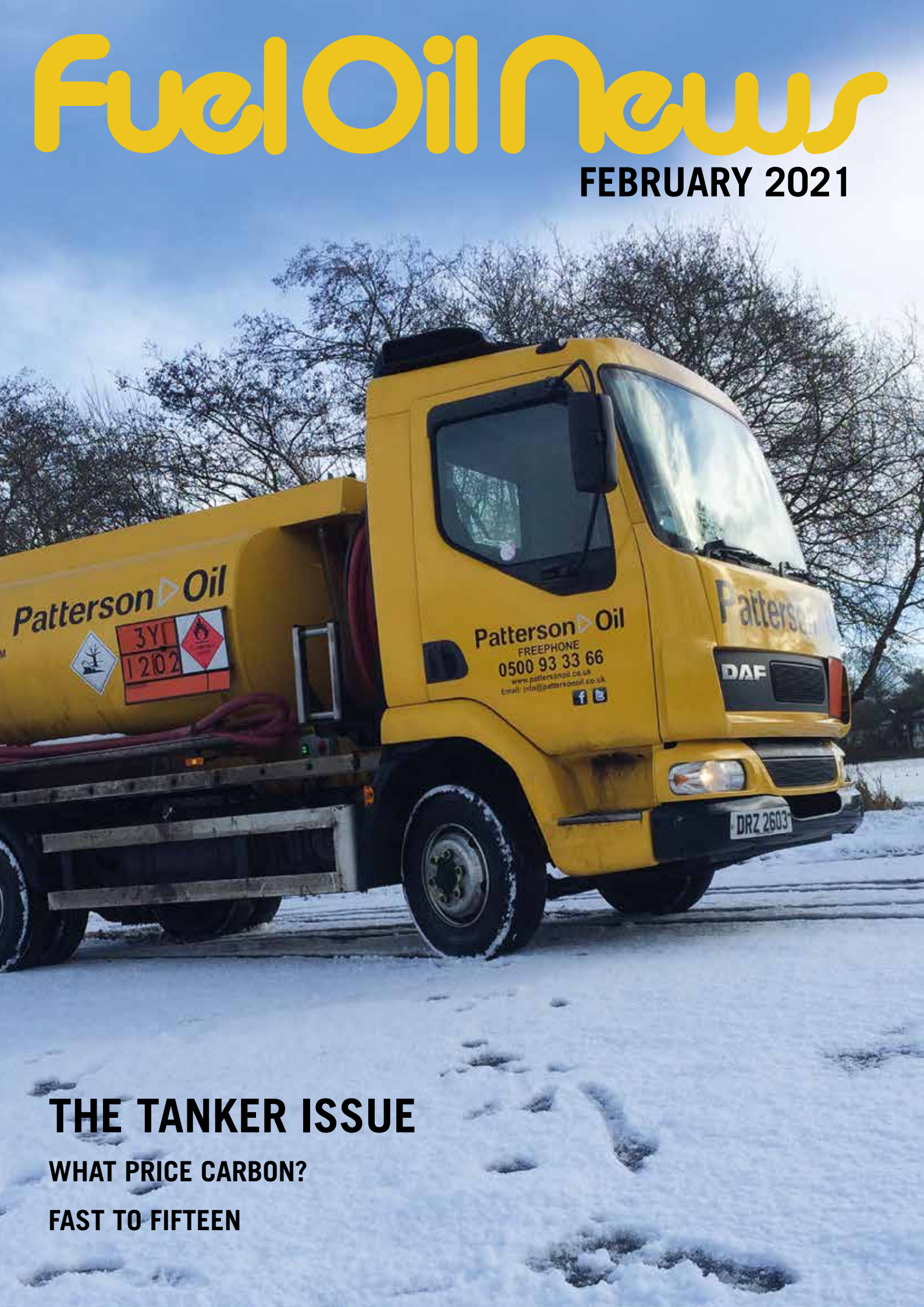
Fuel Oil News

FEBRUARY 2021



THE TANKER ISSUE

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What a difference a month makes

As our last issue hit the press, Brexit negotiations were teetering on the brink, balanced as precariously as the gold bullion-filled bus in the gripping final scenes of the classic film 'The Italian Job'. The excitement, however, was more reflective of the strangely compulsive box-trading TV game show hosted by Noel Edmonds. Even so, a 'Deal' was miraculously plucked from a 'No Deal' abyss and the hope for an easier transition to a new relationship with Europe coupled with the vaccine roll-out, meant many entered 2021 with a new sense of optimism.

Sadly, this evaporated quickly, as soaring covid-19 rates and the unbelievable scenes of the US Capitol riots saw many suggesting that 2021 was beginning to feel like the low-budget sequel to 2020. The keenly anticipated dawn of the new year felt like a false one, with 2021 seemingly asking itself: "What would 2020 do?' As one disillusioned observer commented: "I'd like to cancel my subscription to 2021. I've experienced the free 7-day trial and I'm not interested".

However, a week may be a long time in politics, but it is even longer in this unpredictable world we find ourselves in. The start to 2021 may not have been the one we hoped for but, as the number of vaccinations already administered in the UK and Ireland surpasses the total number ever to have tested positive for Covid-19, the light at the end of the tunnel is clearly determined not to be extinguished.

We all hanker after elements of our lives pre-Covid, after a year spent in an alternate dimension, but the reality is that some elements of the way we live have changed irrevocably. So, while we will always look back at what went before as we enter a shiny new year, it is vitally important to also look ahead and explore the idea of change.

With our top 20 UK distributors and special future tanker review both featuring in this issue, we've had the chance to talk with many of you – the key players in our industry – and it's been encouraging to hear the forward-looking positivity. I have no doubt that, whatever challenges may be thrown, this industry is more than capable of emerging from the other side wiser, stronger, leaner and ready to go again.

I hope this year proves, in the long run, to be memorable for all the right reasons.

Fuel Oil News

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

On the cover

As temperatures drop, Northern ireland-based Patterson Oil is among those distributors ready to ensure that customers are not left out in the cold. This brightly coloured tanker is a welcome sight, making its deliveries whatever the weather. We look forward to catching up with the latest from Patterson Oil in a future issue.

In this issue

'Industry Analysis', on pages 16 & 17, considers how the future of the tanker may be affected by alternative fuel developments, while page 9 sees the winner of our Tanker of the Year award for 2020 revealed. On pages 20 & 21, we are 'In Conversation' with Neil Ryding of FAST, as the fuel science company celebrates 15 years in business.

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INEOS extends portfolio with BP acquisition

INEOS has completed the purchase of the global Aromatics and Acetyls businesses from BP for a consideration of $5 billion.

The businesses will be known as INEOS Acetyls and INEOS Aromatics and will extend both the portfolio and the geographic reach of INEOS.

INEOS Aromatics is a global leader in PTA (Purified Terephthalic Acid) and PX (Paraxylene) technology with 6 sites and supplies the global polyester business which includes polyester fibre, film and PET packaging.

INEOS Acetyls produces acetic acid and a range of derivatives from its 9 sites, supplying a wide range of downstream industries such as food, pharmaceuticals, paints, adhesives and packaging.

Sir Jim Ratcliffe, founder and chairman of INEOS says:

"I am very pleased that we have been able to complete the acquisition, which is a logical development of our existing petrochemicals business, extending our interest in acetyls and adding a world leading aromatics business supporting the global polyester industry."

Craggs Energy expands to South West

North West and Yorkshire-based fuel supplier Craggs Energy has recently expanded its group of companies with the acquisition of Devon based fuel distributor Moorland Fuels.

Founded 15 years ago, heating oil and red diesel distributor Moorland Fuels operates seven tankers from its base in Okehampton. With a fantastic reputation for customer service, the acquisition by The Craggs Energy Group will ensure that Moorland Fuels will benefit from a shared vision, growth and further investment.

With this being the third acquisition in less than two years for the Craggs Energy Group, Chris Bingham, CEO of the group comments:

"We are really excited to bring the Moorland Fuels team into the group of businesses, not only because it increases our geography dramatically, but it also means that we can bring even more experience and knowledge to the services that we offer. By sharing our best practices and resources, we look to further grow the Moorland Fuels footprint in Devon while also ensuring that the loyal customers which have helped the company grow are well looked after.

We are looking forward to working closely with both Abby Turner, sales and marketing manager, and Simon Turner, operations manager, at Moorland Fuels, who will be staying on to help run and grow the business."

Abby comments:

"Being part of the Craggs Energy Group enables Moorland Fuels to expand our operations. We are already benefiting from significant investment from the Craggs team and are looking forward to the new opportunities ahead while continuing to provide the excellent service that Moorland Fuels is known for."

The Craggs Energy Group celebrates its tenth anniversary this year. From humble beginnings in 2011 with just three staff members, one tanker and one emergency 4×4 Land Rover the group has expanded to now employ over eighty people and operate a fleet of nearly forty vehicles.

