

Fuel Oil News

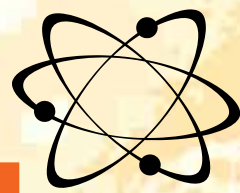
OCTOBER 2018

Wholesale and refining markets

In Conversation – Geos Group & Cobo Tankers and Services

Market views





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STEMing the tide

No one working in energy and fuel distribution will underestimate the vital role played by science, technology, engineering and mathematics in powering that world.

But as companies look to stay ahead in the future energy game, the demand for staff with STEM qualifications grows ever larger.

Now faced with a major skills shortage in engineering and technology, several initiatives are being designed to encourage more young people to engage with STEM subjects.

Across the world Shell's #makethefuture campaign is attracting the attention of the energy conscious millennials best able to assist the company in the pursuit of a cleaner and more sustainable energy future.

Going back to school; Greenery partnered with Future First earlier this year to invite students in years 10, 11



and 12 to see the company's operations first hand.

Many thanks to tanker driver Alan Noble who took this month's front cover shot. Working from Gleaner Oil's Isle of Mull depot, Alan has been with the company for 12 years.

Speaking at the time, chief executive Andrew Owens was keen to 'demonstrate the wide range of opportunities available in the industry'.

Research from WISE, which enables and energises people in business, industry and education to increase women's participation, contribution and success in STEM subjects, shows that girls need to engage with these subjects by the age of ten if they are to sustain interest through their school career.

Interestingly, some are doing just that as virtually all STEM subjects have seen an increase in female students, reports CaSE, the campaign for science and engineering.

WISE is searching for an innovative toy to nurture STEM enthusiasm in girls from a young age; the winning toy will receive an award at a ceremony in London next month.

As one of Shell's young female engineers said: "The whole point of engineering is to solve problems in the world." The more STEM uptake is encouraged, the more we can solve!

Fuel Oil News

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

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Powering Bluebird and HMS Montrose; Falmouth upgrade; People Moves; meeting the fuellers; an off-grid solution; a go karting appraisal and fundraising

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Oilfast reaches new speeds powering Bluebird K7!

Oilfast was delighted to help the Project Bluebird team make headlines again on the Isle of Bute following their commendable restoration programme.

The world's media captured Donald Campbell's fateful world record attempt 51 years ago, and the team has worked tirelessly to recreate the Bluebird K7 around the original version at considerable cost and man hours, with some way still to go.

Everyone at Oilfast wishes the Project Bluebird K7 team every success and will follow the ongoing journey with eager interest.

Donations for the restoration programme will be gratefully received at <https://www.gofundme.com/bluebird-to-bute?member=501782>.



Beside Bluebird K7 on the Isle of Bute are (l-r) hydroplane expert, Ted Walsh, ex Red Arrows pilot Stew Campbell and Oilfast's sales director, Joe Carroll

Teeing-off to support Cancer Research

Hosted by Par Petroleum, a fundraising golf day at Chester-le-Street golf club raised over £9,000 for Cancer Research UK.

The charity is close to the hearts of Par Petroleum, especially as staff members who have experienced cancer have benefited from the latest research on their road to recovery.

The well-attended event saw over 50 golfers take to the fairways for a friendly game of Texas Scramble.

"We'd like to extend our thanks to everyone who supported our first charity golf event – we couldn't believe how much we managed to raise," said managing director, Leanne Hardy.

"This was completely down to the generosity of those who attended and the sponsors who supported the day with raffle and auction prizes including a day trip on a Routemaster London bus from Henry Cooper Coaches and the hire of a VW California Camper Van courtesy of Lookers VW."

Among the events many supporters were Jet, Phillips 66, Morris Lubricants, Cobo Tankers and Services, Just Tankers, Rix Petroleum and Scania UK.

"Par Petroleum put a lot of effort into organising the day with amazing weather being the icing on the cake," said Richard Wood from Scania, which would be 'happy to support this event in the future'.

"Due to our life-saving research at Cancer Research UK we can now say that over half of those diagnosed with cancer will now survive," said fundraising manager, Jan Leafé.



(l-r) Jan Leafé, Cancer Research UK's fundraising manager receives the fundraising cheque from Stuart and Leanne Hardy of Par Petroleum

Crucial port infrastructure updated

Acquired in 2010, World Fuel Services' (WFS) refurbished Falmouth terminal has been officially opened by Sarah Newton, MP for Truro and Falmouth, following the completion of the project's final stage, the Eastern breakwater.

Replacing the original wharf, opened in 1861, is a new jetty and breakwater which will be used by oil tankers bringing in a variety of petroleum products. Ageing tanks have been decontaminated and demolished with new tanks constructed. WFS is also utilising the Lizrix, a 2200cbm capacity cargo vessel which can carry five fuel grades in separate tanks.

Located 14 miles from the English Channel, the port, which is on the edge of the Emission Control Areas (ECAs), sees over 70,000 ships passing each year.

Attracting over 500 ships per year, the investment at Falmouth means WFS can now provide an enhanced customer offering and experience at this key location for Europe, leading up to 2020 and beyond.



Pictured at the opening Sarah Newton MP and Paul Denmead, WFS director of terminal operations. With its state-of-the-art waste oil processing plant for marine oily waste streams, the Port of Falmouth now boasts the most advanced marine fuelling terminal in the UK

PEOPLE MOVES

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- **Jamie Baker** is the new director of external relations at **UKPIA**. Taking on a new role, Jamie will lead the newly formed external relations team that will integrate communication, advocacy and membership activities. **Dr Andrew Roberts**, director of environment, health & safety since 2010 is now the new director of the downstream policy team.

"I am delighted to have Jamie on the team," said director general Stephen Marcos-Jones. "Jamie is well known in the sector having worked in government for a number of years and I am sure that we will benefit from having his experience and new ideas. Along with a new role for Andy I am confident that we have the leadership team in place to drive forwards UKPIA, continuing to represent the essential refining and downstream fuels sector."

- **OPITO** has appointed **Mark Cullens** to the new role of director of strategic development.
- **Leif Friestad** has been appointed as managing director of **Conidia Bioscience**, which develops, manufactures and sells fuel tests into aviation, marine and land diesel sectors.
- **Catherine Huggett** has joined **Eleven Recruitment**
- **The International Forecourt Standards Forum (IFSF)** has announced **Heather Price** as the organisation's next chair. Formerly business IT manager for fuels & lubricants with ExxonMobil, Heather takes up the position as current chairman **Simon Stocks** retires.
- **Mark Skelton** is now general manager at **Road Tankers Armagh**
- **BP** has appointed **Jo McDonnell** as UK fleet sales manager in charge of BP's UK fuel card operation. Jo also takes on responsibilities previously held by UK fuel card manager **Andy Allen** who has been appointed as executive assistant to BP's VP of retail Europe and global marketing Alex Jensen.
- **Mark Clouter** is now fuel sales manager at the **WP Group**
- **Keiron Ellsley** has joined Moove Europe as transport manager, working with **Moove UK** on lubricants contracts.
- **Reynolds Logistics** has appointed **Paul Miles** as operations manager south
- **Jonathan Wiltshire** is now sales manager at **Loadtec Engineered Systems** which was recently acquired by Benbecula.
- **Roadgas**, supplier of natural gas and bio-methane vehicle refuelling station infrastructure and Scania's UK partner based in Nottingham, has recently appointed **David Rix** as its new managing director, following the decision of founding director **Richard Barski** to retire.
- **Certas Energy** has appointed **Scott Harris** to head up its company operation
- New executive sales representative at **NWF Fuels** is **Ross Ballantyne**



Jamie Baker



Mark Cullens



Catherine Huggett



Scott Harris



David Rix and Richard Barski



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Going up to eleven

WELL-KNOWN IN THE DOWNSTREAM FUEL OIL DISTRIBUTION INDUSTRY FOR THE PAST 20 YEARS, OIL RECRUITMENT NOW HAS A NEW NAME AND A NEW LOOK

Fuel Oil News asked managing director Nick Smith what prompted the name change to Eleven Recruitment in this 20th anniversary year?

