FuelOilCaur

OCTOBER 2020





SUPPLYING FUEL ADDITIVES TO KEEP YOU GOING WHATEVER THE WEATHER (OR CIRCUMSTANCES)...



A tipping point reached?

In the introduction to our last issue we considered how our industry continues to operate, evolve and grow despite current changes, challenges and unknowns and now, at time of writing, BP has released its latest annual energy outlook. The central theme of this influential report is that the combination of the pandemic and increasing climate action may have hastened 'peak oil' which could, potentially, see absolute demand falling for the first time in an industry that has enjoyed sustained growth for more than 100 years.

Looking at likely energy demand over the next 30 years, two of the three scenarios considered by BP suggest that demand reached a peak in 2019 and is already into the start of a decades-long decline. The third scenario, based on no acceleration in climate action, suggests that demand will plateau at the 2019 level for several years before declining from around

The 2020 report marks a dramatic change from last year when BP's base case expected consumption to grow over the next decade reaching a peak

in the 2030s. Bernard Looney, who became chief executive in February, commented that 'it was very difficult to know' how the oil market trajectory will bear out, but it was possible that demand had hit its maximum level.

"Could it have happened? It could have." he said.

Whilst this appears to offer a gloomy outlook for the fossil fuel industry, it can also be viewed as a further opportunity for those involved to embrace transformation. In our pages we have, for a long time now, reported the impressive agility of this industry to adapt to both immediate and long-term challenges. This issue is no exception as we cover stories of new bunkers, refinery adaptations, anniversary celebrations, service diversification and investment in new low-carbon fuel solutions.

As we move into October from September there is a sense of transition in the air as the end of the summer makes way for the cooler, shorter days of autumn. We look forward to continuing to cover the similar, albeit longer-term, transition taking place in our industry.

Fuel Oil News

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

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"I admire people who run through walls to get to where they need to be."



On the cover

Four hard-working and loyal drivers with one of their distinctive green tankers in front of the gantry at the main Lambe's Oil depot in Tinnycross, Tullamore.

To hear more from Lambe's Oil, as they look forward to their 50th anniversary, see our 'Irish Focus' on pages 18 & 19



In this issue

The benefits to distributors of oil price insight services are considered in 'Industry Analysis' on pages 11 to 13 while, amidst calls for a 'green recovery', we discuss Renovare Fuels' efforts to produce energy from waste in our 'In Conversation' on pages 15 to 17

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Certas Energy to open new HGV refuelling bunker

Certas Energy's latest HGV refuelling bunker site at the Port of Southampton, close to Dock Gate 20, will be operational this year. Working in partnership with port operator Associated British Ports (ABP), the HGV refuelling facility is the first of its kind to be opened inside the port.

The new refuelling facility, adjacent to the DP World Southampton container terminal, will dispense DERV, red diesel, AdBlue and

cleaner-burning diesel alternative, Shell GTL Fuel. This drop-in alternative fuel can be used immediately in HGVs to reduce harmful emissions of nitrogen oxides (NOx) and particulate matter (PM) without having to make engine or equipment modifications.

Andrew Goodwin, national bunker manager for Certas Energy added;

"The Port of Southampton is one of the UK's key logistics hubs, handling 14 million

tonnes of cargo annually and an average of 1,800 HGVs every day. Our new refuelling facility will enable lorry drivers to refuel quickly and conveniently at the port before picking up or after dropping off their load – so they can continue the rest of their journey uninterrupted."

We look forward to talking in more depth with Certas Energy about the opening of this new refuelling bunker in a future issue.

Ford Fuel Oils' driver to raise money for Cancer Research UK

Ford Fuel Oils driver Martin Veater, who has been with the company for almost 25 years, is preparing to support a C2C cycle in order to raise money for Cancer Research UK.

One of Ford Fuel Oils' key workers delivering lubricants, Adblue and fuel to customers' doorsteps, Martin will be taking one of the company's workshop vehicles to help assist his close friends Neil Taylor and Julian Wyatt on the C2C cycle from Whitehaven in Cumbria to Sunderland and back – which is approximately 300 miles.

Travelling one way, the journey is expected to take 3-5 days on average, Neil and Julian are aiming to complete the journey in four days.

The idea of the journey is to start with a rear wheel in the Irish Sea and end with a front wheel in the North Sea. Martin will be supporting the cyclists the entire way.



UK fleet engineer conference returns for 2020

Inspecting and maintaining vehicles and trailers effectively in today's increasingly technological world, is becoming more challenging for commercial vehicle engineers. To help those responsible for the maintenance of fleets of all sizes, Logistics UK will be holding its first virtual Fleet Engineer Conference on 21 October 2020.



Using a cutting edge, immersive conference & networking platform, the oneday event will provide delegates

with the opportunity to hear about the latest developments in commercial vehicle technology, maintenance legislation changes and best practice advice from leading names from across the sector.

Sponsored by Brigade Electronics, Clarios, Continental Tyres, ExxonMobil, Logistics UK Recovery and Schmitz Cargobull, the event will be ideal for those with responsibility for specifying commercial vehicles, ensuring roadworthiness, compliance and maintaining vehicles.



Significant expansion of biofuels capacity for Phillips 66

Further underlining its commitment to reducing the carbon intensity of the fuels it produces, a huge processing unit rolls into the Phillips 66 Humber Refinery.

In a significant investment that expands the Lincolnshire-based refinery's capability to process used cooking oil (UCO), it recently took delivery of a new processing module, developed by the refinery's project group to facilitate this. The unit was transported from ENGIE Fabricom in Immingham, where it was built, arriving on a self-propelled modular transporter (SPMT).

Darren Cunningham, Humber Refinery

general manager/UK director, said;

"We are pleased to take delivery of our new UCO module at our Humber Refinery. I would like to congratulate all the teams that have been working so hard on this project through such a turbulent time, delivering the project safely. This investment further highlights the refinery's commitment and investment to further expand our production of biofuels and reinforces our reputation as the 'Refinery of the Future'."

This Humber Refinery expansion project enabling increased biofuels capacity further supports UK downstream low carbon fuels.

FUEL DISTRIBUTION BUSINESS FOR SALE

Fuel depot (including 500,000L of storage tanks) and domestic heating oil business for sale in Suffolk area.

Please contact mail@rossonconsultants.co.uk for more information.

Brand refresh for JET in 'Keep on Moving' campaign

The JET fuel brand has launched a dynamic new TV campaign, the first in over 20 years, that captures how JET champions the driver – providing all the essentials they need to 'Keep On Moving'.

It is a unique take on a classic road movie theme with the campaign film capturing the journey through the eyes of the driver.

It features a man at a grand piano travelling through dramatic English countryside playing and singing Joe Jackson's iconic 80s hit 'Steppin' Out'. He then briefly stops at the new JET Dove Retail White Rose Service Station in Barnsley to refuel before hitting the road again to resume his memorable musical journey accompanied by the line: 'Don't let filling up slow you down'.