Date change for UKIFDA EXPO 2021

Organisers of UKIFDA EXPO 2021 have continued to monitor the situation in relation to Covid-19 and, following the UK Government's latest national lockdown announcement, have taken the decision to move the event from 19th & 20th May to 7th & 8th July 2021 at the Exhibition Centre Liverpool.

Chief executive Guy Pulham announced:

"As you are all aware, Covid-19 is still presenting an unprecedented challenge with the situation evolving weekly. We wanted to move the date to a time when more people will be vaccinated and restrictions lifted so the news last week about the increased number of vaccinations allied to the government's vaccination timetable means July will be an ideal time for the industry to get together for some much-needed networking.

"We have lots planned for UKIFDA EXPO 2021 including a great line up of speakers, together with both new and long-standing exhibitors in place. By moving the date to July, it gives our liquid fuels distribution industry a great opportunity to discuss and showcase the transition to liquid biofuels highlighted in the recently published UKIFDA decarbonisation strategy document available on our website."

For more information on UKIFDA EXPO 2021, you can contact Dawn Shakespeare, UKIFDA membership and events manager, by email: ds@ukifda.org or, alternatively, visit the show website: https://ukifda.org/ukifda-expo/.

OPEC+ has a tough task ahead

A Bloomsbury Intelligence report suggests that OPEC+ will face the challenge of increasing oil output this year, without undoing the recent price recovery, against a backdrop of shaky oil demand and possible disagreements among members regarding the timing of production hikes. Vaccine developments are bringing optimism but the need for OPEC+'s supply management may remain, with demand still far from its pre-pandemic level.

Demand growth will dictate OPEC+ policy

January saw OPEC+ agreeing to increase output targets by a total of 500,000 barrels a day. The pace of oil-demand growth will be vital to further production increases. Saudi Arabia appears to be cautious about increasing production further in February, while Russia reckons OPEC+ can add another 500,000 barrels a day. Oil ministers agreed to meet monthly to monitor conditions and make changes to the quotas as necessary, with the course ending once 2 million barrels a day are added back into the market.

OPEC+ cut production by a record 9.7 million barrels a day in 2020 as a response to the pandemic. Cuts were then eased to 7.7 million barrels a day, and finally to 7.2 million in January.

Call on OPEC's crude has been diminishing

The weakening outlook for oil demand sees the IEA currently expecting the call on OPEC to be about 28 million barrels a day in 2021, after it revised its estimate down several times from as much as almost 29 million barrels a day. OPEC itself and EIA have also lowered their estimates for the world's need for OPEC's crude in 2021, after adjusting their projections for oil demand lower and non-OPEC crude production higher.

OPEC's global crude and condensate supply share has dropped a staggering 10 percentage points in the past 10 years. Almost all of this lost ground has been ceded to U.S. shale producers, which drove the nation's global supply share up 9 percentage points in the same period. While the backdrop of slowing oil-demand growth due to rising fuel efficiencies and a steady increase of electric vehicles could raise doubts about OPEC's relevance, the group's supply management through 2020 proved its continued importance in reducing volatility and bringing balance to the market.

OPEC holds vast spare capacity

If oil demand shows gradual recovery, especially in the second half of the year, and if U.S. shale output actually drops, OPEC -- which holds a vast amount of spare capacity available to be brought back into the market – could eventually regain some market share.

The high level of unutilised capacity within OPEC has been one of the main reasons for the oil price's increasing immunity to supply shocks -- as the missile attacks on Saudi Arabia in 2019 demonstrated. The abundance of available supply makes a sudden oil-price hike less likely, while higher production in Libya and potentially Iran could add to oversupply woes in 2021, pressuring prices.

The largest share of OPEC's 8.9 mmbpd spare capacity is held by Saudi Arabia (29%), Iran (22%),Iraq (11%) and the U.A.E. (10%).

Holly's run for home raises thousands

Holly Needham, granddaughter of Jim Callow, the founder of Stourport-based Callow Oils, celebrated her 21st birthday by giving back to a charity close to the heart of the family – Parkinson's UK. The charity has been extremely helpful to Jim, and his family, over the years since he was diagnosed with Parkinson's Disease back in 2012.

On 20th December, Holly completed her 26.2-mile marathon and, to date, has raised over £6,000 for the charity.

Holly's uncle and Jim's son, James Callow, commented:

"Holly was delighted to complete her marathon in a very impressive time. She was joined along the way by various friends and family including myself – although I can't lay claim to anything like as impressive a distance as Holly.

"Other than a sharp rainstorm whilst going through Worcester, the weather remained fine – no doubt adding to both Hollys smile and the continued loud and enthusiastic leapfrog support all the way along the route. This was helped in no small part by a particularly loud air horn.

"In addition to the thanks to the support crew on bikes (including Holly's Dad, Phillip) a huge thanks must also go to the vehicles that followed the instruction on the support vehicle: 'Hoot for Holly on her marathon'. Lots of toots on the horn no doubt motivated Holly massively along her way.

"What made her marathon even more impressive was that, due to an unidentified error, she completed the full distance plus 1 mile. During that last mile however, Holly looked as strong as the first one no doubt driven on by the prospect of completing the feat whilst crossing the line with her Grandad, Jim."

New Vice President for World Fuel Services

World Fuel Services has announced that Claire Bishop has been promoted to the role of Vice President, UK Land. She started in her new role on January 1st, and takes over from Bob Taylor, who will be retiring in May. As vice president, Claire will oversee all aspects of World Fuel's UK Land business, comprising Watson Fuels, fuel cards, lubricants, boiler servicing and wholesale fuel activities.

Since joining World Fuel Services in 2016, Claire has worked as senior finance director for UK Land as well as serving as an executive member of the UK Land board. She has played a key role in leading and developing the UK Land business through a period of significant change, which has seen the business transform its leadership team, establish specialist sales and operational divisions, and invest in new technology, depot infrastructure and advanced vehicles. Before joining World Fuel, Claire held a variety of finance director positions, for companies across the technology and manufacturing sectors.

"I am thrilled to have this opportunity," comments Claire. "I'm proud to be picking up the mantle from Bob, and to be getting the chance to build on the fantastic work he has done over the past three years. I'm also pleased to work for a company that promotes from within, and one that is focused on supporting diversity and inclusivity. I look forward to continuing to work alongside our great team in the coming months and years ahead."

Paul Vian, senior vice president, EMEA for World Fuel Services, spoke of his excitement for the future of the business under Claire's direction. He said:

"Alongside Bob and his leadership team, Claire has played an integral role in developing our systems and processes, and investment in our talent, which has provided the solid foundations upon which we have been able to successfully develop and grow. Our company commitment to succession planning and talent development has made the decision to promote Claire to Vice President, UK Land a rather natural process.

Paul continues:

"As I wish Bob all the very best of happiness as he completes his journey on a very successful and illustrious career, I also wish Claire all the very best of success as she embarks upon her new journey within World Fuel Services."

Essar strengthens leadership team

Essar Oil (UK) Limited announces the further strengthening of its executive leadership team with the appointment of Stephen McCaffrey as chief financial officer.

Stephen is highly experienced in the Oil and Gas, Renewables and Infrastructure sectors and has specialist expertise in financial control, business development, strategic planning and working capital and project finance management and implementation. Having spent 13 years at Greenergy, the last four as CFO, he has a detailed understanding of the UK downstream industry.

Most recently CFO at Avenir LNG Limited, he has also previously held roles with the BOC Group, Merrill Lynch and PWC. He holds a degree in business (accounting and finance) and is a fellow of the Institute of Chartered Accountants of Australia.

Essar CEO, Stein Bye, said: "This is an important and strategic appointment for the company, with Stephen bringing with him a wealth of experience at the very highest level. The year ahead will be key to our long term sustainability as we look to recover from the effects of Covid-19 and transform our business to meet the demands of a low carbon economy and deliver the energy solutions of the future for the UK."

MFG celebrates the new year with further acquisition

Motor Fuel Group (MFG) has announced that it has signed an agreement to purchase seven operational stations and nine new to industry (NTI) sites from BP. This is part of a wider agreement including fuel supply for 100 sites.

Commenting on the agreement, Jeremy Clarke, chief operating officer at MFG said:

"We are particularly delighted with this transaction, given the quality of the operational assets and geographical spread of the NTI sites.

"It is a great opportunity for us to apply our proven operating model, improve the shop offering for our customers, introduce a 'food to go' option where appropriate and improve the valeting offer. We will also be looking to install a number of high-power EV chargers at each location.

"Six of the operating stations are in Scotland and one is in Surrey. The NTI sites are spread throughout England and Scotland."

Andy Allen, BP's UK sales manager, said:

"BP is delighted to have secured this transaction as part of a broader opportunity to further strengthen the long-standing relationship between BP and MFG. The re-sign of 64 existing BP branded sites and the conversion of 36 others brings the total number of BP branded MFG sites to over 280 and we look forward to working with MFG on this and other opportunities in the future."

This acquisition will bring the total number of stations operated by MFG to 918, maintaining their position as the UK's largest independent forecourt operator.

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Our winner! A unique new tanker for Crown Oil

CROWN OIL IS "EXTREMELY HAPPY" TO HAVE BEEN AWARDED THE TITLE OF FUEL OIL NEWS 2020 TANKER OF THE YEAR.