In addition to its strong oil focus, Oil Recruitment has actually covered non-oil sectors for most of those years. Indeed, we've been finding roles for people in gas & power and speciality chemicals for 19 years.

As we approached our 20-year anniversary, it felt right to do some crystal ball gazing. One thing we know for sure is that the internet has transformed large areas of recruitment, and more technological developments will further automate the recruitment process.

What won't change is that clients will always want to access rare talent, particularly those who are not actively looking for a new role. We believe we will continue to connect clients to this valuable network by having a reputation for the best candidate experience within our niches. So, with a nod to 1980s spoof documentary *This is Spinal Tap*, our new name acts as a constant reminder to us that we need to keep candidate service turned up to eleven.

By relaunching the company can the market place expect to see any changes?

We are continually working to improve the recruitment experience for both clients and candidates. Candidates will now find it easier to apply for roles on our new website, using just their LinkedIn profile if they wish, and clients will benefit from an increased breadth and depth of experience in each of the sectors we work in, as we build the capacity of our teams.

The company's strength has always been in its ability to grow strong networks and to accrue knowledge about the sectors served. With sectors expanding more rapidly in recent times, how does the company ensure it stays abreast of emerging trends and future markets whilst continuing to maintain its high standards?

Our focus is on deepening the specialism within each of our existing niche sectors through a widening knowledge and greater research.

We invest heavily in staff training and allow dedicated time for building industry knowledge by partnering with trade bodies and attending industry events. And we ensure we share knowledge with our sister company, Fuel Oil News!

Repeat business is very important in the recruitment market, how will Eleven Recruitment ensure that clients and candidates across all the sectors served keep coming back for more?

Our 11 commitments! As part of our relaunch we have set our 11 commitments to every client and every candidate.

A great reputation in this industry is hard to achieve but by caring about our service and following our processes, we aim to differentiate ourselves from competitors.

Our clients hate finding a large number of questionable CVs in their inbox. We focus on finding the right people, and in the year to date 45% of candidates submitted were called for interview – a figure that we are very happy with.

For many years we have surveyed candidates who did not



get the job: something many recruitment companies do not do. I'm proud of the fact that 84% of these candidates still rated us as 'good' or 'outstanding'. We have now taken candidate feedback one step further with the launch of publicly visible reviews via the independent feefo platform.

“THE FUTURE OF RECRUITMENT BELONGS TO THOSE WORKING DEEPLY SPECIFIC NICHE TO BUILD POOLS OF RARE CANDIDATES”
GREG SAVAGE,
GLOBAL RECRUITMENT INFLUENCER

Taking the Brexit unknowns into consideration, what do you see as the main challenges for recruitment in the near future?

Over the last three quarters, we have seen less uncertainty in the recruitment market.

It is vital that skilled people are able to move around, and I remain optimistic that the ability to recruit across Europe will come out in the post Brexit wash.

The challenge of finding the

right qualified staff for our clients will, however, always remain.

With fuel sales, supply and storage at the heart of the Fuel Oil News audience, what key changes have you witnessed in this sector's recruitment needs?

The continued organic expansion of second tier distributors has led to good demand for regionally based managerial and sales staff, whilst the consolidation in larger ones has led to more central support and management roles. Field sales roles have certainly declined over the years.

Where do you hope to see Eleven Recruitment in 5 year's time?

We aim to have doubled the size of our team in each sector and earned a position as first choice recruitment partner for the fuel distribution sector.



Nick Smith, managing director

A wee visit

Highland Fuels was very proud when HMS Montrose paid the company 'a wee visit for some fuel' whilst the 20-year old type 23 Royal Navy frigate spent the weekend at its namesake town in late July.

"The welcome that the people of Montrose gave us was fantastic and it was a pleasure to show off the ship to them," said Commander Conor O'Neill RN.

"More than 3,500 people toured the frigate in seven hours – pretty impressive given the town has a population of under 12,000."

In August Highland Fuels was also delighted to supply 205,000 litres of fuel to the Inter Caledonia from its Ullapool harbour facility. The Inter Caledonia is currently engaged in an essential health management programme for the fish farming industry



Highland Fuels refuels HMS Montrose

Fuel oil distributors are privileged to undertake some very interesting fuelling missions. Fuel Oil News looks forward to reporting your special fuelling stories.

Meeting the fuellers

“What a wonderful turnout at our Guildhall membership event last month,” said Carrie Marsh of Berkshire-based Marsh Fuels.

“Through a fun Q&A session our master Chloe Andrews-Jones and senior warden Shравan Joshi gave an engaging presentation on the Fuellers Company, its structure, where we sit as a livery company and how it relates to the City.

“A short film about the Company’s key events, officers and the many causes supported by our Charitable Trust Fund prompted much enthusiastic conversation. Several new member applications were signed on the spot as guests chatted over a welcome glass of wine or beer.”

Members of the court, livery and freemen including Carrie Marsh, who becomes junior warden on 16th October, were on hand to give further details and explain just how members can find themselves tossing pancakes in the Guildhall’s courtyard to go-karting in support of the Lord Mayor’s charity fundraising!

“We’re very much looking forward to welcoming more new faces soon,” added Carrie.



Presiding over the event was master Chloe Andrews-Jones, now senior manager, operations at Trammo, (Chloe has a downstream marketing background with Chevron and Gulf); and senior warden Shравan Joshi, director at SM Ventures whose focus is business development in the energy sector

Alternative appraisal

At the end of their summer management meeting, Portland Fuel participated in a Go-Karting Grand Prix – this being an alternative to the standard and more formal appraisal process.

As luck would have it, two directors and a manager ended up on the podium and as a result, they will receive A+ appraisal ratings and a generous pay rise!

All the other competitors were dropped off at a nearby bus station and told to make their own way home.



On the podium following their go-karting prowess are Portland’s Mike Johnson, James Spencer and James Tuohy

A workable, future proof solution for off-grid

OFTEC AND THE FEDERATION OF PETROLEUM SUPPLIERS (FPS) HAVE REQUESTED URGENT CLARIFICATION FROM THE DEPARTMENT OF BUSINESS, ENERGY & INDUSTRIAL STRATEGY (BEIS) OVER THE CARBON REDUCTION TARGETS THE OIL HEATING SECTOR IS EXPECTED TO MEET UNDER THE CLEAN GROWTH STRATEGY

The call follows concerns that the current lack of information is hindering industry's progress towards developing an alternative low carbon liquid fuel solution to heat the UK's 1.5 million oil-using homes into the future.

Since May, representatives from OFTEC and FPS have been working closely with BEIS officials as part of a formal contact group to exchange information and views on how decarbonisation of the off-grid heating sector can be best achieved.

The sessions have provided a valuable forum for discussion but have also raised important questions over how much carbon reduction is required of industry and by when.

OFTEC and FPS have communicated the issue directly to the minister of state for energy and clean growth and asked for urgent clarity, along with clear and equitable objectives for industry to work towards.

In the letter to Claire Perry MP, the trade associations also raised the point that by only focusing on oil and coal as 'high carbon' fossil fuels, government is greatly limiting the carbon reduction gains which

could be achieved if a less narrow definition were applied.

"In terms of carbon emissions per kWh oil is only slightly higher than LPG as it produces 0.298 kg of CO₂ whilst LPG is 0.241 and natural gas 0.216, but all are fossil fuels and should be treated as such," explained FPS CEO Guy Pulham.

"Oil heating contributes less than 2% of UK emissions so it seems perverse to single out this relatively small sector when there is so much more that needs to be achieved across the wider carbon reduction agenda.

"Industry has already made considerable strides in exploring alternative liquid fuel solutions for off-grid heating, but before we can move any further forward, we need the goalposts to be clearly defined," added OFTEC CEO, Paul Rose.

"We are currently missing vital information on timeframes and the exact levels of carbon reduction required by government. This is limiting our ability to assess the potential of various options and could delay progress if not quickly resolved."