The 'Keep on Moving' campaign is the latest activity in an ongoing brand refresh for JET – the fuel brand of Phillips 66. In February 2019 JET debuted a new image programme for its fuel brand including updated logos, modern forecourt image and bright LED

lighting. This was followed by the rebranding of JET's Premium Fuel offer, JET ULTRA with the relaunch of the website in early 2020.

"We are continuing to invest in our brand and the growing retail business to be the best we can be for our drivers, our dealers and the local communities we serve" says Mary Wolf, managing director, UK marketing, Phillips 66 Limited.

"In fine tuning the JET brand our aim is



to improve the experience for our customers and to give the drivers who visit our forecourts everything they need and want to continue their journeys quickly and safely. It is a simple, straightforward 'driver-first' ethos that is perfectly captured in this new campaign."







Homeowners urged to 'Get Winter Ready'



September saw UKIFDA launch its 'Get Winter Ready' campaign, in the same week as the NEA Warm Homes Week - an annual event to highlight the challenges and solutions involved with tackling cold homes, ending fuel poverty and examining the just transition to Net Zero 2050.

"As September traditionally marks the start of autumn, our campaign urges the 1.5m UK heating oil customers to order their oil early. The pandemic means it is even more crucial to order ahead of winter as a second wave of coronavirus would increase the pressure on the supply chain and at the time of year when pressure is already high," explains Guy Pulham, UKIFDA chief executive.

"This year we also felt it poignant to launch during NEA's Warm Homes Week, the key strands of which are also issues UKIFDA and its members are passionate about."

The campaign is aimed at off-grid homeowners, encouraging them to be ready for the coming winter months, as UKIFDA membership and events manager, Dawn Shakespeare, explains;

"We also want to encourage more over 75s to join their local UKIFDA fuel supplier's Cold Weather Priority scheme which enables UKIFDA members to identify vulnerable customers and prioritise deliveries in winter to those who need it most."



Guy Pulham adds; "We are also encouraging homeowners to book in maintenance checks for boilers and tanks while the weather is still quite mild – this is vital for those homeowners who cannot be left without heating when it gets



Greenergy agrees to acquire Amber Petroleum

Greenergy has agreed to purchase 100% of the shares of Amber Petroleum ('Amber'), an independent fuel distributor and retailer based in the Republic of Ireland.

Amber's operations include company-owned and dealer-owned forecourts, comprising a network of 35 sites around the country, along with fuels distribution and home heating depots.

Christian Flach, Greenergy CEO said;

"One of our key strategic objectives is to integrate our existing supply footprint with our expanding retail presence. The acquisition of Amber follows our recent retail investment in 230 retail sites in Canada and will enhance our capabilities in Ireland by building on our existing infrastructure, supply and retail operations. We look forward to welcoming the Amber team to Greenergy."

Liam Fitzgerald, owner and managing director of Amber Petroleum added:

"Having served our loyal customers for over 40 years Amber's success has been based on strong relationships with customers, suppliers and staff and we know that Greenergy shares these same values. I am confident that Amber will continue to grow its profile as part of the wider Greenergy organisation."

Amber's existing management team and staff will remain in place.

Virtual event considers the future for logistics

From zero-emission, alternative fuels vehicles to self-driving trucks, the shape of logistics in the UK is set to transform dramatically in the coming decades. To give delegates an opportunity to hear from thought leaders and experts on some of these critical topics, before the main ITT Hub event and conference next year, Logistics UK is launching Future Logistics 2020, a virtual conference and exhibition which is free to attend for all, sponsored by Brigade Electronics.

To be held on 13 November 2020, the one-day event will feature leading voices from across the logistics and transport sectors, covering topics as wide-ranging as fuels, data, vehicles, Brexit, communities and business strategies. As with a physical event, there will also be an extensive exhibition space for attendees to visit as well as opportunities for 1-1 networking with other delegates, sponsors and exhibitors.

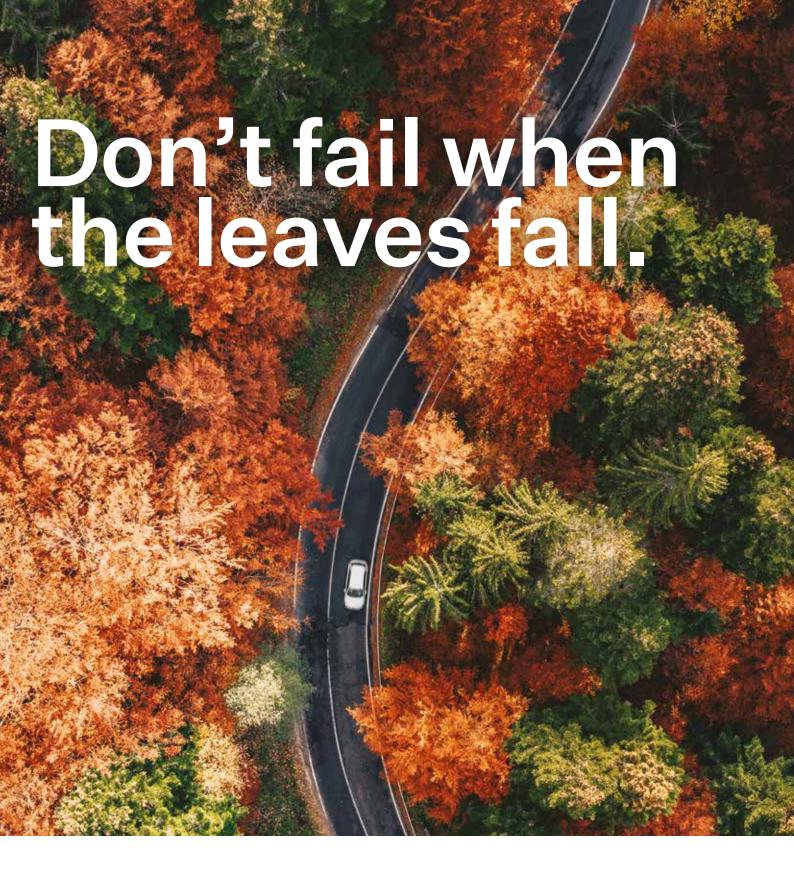
David Wells, chief executive of Logistics UK, comments:



"The COVID-19 pandemic has not slowed the tide of technology. Self-driving trucks, zero-emission vehicles, smart cities, and drone technology are all evolving fast and logistics professionals must be prepared to adapt to this new landscape."

Mark Griffin, CEO of ITT Hub, is excited by the prospect of the new event;

"With so much innovation happening every day across transport and logistics, Future Logistics 2020 will showcase some of the developments and thinking which sets our sector apart from the rest. It's one not to be missed."



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Kerosene available at: Dagenham | Grays | Jarrow | Grangemouth





MFG appoints new commercial director

Motor Fuel Group (MFG) has announced the appointment of David Pitron as its new commercial director.

David joins MFG from BP, where he worked for the past 16 years in a variety of trading, offer, strategy and partnership development positions in the UK and overseas. His last position was as the UK-based global retail commercial development director, where he was responsible for establishing new retail offers and partnerships and the development of a global convenience strategy.