"Brand new to our fleet in 2020, it's the only tanker of its kind, dedicated to delivering our advanced renewable fuel across the nation.

"The DAF CF85 Euro 6 tanker features a green splash across its long body, symbolising the product it carries – Crown HVO fuel. HVO is a drop-in diesel alternative which reduces greenhouse gas emissions by 90% and dramatically reduces particulate matter in our air.

"Hydrotreated Vegetable Oil pushes the boundaries of traditional fossil fuels towards a more sustainable future, which is perfectly demonstrated by the forward motion of the design.

"The 8-wheeler boasts a 32-tonne gross weight capacity and can hold 25,000 litres of Crown HVO fuel which our driver, Charlie, delivers nationwide, 24 hours a day, 7 days a week. It has an onboard system provided by Integer Micro Systems, specialised freight forwarding software for the fuel distribution industry and Tankerbase Sapphire has a convenient Windows user interface and is relational database driven.

"It also is kitted out with audible side scan warnings, as well as rear and side-view cameras, ensuring the safety of our staff and our customers whilst enabling deliveries even when access is extremely restricted.

"Created by our in-house designer, Rob, this unique tanker eschews the traditional red livery sported by the rest of our fleet in favour of a green palette. The design reflects the environmentally friendly nature of the fuel and helps differentiate it from our regular tankers when out on the road!

"We are extremely proud of our new tanker and couldn't resist personalising it with its own registration plate "BIO HVO" to further endorse our green fuel and promote it in the community. We hope that this award of Tanker of the Year 2020 will help to encourage businesses to improve their corporate responsibility by exploring sustainable fuels such as Crown HVO."

COULD YOU TAKE THE TITLE OF TANKER OF THE YEAR 2021?

We are delighted to announce that the winner of the 2020 Tanker of the Year award is Crown Oil, for its DAF CF85 Euro 6 tanker manufactured by Road Tankers Northern.

Fuel Oil News now looks forward to receiving your entries for the 2021 tanker of the year award.

With entries accepted until 31st October 2021, there is plenty of opportunity to enter a new tanker which you believe gives that added extra to your business.

Please send details of the tanker with a photograph to: stephanie@fuelollnews.co.uk, and we could be adding your company's name to the 18 winners below.

All our winners from 2003-2020

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

Meet "Trusty Rusty" – Cragg Oil's baby tanker

"The word Crag means "a steep rugged rock or cliff" to which we owe our name due to our Head Office being located in Cragg Vale, Calderdale. Since we started Craggs Energy nearly 10 years ago we've always been passionate about being able to reach customers in the local area to us where the roads can be quite difficult to navigate – especially in winter!

"'Trusty Rusty' is one of the newest additions to our fleet and is approximately 6m long x 2.2m wide and 2.75m high, to put things into perspective the Land Rover Discovery is around 2.22mm wide.

"Our baby tanker is fitted with a TouchStar vehicle optimisation system. This includes vehicle and driver tracking, route planning optimisation, and on-board stock management. This provides better management of adhoc and scheduled deliveries, enhanced control over routing and scheduling, live stock report, vehicle check management and provides an instant transmission of all delivery information to our operations team.

We can always reach our customers.

"With the capability to deliver up to 8,500 litres of fuel in one drop, this tanker is perfect to reach some of our customers who live along some very challenging rural roads, which would be out of bounds for our standard fleet."

As customers have commented:

"We live in a remote situation with difficult access. Craggs has reliably delivered fuel to us using one of their smaller tankers throughout the year." – David Clapham

"Good service – used to delivering to awkward locations like ours." – Mike

"No problem delivering despite difficult access." – David

Voted for by the people!

"The name 'Trusty Rusty' was voted for by our community of customers and followers on social media. We received over 50 suggestions, with the overwhelming majority suggesting something that incorporated the name "Rusty" due to one of our well-loved drivers who retired in 2019. Rusty, who worked for our family fuel businesses since the mid 1980's (and while at Craggs Energy always drove the baby tanker), was a beloved member of our team and the wider Calderdale community!

"The tanker is indeed trusty, just like its name, however it is not at all rusty! Its new driver, Kev Kiely, tests its limits on a daily basis and mostly delivers those difficult to access homes, farms and businesses around the beautiful landscapes of rural Yorkshire."

Efficiency savings at Dundalk Oil

Barry Finlay commissioned Road Tankers Armagh to build a four-compartment truck, with Renault D Range chassis and OptiMate 800 hose/bulk metering system featuring SPGI, VisiLevel and AntiMove system. Barry explained:

"We chose OptiMate as we liked the automatic processes it offers. Drivers have already commented on how easy the system is to use, and how they are able to make deliveries quicker due to the automatic line change function."

MechTronic's OptiMate is an electronic metering system that prevents contamination and saves drivers time with its range of processes, such as automatic line change, compartment change and a unique self-draining manifold – particularly beneficial when carrying mixed fuel loads as drivers can continue with their deliveries safe in the knowledge that they are delivering clean fuel to customers.

In addition, MechTronic's VisiLevel was also added to the build, this protects drivers as they can easily see from the ground the product type and quantity within each compartment.

This was the first truck that Dundalk Oil, a proudly independent family business, has installed OptiMate on and it is also the first truck in Ireland to be out delivering with OptiMate. The combination of OptiMate and VisiLevel supports Dundalk Oil in delivering a safe environment for its drivers and generates efficiency savings for both the business and its customers.

New Era Fuels – 'delighted'

New Era Fuels CEO, Reg Geggus said:

"We have added a new 26 tonne 6-wheeler DAF CF truck dedicated to delivering off-road **Green D+ HVO** to our extensive network of clients. Not only will the truck be delivering the revolutionary biodegradable, low emission and odourless fuel, it will be fuelled by on-road **Green D+ HVO** to bring a completely lower carbon footprint to our already existing fleet network."

The new arrival to the fleet is liveried in 'Green D+ HVO' brand decals, promoting the fuel's environmental credentials, which include a 90% well-to-wheel reduction in CO2, an 86% reduction in particulate matter and a 30% reduction in NOX emissions. DAF Trucks is also a vocal proponent of HVO as a simple 'drop-in' alternative to diesel as Reg confirms:

"We are delighted that DAF Trucks is sharing a platform with us and making a determined effort to promote HVO. As a direct alternative to diesel, it makes for a compelling case for truck operators who wish to make a serious reduction to their carbon footprint. We are 100% behind the drive for the UK to go green, and a wholesale switch to Green D+ HVO would deliver an immediate and significant impact."

The main features are a DAF Chassis & Cobo Tank with 4 x 5,000 compartments. The on-board equipment includes hose reel and bulk hose deliveries, Alpeco meter and pump, 360 live video footage and rear steer model.

Watson Fuels – 'more efficient'

"We are submitting our new, narrow track 6-wheeler tanker, manufactured by DAF to our tailored specification," commented Glenn Tyrie, general manager, fleet and compliance.

"Over the next 5 years we are upgrading 350 tankers to our new specification to enable us to improve our service to customers, as well as safety and driver ergonomics, whilst decreasing our carbon footprint. Our new fleet will be 35% more efficient than the present configuration, and these efficiencies are something that we will constantly be reviewing.

"Our narrow track 6-wheeler can operate in the same operating areas as a standard 4-wheeler. With a narrow track lightweight chassis, coupled with the rear wheel steering this enables us to service even more properties with this type of tanker as the turning circle and manoeuvrability are greatly improved over a standard 4-wheeler. It also benefits from a 30% greater pay load capacity, greatly reducing our vehicle movements and mileage travelled, which in turn reduces our carbon footprint and helps the environment.

"With an increased focus on driver safety, it has a fully illuminated work area for ease of working for the drivers. We have an electronic emergency braking system, 360-degree strobe safety lighting and 360-degree cameras for increased visibility and safety – benefitting both our drivers and customers. We also have fitted close proximate sensors and turn-left alarms for additional danger awareness for the driver and vulnerable road users. Our pumping equipment features anti-crossover and contamination software."

Marsh Fuels: 'a great vehicle to work with'

Marsh Fuels' new addition to its fleet is manufactured by Road Tankers Northern. Commenting on the addition, David Marsh, transport director at Marsh Fuels said:

"The extra thousand litres capacity in this vehicle compared with our previous vehicle adds that little bit more flexibility, and along with the increased functionality offered by the Alpeco Truck III computer and the air suspension rather than leaf springs on the chassis all make this a great vehicle to work with.

"Weighing 18,000kg, the truck's capacity is 13,000 litres in four compartments or, as Carrie likes to say, 12,999 litres, if you're superstitious."

Moove Lubricants – 'new, improved'

Moving away from tankers, Moove Lubricants has invested in a 'new improved vehicle' to transport IBCs of lubricant oil around the UK which brought an interesting new entrant for consideration for Tanker of the Year.

"With the ability to carry twelve 1,000 litre IBC's and featuring an improved triple pump system, this has enabled us to achieve faster delivery times and therefore an improved service to our customers."