Seeing a future in oil off-grid – Viessmann has introduced its Vitorodens oil-fired boiler into the UK. The company sees the boiler suiting off-grid customers with older and less well-insulated homes which require a high temperature heating system, where renewable options are not always ideal



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PORTLAND MARKET REPORT

“LEZS – A FANCY TITLE TO
DESCRIBE THE PROCESS OF
BANNING DIESEL”

October update

Even the most cynical observer would have to admit that the global oil trade is both fascinating and action-packed. Pipelines that span national borders – long since closed to human migration. Deep sea oil tankers that are the length of 4 football pitches and powered by 100,000 horsepower engines. Refineries that never stop processing and literally produce hundreds of consumer products. The monitoring of emissions from diesel engines... hold-on, diesel emissions!? That’s hardly rock and roll... But then again, such is the current public frenzy around diesel emissions, that the subject has almost become the main talking point of the whole industry...

Rightly or wrongly diesel is now seen as the “enemy of the people”, much of which can be attributed to the VW Dieseldgate scandal. But the knock on effects are now being felt by commercial vehicles, as city after city around the world starts to introduce Low Emissions Zones (LEZs), which are basically a fancy title to describe the process of banning diesel. And such developments must be dispiriting to the automotive scientists and researchers who have put so much time and effort into improving diesel engines over the last 25 years.

The first significant “material” improvements to diesel emissions came in 1992, with the introduction of Euro I engine technology. The main focus of Euro I (which was for trucks and buses only) was a reduction in sulphur oxide emissions (SOx), that was to coincide with the introduction of lower sulphur fuels. This was to combat acid rain, which was the European *bête noire* of the time and was busily destroying Scandinavian pine forests. There were also other Euro I air quality targets – for unburnt hydrocarbons, particulate matter, Nitrous Oxide (NOx) and Carbon Monoxide (CO). Interestingly there were no initial targets for Carbon Dioxide, as in those early days of the 1990s the concept of climate change was confined to a few select university laboratories and lecture halls.

It’s fair to say that the early targets were not particularly onerous, but they did start a trend which placed the responsibility

for air quality directly on the engine and fuel manufacturers. And every few years, the targets set by the EU became ever more stringent (Euro II in 1996, Euro III in 1999), until the ultimate emissions “game-changer” of Euro IV in 2005. By this time, sulphur free fuels had effectively dealt with acid rain, which left NOx emissions as the major remaining concern and Euro IV addressed this by introducing for the first time a requirement for Selective Catalytic Reduction (SCRs).

“RIGHTLY OR WRONGLY DIESEL IS NOW SEEN AS THE ENEMY OF THE PEOPLE”

SCR technology relies on the addition of a liquid reducing agent which, when sprayed over exhaust emissions, releases ammonia – the catalyst that breaks down NOx into nitrogen, oxygen and water. The liquid reducing agent in question was a urea and de-ionised water combination, invented by scientists at the German Automobile Association and called AdBlue (given this name because the scientists were drunk at the naming ceremony and didn’t notice that the liquid in question was completely clear and not in fact blue). This simple product has effected its own mini revolution when it comes to diesel emissions, because by the time Euro V engines were mandated (2009), every new commercial vehicle in Europe had to run on AdBlue. Furthermore, this was not some “nice to have”, airy-fairy requirement that was impossible to police and easy to get around. Far from it! Without AdBlue, the engines of trucks and buses literally wouldn’t start. And if the AdBlue supply was to run-out when vehicles were out on the road, then engines would progressively lose power until the AdBlue supply was topped up.

By the time Euro VI engines were introduced (2013), the immense impact of SCR technology and AdBlue was clear. For example, a single Euro I bus in 1993 emitted

the same amount of NOx as 20 Euro VI buses in 2018. On particulate matter, the Euro VI to Euro I ratio is 1:36 (ie, Euro I vehicles emitted 36 times the particulate matter of Euro VI vehicles). Even the improvements between Euro V and Euro VI engines are enormous, with a Euro V engine emitting circa 4.5 grams of NOx per kilometre driven, versus an incredible 0.25 grams per km for a corresponding Euro VI engine. And it goes without saying that when it comes to passenger transport, buses beat cars hands down. A Euro VI bus emits 61mg of NOx per km, whereas a Euro 6 car engine emits 500mg. That’s equivalent to 0.61 mg of NOx per km per passenger for a bus, versus 100mg for a car!

But tackling car owners is a whole different political ballgame, so expect municipal authorities to continue hammering the truck and bus industries with increasingly stringent targets on emissions. For most cities clean local air is far more pressing than the wider global issue of climate change and this means that for all the recent improvements to fuel quality and engine technology, it will probably not be enough to save the diesel engine within city limits. Not only has total electrification of urban areas already begun (Chinese cities add 2,000 electric buses to municipal transport operations every week!), it will likely accelerate because first and foremost it improves local air quality. More importantly however, it deals the enemy that is diesel a mortal blow and as such, it is a sure-fire way to win political favour. How that electricity is produced, where it is produced and whether it actually adds more CO2 to the wider environment than clean diesel engines, is for someone else to worry about and not the business of the local city authorities...

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information, see
page 26

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Taking strategic action

FUEL OIL NEWS RECENTLY VISITED THE PORT OF BLYTH TO SEE THE GEOS GROUP'S TERMINAL FIRST HAND. SPECIALISTS IN MARINE GAS OIL SUPPLY AND DISTRIBUTION, THE GROUP IS NOW THE LARGEST INDEPENDENT MARINE FUEL SUPPLIER IN THE UK

Keen to learn more about the company's Sea Bunkering's trading origins, and to discover what prompted the move into a physical fuel supply, editor Jane Raphael met with managing director Barry Newton and commercial director Adrian Proctor, both based at the company's Henley-on-Thames head office.

Barry, who had previously worked with Phillips 66, joined Sea Bunkering in the city of Hull back in the 1990s with the emphasis firmly on oil trading.

"In those pre-internet days selling marine fuel literally meant driving to the port to ask if anyone needed it! Whilst our fuel supply was then sourced through a network of physical suppliers," explained Barry.

"The biggest change to this market has been the internet which moved the industry from local to global – going into physical storage was an opportunity that we just had to take."

The Blyth terminal – wholly-owned by the Geos Group – was opened in 2015 in a port which had previously been without any fuel provision. The project was led and managed by Liz Winship who now works alongside the terminal's operations manager, Norman Donaldson and three operatives.

"From a strategic point of view, it is best that we control our own fuel stocks," explained Adrian.

"Having a physical footprint gives us far better flexibility to meet customer demand and to be much more proactive on sales. Additionally, many of our customers work in environments where fuel is needed very quickly, particularly if another energy source fails."



Adrian Proctor (I) and Barry Newton at the Geos Group's terminal in the Port of Blyth

Working in partnership

Partnerships are very important to the Geos Group – for several years the company has worked closely with energy logistics specialist, Peterson (UK) which has tanks at sites in Aberdeen, Lerwick, Heysham and Great Yarmouth.

In addition to the above locations, Geos also stores fuel at Montrose and Peterhead, the latter being the largest fishing port in Europe for landing white fish. Presently being revamped, the expectation is that much larger fishing vessels will use Peterhead in the future.

With its Humber refinery well-positioned on the east coast, Phillips 66 is the Geos Group's main fuel supplier. In January 2018 Geos also commenced marine deliveries for Phillips 66, with fuel distributor partner Par

Petroleum undertaking road transportation.

"Loading at Blyth, Par's drivers know the contracts we're working on and provide an excellent interface with customers," added Adrian.

With respect to shipping, the company has undertaken both short and long-term charters.

Geos now utilises the Thun Grace, a 5,800 tonnes capacity coastal tanker operated by Thun Tankers which works across the east coast. From Great Yarmouth fuel is also delivered to the Thames and Shoreham.

"Being a big fixed cost, it was a major step to bring in a long-term vessel but the carrying capacity of this vessel suits our business, plus the crew are fantastic and very proactive," said Adrian.

Continued on page 12

Taking strategic action

Continued from page 11

"With logistics in good hands we're able to play to our strengths and concentrate on the needs of customers, with pricing, in particular, needing to be tailored to best suit each business.

"All our chosen partners are like-minded people who share the same values and with whom there's mutual trust."

Broadening our opportunities

"Being in control of our supply chain from refinery right through to vessel gives us an important advantage over other marine fuel suppliers and, having a presence at more locations has broadened our opportunities," said Barry.