David will report to MFG's managing director, retail, Steve Fox who said;

"David joins us as we are rapidly developing our ambitious retail plans for our network. I am confident that his experience will prove invaluable in maximizing shop income and establishing strong relationships with our key suppliers and service providers."

UKIFDA submits views on UK and Isle of Man climate change bill

UKIFDA has submitted its views on both UK and Isle of Man government consultations relating to the 2050 target for net zero greenhouse gas emissions.

The UK consultation closed on 4 September and called for evidence on how the effectiveness of policies for energy-related products in homes and businesses can support the UK's transition to net zero, while the Isle of Man's Climate Change Bill consultation set out how the island's Government will achieve its decarbonisation target.

Guy Pulham, UKIFDA chief executive,

"Today's UK government energy policies do not focus on liquid biofuels as being part of the solution when it comes to achieving net zero by 2050. Similarly, the Isle of Man Climate Change Bill focuses on electrification as the solution for meeting net zero – both approaches are disappointing as replacing heating oil with liquid biofuels would drastically cut carbon emissions with relatively small costs and inconvenience for

"With regard to heating systems, we've urged the government to look again at options for the 1.5million homes across the UK currently using oil.

"Thanks to the development of oil boilers over the years, high efficiency condensing oil boilers have been 90% more efficient on average and upgrading to one is a great way to cut running costs, enjoying a fuel saving of up to 25% and a reduction in CO2 emissions by up to 25%.

The fantastic benefit of a condensing boiler is homeowners can make the savings today, whilst the development of drop-in liquid biofuels progresses – and simply switch from heating oil to low-carbon biofuels in the future.

"The low-carbon heating technology

market needs to be competitive so that everyone can afford the options on offer. UKIFDA and our members urge policymakers to acknowledge the positive contribution liquid biofuels can make and the vital importance of the energy mix being varied so consumers are free to choose a technology that matches their needs, budget and conscience.

"This is true for the Isle of Man too and we urge the Isle's Government to detail planned steps in their Climate Change Bill rather than one major heating system change that is costly for homeowners. We want the Government to work with industry to ensure all potential energy solutions are considered and that the market is kept competitive.

UKIFDA technical manager Tony Brown comments further on the UK policy consultation:

"With regard to other aspects of the consultation, we disagree on the tightening of minimum energy efficiency levels above the existing 92% as this would entail moving away from the current boiler design and involve a significant amount of work to allow consumers to adopt a change like this.

"We do, however, believe that raising the minimum energy efficiency of a boiler would help the transition to net zero. Encouraging the uptake of modern blue/green flame oil boilers is one idea, as these are able to run on other fuel such as liquid biofuel. You can change the fuel without changing the heating system as a 30% blend of biofuel with kerosene would work with oil condensing boilers and infrastructure with minimum tweaks."

"Ultimately, UKIFDA wants the UK Government to include biofuels within its future energy-related products policies and the Isle of Man Government to include liquid biofuels as part of their plan to meet net zero by 2050." Guy concludes.



Hylands Fuels Northern Ireland were "delighted and very proud" to be last year's winners

Final opportunity to enter Fuel Oil **News Tanker of the Year 2020**

Fuel Oil News welcomes your nominations for the prestigious 2020 tanker of the year award.

To enter, send a high resolution image of your new tanker together with full details of the vehicle's chassis/tanker manufacturer, type, size, capacity, compartments and on board equipment, paying particular attention to anything that is new, innovative or different to other vehicles in your fleet to stephanie@fueloilnews.co.uk

Entries for the award will be accepted up to 31 October 2020.



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What are the benefits of oil price insight services?

KEEPING ABREAST OF FLUCTUATING OIL PRICES IS CRITICALLY IMPORTANT FOR OIL DISTRIBUTORS MANAGING DAILY STOCK LEVELS ALONGSIDE OTHER OPERATIONAL ISSUES. WITH MARGINS CRUCIAL TO SUCCESS, THE SIGNIFICANT AND UNPREDICTABLE FLUCTUATIONS IN OIL PRICES SEEN THIS YEAR ARE YET ANOTHER CHALLENGE TO AN INDUSTRY ALREADY HARD PRESSED TO DELIVER ONGOING PROFITABILITY

EVEN IN THE MOST SEEMINGLY UNPREDICTABLE FUEL MARKETS, WHERE JUST A DAY OR TWO EITHER WAY CAN HAVE A SIGNIFICANT IMPACT ON THE BOTTOM LINE, THERE ARE TOOLS AVAILABLE TO INFORM BUYING DECISIONS. IN OUR ANALYSIS WE SPEAK TO THOSE PROVIDING, AND THOSE USING, MARKET INTELLIGENCE SERVICES SUCH AS INSIGHT, INFORMATION AND FORECASTING, WHICH ARE DESIGNED TO AID EFFECTIVE PURCHASING AND PRICING DECISIONS. WE CONSIDER HOW THEY CAN ASSIST IN IMPROVING THE PREDICTABILITY AND PROFITABILITY FOR BOTH DISTRIBUTORS AND THOSE RESPONSIBLE FOR LARGE SCALE LOGISTICS.

Purchasing with confidence the view from the providers

The saying 'knowledge is power' is especially pertinent when it comes to making business decisions. Although no-one could have predicted this year's events, or the effects on the industry, utilising tools such as pricing information and services can give distributors and logistics providers much needed insights to make informed decisions.

In an example of oil price analysis proving to be profitable for clients during the COVID crisis, one provider, The Oil Market Journal (OMJ), correctly forecast, in spring 2020, both the large fall in prices and the subsequent rebound.

Ian Moore, director of markets at OMJ explains;

"On 2nd March 2020, OMJ warned of a pending large fall in oil prices telling clients, 'The key ICE Gas Oil Future has now fallen to our target price of \$450/t. and a period of consolidation is likely. However, if there is a major COVID-19 outbreak in a European or US city we expect the future to fall to \$291/t. with risk of losses to \$200/t.' By 21st April 2020 ICE Gas Oil had fallen to \$205/t. and on 27th April 2020 the price reached a low of \$190.75/t. Armed with the insight, OMJ clients were also well positioned for the rally which followed."

In a further example in late April, OMJ warned clients; 'there are signs we are getting close to the bottom of the cycle with oil companies across the world slashing production'.

The next day OMJ reported; 'Jet Kero is attracting some buying interest with the short, medium, and long-term momentum indicators seriously oversold indicating we are close to the



Colin & Sally from Oil 4 Wales who use pricing information services to 'stock up at the right time'.

bottom of the downturn for Jet.'

On 29th April 2020 in the morning note to clients OMJ's Ian said; 'ICE Gas Oil is attempting to bottom out after hitting our target price yesterday of \$191/t. With the short, medium, and long-term models all oversold we are very close to the bottom of the downturn and the risks are increasing to the

Just days later OMJ produced target prices for the key ICE Gas Oil Future, using their complex price models, and on the 4th May 2020 told clients; 'our new target prices (for ICE Gas Oil) are \$315, 318, 324 and 326/t. indicating the risks are starting to turn to the upside. We expect any rally in ICE Gas Oil to initially hit resistance at \$295/t or \$305/t." On 18th May the ICE Gas Oil Future hit resistance at \$302.75/t.