"The truck has an 'all-in-one' floor which can help to contain a damaged IBC or spill, with drain off to at the rear as well as live feed video recording equipment. Improved driver comfort was also incredibly important for this vehicle, which features a microwave and fridge."

The truck also features improved rear lighting for security and dark condition manoeuvring and eye-catching new livery.

Ford Fuel Oils – '50th DAF in the fleet'

David Ford, Ford Fuel Oils, said:

"The first Magyar tanker the company has had, this truck is fitted with on board TouchStar, Emco Wheaton pumping equipment, pot sizes 3000, 4500, 3000, 2500 on full R+M with Motus Commercials, fitted to a DAF chassis LF, making this the 50th DAF in the fleet!

"The truck is also fitted with a MiX Telematics tracker system to help inform customers on ETAs and other data on driver usage. Forward facing cameras are included, for both compliance and health and safety, and TouchStar in the cabs helps us stay up to date with driver progress. Our lorries are also all being upgraded to EURO 6 to help us achieve less emissions.

"The lorries have all been rebranded – back to lorries over 5 years+ – as well as some older ones depending on condition. The rebranded lorries are being noticed across the nation and we are looking forward to stamping '50 years in business' on the next batch of vehicles arriving in March / April."

Alpeco's new system already in operation

The end of 2020 saw the culmination of a 3-year development program by Sampi in collaboration with Alpeco Ltd. As a result, Alpeco has announced their brand new TEX FLOW computer which has attained full UK approval and has been successfully undergoing trials with Nolan Oils on its new COBO tanker since September 2020.

The TEX operating system has been designed to be simple to operate as well as minimising the opportunity to make costly errors during the set-up and delivery process. Built-in WiFI, bluetooth and other programmable comms interface methods have also been provided to enhance connectivity with in-cab computer systems for crucial data storage, transfer, and delivery management.

TEX offers a new benchmark in terms of road tanker fuel measurement and system control and features a single cast aluminium (ATEX) enclosure which houses the main CPU. A 7" full colour display and a large button keypad provide the operating interface.

A programmable, real-time inventory stores and monitors grades and volumes in each compartment and colour tank graphics are displayed on-screen in the delivery set-up menu. Once the grade has been selected, only compartments containing the same grade can be opened, thus preventing accidental opening of a wrong compartment and avoiding costly contaminations.

'Left on board' contents can be viewed on-screen or printed at any time, providing accurate stock reconciliation when cross-referenced with load, delivery, and end of shift tickets. Unlike other electronic registers the TEX has no limit to the number of named products that can be handled, all of which can be product colour coded and displayed on screen along with delivery progress bar

Using its in-built Wi-Fi network, TEX can be supplied with a rugged Android handset loaded with the TEX-LINK app which gives the operator a duplicate litre display and allows the operator to pre-set, select and change products and compartments as well as start, stop and print functions.

TEX has been integrated into Alpecos MF400, 800 and 1100 truck meter systems and will replace the current TRUCK III when it is phased out of production later this year.

Contamination prevention from MechTronic

OptiMate, MechTronic's revolutionary electronic metering system has been built with the fuel oil operative in mind and is designed to be future-proof. Using solid state firmware, the latest update provides increased control while performing line changes when switching between hose and bulk deliveries.

With clever engineering, OptiMate now allows a different product in the hose reel when delivering through the bulk hose, without causing contamination.

This means that drivers can, for example, make a kerosene delivery through the hose reel and, for their next delivery, they can perform a bulk diesel delivery without contaminating their fuel loads – no calculations need to be made as OptiMate will automatically calculate and perform the correct line change volumes required, saving time and money.

How is a contamination prevented?

OptiMate can perform a line change for the hose/bulk shared pipe. This process ensures that when using a two-hose metering system i.e., hose and bulk, OptiMate will optimise the delivery process by only changing the shared

pipework through the pump and meter, when switching between delivery hoses and products.

As part of the delivery process, OptiMate will ask drivers to confirm whether they are performing a hose or bulk delivery. If the customer requires a hose reel delivery, then OptiMate will automatically calculate and perform any pre-determined line changes at the end of the hose delivery to ensure that the next customers bulk delivery is optimised and clear of contamination.

A host of automatic features

OptiMate features a self-draining manifold which is cleared of product during a line change and further protects fuel oil operatives against contamination.In addition, OptiMate can now perform automatic compartment changes with an automatic line change at the end of a delivery – without returning to the tanker to start the process – ensuring that drivers can remain at the point of delivery!

Tackling fuel tank contamination

Centre Tank Services Ltd has a new distributorship under its belt with the addition of the Aquafighter range of fuel tank water absorbers. The increasing bio content in today's diesel means that the issue of water in fuel is not going away and, as the percentage of bio increases, it is an issue that is becoming even more prevalent.

Aquafighter actively captures and removes the free, suspended and emulsified water out of diesel fuel directly in the tank. By working in this way, it not only prevents diesel bug, but requires no fuel removal and eliminates the needs for many additives.

Aquafighter removes water content to a level that exceeds EN590 diesel fuel standards. Over 7000 lab tests showed 100% efficiency in water removal to under 70ppm (90% were performed by two of the world's largest fuel producers). Testing of B7 diesel showed after more than 1 week, water content was as low as 40ppm. The untreated sample tested at 363ppm.

Further support for HVO in Northern Ireland

With over 500,000 homes currently using heating oil in Northern Ireland, a new video has been released to communicate how straightforward it could be to dramatically cut CO2 emissions through the use of HVO as a near drop-in and, therefore, very cost-effective, replacement for kerosene.

David Blevings, NIOF, explains:

"Further to our November article, 'NI Energy Strategy – an update', we learn that OFTEC is promoting a video to local politicians ahead of the new NI Energy Strategy. The video shows how easy a transition to HVO will be for NI consumers and reinforces the immediate carbon reductions that are available for liquid fuel users.

"OFTEC has advised Government that the new strategy must be technology neutral and the inclusion of biofuels offers a seamless transition for existing liquid fuel users; a simple option for government to maximise carbon emission reductions in the off-grid sector at least cost for consumers with immediate effect."

The video can be viewed at https://www.oftec.org/future-heating/making-the-switch-to-hvo-in-northern-ireland

For further information contact David Blevings: dblevings @oftec.org or david@nioil.com

HVO to fuel Selwood pumps

After extensive testing, Selwood has become the first UK rental company to offer pumps that can be fuelled by vegetable oil in an industry-leading move that will significantly cut greenhouse gas emissions.

Selwood has also committed to ensuring that new pumps manufactured at its headquarters in Chandlers Ford, Hampshire, for use in the UK and around the world, are HVO-compatible, subject to individual engine manufacturers' guidelines.

Lawrence Bradbury, director of engineering at Selwood, said:

"At Selwood we are committed to reducing the environmental impact of our products and operations wherever possible. Following conversations with several large clients who were looking for alternatives to diesel fuel, our engineers have thoroughly tested the use of HVO in the Selwood range.

"We are delighted with the results – not only is HVO completely interchangeable with diesel in compatible engines, it can also be used with no negative impact on performance.

We are very pleased to be able to let customers know that HVO can be used safely as part of our ongoing commitment to sustainability."

Selwood has several ongoing initiatives to reduce its carbon footprint, including the introduction of electric vehicles to the fleet and the option of IE3 electric motors in its pump rental and sales ranges where appropriate. The company holds the ISO 14001 standard for its environmental management systems.

Greenergy invests in advanced biofuels project

Greenergy announces its continued commitment to renewables through an investment in advanced biofuels. Utilising a combination of existing technologies, the project will create low carbon fuels from waste tyre feedstock.

The project will use pyrolysis and hydrotreating technologies to convert up to 300 tonnes of shredded waste tyres into renewable drop-in advanced biofuels per day in the first phase, that can be used in diesel and petrol and qualify as development fuels under the UK's Renewable Transport Fuel Obligation. The plant will also have the capability to produce sustainable aviation fuel (SAF).

The manufacturing process also creates recovered carbon black, a product that can be used in the circular economy to produce new tyres and other industrial rubber products.

Christian Flach, Greenergy CEO said:

"We have been exploring innovative ways to produce liquid fuels from different waste

products to continue to create new forms of development fuels and deliver further carbon savings in the years ahead. Our customers will continue to benefit from our integrated approach to manufacturing and blending of renewable fuels."

The conceptual design was developed in Canada by Green Tire Technology Ltd, led by Roman Cintula, and then implemented in the UK, with a view to commence commercial production in 2025, in partnership with Greenergy. The project will use thyssenkrupp Industrial Solutions' advanced thermal treatment technology and Haldor Topsoe's HydroFlex™ renewable fuels technology.

The project is at the Front End Engineering Design ('FEED') stage and, when complete, will help to address the UK's waste tyre challenge and meet the growing demand for innovative waste-based fuels under the UK's Renewable Transport Fuel Obligation.