Having the ability to drop fuel off at several locations, the company is now far more strategic. When work steps up in one area, additional fuel can be more easily transferred between locations.

Among those with whom Geos does business are blue chip oil & gas companies operating large contracts in the North Sea, bulk ferries – with tankers often driven on board to lessen the spill risk – dredgers, fishing and

commercial vessels, HMRC, survey and smaller military vessels plus *The Waverley*, the world's last sea going steam ship which visits the south coast each summer. Whilst now less involved in the super yacht business, the company is seeing more cruise ships along the east coast, and as the industry matures the expected decommissioning activity in the North Sea will maintain fuel demand.

Ready for 2020

Asked about preparations for the IMO 2020 regulation, Barry said: "Our product is already at a lower sulphur level and as we stand we're in a good position.

"Globally refineries are changing their demand profile, we're working with our suppliers to ask what this means for both them and us. We're in wait and see mode at the moment, although we do expect an increased demand for distillates in general, and there will no doubt be a cost implication which will need to be absorbed between refiner, supplier and customer.

What next?

"Our biggest step has been opening the Blyth terminal – for a small company it was the right thing to do," said Barry.

"Establishing multiple locations, arranging strategic partnerships and ensuring flexibility have also been key steps along the journey," added Adrian.

"Barry has navigated us through these steps with our 18-strong team all contributing to ensure the safe delivery of a quality product with an excellent service.

"We are a reputable company with a good name and a lot of traders buy from us," said Barry.

"The reputation of the Geos Group is important to me – it takes a long time to build but no time to destroy.

"We're always asking where next? Our model has been noticed in the market place – our fixed costs are covered and we're in a good place to extend our markets. Presently no one place is crying out for additional storage, although we do see more markets developing in decommissioning and renewables.

"I remain enthusiastic for this very interesting industry which I've always enjoyed. Whether I'm speaking to the world's largest container shipping company or the owner of a small dredger, I just love the whole job and building Blyth was brilliant. The day I stop enjoying it will be the day I stop."



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What's been happening in the wholesale and refining markets and what does the future hold?



Essar Oil UK – a positive outlook

Currently supplying 16% of the nation's road transport fuel demand, Essar Oil UK remains positive on the refinery outlook in the near and medium term.

"Going forward, Stanlow is well-positioned to face the IMO restrictions coming into force in 2020 on sulphur in shipping fuel, because it produces very little heavy fuel oil," said head of communications, Ian Cotton.

"In fact, it produces less than 5% of high

sulphur fuel oil stream within the product slate, whereas most refineries have to handle close to 15% of this high sulphur fuel oil stream. Essar is in the process of looking at various options to handle this stream and has found good solutions to address the issue.

"Looking ahead, we foresee a good future for refineries such as Stanlow with a middle distillate focus and less high sulphur products to deal with."

2018 has seen the completion of the site's biggest ever maintenance and re-lifing turnaround, with project Tiger Cub increasing crude throughput and delivering enhanced yields of high value products.

Since acquiring Stanlow in 2011, over \$850 million has been invested in the refinery. Multiple initiatives to boost margins have also been introduced delivering significant operational improvements.

Greenergy – positioned for ongoing regulatory changes



Coming into force in April this year, changes to the Renewable Transport Fuel Obligation (RTFO) have created much higher, more challenging biofuel supply obligations with an early impact of this new legislation changing the economics of supplying FAME-free gasoil.

"As a result of the tougher biofuel supply requirements, the market transitioned

very quickly to include biodiesel in gasoil, and generally speaking the reaction has been positive," reports Caroline Lumbard, Greenergy's UK trading director.

"Even so, Greenergy continues to make available regionally two grades of gasoil to accommodate the needs of customers that still require a bio-free option."

In order to meet its growing biofuel supply requirements, Greenergy continues to expand its biodiesel manufacturing operations. Over a number of years, incremental investment has been made at facilities on Teesside and at Immingham in order to expand production, with the company recently acquiring a biodiesel manufacturing facility in Amsterdam which is due to commence production in 2019. These investments will help to ensure Greenergy can meet its increasing renewable obligations and continue to provide its customers with high quality, low cost fuels.

Further change will come in January 2019 when a new development fuels requirement takes effect under the RTFO.

"There are currently no development fuels available to buy or approved under the RTFO, so it's impossible to meet the development fuel objective today," explained Caroline.

"We are exploring new technologies and unique processes that will allow us to meet this requirement in future, but until development fuels come into production, the development fuels obligation within the RTFO will be a further additional cost for everyone in the market."

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Despite a challenging market, Mabanaft remains in a strong and stable position. As a lean and agile business, we're able to adapt to market conditions and quickly respond to customer demand. Being part of a wider group, Marquard and Bahls AG, also allows us to leverage partnerships within the group and punch above our weight.

We're continuing to expand supplies to the aviation sector and have signed long-term deals with a number of major commercial airlines and tour operators. We currently supply nine UK airports and earlier this year we expanded our footprint outside the UK by supplying Malta airport. Later in the year, we plan to announce further strategic investments in jet infrastructure, again demonstrating our long-term commitment to this market.

Despite a drop in diesel car sales, our diesel volumes have been on a par with recent years. We expect diesel to remain an important income stream for the foreseeable future, particularly in the commercial haulage sector. We continue to explore alternative revenue streams to further strengthen our resilience over the coming years, and are currently evaluating a number of opportunities to supply into complementary markets.

Mabanaft – a strong and stable position



Mabanaft is a market leader in terms of IT solutions. Our unique online service Mabalive now fully supports end-to-end deal processing, making it quick and easy for customers to order fuel and manage their account online. While Mabalive provides efficiency, Mabanaft's expert team of marketeers is always on-hand to offer advice and support to help our customers achieve optimum value.

As Brexit looms, we will continue to support our customers by providing assured reliability of supply and the highest standards of customer service (both rated good or excellent by 97.5% of respondents in our 2018 customer survey). Our generous payment terms offer additional financial benefit, whilst our flexible approach allows us to meet our customers' unique requirements.

Grangemouth produces over nine million tonnes of clean fuels and one million tonnes of chemical product every year.

"As Scotland's only refiner, we are the primary supplier of aviation fuel for its major airports, and a major supplier of petrol and diesel ground fuels across the central belt," said Petroineos commercial manager Daniel Brain.

"Presently our road terminal can load in the range of 600 trucks a day, moving some three million tonnes of product per annum into the Scottish market but we know that the fuels market will only continue to change going forward.