Basil Shrourou, managing director at Fuel Prices Online (FPO), who acquired Big Oil – the Platts licenced company – that, supported by the Petrol Retail Association, provides accurate

and reliable pricing to the full downstream market, also emphasises the value of the services provided;

"Information is power, the service we provide enables our clients to make purchasing decisions with confidence. For our clients, knowing if product prices are going up, fuel distributors are able to purchase before any rise, but when the market is falling, we advise fuel distributors to hold off from purchasing if the stock level is sufficient. Our industry works on tight margins often with large volumes, therefore even small fluctuations can make a huge difference to profit margins.

"Fuel Prices Online is the first company to provide end of day pricing assessments in addition to real-time market intelligence through their partnership with Platts. The pricing is in pence per litre, cent per litre and \$ per tonne and covers kerosene, diesel, gasoil, petrol and biofuels."

Asked about the benefits for fuel distributors, Basil explains;

INDUSTRY ANALYSIS

"Platts assessments are used by over $95\,\%$ of the oil companies in the UK and Ireland. Knowing the exact price of Platts assessment is important to establish the agreed buying price from the oil majors, and the selling price to large customers, as Platts is used in a significant number of contracts. The calculation models we have developed are highly complex and, most importantly, accurate. The level of accuracy we provide is market-leading and something we are very proud of.

"Key benefits to distributors include up to the minute real time pricing, market alerts for sharp pricing movements, mobile friendly sites and an easy to use app, live pricing and data downloads."

The view from distributors

Mark Clouter, business development sales manager of WP Group, commented;

"Pricing services offer essential information to allow distributors, such as ourselves, to make the best decisions for our business and our customers, allowing us to be as profitable as possible whilst remaining competitive in the market place, supporting our customers with fair market pricing."

Sally Williams, director Oil 4 Wales, said; "We currently subscribe to The Oil Market Journal and Fuel Prices Online. With our 6 wet and 2 dry depots it is vital that all our staff are kept alive to the constant movement in prices. Having an easily accessible, quick and efficient system showing the fluctuations in prices is necessary in such a fast moving and competitive industry where the 0.10s of a penny really count, especially given the volatility of oil prices over the last few years being so unpredictable.

"A pricing monitoring system helps to keep our staff informed and know when the time is right to stock and get the most benefit from price changes. With a fleet of 42 tankers working 24 hours a day, it is imperative that we stock up at the right time – for us this is most useful tool provided by price information."

Alan Keyes, managing director of Glen Fuel Services, commented:

"We use Fuel Prices Online as it provides live pricing information which we use to optimise our purchasing patterns. This obviously helps with making decision on stock levels, customer pricing etc.

"Getting the global/bigger picture view via the market information provided in the various commentaries is very useful in understanding why prices react the way that they do. We've been using such services for 15 years – it seems shorter but that's a different issue entirely!"



Glen Fuels has used pricing services for 15 years and appreciates the live pricing information

Increased flexibility and insight

Andrew Reynolds, CEO, Reynolds Logistics, said;

"We use pricing information from various online sources for insights into where fuel prices are heading. The web access-based sources that we use are simple to use, quick and allow quick decisions on buying requirements. The flexibility that's now available allows us to protect business against fluctuating prices whilst giving competitive quotations to our customers.

"We've been using such services for a number of years, especially as service providers' data has become much easier to access with less restrictions. Ease of access has been crucial for colleagues within the business working remotely due to COVID 19 and the 'new normal'."

Remaining competitive and capitalising on opportunities

Mark Clouter, WP Group, explained further;

"At WP Group, we use pricing information services on a daily basis to ensure that we are monitoring the continual changes in the market place to enable us to remain competitive for our customers, and to capitalise on any opportunities the market conditions may bring to us to maximise our margins.

"Being able to monitor the intraday, daily and weekly movements of the market means we can make smarter procurement decisions, and adjust our customer pricing strategies accordingly to win as much volume as possible at the best margins possible, whilst remaining as competitive for our customers as we can."

The changing face of oil price information services

Basil started providing his services by fax in 1994 when, working as an oil trader with Platts data, the then-called FPS (UKFDA) and Platts senior executives identified a need for oil price information in the downstream sector. Speaking about this, Basil commented;

"In 2003, Gulf war oil volatility had increased price movement from \$1 or \$2 to \$100 per day, so we recognised the need to move to email alerts in order to be able to share the information quickly. Having the website and app to show real time changes has come in recent years and these advances in technology are something we continue to invest in as user habits evolve."

In a world where technology iadvances at an alarming rate, and in a society that expects instant information at the touch of a button, pricing data providers are keeping ahead of the game with their technological investments.

Basil confirms the emphasis placed on this at Fuel Prices Online;

"With oil distributors and petrol retailers mainly utilising mobile devices to keep an eye on the market and to place orders, Fuel Prices Online has invested significantly in developing an easy to use app, and we will continue to enhance the app frequently to stay ahead of the market as well as keeping up to date with Apple and Android operating system updates.

"Our developers are currently testing artificial intelligence to forecast medium to long term trends. Of course there will be situations that AI will not foresee. COVID-19 the most recent example of this, so human supervision and oversight in our service will continue."

Ian explains how OMJ was founded in 1999 to provide customers with the accurate and relevant information essential for making informed decisions.

"Our once 'cutting edge' automated fax and text message services have long since been superseded by modern web & cloud-based systems which bring up-to-the-second oil prices to even the smallest oil distributor or forecourt. This information was previously only available to large global oil majors.

"Services are delivered to clients via



innovative delivery systems including a webbased solution for PCs, by ticker, wallboard, email / text messaging, smartphones and tablets.

"The Oil Market Journal provides oil prices, foreign exchange prices, energy & economics news, oil price research and weather forecasts to oil distributors across the UK and Ireland. All content can be fully customised in-line with the specific needs of each company and user.

"We continue to invest strongly in technology with an in-house team of experienced software developers working daily to improve the product. Customer feedback helps mould our products & services and our aim is to remain on the forefront of technology, giving our customers 'the edge' over their competitors that is so important in $\boldsymbol{\alpha}$ challenging market."

Over the last few years OMJ has greatly expanded its product offering with the latest version of the OMJ client website providing a wide range of pricing tools for oil distributors and traders. In addition to live oil and forex pricing, news, comment, analysis and weather, OMJ now also provides a wide range of swap prices, differential prices, biofuel swap prices including Used Cooking Oil, UCOME and Tallow. In addition, OMJ has recently launched a UK weather data analytics service.

Do pricing services live up to claims?

Stuart Jobson, procurement manager at Oil NRG comments:

"I have been using Fuel Prices Online since I personally started in the industry 15 years ago, and can confirm it is, and always has been, my go to for market information. Oil NRG uses the platform as our base for pricing and I have 100% confidence in the output. On top of this Basil is always available for any bespoke requests that I make, which is priceless in the current volatile marketplace."



caption?