The future for tankers

OUR JANUARY ISSUE LOOKED AT THE EVOLUTION OF TANKER DESIGN AND PRODUCTION. NOW WE LOOK AHEAD AND CONSIDER THE FUTURE OF THE TANKER AND HOW IT MAY CHANGE TO REFLECT THE CHANGING FACE OF FUEL.

Previous feedback strongly suggested that there haven't been any signifcant changes for some time as Dave Rowlands, technical services director, Wincanton, confirms:

"There have been no ground-breaking changes for some time now, however there have been step changes embracing technology and product development which are slowly evolving the blueprint."

Despite there being few significant design changes, Adrian Mason of Road Tankers Northern spoke to us to explain the continuous review of RTN's manufacturing and design processes:

"We are always looking at improving the manufacturing and design of our tankers working in collaboration with our partners; Sheffield Hallam University, the Welding Institute and the Department of Transport. Over the years we have continually looked to improve our tank designs from what is already a well-respected product.

"One example of this is our unique ring-design rigid tanker which was driven in part by the HSE's strict enforcement of the Manual Handling and Working in Confined Spaces regulations and means that we can now build a rigid tanker which is part assembled by CNC machines and then automatically welded by computer-controlled welding heads.

"The end result? A robust tank design that we have no hesitation in giving an enhanced warranty to, designed to withstand the toughest operating conditions and reduce downtime to a minimum when compared to existing methods of tank construction."

Despite the recent challenges, the future looks busy

Ben Firth, Tasca Tankers, commented on how the company continued to produce during the challenges of last year:

"2020 was an extremely difficult and challenging time for everybody and, at Tasca Tankers, it was no different.

"Having the majority of our workforce furloughed, to protect the health and safety of employees and customers, had an impact on production. However, over the 12 months of 2020, the hard and dedicated work of all involved at Tasca meant that the number of new vehicles produced and delivered to our valued customers dropped by just 10%.

"Our order book represents the quality of build we pride ourselves on here at Tascas, with 2021 and 2022 shaping up to be as busy as, if not busier than, previous years. Both existing and new customers are placing orders knowing the current lead times, but also safe in the knowledge that the product they receive will be the best on the market.

"We are grateful for the understanding shown by customers during the unprecedented times we are all experiencing, and we assure them that we are working hard to keep up with the demand on new vehicles."

Mark Skelton, Road Tankers Armagh, also commented on a challenging yet successful year:

"Despite the obvious challenges, 2020 was a good year for Road Tankers Armagh. We continued to produce and fulfil orders whilst keeping the safety of our customers and staff at the forefront of operations.

"In terms of future changes for tankers, we expect it to be less about design and more about the products transported. As always, we look forward to working with our customers to achieve their specifications with prompt delivery time and continue to look ahead to more 'normal' times."

Commenting on how last year impacted on methods of communication, Joby Clarke, Cobo Tanker Services, told Fuel Oil News about

success and growth amidst the challenges of last year:

"With no visits to the factory last year we had to rely on electronic communication to ensure the new tankers we built were completed to customer specification and also for the correct builds for the equipment fitted. Whilst this was a challenge, we proved it possible and had a very successful year bringing on more new rigid tanker customers and a good year for semi-trailer builds as well.

"The rigid tanker program was highly successful last year, and many new customers were brought on board with repeat orders being placed already for this year. Our customers in the home-heating oil business also generally had a good year and this will probably be reflected in new truck orders for 2021, whilst we envisage that with less personal car travel the semi-trailer market will be a little quieter this year.

Implications of alternative fuels for vehicle certification

When reading submissions for Tanker of the Year, it was interesting to see several tankers not only built to transport alternative fuels but also fuelled by them.

Duncan Seaman, field sales engineer, Volvo Trucks comments:

"LNG, as a power source, has been recognised in ADR for some time. This, along with the Economic Commission for Europe of the United Nations (UN ECE) regulations, allow us, as manufacturers, to type approve and register these powertrain vehicles for the carriage of dangerous goods.

"The relevant UN ECE regulations that are required are:

Reg. 110 for the approval of: I. specific components and installation of motor vehicles using CNG and/or LNG.

Reg. 105 for the approval of vehicles intended for the carriage of dangerous goods with regard to their specific constructional features.

"Therefore, as a manufacturer with a current recognised conformity of production, we are permitted to build and issue certificates for these vehicle types."

Duncan continued:

"We are also working with the Safe Loading Pass user group who are, in turn, working with the Energy Institute Road Tanker panel, to have what most are calling "alternative drivetrains", such as natural gas powered vehicles, recognised for loading at fuel terminals, as there is an acceptance that these vehicles are likely to become more mainstream in the near future.

"There has been an assessment study carried out on the risk and impact of such vehicles entering and working within hazardous storage locations. For example, electric powertrains are being assessed, again it is likely only those built and approved to UN ECE Reg. 100 for the approval of vehicles with regard to specific requirements for the electric power train, will be considered.

"In all cases, how these types of vehicle will be able to be adapted to suit the fuel

collection and delivery operations will need more partner involvement. For example, we have already had LNG tractor units adapted to the Safe Loading Pass scheme build requirements, but now await to see how these will be able to be issued with an actual pass for loading."

Looking ahead

Speaking on the biggest developments to happen in tanker production, Dave Rowlands, Wincanton highlights:

"ADR, type approval, advancements in manufacturing processes for production quality and efficiency, use of specialist steels such as Xtral and Duplex, introduction of seal and gasket materials more compatible with a wider range of modern fuels/blends. In terms of future developments, traction will follow the lead. Tanker development may embrace the use of alternative methods to power pumping and discharging systems for offloading."

Joby considered how the future is looking from Cobo's point of view:

"For the next few years we feel we are likely to see a trend that the semi-trailer market will not be quite as buoyant as the drive towards EV and other fuel sources for transport moves the fuels transport from traditional petroleum semi-trailers to LPG and LNG.

"As this develops, we see a plethora of vehicle types with the vehicle being specified for a specific function i.e battery for city centres, gas for fridge and general A to B haulage and diesel for 44 tonne loads eg sugar, cement etc. We also have to remember that for these vehicles we will also need diesel power to enter the refineries to avoid spark ignition engines."

We look forward to continuing our conversation with Joby about the broader developments at Cobo Tanker Services in our March issue but, in a final comment on the possibilities of changing tanker design, Joby concluded:

"We don't think there will be any major changes to the tanker design, I think that the metering systems for rigid tankers will be more integrated into trucks with CANBUS. There may be certain aspects of some tankers that are standardised in some European countries that we see – such as doors over API's that we may start to see for some customers but generally we feel tanker design will stay as is."

We look forward to seeing what 2021 brings for those involved in the specification, design, purchase, manufacture and usage of tankers – an iconic and vital part of our industry.

TOP 20 FUEL OIL DISTRIBUTORS

UK MAINLAND

2021	2020	COMPANY	NUMBEROFTANKERS
1	1	Certas Energy	900
2	2	WFL (UK)	304
3	3	NWF Fuels	155
4	4	Rix Petroleum	115
5	5	Goff Petroleum	104
6	6	Oil NRG	88
7	7	Johnston Oils	87
8	8	WCF Fuels	73
9	10	Crown Oil	70
10	9	Ford Fuel Oils	67
=11	=11	Oilfast*	50
=11	=11	WP Group	50
13	13	Mitchell & Webber	48
=14	=14	Highland Fuels	43
=14	16	Barton Petroleum	43
16	17	Carrs Billington	42
17	=14	Gleaner Oils	40
18	=18	Heltor	39
19	=18	Oil4Wales	36
20	n/a	New Era Fuels	32

Distributors are ranked by number of tankers supplied to Fuel Oil News in January 2021.
*figure as at 2020

DIVERSIFICATION CORNER

WCF Fuels NW meets changing needs

In our January issue, WCF Fuels NW general manager, Gemma Hogg, looked ahead to a promising year of further growth. Always open to diversification, recent impacts to the company have been more about rapid adaptation and handled with its ever flexible approach.

One of the biggest changes in recent years, for the company, was the move from a small independent to a larger group distributor model. Speaking about the advantages and challenges Gemma commented:

"The advantage for small independents is control; ensuring resources are not too stretched, remaining cost-effective and maintaining a constant level of service. The revenue increase would be smaller and may not be scalable as it is with a larger group with greater market share. Larger models may have more resources to divert without diluting core services. One challenge would be maintaining customer service and high standards – diversifying to a larger model can change existing relationships. We worked hard to ensure relationships were maintained, and I believe that, alongside our people, this is key to our success.

No strangers to adapting to changing needs, Gemma said:

"Delivering great service to our customers is at the heart of what we do, and that won't ever change. What has changed, is how we do that. With the rise in technology, we have embraced new methods of customer communications and ordering. Communicating through social media, an essential part of any business today, has allowed us to promote our personality as a company, as well as our down to earth, local approach. As an industry we are probably guilty of being behind the curve for digital technologies ,but here at WCF, after overhauling our webpage, we are pushing forward other channels such as WhatsApp, to assess the requirement. We have also opened various digital channels for those who want to self-serve, whether that be ordering online, making payments or checking account balances and prices.