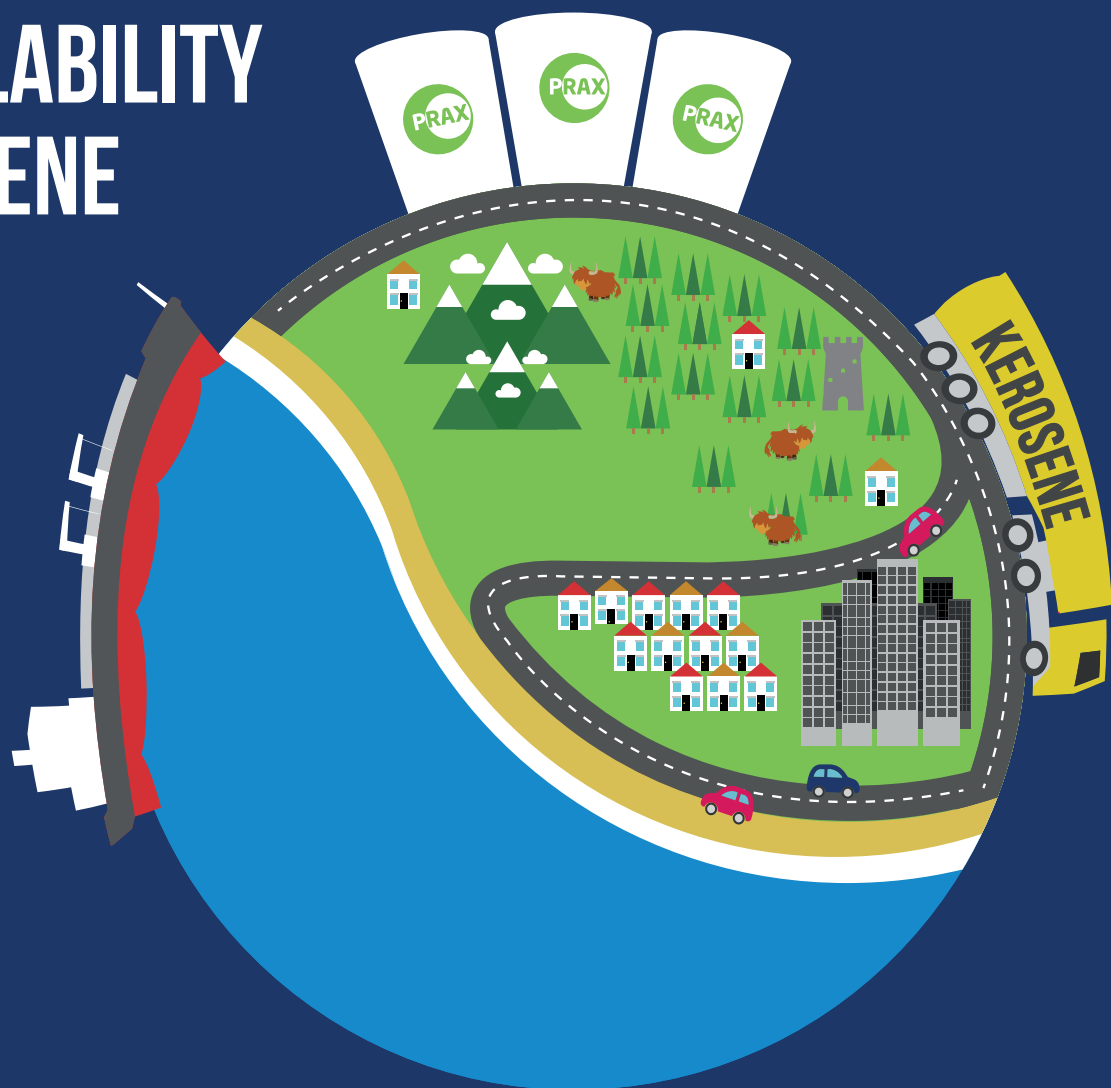
"The next big hurdle revolves around changes to fuel oils under RTFO with an increasing percentage of that fuel needing to be generated from a non-fossil, bio-source.

Having an increased element of production displaced is going to be a challenge to which all refiners will need to respond. We know that there are established and emerging businesses and plenty of creative people with ideas around biofuels: we want to engage with them and look at how we can co-operate here on site at the refinery, making best use of our extensive infrastructure. This forms part of our longer-term goal to turn Grangemouth refinery into a comprehensive energy hub."

Petroineos – a comprehensive energy hub



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“Against a backdrop of volatility in the fuels market, the past 12 months has seen Phillips 66 continue to invest in our supply infrastructure and further enhance our customer proposition, ensuring that our customers can rely on us for security of supply,” commented Mary Wolf, managing director UK marketing.

“Following the move of our marketing department to sit alongside our commercial colleagues in our London offices, customer service has remained a key area of focus across our operations. As part of our commitment to offering wholesale customers dynamic spot pricing at our core terminals, we’re currently rolling out our new *My Phillips 66 Pricing Portal*. The interactive portal will enable customers to view live pricing and place online orders to lift over a period at a fixed price. This will enable us to offer different pricing mechanisms to suit customers’ needs and to manage peaks and troughs in demand.

“The pricing tool, together with our wider technology offering including our DTN TABS online product allocation system, our Codas System-to-System e-Invoicing system and other back office solutions, demonstrates our continued commitment to developing



Phillips 66 – security of supply

solutions which deliver operational and financial benefits for our customers.

“As a business we’re continually evolving, and the coming months will be spent engaging with our customers to gather their views on how we can further support them. We will also continue our investment in

our terminal facilities and share updates on developments, such as the extensive capital investments made to enhance Bramhall terminal’s capability and our 16-year throughput contract with CLH Pipeline System signed at the start of 2018.”

Prax Group – customer support every step of the way



The last 12 months have been exceptionally active for wholesale suppliers to the UK’s downstream fuel distribution market. Participants have had to grapple a great number of challenges – from the operational and commercial effects because of changes to RTFO legislation, the operational impacts brought about by snow and freezing conditions following the arrival of the *Beast from the East* – only to be shortly followed by the hottest ever summer on record – even beating 1976!

Add into this mix macro and geopolitical instability due to concerns regarding North Korea, Iran and the rhetoric resonating from the new government in Washington, coupled with the continued uncertainty surrounding Brexit leading to an ever-weakening pound, it is no wonder that oil prices have remained extremely volatile and ultimately on an upward trend.

Encouragingly the Prax Group is well-positioned to cope with such demands and

despite the challenging backdrop, it continues to focus on investing globally and within the UK market as it seeks to continually broaden its appeal to customers.

“The strategic decision to expand kerosene at Grangemouth, Dagenham, Grays and Jarrow has been an excellent one. Importantly, customers were able to take advantage of kerosene’s increased availability within our terminal network, especially during a prolonged winter,” stated sales director Stephen Rhodes.

The UK market had to adapt promptly to the immediate practicalities that were brought due to the RTFO increase to 7.25% which increases to 8.50% on 1st January 2019.

“As a result suppliers will increasingly need to consider the direct inclusion of biofuel within gasoil and the anticipated introduction of E10 at the forecourt,” commented Stephen.

“Many large consumers of gasoil have been traditionally reluctant to accept biofuels, with this legislation now driving change. Listening and consulting with customers, where practicable we would like to provide product choice; where available, this choice has been appreciated by customers.

“In a changing world, customers can be assured that they can depend on the Prax Group to support them every step of the way.”



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Total Lindsey Oil Refinery – supplying a responsible energy mix



The last year has shown Total Lindsey Oil Refinery continuing to successfully deliver to the market following its adaptation.

Looking to the future we can see new opportunities to explore to optimise the refinery.

In 2019 our turnaround and inspection will allow us to make modifications to the units to produce cleaner lighter products. We continue to invest and renovate to adapt to the market's growing needs. We have a clear ambition in each of our core pillars of Safety, Availability, People, Valorisation and Cost which provides vision and direction for the whole business.

We are also embracing and adapting to changes in legislation such as the RTFO. Flexibility is the key to meeting this, however the latest RTFO increase leaves much less room for manoeuvre. Until recently Total has not blended any FAME into gasoil but we are evolving our approach to continue to meet the obligations. Total has always taken a prudent approach to FAME quality so we are confident there will be no impact for the end customer as long as the product is stored correctly.