Rita Lambe, owner of Lambe's Oil also confirmed her positive experiences;

"Founded in 1971 Ireland oldest independent oil distributors Lambe's Oil based in the heart of Ireland finds the hourly information provided by Basil of Fuel Prices Online an indispensable service of price information in these volatile times. This family owned business estimates that the service provided by Fuel Prices Online has been vital in protecting my profit margins which all in the oil industry know are extremely marginal at the best of times."

A small regional oil distributor who recently subscribed to The Oil Market Journal primarily uses the new OMJ Ticker Pro and mobile apps to keep abreast of market fluctuations during the day and make decisions on when to re-stock and comments;

"As an owner/driver, getting regular price updates and alerts by mobile phone enables me to keep up to date even when out of the office, and the daily market summaries ensure I can converse intelligently with my own customers on key market events. Daily closing assessment emails give me, as a small distributor, confidence that my buying prices

are accurately tracking the market."

A larger, regional distributor who has been benefiting from OMJ services for many years uses the large-format Wallboard product to conveniently display live prices for the entire sales team. Ian commented;

"Senior management appreciate our daily insights into the market and our in-depth research publications help in negotiating long term contracts with customers & suppliers. Having a broad portfolio of products ensures we can offer a targeted service for all their staff who have very different requirements."

Key to success

It seems that accessing and acting on the right market insight is an extremely important factor for those operating in the fuel distribution sector where every penny really does count. As James Spencer, managing director at Portland Fuel, puts it;

"Being on top of prices is absolutely key to a successful business in the fuel sector. Of course, you need to be efficient and you need to operate safely, but being oblivious to market movements is like going into combat with a blind-fold on!"





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Renovare Fuels Can aviation lead the way in ensuring a supply of liquid biofuels?

THE UNFORESEEABLE GLOBAL EMERGENCE OF COVID-19 HAS RESHAPED MUCH OF SOCIETY AS WE KNOW IT. AS COUNTRIES AROUND THE WORLD RESPONDED TO THE PANDEMIC. WE SAW A SIGNIFICANT DECLINE IN CARBON EMISSIONS GLOBALLY. WITH CALLS FOR A GREEN ECONOMIC RECOVERY THAT MAINTAINS THESE LOWER EMISSIONS, MARGARET MAJOR, MANAGING EDITOR OF FUEL OIL NEWS, TALKS WITH BIOGAS-TO-LIQUID FUEL TECHNOLOGY EXPERT MATTHEW STONE, CHAIRMAN OF RENOVARE FUELS, A COMPANY THAT DESIGNS, MANUFACTURES AND MARKETS A NEW TECHNOLOGY FOR CONVERTING BIOGAS INTO LIQUID FUEL, TO UNDERSTAND THE ROLE THIS TECHNOLOGY COULD PLAY.

The energy backdrop

Countries including the UK, France and New Zealand have vowed to reach net zero emissions by 2050, but such pledges have often seemed more like wishful thinking than castiron promises, due to a lack of detail about how these ambitions will be achieved.

As part of the process to define these details, the UK Government launched the Net Zero review, back in November 2019 with Sajid Javid, the then Chancellor of the Exchequer, saying at the time;

"The UK is leading the way on tackling climate change as the first major economy to legislate for net zero greenhouse gas emissions by 2050. We must all play a part in protecting the planet for future generations.

"This review is a vital next step in delivering that commitment, ensuring that we can end our contribution to global warming, while supporting growth and balancing costs, to avoid placing unfair burdens on families or businesses."

While the UK awaits the publication, expected this autumn, of the final report from this review, back in July the EU unveiled new strategies for energy system integration and hydrogen that are designed to pave the way towards a more efficient and interconnected energy sector, driven by the twin goals of a cleaner planet and a stronger economy.

Published under the title "Powering a climate-neutral economy: An EU Strategy for Energy System Integration", it is the first roadmap by any governmental power that sets out how countries can decarbonise all their energy use — from electricity to heat, transport and heavy industry — within 30 years.



Energy system integration means that the system is planned and operated as a whole, linking different energy carriers, infrastructures, and consumption sectors rather than considering energy consumption in transport, industry, gas and buildings as 'silos' with the objective being to deliver low-carbon, reliable and resource-efficient energy services, at the least possible cost for society.

Electrification is not the only option

With the strategy document encouraging greater electrification it also accepts the limitations;

"While direct electrification and renewable heat present the most cost-effective and energy-efficient decarbonisation options in many cases, there are a number of end-use applications where they might not be feasible or have higher costs.

"These cases include a number of industrial processes, but also transport modes such as

aviation and maritime, where sustainable alternative fuels, such as advanced liquid biofuels and synthetic fuels, will have an essential role to play.

"In such cases, a number of renewable or low-carbon fuels could be used, such as sustainable biogas, biomethane and biofuels, renewable and low-carbon hydrogen or synthetic fuels."

Future heating solutions

Echoing the need to consider the energy system as a whole, the trade bodies UKIFDA, TSA and OFTEC, fully supportive of net zero aims, have also continually stressed that Governments should be technology neutral.

"There is not one solution that will fit all homes. Net zero will be achieved through a multitude of different solutions aligned to the fabric of each home and the pockets of each

There are currently, 1.5m homes in the

IN CONVERSATION

UK and 686,000 homes in Ireland using oilbased systems (liquid fuel) for heating and hot water. Whilst there is an acceptance that these numbers will reduce over time as suitable technologies are deployed there is also recognition that off-gas grid heating is a difficult area to resolve without a biofuel solution

As was discussed in 'The role of liquid fuel in a post-fossil fuel era' – FON July Issue – significant quantities of a nonfossil replacement fuel will be required for the greening of the aviation industry. The investment in increasing available volumes could also result in a clean liquid alternative for home heating although this would also need to be driven by legislation changes.

Is greener aviation set for take-off?

With new aerospace technology in development, Matthew Stone, a specialist in carbon-neutral liquid fuels, explains how aviation can go green and how that may impact on the future supply of liquid biofuels.

"The aviation industry is synonymous with producing high volumes of carbon emissions. In 2019, flights produced 915 million tonnes of carbon dioxide (CO2) according to the Air Transport Action Group (ATAG). As such, making air transport 'green' has become a top political priority, with the UK Government recently announcing funding to support these efforts."

"The volume of CO2 produced by air travel in 2019 accounted for approximately two per cent of the total 43 billion tonnes produced globally," Matthew continues. "This may seem like a comparatively low percentage but, when we consider the overall volume of emissions and the rate of climate change linked to it, it's still two per cent too much.

"Unfortunately, the number of flights conducted every year has increased consistently in the past few years. In fact, it's increased so much that a 2019 study by the International Council on Clean Transportation (ICCT) highlighted that aviation carbon emissions grew between 2013 and 2018 at a rate that was 70 per cent faster than was predicted."