The challenges of the past nearly 12 months have also seen many companies adapt and diversify in ways that couldn't have been predicted.

"Home working has been the major adaptation, but we've managed to provide every office-based member of staff with the tools to work from home successfully. With constant reviews and improvements, as well as developments in team communication, it is pleasing to see what we have accomplished. It means we can certainly be confident in our flexibility for home working when it may be required."

Looking ahead, Gemma commented:

"Although WCF enjoys working to traditional values, we are keen to adapt and never more so than today. Should this be for reasons of legislation or environmental challenge we recognise how important it is to be flexible and guide our customers in the best direction. We will continue to respond by looking at where and how we do business and confront a rethink of models in a decarbonising world."

In Conversation with FAST

CELEBRATING ITS 15TH YEAR IN 2020, FAST ENJOYED ANOTHER POSITIVE AND BUSY YEAR OF UPGRADES AND STAFF ACHIEVEMENTS, AS WE REPORTED IN OUR JANUARY ISSUE. IN THE CONVERSATION THAT FOLLOWS MARGARET MAJOR, MANAGING EDITOR, CAUGHT UP WITH FAST MANAGING DIRECTOR, **NEIL RYDING,** TO FIND OUT MORE.

After 2020 saw the company reach its 15th anniversary with another positive and successful year, talk us through the story of FAST from its beginnings in 2005.
Yes, we have fared better than many and remain grateful.

FAST was founded by Bob Hall and his partner SallyAnn Bell. They occupied a small facility on the outskirts of Telford with no heating and questionable facilities! Bob had a long career with Esso, where he was specifically working on additives for road fuel, before spells with Ethyl and BASF. Using his expertise, Bob's goal was to create bottled additives for automotive use that were "90% technology not 90% marketing".

Unfortunately, whilst the formulations were brilliant, the promotional budget and resource were lacking, and the returns were unsustainable. At about that time, the fuel distribution industry was looking for additives to compete with the Shell Thermo Premium kerosene additive. Bob and SallyAnn worked round the clock and came up with a product and the rest, as they say, is history.

A move to the current site in Atcham came in 2007. Having been intimately involved with the supply of raw materials to FAST from its inception, I acquired a third share in the business in 2010. We then set about formalising the internal structures, expanding the product range and increasing the workforce accordingly – not forgetting expanding the facility twice.

It was great to hear about the recent recognition of long-standing employee Julia Mansfield for her work in the industry. Have many been with you long and how many people are involved with the company now?
Julia came on board in 2011. The company's first true employee was Charles Southan, known to many in the industry and now well into his thirteenth year with FAST. Charles was initially tasked with promoting the heating oil additive, and then the Cooker (AGA, Esse) additive, to the fuel distributors of the UK and Ireland. He was joined by Tim Carlon in the rapid expansion that came in 2010-11 and, in fact, five people celebrated ten-year anniversaries in 2020.

We are now a stable workforce of 20 people, supplemented in production by temporary staff at times of high workload.

It is astonishing that the laboratory has developed over time from a 'glorified kitchen' to a purpose-built facility. Would you regard that as the biggest change for FAST over the years?
Formalising the laboratory happened almost by default. Expanding the product range did expose the facility for what it was, and the expense of third-party testing was becoming onerous. At the same time, we needed a proper canteen facility for our increasing numbers, so the 'kitchen' needed to be reclaimed.

Hiring Julia Mansfield from BASF brought high-level in-house expertise and experience but also an expectation honed in a more lavish environment! It only took us nine years to meet Julia's exacting standards – it might, perhaps, only be halfway – in terms of infrastructure and equipment.

What other significant changes have you seen in the company and industry over the last 15 years?
From a company perspective, the biggest change was the retirement of Bob and SallyAnn in early 2018. The sheer effort required to create a business and see it grow rapidly, took its toll on both of them in different ways. This led to our acquisition by Millers Oils.

In terms of the industry, it would be the consolidation of the fuel distributors, most notably the creation of GB Oils and then Certas. At two points in the past 15 years this has had a profoundly negative effect on our business, but we are glad we live to fight another day.

FAST has always looked to develop the right product at the right time. Is this activity primarily driven by a need to overcome identified problems or do you also innovate to add benefits even where there is no pressing need?
FAST's first three products that sold in any volume (heating oil additive, Cooker additive and Gas Oil Extra) were, indeed, developed to satisfy an immediate industry need. Until the field problems of 2019-20, however, the additives that followed were very largely unique formulations of recognised fuel additive chemistries known to Bob, Julia and me and for which we knew there were applications, benefits and opportunities.

Our task since has been to create demand and convince our customers of the potential technical and economic benefits. Unfortunately, our industry has been slow to adopt technology that has been the accepted norm elsewhere – in some cases for more than 40 years!

How has the push for decarbonisation impacted on your customers and their needs and what is the impact on your own product portfolio / development?

So far it has had no impact at all. Decarbonisation is a worthy goal but, right now, at our level, that's all it is. We intend to be around to support the majority of our customers and end-users for whom there is no choice until alternatives become more widespread. Even then, there is every indication that some form of fuel additisation will be required.

It amuses and frustrates me to hear industry figures, who have shown no previous interest in, or understanding of, fuel science, suddenly become experts when promoting the benefits of alternative fuels – benefits that they could have been enjoying for many years with proper fuel management and the judicious use of fuel additives. But then I would say that, wouldn't I?

We are keeping a watching brief on what transpires and are doing some of our own testing on the alternatives being proposed for domestic fuel. If additives do prove to be required or provide an enhancement, then we have everything we need in-house already.

How has the company developed and diversified over time and, if you envisage further diversification, what direction might this take?

Like many organisations, FAST has stumbled into a niche and exploited it. From a professional business standpoint, I cannot just be comfortable with that. In the past 10-11 years we have tried to move into different areas:

marine, industrial fuel oil, power generation, fleet markets, consultancy etc. and we even re-visited Bob's original objectives with a high-quality retail automotive offering.

In addition, we have explored export markets, JVs and partnerships, as well as our own (outside the box) acquisitions. In the end, I have to say that none was entirely successful due, mainly, to a lack of resource and the relentless focus on core business.

Over the next few years, what do you see as the major challenges to the fuel industry and what are the opportunities?

In terms of the wider oil industry, the major challenge will be to (legitimately) defend itself. When I graduated in the mid-1980s, the oil companies were some of the biggest payers and had the pick of the graduate crop. Not so today and, regrettably, I think it shows. And yet oil-derived products will be part of our world for many years to come. The industry will be different, but it isn't going away, and it still contributes massively to the world economy. We shouldn't be embarrassed to be part of it. For the fuel industry, specifically, it has dealt with change before, and will no doubt do so again. For those who can be technically and economically savvy and fleet of foot, there will be a place.

What is FAST doing to satisfy its own environmental conscience and reduce emissions?

From an operations standpoint, our environmental impact is already very low. Our process energy requirement is minimal, and our airborne emissions are restricted to the oil-fired heating boilers. Effluent waste is non-existent, and our process (hydrocarbon) waste is around 1.6 tonnes per annum, which includes fuel sample disposal, which is recycled into a commercial fuel component.

We are aware that plastic bottles are synonymous with our supply, which raises alarms bells for those with corporate sustainability objectives. It is worth pointing out that it is largely at the behest of the industry that product is supplied in this way. We are supplying serious chemicals and have a duty of care both to our customers and to our end-users as well as an obligation under chemical packaging regulations to ensure that the integrity is all it would be expected to be.

Sometimes plastic is the solution. Our bottles are already manufactured from 60% recycled material and those bottles we do collect from our customers are recycled appropriately – both the plastic and any residual product.

For the product we ship via carrier in mail packs, all the packaging is biodegradable.

What was the best bit of advice you were ever given in the fuel oil industry?

I've been collecting 'Words of Wisdom' since I started work. But I'll go for "the objective of a salesman is not to make sales but to create customers".

What's next for FAST?

Covid-19 has put paid to a number of business development plans we had for 2020. Also, the relationship with our parent company, Millers, has been very much arms-length to date, which I think has suited both parties. As an MD, however, I believe it is my duty not just to mind the shop but to promote growth.

Hopefully, in 2021, we will have the time and resource, perhaps working more closely with Millers, to revisit some opportunities with more focus and intensity than has previously been possible.

PORTLAND MARKET REPORT

JANUARY IN VIEW

MAKING BOLD PREDICTIONS FOR 2021

Let's face it, the new year has hardly started off in a way that any of us would have wanted! Nonetheless, we soldier on, and this month we will look back over the last 12 months and then make some bold(ish) predictions for 2021. The first thing to say is that this time last year nobody really had a handle on how bad things were going to get in 2020, although Portland was predicting a drop in the oil price. We stated that the "oil market was in a bearish phase" and that "excess US oil production, alongside reduced global demand were recipes for drooping (sic) prices in 2020".