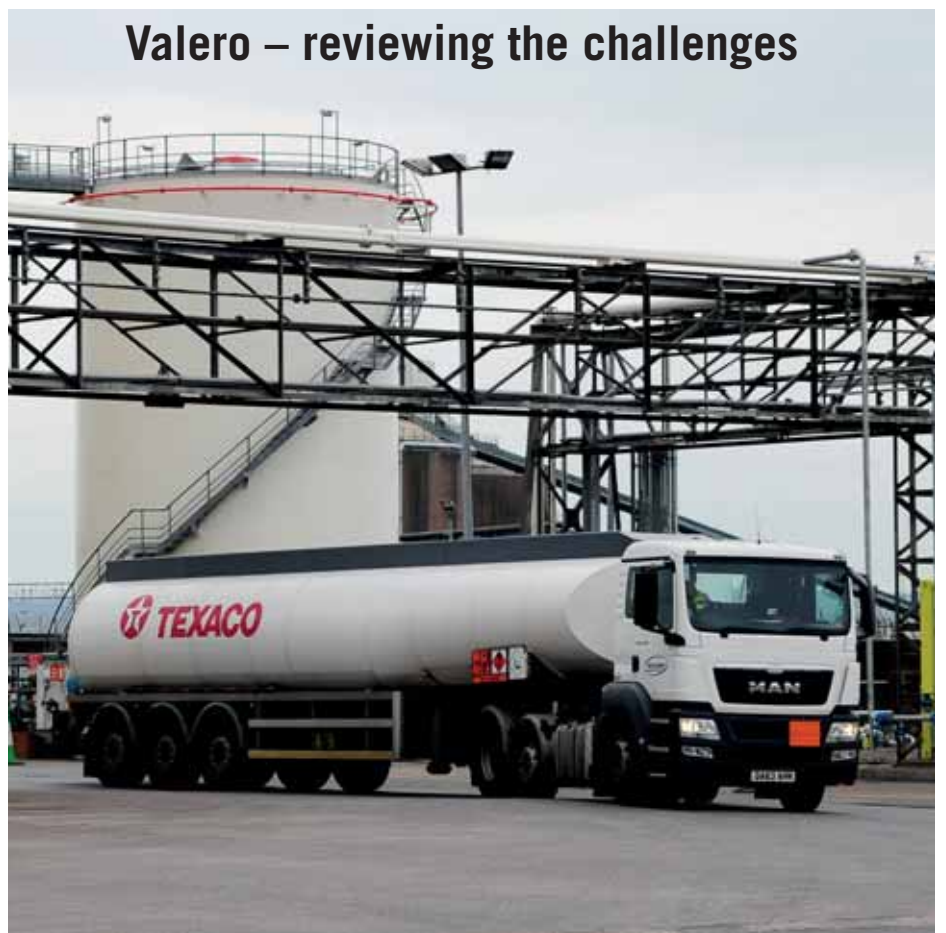
Total's commitment today, and in the future, is to be the responsible energy major. Providing people with the energy they need by producing, processing and distributing energy at an affordable cost, while meeting the highest standards of safety and environmental stewardship; supplying a responsible energy mix of steadily decreasing carbon intensity, meeting the requirements of the 2° C scenario; providing customers with solutions that enable them to use energy responsibly and being recognised for the quality of its close-to-the-customer service.

There are several challenges with RTFO, one of which is the government's apparent preference for mandating 95 E5 as the protection grade, for the relatively small number of vehicles incompatible with higher ethanol petrol. This is likely to have a big impact on sites that will no longer be able to supply super unleaded, and on suppliers whose terminals cannot store three grades of gasoline. Furthermore, it may well have a negative effect on E10 penetration, leaving smaller retailers with the unenviable task of trying to pick which grade, E5 or E10, is likely to sell more in their area.

There's currently a great deal of discussion about the effect of the MARPOL marine fuel sulphur specification change; it's still not clear as to what impact this is likely to have on the refining industry, although it will clearly have some. It is likely to be closer to the 2020 implementation date before we have a clearer idea.

To date we have resisted using FAME in gasoil as its addition will reduce the storage life of gasoil and will necessitate an increased level of quality testing being required, especially for those consumers who use gasoil for static equipment and Non-Road Mobile Machinery, such as emergency generators. However, as the demands of the current RTFO requirements increase we will have to review this supply position.

Valero – reviewing the challenges

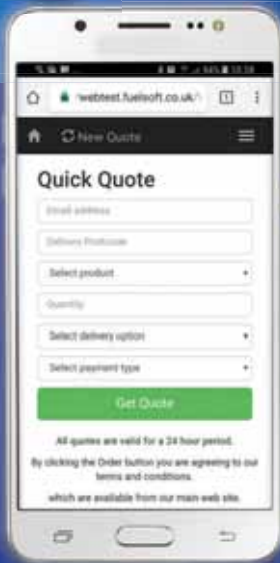


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Customer Step 3

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Staying put

WHEN CISTERNAS COBO'S UK PARTNERS WENT INTO ADMINISTRATION EARLIER THIS YEAR, RATHER THAN WALK AWAY ITS SPANISH PARENT COMPANY, TALLERES COBO HERMANOS, CHOSE TO SET UP COBO TANKERS AND SERVICES. WHOLLY-OWNED BY THE PARENT COMPANY WHICH WAS FOUNDED IN 1955, ALL PRODUCTS SOLD TO CUSTOMERS IN THE UK AND IRELAND REMAIN FULLY SUPPORTED

"Over the past 20 years, the UK and Ireland has been a market which we very much value," explained Fernando Gomis Garcia, when Fuel Oil News visited the company's manufacturing base in the Cantabrian city of Santander.

"To ensure continuity of support, it was very important for us to establish our own subsidiary company which could meet the demands of both our existing and new customers well into the future."

The new business

Moving to the UK four months ago Fernando is heading up the new business, with Terry Morgan remaining in the business for a period of time to help smooth the transition. Joby Clark will be the primary contact for customers, whilst George Kennedy is ready to assist with sales, parts, spares, repairs and documents.

"We're here to stay and looking to expand sales in both the semi-trailer and rigid markets," said Fernando.

The company has supplied semi-trailers to big fleets such as ASDA, BP, Hoyer, Sainsbury's, Suckling Transport and Wincanton. Relaunching the Cobo/HDE 26 tonne rigid at FPS EXPO 2016, the vehicle has gained popularity in the waste oil sector with companies such as Oil Monster and Slicker Recycling, and over the next few months rigids will be delivered to several UK & Ireland-based fuel distributors.

"For our UK and Irish rigid customers – once your chassis has been delivered to us, the finished tanker can be back within 6 weeks and we're certainly looking forward to giving a great service to some of the smaller guys working in fuel distribution," added Fernando.

With respect to repairs and maintenance the company's established network of centres across the UK & Ireland remains in place. All manner of work, including hot works, can be carried out at these centres, with big accident repair work undertaken in Spain.

"From the customers' point of view, they have the backing of the Cobo Group which operates several companies employing 300 staff with a turnover of between 80-100 million euros per annum," added Fernando.



Joby Clark and Fernando Gomis Garcia beside some recently manufactured CEPSA tankers. Next month Cobo, which also operates a fuel distribution and a retail business in Spain, expects to have achieved ISO 9001 2017

"We have had a good overall experience with Cobo from quotation to delivery. We had no previous experience of the company but any initial reservations we had were quickly dispelled by their professional approach to the whole process."

"We were very impressed by the build quality of the trailers and recently had a visit to the manufacturing facility in Santander and from that it's easy to see why the product they turn out is so good." Stuart Hardy, operations manager, Par Petroleum

Building tankers

The company has been building tankers for worldwide distribution on its present site since 2000 – 30% of tankers stay in Spain, 30% go to the UK & Ireland with the remainder sent to countries across the world. An average of 250 tankers are built each year, with the capacity to do more as and when required.

Petrol tankers are a speciality with Spanish brand CEPSA a big customer; an order for 25 semi-trailers and 15 rigids is currently in production. The company also builds chemical and bitumen tankers.

"Cobo has never been shy of developing to be more competitive and to help build a better product," said Joby Clark, a mechanical engineering graduate from the University of Leeds. "I wouldn't be working for Cobo if I

didn't believe in their product."

"Our factory is certainly our best sales person," said Fernando.

"Competition drives innovation and we not only produce some of the most up to date tankers in the market, we also continually look to make improvements."

Many of Cobo's current customers already know Fernando with several having visited the Santander factory.

"We encourage customers to visit the factory to see the welding first hand and to check all the component parts of the tanker – when a business visits our premises, 99% like what they see," said Fernando.

"Experiencing the factory first hand enables a customer to see that we operate a modern factory in a business that has never stopped investing."

Touring the factory in late August, Fuel Oil News was able to see stages of the manufacturing process from start to finish. Production involves up to 100 fitters working an 8-hour shift from 7am to 3pm, backed up to by 25 people in administration.

Engineering more solutions

Cobo is well known for its SKD – semi knockdown delivery – tanker build which proved popular in Spanish, Russian and Middle Eastern markets when it was introduced six years ago;

Continued on page 22

Staying put Cont'd from page 21

the company has travelled to many locations to instruct locally based staff on the SKD's tanker's completion. The SKD entered the UK and Irish market four years ago.

For ease of manufacture and maintenance, axles and barrels are bolted on to the SKD's chassis which has a patented cross section for added strength.

"The use of bolts can reduce the cost of maintenance as this method removes the need for a major workshop job for some accident damage," said Joby.