The need for a long-term solution

Although the response to COVID-19 has limited the number of air journeys and thus curbed the emissions for 2020, it's time to find the way to improve the sustainability of aviation long-term.

Matthew stresses the need to focus on the goals:

"The aviation sector will have many issues to address due to the difficulties presented by COVID-19 and, in reality, we cannot expect



Renovare Fuels Matthew Stone (centre) with technical consultants Prof. Babu Josph and Prof. John Kuhn

sustainability to be the immediate priority of many in the sector. However, improved sustainability should continue to be a mid- and long-term goal.

"Even with these challenges, the need for this long-term change continues to be an industry talking point. It's reported that, following the first meeting of the UK's Department for Transport's (DfT) net zero board, international aviation and shipping will be included in the UK Government's net zero target in the coming years, driving a need for areener aviation."

Each of these was likely an influencing factor behind the UK Government's Department for Business, Energy & Industrial Strategy (BEIS) recently announcing £400 million funding for green aerospace research and technology.

"However, it's not only aerospace design engineers that can make aviation greener, endusers can too," Matthew explains. "A few years ago, many airlines and users elected to follow the UN's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). There are several ways that aviation businesses can offset emissions, but perhaps one of the most impactful is to blend a portion of biofuels

into their traditional fuel stock.

"Biofuels, derived from waste, offer significant value to airlines and aviation fuel users. Because the feedstock for the fuel can come from biodegradable waste products of other sectors including agriculture, it removes carbon from the environment during its growth, requires no additional energy input and does not compete with existing produce or crops.

"For second generation biofuels for aviation, such as those being developed by Renovare Fuels, this can provide an objectively carbon-neutral source of fuel for end users. The best part is that using these fuels is as simple as partnering with the biofuel producer, easily creating sustainable fuel supply chains that significantly offset emissions.

"This is one option for making aviation greener. While BEIS is certainly right to address the need for continued research into technologies that can support better fuel economies, end-users using biofuels for aviation to offset emissions is unquestionably beneficial. If we are to see green aviation take off in the near future, aviation fuel users can take key actions today to make overall emission levels decline."

In conventional biofuels, concerns were raised about the potential for essential food crops to be diverted to fuel production or for resultant changes of land use. Do you feel that those concerns have been sufficiently addressed for a liquid biofuel to be produced without these negative impacts?

"This has been addressed by legislation just last year, under the 'Development Fuel' incentive as part of the Renewable Transport Fuel Obligation. This ensures high grade fuels produced from waste feedstocks are given some preference and we look forward to this being consistently supported moving forward.

"I have confidence that policy makers are in step and that any future increase in support will be comprehensive to include a focus on 'development fuels', as well as more standard fuels. The overall sentiment is extremely positive and the DfT is providing a sound framework to support the industry."



Do you consider that greater governmental support for the production of second generation biofuels for aviation could have a beneficial effect on the viability of a similar solution for domestic heating?

"Greater support for aviation fuels would be welcomed due to the certification pathway and logistics involved. This could have numerous additional benefits to supplementary markets.

"However, because our fuel is a direct replacement for traditional fuels with little or no blending requirement, coupled with the fact we can bolt onto existing waste processing, we can displace vast quantities of fossil fuels with over 94 per cent greenhouse gas savings. Our main distribution will therefore be via established fuel networks for maximum impact.

"The idea of niche biofuels at small scale for specific purpose is perhaps a model more suited to earlier generations of biofuels. Our fuel has applications wherever middle distillate hydrocarbons are used, such is the quality, versatility, and price point."

Last year there were multiple reports of problems related to the use of biofuels with increased levels of FAME. What are the most significant points of differentiation

FUEL TEST RESULTS FOR OUR 100 PER CENT NEAT SAMPLE DIESEL

ASTM Method	EN Method	Lab Number	49673		ASTM	D975	EN	590
		Sample Code		TRIFTS DIESEL	min	max	min	max
	EN 14078	FAME	volume %	0.6		-	-	7

with the development of secondgeneration biofuels and are you confident such concerns have been addressed?

"In the table above are our fuel test results for our 100 per cent neat sample diesel, directly from our system with no post-treatment or additives whatsoever, and as tested by a certified third-party laboratory. These show that we are producing diesel fuel molecules that resemble typical commercial diesel and are classified as an advanced biofuel, versus the first-generation biodiesel that was derived from plant oils as fatty acid methyl esters (FAME). With these results, I am completely satisfied that our fuel has no such problem.

"Our neat sample passes all ASTM testing standards for No2 Ultra low sulphur diesel without blending and we can replicate the quality for other hydrocarbons as desired by the offtaker. Ours is a highly advanced tuneable system that can produce fuels to specification, significantly reducing, and in many cases removing, the requirement to use fossil fuels for existing end user vehicles or machinery. This allows for seamless and costeffective integration into industry."

As calls for a green recovery plan continue, there is a need to balance longterm green technology infrastructure investment with the quick-win technologies available today. Avoiding a significant increase in global emissions as lockdown eases will be reliant upon the use of these mature, cleaner technologies and Matthew firmly believes that two technologies central to this are carbon capture and storage and energy from waste.

We look forward to developments.



Lambe's Oil – celebrating 50 years of successfully putting customers first

2021 IS SET TO BE A VERY SPECIAL YEAR FOR IRISH DISTRIBUTOR LAMBE'S OIL AS IT CELEBRATES 50 YEARS OF SUCCESS AS AN OIL DISTRIBUTION BUSINESS IN THE IRISH MIDLANDS. AINE FLAHERTY, IRISH CORRESPONDENT FOR FUEL OIL NEWS, TALKS TO RITA LAMBE, MANAGING DIRECTOR, TO BRING US UP TO DATE.

he Tullamore-based business was founded in 1971 by PJ (Gussie) Lambe. From that beginning Lambe's Oil, the longest-standing authorised TOP branded oil distributor in Ireland, has become one of the biggest leading oil products distributors in the Irish Midlands of heating oil, kerosene, agricultural and commercial diesel, petrol and storage tanks, delivering six days per week throughout Laois, Offaly, Westmeath and parts of Kildare.

Today, the proud Lambe's Oil family tradition is carried on by Gussie Lambe's daughter, managing director Rita Lambe, and her husband Enda Kelly who she describes as her 'backbone'.



Loyalty to both customers and team

Asked for the secret of the success of the business, the highly personable Rita says she has a very simple policy for managing her **business**

"It is my philosophy that my customers" needs come first. We believe that as a familyowned company, Lambe's Oil can, and does, deliver a greater level of personal care and attention to each and every one of our customers."

The company currently operates six delivery tankers. Many of their drivers have over 20 years of service to the company, which shows both great loyalty to Lambe's and the high level of contentment they feel in their jobs.

At the reception desk, customers will be greeted by Fiona Kelly and the rest of the award-winning Lambe's Oil team which is made up of Peter Waters, Suzanne Hoey and Georgie O'Toole. Drivers Ger Smyth, Enda Kelly, Aivaras Berzinis, Robert Montgomery, David St John and Derek Lambe.