This means we got the basic idea right but, as any oil trader will tell you, predicting the general direction of travel (up or down) is the easy bit. To make money, you need to predict the scale and speed of movement. And here we were way off – alongside every other oil analyst, investor and operator. At London Oil Week ("IP Week") back in February, despite several high-profile and last-minute cancellations, the virus was still not seen as a long-term threat to the oil market. Nor did anybody at the time predict that a pricing war between Russia and Saudi Arabia would swamp the market with oil, just as demand was falling off a cliff because of the pandemic. We are also absolutely 1,000% confident that not one person anywhere in the world could have predicted 12 months ago that the oil price would drop to minus $37 per barrel. Which, of course, it did on April 23rd.

"ONE CRAZY DAY ON THE OIL MARKETS IS NOT NECESSARILY A WINDOW ON THE FUTURE"

The tenure of this extra-ordinary event was short-lived and the circumstances as technical, (pipeline and tankage capacity in Oklahoma) as they were market driven. Plus, apart from a handful of Chinese Hedge Funds (one of which was completely wiped out), there is scant evidence that this freakish event caused sustained commercial damage to either operators or (non-speculative) industry investors. Nonetheless, the significance of negative oil prices should not be under-estimated and, although few will publicly state it, the event has spooked investors and oil company shareholders, because of the precedent now set. Conventional and long-held wisdom is that commodities always have a residual value – that is what makes them attractive for investment. Even at below $10 per barrel, there is still a market for oil and with efficient processes and the right supply-chain, there is money to be made somewhere. But a minus oil price (potentially sitting alongside negative interest rates), possibly for a prolonged period of time rather than just one day? No thank you! And, whilst one crazy day on the oil markets is not necessarily a window on the future, it may have been an insight into a low carbon world, where oil producers are desperate to keep volume coming out of the ground, whilst oil demand steadily declines in the face of renewable fuels.

The jury is probably still out on that one, but what we can say is that the price race to the bottom has been devastating for the Petrostates, the US shale industry and the major oil companies. The chaos surrounding OPEC's decision making in the first half of the year not only highlights how misaligned member states are, but also just how much pressure they were under. OPEC countries typically require oil prices at $75+ to balance the books and their ongoing oil growth assumptions look increasingly out of kilter with a decarbonised world. US shale is facing its own day of reckoning with the number of oil rigs already having halved in 2020 and the spectre of $20bn of debt that will mature in 2021. This will either have to be repaid (no chance) or re-financed (somehow). As for the oil majors, they have either faced the ignominy of sliding out of the public eye (Exxon Mobil were ejected from the Dow Jones Industrial Average, having been a member since 1928) or are desperately trying to convince wary investors of their green credentials and plans for a renewable future (like BP). One thing is for sure, none of them are heralding new or existing oil exploration projects.

But here's the thing, whilst there is largely agreement (outside of OPEC) on the fact that global oil demand will decline much sooner than previously predicted, immediate demand is beginning to recover, particularly in China and South-East Asia. As that demand is gradually ticking back up from pandemic lows, supply on the other hand continues to collapse. Investment in oil exploration and production is down by 30% globally and 40% in the western economies. Furthermore, there is no operational mechanism that can switch supply back on quickly and nor is there much financial appetite for re-investment in old school oil projects.

"A RECIPE FOR SIGNIFICANT AND SUDDEN PRICE INCREASES"

Which is why we predict that prices will go up in 2021 and even see the possibility of a major price spike, as the gap between supply and demand becomes critical. That isn't to say that we see a long-term recovery for oil prices, but we do easily see another year of significant price volatility, only this time in an upwards direction. If we assume modest economic growth over the next 12 months, then there is clearly the possibility of inadequate supplies of oil being in place to help fuel the recovery. It must also be recognised that renewables are still several years away from being able to fill the gap. Such a scenario would be a recipe for significant and sudden price increases, although of course the coronavirus still may have the final say and blow all our predictions way off course. We may be tired of covid, but sadly covid may not yet be tired of us…

For more pricing information, see page 26

Portland
www.stabilityfromvolatility.com

What is carbon pricing?

A look at what it means to put a price on carbon – and why we need to

The fundamental tenet of carbon pricing seeks to ensure that damage inflicted by an activity is reflected in the cost of doing business. Carbon pricing is the implementation of the 'polluter pays' principle for greenhouse gases, usually in the form of either a carbon tax or a requirement to purchase permits to pollute, commonly referred to as a cap and trade or emissions trading scheme.

Ideally, a robust, predictable and rising carbon price is needed to reflect the true cost to society of greenhouse gas emissions. A clear signal is needed to industry, and all other sources of GHG emissions, (1) to reduce pollution as rapidly / soon as possible, (2) to encourage investment in climate-friendly alternatives and (3) to spur further low-carbon innovation.

Carbon pricing was first adopted at the start of the 1990s in the form of taxes introduced in Finland, Poland and the three Scandinavian countries – Denmark, Norway & Sweden. These were followed in the mid to late 1990s by taxes adopted in Latvia, Slovenia and Estonia. A landmark moment arrived in 2005 with the introduction of the EU Emissions Trading Scheme (ETS).

There are currently 56 carbon pricing schemes in operation worldwide, which are split equally between 28 based on carbon trading / ETS and 28 national and subnational jurisdictions using a carbon tax. The 28 tax schemes cover just under 6% of global greenhouse gas emissions.

Approaches to carbon pricing:

The two principal approaches:

- An **emission trading system (ETS)**—also known as a cap-and-trade system—sets a limit or 'cap' on total direct GHG emissions from specific sectors and sets up a market where the rights to emit (in the form of carbon permits or allowances) are traded. This approach allows polluters to meet emissions reductions targets flexibly and at the lowest cost. It provides certainty about emissions reductions, but not the price for emitting, which fluctuates with the market. So, it is a market-based concept. By creating supply and demand for emissions allowances, an ETS establishes a market price for greenhouse gas emissions. The cap helps ensure the required emission reductions will take place to keep the emitters (in aggregate) within their pre-allocated carbon budget.
- A **carbon tax** puts a direct price on GHG emissions and requires those responsible to pay for every ton of carbon pollution emitted. It thus creates a financial incentive to lower emissions by switching to more efficient processes or cleaner fuels (i.e. less pollution means lower taxes). This approach provides a lot of certainty about price because the price per ton of pollution is fixed and known, but offers less certainty about the extent of emissions reduction. It sets a price on carbon by defining a tax rate on greenhouse gas emissions or, more commonly, on the carbon content of fossil fuels. Its fundamental difference from an ETS is that the emission reduction outcome of a carbon tax is not pre-defined but the carbon price is.

'Good' carbon pricing practices:

In a briefing paper a few years ago, the Grantham Institute on Climate Change and the Environment (LSE) recommended the adoption of a number of practices that it considered essential to make carbon pricing an effective measure to drive the 'energy transition'.

Amongst the more salient of these are:-

- There needs to be a uniform global carbon price to address the problem of 'leakage' across borders, delivered either by carbon taxes or cap-and-trade, achieving a progressive reduction in greenhouse gas emissions in a cost-effective way and based on the principle that the 'polluter pays'.
- A carbon price acts as a pervasive encouragement for businesses to adjust their investment, mix of inputs and innovation away from greenhouse-gas-intensive technologies. For consumers, a carbon price on products would encourage them to adjust spending away from high-carbon products.
- A carbon tax or trading scheme can. and should, be revised over time as policy-makers learn from experience. Policy-makers in the UK and other countries should move towards a uniform carbon price across sectors so that the burden of adjustment costs is spread efficiently across economies and thus minimised. Promoting cost-effectiveness is also likely to promote public acceptability.
- Policy-makers will also have to consider the distributional consequences of carbon pricing, which could be problematic. But compensatory measures are possible
- Policies to promote innovation and relevant infrastructure investment are also needed.
- Communicating with businesses and the public about why carbon pricing is a sensible option needs improvement. A failure to explain the rationale for carbon pricing in terms of the 'polluter pays' principle could jeopardise public acceptance and support.

The EU ETS:

Probably the best known ETS, certainly first to be adopted as well as largest in terms of its number of participants, is the EU scheme. It is 'front and centre' of EU policy to combat climate change and is its key tool for reducing greenhouse gas emissions cost-effectively.

- It operates in all EU countries plus Iceland, Liechtenstein and Norway

- It limits emissions from more than 11,000 heavy energy-using installations (power stations & industrial plants) and airlines operating between these countries
- It covers around 40% of the EU's greenhouse gas emissions.