Cobo has designed and built many of its own engineering solutions with much time and investment spent in the robotic automation of as many welding processes as possible.

Components such as Cobo's copyright profiles, chassis, top valance and the king pin are produced through aluminium extrusion.

"With the king pin taking the most load – extrusion rather than welding makes a part very strong with no weak points," explained Joby.

The focus remains on making these components very resistant – indeed visitors to

Cobo's separate maintenance & repair facility can see a tanker damaged in an accident which, despite sustaining significant damage when it rolled over on a roundabout, did not release any fuel.

An automated pipe work bender is used to ensure a better transit of fuel through the pipe.

Taking two years to develop, Cobo designed and built a hydrostatic press which produces a clone of every single baffle or dished end. Using water released at high pressure, the aluminium baffle/dished end is gently moulded to minimise stress, spreading tensions evenly.

"A little while ago some customers reported increased pulling on the saddle area when negotiating very tight turns, we then redesigned the king pin to include a wedge to reduce stresses in this area," said Joby.

In Spain the preferred option is to house APIs – Cobo has their own Italian-made brand – in a closed cabinet – with some UK & Irish companies looking at this option.

Working with customers

"Many of our innovations have resulted from customer requirements and we're always



Inside Cobo's Santander factory where visitors are most welcome

happy to look at customers' suggestions and requests," said Fernando.

"A few years ago, the market was all about payload – now there's less concern. To help save fuel for their prime movers, big fleets are into aero dynamics which led us to make changes to the design of the vehicle's sides and front. An obvious benefit of the SKD chassis is the speed of maintenance.

"We're a very open company which is looking forward to working with customers across the UK & Ireland and to welcoming visitors to our factory."

coboo

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Market views

AS WE MOVE CLOSER TO THE START OF ANOTHER HEATING SEASON, IRISH CORRESPONDENT AINE FAHERTY HAS SPOKEN WITH FUEL OIL DISTRIBUTORS TO GET THEIR THOUGHTS ON THE STATE OF THE CURRENT OIL MARKET, TO FIND OUT HOW THEIR BUSINESS HAS FARED THROUGH THE HOT SUMMER, AND TO ASCERTAIN THEIR VIEWS AS TO THE FUTURE OF LIQUID FUELS IN IRELAND

A recent uplift

“There was a lively enough start to September,” said John Sweeney, managing director of Sweeney Oil in Oranmore, Galway as he looks forward to ‘another long and lively winter!’

“The long winter nights up to April 2018, followed by an exceptionally good summer, have left everyone short on volume with an inevitable drag on home heating oil volumes.

“We’ve seen a recent uplift in both fuel for construction and commercial concerns as the country recovers economically. This has been good for business, and with the long hot summer, we also saw the tourism industry consume greater volumes.

Looking to the future, John says: “We don’t see very significant growth for this industry in the future, particularly as those in gas and alternative fuels become bigger players, but we do expect to see more consolidation in the industry.”



Sweeney Oil has seen an uplift in volumes from its construction and commercial customers

Profit is not a dirty word

“Extreme weather conditions have resulted in an all-or-nothing approach to the market,” says Ross Patterson of Craigavon-based Patterson Oil.

“With the vast majority of customers only purchasing home heating oil when they need it during cold spells, this means during those busy periods our staff have to really excel. During the times when business is not as forthcoming, as a responsible fuel distributor, it’s important that we stay loyal to our staff and ensure they are fairly rewarded. Tankers and equipment must be well-maintained and there’s always the need to keep up to date with an ever-moving digital world and much more. To enable us to be responsible we must therefore maximise the profit we make during the winter months.

“The Northern Ireland Oil Federation recently said that profit is not a dirty word. I believe that rather than always trying to be the best on price, we should always focus on providing the best service. Experience has taught us that if our service excels then our customers will remain loyal to us.

“There’s no magic formula but with the knowledge that the winter season comes every year, it’s up to us to ensure that we have sufficient staff/systems in place to handle the surge in demand.

“We believe that oil has a future in Northern Ireland, as ourselves, and many other fuel distributors, provide an excellent customer service. As an industry, we usually complete emergency deliveries on the very same day they are requested by the customer. With this high level of service, our customers are not actively looking for an alternative heat source.”

Declines and increases

In the Midlands, where the very long, hot summer has had a significant impact on grass and tillage growth, Rita Lambe, managing

director of Tullamore-based Lambe’s Oil reported ‘a very negative effect on farming incomes which will affect the farming community’s fuel spend.’

The summer also saw a sharp decline in kerosene sales, but like all oil distributors Rita is now banking on a good kick start to heating oil sales that will continue right until the end of April 2019!

On the flip side Lambe’s Oil is also experiencing ‘an increased demand in the commercial sector as the Irish economy continues its rapid recovery.’

Being better prepared

Even before last winter’s heavy snowfall, Drogheda-based Tiger Oil was ‘having a good winter in relative terms’ commented managing director, Michael Grogan.

“We would have settled for that and then we got the beast from the east bonus,” added Michael who pointed out just how many distributors were unprepared for the high demands over this period.

“Although it was a challenge from start to finish, being a family-run business, we were able to supply locally quite successfully,” added Michael.

Hoping for a good winter season, Michael would ideally like to know well in advance if adverse weather is forecast... Having experienced the all-hands-on-deck scenario earlier this year, he believes the company would be that bit better prepared.

As to alternative fuel sources, Michael would ‘only ever take a short to medium term view’. He remains confident that supply and demand for oil will remain constant for the next five to ten years.

Team Donegal recently completed the Race Across America – read the full story online at <https://fueloilnews.co.uk/2018/08/team-donegal-oil-conquer-the-race-across-america>

www.ifundraise.ie3801_donegal-oil-foundation-fundraising-page-in-aid-of-autism.html



Lubricant firm expands fleet

Following the purchase of two 28-tonne tankers featuring Magyar-built tanks, Aztec Oils is now able to transfer 100,000 litres of lubricant a day. The investment is part of a drive to improve services and control distribution by moving away from the use of third-party carriers.

Having increased turnover by 18% last year, Aztec is targeting 20% growth in the current financial year and believes the fleet expansion will boost its prospects.

“We’ve enjoyed year-on-year growth with demand for our products continuing, so this is a natural next step for the business,” said managing director, Mark Lord.

“Investing in our fleet means more control over distribution, and the ability to offer a better service with regular drivers who understand our customers’ requirements, for example the pipework fittings which are unique to each client.”

Fuel Oil News reported on the progress of Aztec’s £1.2 million development project at the company’s Bolsover site in the February 2018 issue with this project now close to completion. New facilities will increase the storage capacity of packed lubricants to over 400,000 litres, with extra bulk tanks giving an onsite capacity of three million litres. Managed stock controls will allow the company to service orders from inception to delivery in less than two days.



Managing director, Mark Lord (l) greets the driver of one of Aztec Oils new 28 tonne tankers. The company, which manufactures and distributes high performance lubricants to many industrial sectors, also exports to Pakistan, Iraq, Ghana and the Ukraine.

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The Shell *Sky Scenario* – what needs to be done to address the threats posed by global warming?

IN NOVEMBER 2017 *INSIDE OUT* FEATURED SHELL'S APPROACH TO A METHODOLOGY USED IN ITS LONG TERM PLANNING, AND HOW IT LOOKED INTO THE FAR FUTURE UTILISING A CONCEPT KNOWN AS 'SCENARIO PLANNING.' THIS APPROACH WAS INITIALLY ADOPTED BACK IN THE EARLY 1970S IN RESPONSE TO GEOPOLITICAL DEVELOPMENTS IN THE MIDDLE EAST AND THE INCREASINGLY UNCERTAIN FUTURE ENVIRONMENT IN WHICH THE OIL & GAS INDUSTRY FOUND ITSELF OPERATING

Against a background of investor pressure to adopt more ambitious goals to address the threats posed by global warming, in March this year Shell released its **Sky Scenario**. This is a vision for a pathway – described as being technically possible but challenging – in order to achieve the goals of the 2015 Paris Agreement.