Keeping a watchful eye

Rita says the man who keeps her on her toes is Pascal Burke, founder of Burke Oil, Co. Wicklow. Pascal retired from his own business a few years ago and has guided Rita since then, with his wealth of knowledge and experience, keeping a constant and watchful eye on her!

Last year, Lambe's Oil won the prestigious Tullamore Chamber of Commerce award for 'Best Customer Service Provider' in the Midlands – an award that they were delighted to receive and which, they believe, sets them apart from the rest.

2017 saw the business expand when Rita Lambe purchased, and completely redeveloped, Clara Service Station, which is based just six miles from Tullamore. Clara Service Station now has a 'Mace' branded convenience shop, offering a wide range of services to the local community including motor fuel, convenience shopping and a very busy delicatessen area. Since its development, under the management of Eoghan O'Neill, the shop turnover has increased three-fold and provides local employment to 12 staff.

The shop has also won numerous awards within the 'Mace' branded franchise which is one of Ireland's leading convenience retailers.

Compliances and challenges

In common with other oil distribution businesses, the current pandemic is presenting many challenges to Lambe's Oil. But, in the true spirit of teamwork and their commitment to the community, Rita Lambe has ensured that the business has adapted fully to all of the changing regulations issued by the National





The happy and hardworking Lambe's Oil drivers

Public Health Emergency Team (NPHET) in the interests of protecting their staff and their customers, thereby ensuring a full continuation of their services to their customers.

Since the advent of modern technology, in relation to weights & measures, Lambe's Oil has incorporated the i-Meter DreamTec software, the leading industry technology, to ensure that every fuel delivery made by the company is monitored and recorded on their fuel management system, which is independently verified and controlled. This means that every Lambe's Oil customer is protected by this software, since it provides a unique record of each delivery made in terms of volume delivered, product type, and time of delivery.

In common with all fully compliant oil distributors, Rita Lambe continues to be concerned at the lack of enforcement in relation to issues that undermine confidence in the industry – such as fuel laundering and non-compliance in terms of weights & measures.

A deserved celebration to come

Looking to the future, Rita sees the main challenge to her business being the lack of organic growth in the business because of changes in house-building regulations, which actively discourage the installation of oil-burning systems. However, having come through a number of recessions including the major international recession of 10 years ago as well as the current economic uncertainty, Lambe's Oil is now firmly looking forward to 2021 when it will celebrate 50 years in business.

With her true entrepreneurial spirit, Rita has every confidence in continuing to develop the business for many more years based on her absolute philosophy of putting the needs of her customers first.

Fuel Oil News looks forward to reporting on next year's celebrations!





OMJ launches UK Weather Analytics Service

n addition to providing oil prices, news and analysis, The Oil Market Journal (OMJ) has recently diversified, expanding its services to provide further key fundamental data relevant to oil price supply and demand.

The OMJ Weather Analytics Service is a focused analytical service for the UK energy sector which enables clients to



analyse historical weather data and benchmark their sales performance against it. Clients can also use the service to ascertain seasonal weather patterns to ensure better wet stock management and manpower levels.

Ian Moore, director of markets at OMJ explained the reasoning behind this new service; "A key driver of oil demand is the weather; both winter and summer weather patterns are

of importance to seasonal products such as home heating oil and farm diesel. For example, colder than normal winters can greatly boost heating oil demand, while heavy rainfall during farm harvesting periods can reduce gas oil demand."

Clients can chart and compare the latest weather data against previous months or years for the various UK nations and regions. Data is available for a wide range of parameters including temperature, sunshine, rainfall, rain days and days of air frost.

For a free trial contact: sales@the-omj.co.uk or telephone 028 6632 9999.

We look in-depth at the value of fuel market analysis and information services in our Industry Analysis on pages 11 – 13







THE SURPRISING SCALE OF THE TRANSPORTATION OF OIL BY RAIL

The start of September was marked by some (albeit limited) debate in the UK around the safety and overall reasoning behind transporting large amounts of fuel by rail, through areas of both natural beauty and builtup conurbations. This followed the spectacular derailment and subsequent fire on a train carrying diesel from Wales (Milford Haven) to England (Theale). In the incident, 3 fully loaded rail cars (each carrying around 75,000 litres of diesel) were ruptured, causing a major fire that thankfully resulted in no casualties (and limited environmental damage), but nonetheless resulted in the evacuation of over 100 houses within a 1km radius of the crash site.

"RAIL TRANSPORT IS CONSIDERABLY MORE **ENVIRONMENTALLY** FRIENDLY THAN TRUCK **MOVEMENTS**"

To many non-industry observers, the fact that oil products are transported by rail at all, came as something of a surprise. The train that derailed was made up of 25 rail cars, each carrying 75,000 litres, making a total volume of 1,875,000 litres. That's a great deal of diesel to shift and who would have thought that a similar train takes the same route 2-3 times a day, as the rail-fed oil terminals of Westerleigh (for the supply of fuel into Bristol) and Theale (for Reading / West London) are kept topped up?

Primary transportation is the term used in the industry to describe the movement of oil that does not involve road transport (which in turn is referred to as Secondary Transportation). When oil consumption is close to refineries or coastal import locations (such as Milford Haven), then road transport (delivery by petrol tankers) is sufficient, because customers are close by and journey times short. However, when demand is inland and many miles from refineries and import locations, then it is far more efficient to send that product by one of the 3 forms of primary transportation: rail, pipe

In the UK, pipeline freight is the dominant

form of primary transport (more of that next month), but the rail industry's contribution to oil transportation is also pretty impressive. On average, 9m tonnes of refined oil is transported across the UK per annum. That's about 30m litres per day, with the main routes being the aforementioned supply-chain from Wales into South-West and Southern England. alongside the feeding of the Kingsbury depot (Birmingham) and Jarrow (Newcastle/ Sunderland) from Immingham. Finally, Dalston (Carlisle) Oil Terminal is rail-fed from the Grangemouth Refinery in Scotland, whilst Jet Fuel is supplied to Heathrow via rail from the Thames Import Terminals.

For all the understandable concern around the risks of such large volumes of flammable liquid being transported above ground in the UK, the fact remains that rail transport is considerably more environmentally friendly than truck movements. The current daily rail throughput of 30m litres is delivered via a handful of diesel traction engines (no electric on freight routes), whereas moving the equivalent volume by truck would mean circa 825 individual petrol tanker movements. Furthermore, tanker drivers are (rightfully) limited to 11 hour driving shifts, meaning that a 5-hour outward journey is the furthest a driver can go before discharging, taking a break and driving back. In those circumstances, rail transportation for distances beyond 5 hours by truck makes considerably more sense and is almost invariably more economic.

Rail freight rates in the UK sit around the £5-10 per tonne mark (around 0.60 pence per litre) which, when you consider the hardware and hazards involved, is remarkable value. It means that, in the case of the train that recently derailed in Wales, the cost to the fuel seller of moving the cargo was only around £11,500. That is, until the 3 rail cars came off the track and 225,000 litres of duty paid diesel burst into flames. That would have cost the shipper more in the region of £200K and that's just for the product...

