BG Fuels, which has extensive retail experience and commitment to consumers, will allow us to extend our supply footprint and retail offer across Canada, enabling significant future growth. The experience and resources of both businesses will further strengthen our retail offer to the independent dealer market."

BG Fuels, which will be integrated into Greenergy over the course of the year, has national retail brand management and site operation capabilities creating economies of scale

Wholesale Price Movements: 19th January 2020 – 18th February 2020

	Kerosene	Diesel	Gasoil 0.1%
Average price	34.22	34.19	33.67
Average daily change	0.62	0.61	0.61
Current duty	0.00	57.95	11.14
Total	34.22	92.14	44.81

All prices in pence per litre



Week commencing

Kerosene

Highest price	Biggest up day
38.16 ppl	**+1.06 ppl**
Mon 20 Jan 20	Tue 28 Jan 20
Lowest price	**Biggest down day**
31.83 ppl	**-1.45 ppl**
Mon 03 Feb 20	Mon 27 Jan 20

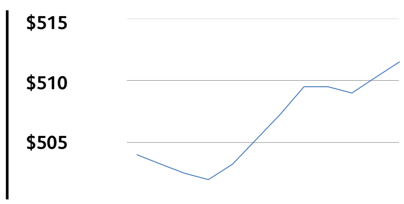
Diesel

Highest price	Biggest up day
37.93 ppl	**+1.00 ppl**
Mon 20 Jan 20	Wed 05 Feb 20
Lowest price	**Biggest down day**
31.86 ppl	**-1.41 ppl**
Mon 03 Feb 20	Mon 27 Jan 20

Gasoil 0.1%

Highest price	Biggest up day
37.48 ppl	**+1.05 ppl**
Mon 20 Jan 20	Wed 05 Feb 20
Lowest price	**Biggest down day**
31.28 ppl	**-1.51 ppl**
Mon 03 Feb 20	Mon 27 Jan 20

Gasoil forward price
in US$ per tonne



March 2020 – February 2021

The Fuel Oil News Price Totem

	Trade average buying prices			Average selling prices		
	Kerosene	Gasoil	ULSD	Kerosene	Gasoil	ULSD
Scotland	36.17	47.56	95.36	41.23	50.82	99.09
North East	35.12	46.19	94.44	42.10	49.21	97.18
North West	36.69	48.79	96.83	41.58	51.64	99.29
Midlands	35.19	46.72	94.90	39.91	49.70	97.88
South East	35.29	46.68	94.88	45.04	51.87	97.46
South West	35.64	46.52	94.72	41.95	49.48	97.08
Northern Ireland	35.75	47.89	n/a	40.41	51.56	n/a
Republic of Ireland	49.51	53.32	96.30	54.12	56.47	99.35
Portland	33.50	44.24	91.59			

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.

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