The legislative framework of the EU ETS for its next trading period (Phase 4), which spans 2021-2030, was revised in early 2018 to enable it to achieve the EU's 2030 emission reduction targets and as part of the EU's contribution to the Paris Agreement. The revised target seeks a reduction of 55% vs. 1990 levels which is up from 40%. The revision focusses on:

- Strengthening the EU ETS as an investment-driver by increasing the pace of annual reductions in allowances to 2.2% (cf. prior target of -1.7%) as of 2021 and reinforcing the Market Stability Reserve (the mechanism established by the EU in 2015 to reduce the surplus of emission allowances in the carbon market and to improve the resilience of the EU ETS's to future shocks)
- Continuing the free allocation of allowances as a safeguard for the international competitiveness of industrial sectors at risk of carbon leakage, while ensuring that the rules for determining free allocation are focused and reflect technological progress
- Helping industry and the power sector to meet the innovation and investment challenges of the low-carbon transition via several low-carbon funding mechanisms

In its first full year of operation, 2006, the EU scheme carbon price achieved a level of €30 per tonne of carbon dioxide-equivalent (tCO2e); a combination of too many allowances being issued and the 2008 / 9 financial crisis caused this price to plunge below €10 / tCO2e by the end of 2011 (and an all-time low of under €3 in 2013). Recovery of prices, to above €20 / tCO2e, only occurred in 2018 and was driven by the above revisions, with a new 'high' achieved in December 2020 of almost €31 / tCO2e.

With the price collapse meaning the price signal to reduce emissions wasn't strong enough, the UK government introduced the Carbon Price Support (CPS) for the power generation sector. Supplementing the European carbon price and requiring generators to pay a minimum carbon price – referred to as the Carbon Price Floor (CPF). The CPF was introduced in 2013 at a rate of £16 (€18.05) / tCO2e, increasing to £30 (€33.85) by 2020. Subsequently, the government decided to cap the CPF at £18.08 (€20.40) until 2021.

Finally leaving the EU on 31st December 2020, the UK Government has announced its intention to adopt a national emissions trading system (ETS), similar to the EU ETS, covering energy-intensive industries, but with stricter requirements and greater fines. Draft legislation to enable was published in late November. A tighter annual cap than under the EU ETS is proposed, at 5% below the Phase 4 EU ETS cap. A charge of £100 would apply for each tonne of emissions not covered by allowances, which is higher than the €100 per tonne fine under the EU ETS. UK carbon allowances are traded on ICE (Intercontinental Exchange) from 1st Jan 2021.

Central to carbon pricing 'facilitating' the transition to a low carbon economy is the setting of a cost level which incentivises and drives the process over time. Under the EU ETS, an evolution towards the €60 per tonne mark by 2030 is mooted, to be achieved through adoption of the Phase 4 trading period targets, in particular reduction in allowances allocated.

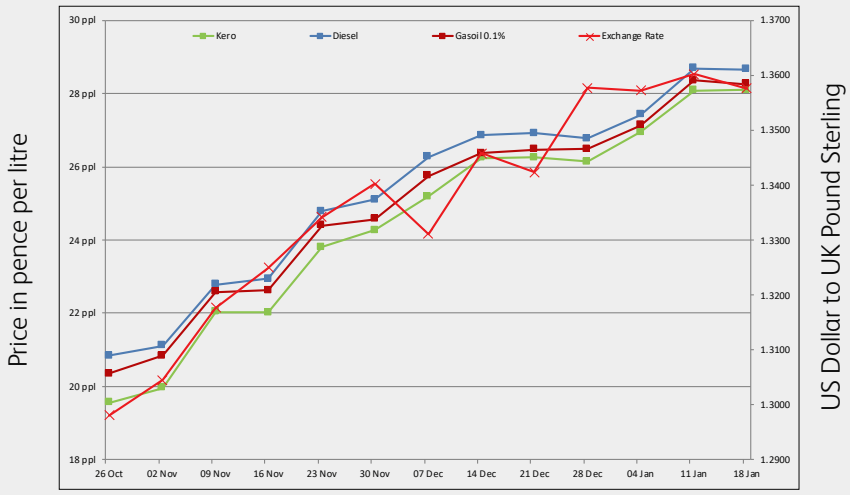
While there's still quite a long way to go, the challenges of meeting the Paris Agreement (COP21) goals are now receiving a lot more attention and focus.

Effective carbon pricing has a key role in helping to meet these.

Wholesale Price Movements: 19th December 2020 – 18th January 2021

	Kerosene	Diesel	Gasoil 0.1%
Average price	27.04	27.62	27.27
Average daily change	0.33	0.29	0.30
Current duty	0.00	57.95	11.14
Total	27.04	85.57	38.41

All prices in pence per litre



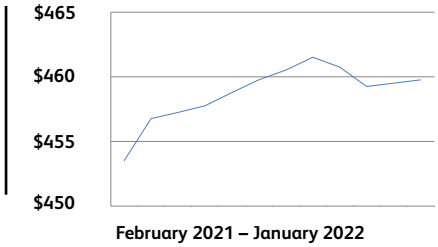
Week commencing

Kerosene	
Highest price **28.28 ppl** Tue 12 Jan 21	Biggest up day **+0.82 ppl** Tue 05 Jan 21
Lowest price **25.77 ppl** Thu 31 Dec 20	Biggest down day **-1.14 ppl** Mon 21 Dec 20

Diesel	
Highest price **28.89 ppl** Tue 12 Jan 21	Biggest up day **+0.73 ppl** Tue 05 Jan 21
Lowest price **26.44 ppl** Thu 31 Dec 20	Biggest down day **-0.86 ppl** Mon 21 Dec 20

Gasoil 0.1%	
Highest price **28.58 ppl** Tue 12 Jan 21	Biggest up day **+0.75 ppl** Tue 05 Jan 21
Lowest price **26.19 ppl** Thu 31 Dec 20	Biggest down day **-0.85 ppl** Mon 21 Dec 20

Gasoil forward price in US$ per tonne



The Fuel Oil News Price Totem

	Trade average buying prices			Average selling prices		
	Kerosene	Gasoil	ULSD	Kerosene	Gasoil	ULSD
Scotland	29.80	41.77	89.34	33.97	44.63	92.84
North East	28.75	40.40	88.42	34.46	43.04	90.99
North West	30.32	43.00	90.81	34.36	45.51	93.12
Midlands	28.82	40.93	88.88	32.69	43.54	91.67
South East	28.92	40.89	88.86	36.91	45.43	91.28
South West	29.27	40.73	88.70	34.45	43.33	90.91
Northern Ireland	29.38	42.10	n/a	33.21	45.33	n/a
Republic of Ireland	43.14	47.53	90.28	47.16	50.34	93.14
Portland	27.13	38.45	85.57			

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

Wholesale prices are supplied by Portland Analytics Ltd, dedicated providers of fuel price information from refinery to pump.
For more information and access to prices, visit https://portland-fuel.co.uk/pricing.

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

HERE, WE SPEAK WITH DIRECTOR OF MANX PETROLEUM, **DAVID KAY**, WHO RECENTLY CELEBRATED 40 YEARS WITH THE BUSINESS, AND FIND OUT MORE ABOUT THIS WANNABE GOLFER WHO ISN'T KEEN ON TOO MUCH SUN!

"DO THE BEST YOU CAN"

DAVID KAY

Enjoying a round at the la Quinta Resort, just outside Palm Springs California, one of my favourite golfing destinations.

Give your career history in 25 words or less
Apprentice electrician, joined Manx Petroleum when I was 20 as a service engineer then became heating service's manager, sales and service manager, general manager, director.

Describe yourself in 3 words
Organised, hardworking, loyal.

What were your childhood / early ambitions?
To be successful and enjoy the ride.

Describe your dream job (if you weren't doing this?)
Professional golfer.

What's the best business advice you've ever received?
My Chairman at the time, Mr Will Kirkpatrick, said when he gave me my first promotion; "I want you to go out and always do the best you can".
This has served me well throughout my whole career.

Share your top tips for business success.
5-star customer service and having knowledgeable experienced staff.

What's your most recent business achievement of note?
The rebranding of Manx Petroleum and the resulting continued success of the business.

Tell us your greatest fear.
A 12-month heatwave.

Which is most important – ambition or talent?
Ambition.

What's the best thing about your job?
The loyal team at Manx Petroleum.

Which is the quality that you most admire?
Patience.

What are you most likely to say?
I am interested, carry on.

What are you least likely to say?
I am not interested.

Describe your perfect day.
A round of golf in Arizona, followed by sitting on a hedge with friends watching the Senior TT in the Isle of Man.

Do you have a favourite sports team?
Liverpool.

What's the biggest challenge of our time?
Covid-19 and poverty.

Cheese or chocolate?
Cheese.

Share your greatest personal achievement?
Meeting my wife, Christine, 18 years ago.

What's your pet hate or biggest irritant?
Poor timekeeping.

If you were elected to government what would be the first law you'd press for?
As we are a supplier of petrol and diesel, it would have to be to ban electric vehicles – at least until I retire!

If your 20-year-old self saw you now what would they think?
He's not done bad for himself.

What is number 1 on your bucket list?
To travel again soon and go to the Masters.

What 3 things would you take to a desert island?
Cold beer, a good book and Christine.

Tell us something about you that people would be very surprised by.
I was Captain of Douglas golf club in 1992 at the age of 33. The course was designed by Dr Alister MacKenzie who also designed Augusta National.

Who would you most like to ask these questions of?
Jurgen Klopp – I'm sure his answers would be both very positive and amusing.

The MP team at the Royal Manx Agricultural Show, where we have had a stand for over 60 years

Christine and David at the top of Table Mountain with Cape Town in the background

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