This committed the signatories to containing the increase in the global average temperature since the pre-industrial age to well below 2 Degree C, and to pursuing efforts and initiatives to limit the rise to 1.5 Degree C.

TO ACHIEVE THIS PATHWAY, SHELL HAS IDENTIFIED SEVEN MEASURES WHICH NEED TO BE ADOPTED AND IN PLACE BETWEEN NOW AND 2070

- ✓ A change in consumer mindset means that people preferentially choose low-carbon, high-efficiency options to meet their energy service needs
- ✓ A step-change in the efficiency of energy use leads to gains above historical trends
- ✓ Carbon-pricing mechanisms are adopted by governments globally over the 2020s, leading to a meaningful cost of CO2 embedded within consumer goods and services
- ✓ The rate of electrification of final energy more than triples, with global electricity generation reaching a level nearly five times today's level
- ✓ New energy sources grow up to fifty-fold, with primary energy from renewables eclipsing fossil fuels in the 2050s
- ✓ Some 10,000 large carbon capture and storage facilities are built, compared to fewer than 50 in operation in 2020
- ✓ Net-zero deforestation is achieved. In addition, an area the size of Brazil being reforested offers the possibility of limiting warming to 1.5°C, the ultimate ambition of the Paris Agreement

“THE SCENARIO RELIES ON A COMPLEX COMBINATION OF MUTUALLY REINFORCING DRIVERS BEING RAPIDLY ACCELERATED BY SOCIETY, MARKETS, INDUSTRY/COMMERCE AND GOVERNMENTS”

Implicit in the Sky Scenario is recognition that a simple extension of current efforts – whether efficiency mandates, modest carbon taxes, or renewable energy supports – is insufficient for the scale of change required.

The relevant transformations in the energy and natural systems require concurrent climate policy action and the deployment of disruptive new technologies at mass scale. All this being within government policy environments that strongly incentivise both investment and innovation.

No single factor will suffice to achieve the necessary transition. Instead, the scenario relies on a complex combination of mutually reinforcing drivers being rapidly accelerated by society, markets, industry/commerce and governments.

A radically different fuel mix

The 2015 Paris Agreement makes long-term energy and climate projections particularly important because it calls for a goal that likely requires an energy system that is based on a radically different fuel mix than currently in use. This presents a challenge for energy companies, in particular, as they try to anticipate the types of energy and fuels that will be required to stay competitive while meeting environmental requirements. In order to achieve the low-carbon energy mix, the energy companies will need to reduce GHG emissions not only in their operations, but also in their products.

A number of bodies, such as the IEA in 2017, and studies by the leading energy companies (BP, 2018; ExxonMobil, 2018) have developed energy scenarios aimed toward decarbonisation of the energy system. The Sky Scenario, developed by the Shell scenarios team, is the first Shell scenario that has a net-zero energy-related CO2 emissions in the 21st century, specifically by 2070.

Formidable challenges and adjustments

No one has ever doubted that reaching the goals set out in the 2015 Paris Agreement would not present formidable challenges and adjustments. The withdrawal of the US, the world's second largest emitter of GHG emissions, from the Agreement introduces a worrying development – in particular the threatened replacement of the Obama administration's Clean Power Plan by the far less stringent – in terms of GHG reduction targets – Affordable Clean Energy rule proposed by the Trump administration.

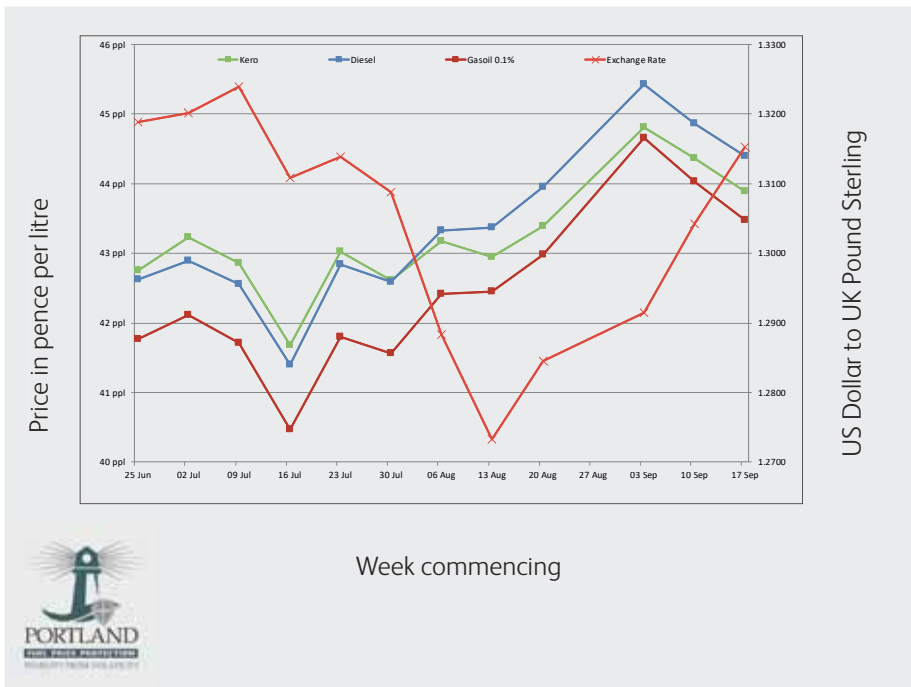
The above notwithstanding, the **Sky Scenario** makes a key contribution to enhancing understanding of what needs to be done to address the threats of global warming, by describing a pathway to be followed to achieve the goals set out in the Paris Agreement.

We have been alerted!

Wholesale Price Movements: 19th August 2018 – 18th September 2018

	Kerosene	Diesel	Gasoil 0.1%
Average price	44.18	44.73	43.87
Average daily change	0.39	0.38	0.39
Current duty	0.00	57.95	11.14
Total	44.18	102.68	55.01

All prices in pence per litre



Highest price
45.70 ppl
Tue 04 Sep 18

Biggest up day
+0.78 ppl
Fri 24 Aug 18

Kerosene

Lowest price
42.67 ppl
Tue 21 Aug 18

Biggest down day
-1.12 ppl
Wed 05 Sep 18

Highest price
46.31 ppl
Tue 04 Sep 18

Biggest up day
+0.81 ppl
Mon 03 Sep 18

Diesel

Lowest price
43.14 ppl
Mon 20 Aug 18

Biggest down day
-1.08 ppl
Wed 05 Sep 18

Highest price
45.60 ppl
Tue 04 Sep 18

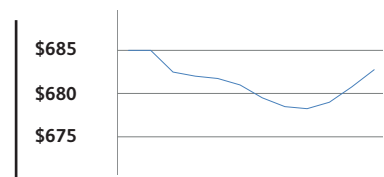
Biggest up day
+0.78 ppl
Mon 03 Sep 18

Gasoil 0.1%

Lowest price
42.22 ppl
Mon 20 Aug 18

Biggest down day
-1.08 ppl
Wed 05 Sep 18

Gasoil forward price
in US\$ per tonne



October 2018 – September 2019

The Fuel Oil News Price Totem

	Trade average buying prices			Average selling prices		
	Kerosene	Gasoil	ULSD	Kerosene	Gasoil	ULSD
Scotland	47.74	59.77	106.18	50.50	62.70	109.50
North East	47.25	59.47	106.21	53.25	62.22	108.06
North West	47.11	60.29	106.98	52.43	63.23	109.43
Midlands	45.87	58.36	105.77	50.19	62.00	108.95
South East	46.83	58.57	105.12	54.30	63.14	107.68
South West	45.99	57.92	104.66	51.95	61.45	106.95
Northern Ireland	45.58	58.65	105.46	50.48	60.70	n/a
Republic of Ireland	61.25	66.54	106.18	65.06	69.20	108.76
Platts	45.63	56.69	104.28			

The price totem figures are compiled from the results of a telephone survey of distributors carried out on 06/09/2018. 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 €.

The FON Price Totem includes Platts derived market data, supplied courtesy of Platts and BigOil.net. This allows distributors to make a comparison with the average buying prices.



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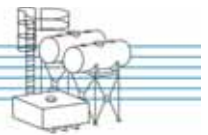
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