Looking beyond UK shores, the scale of oil rail freight is (as ever) considerably grander. The great rail hubs of North-West Europe act as conduits for imports into the wider continent and, in Germany alone, 41m tonnes (50bn

litres) of oil products travel through the country by rail – a freight volume 5 times that of the UK. Of course, over the pond, things go even crazier in scale. A new record was set in Canada in January of this year (pre-Covid of course) when 400,000 barrels of oil (60m litres) per day were transported across the country. And in the USA, the last 10 years have been a boon for the rail industry as shale oil production – without easy access to pipelines – has sent the number of rail cars in operation through the roof. Last year, 125m tonnes of oil (circa 150bn litres) was transported by rail in the US, forming part of a bigger picture that makes the USA comfortably the largest rail freight market in the world (all products).

"ONE OF THE MOST COMMERCIALLY EFFECTIVE WAYS OF MOVING MASS VOLUMES **ACROSS LARGE DISTANCES**"

Primary transportation by rail remains one of the most commercially effective and environmentally friendly ways of moving mass volumes across large distances. It does result in the movement of large concentrations of fuel, which in turn makes the risk of large-scale accidents a reality. But the desire not to move product by road is at the hub of why primary transportation exists in the first place. Far better that the supply of oil is made up of (relatively) limited movements, compared to multiple smaller traffic journeys which would compound road congestion, pollution and the potential for more accidents. Rail is only one part of the primary transportation jigsaw though, so next month we will look at the rock and roll world of pipelines - it's going to be epic!

> For more pricing see page 26

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

Dixon brings further innovations to fuel distribution

ixon, leading supplier of tanker overfill prevention equipment and bottom loading vapour recovery components, has launched new products to the terminal market. As a solutions provider in the fuel distribution sector, Dixon is always looking to improve and extend its range to offer new and innovative products.

Already established as a leading manufacturer of petroleum tanker fittings and the FloTech™ Overfill Prevention systems, Dixon now offers a full range of fuel distribution products for use in the downstream market, including fuel terminal, fuel depot and skid units where safety, ease of use and efficiency are key factors.

One long-awaited new product is the FT7000 electronic rack monitor which is already

proving successful in the market. Designed and manufactured in accordance with the requirements of EN13922 and compatible with both 5 and 2 wire probes, the FT7000 provides clear and precise diagnostics to inform the user as to the status of the overfill prevention system. It has various interfaces as standard, which can be selected by the user to communicate with the loading terminal automation system as required.

One of Dixon's newest products is a fully customisable loading arm engineered for long life performance and ease of use in the field. It features a unique counterbalance adjustment mechanism and it also has a colour coded TTMA extension for product identification.

The inclusion of a steel housing for the torsion spring also offers enhanced safety.

Assisting customers to find the right solutions

In a further development to the range, a recent upgrade to the very popular 5300 coupler has resulted in the introduction of Dixon's new 5500 API coupler. This re-engineered and upgraded version of its successful predecessor now incorporates new design features including new nose seals, designed to withstand pressures up to 450 PSI, coiled stainless steel springs,

which add

increased pressure on the nose seal to API adapter to prevent leakage, and a new two-piece handle ensuring operational continuity should the handle be sheared away. On the mechanical

tanker products Dixon can now offer the full range of bottomloading vapour recovery and overfill prevention with the addition of manlids and a range of foot valves. Keen to assist customers in finding the right solutions Dixon is happy to be contacted for further information on these products or for technical

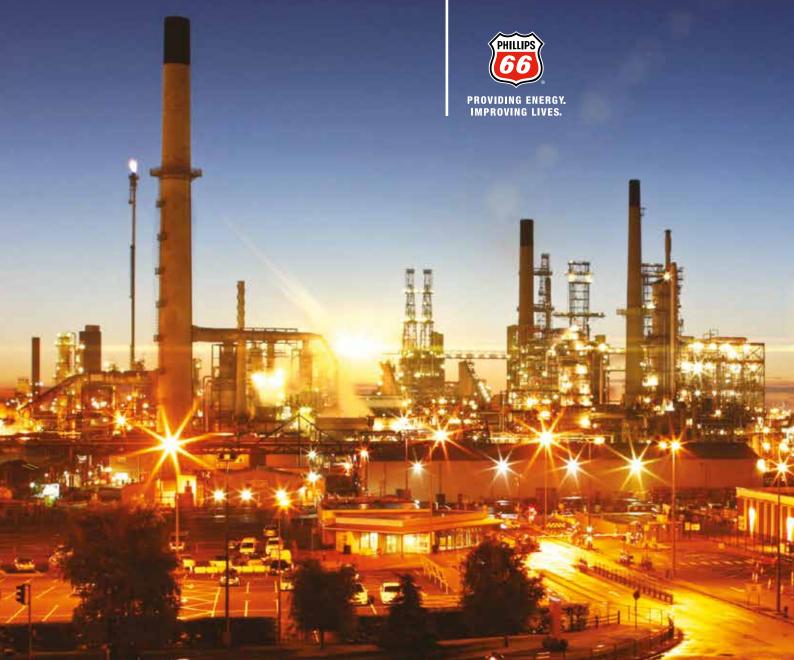
> FT7000 electronic rack monitor full system

support.





We're leading the way to a low carbon future with renewables, lower emissions and world leading coke formulations to power electric cars, as well as government backed Green Hydrogen advancement.





Maintaining fuel quality during long-term storage

FOLLOWING THE SPECIAL FOCUS ON FUEL STORAGE IN OUR AUGUST ISSUE WE SPEAK WITH INTERTEK, A COMPANY THAT DELIVERS ASSURANCE, TESTING, INSPECTION AND CERTIFICATION SOLUTIONS FOR OPERATIONS AND SUPPLY CHAINS, TO LOOK AT THE WAYS IN WHICH THE POTENTIAL ISSUES OF LONG-TERM FUEL STORAGE CAN BE AVOIDED.

rofound challenges have been presented to the global oil and gas industry by the COVID-19 pandemic, with the lockdown creating a dramatic decline in the demand and use of fuel, resulting in an increased requirement for long-term storage.

Fuels stored for extended periods of time can suffer from degradation and contamination, through polymerisation, condensation, oxidation, emulsions, bacterial, and fungus infestations. In many cases, these problems can form residues and gums – which in turn can cause serious challenges with all types of land, sea, and air engines, as well as fuel systems.

Potential Issues

A spokesperson from Intertek highlights some of the main issues they come across as a result of this extended storage and some of the ways in which they can be avoided or alleviated.

Water contamination

Fuels stored in tanks for long periods of time are affected by the fluctuation of the weather, causing condensation to form in the tanks. Keeping the fuel dry is critical, and tanks should be frequently monitored and drained of free water as required. In many fuel specifications, there are specific water limits allowed to be present in the fuel, meaning excessive condensation would lead to the fuel no longer meeting specification. This could also cause major issues throughout distribution and the engines the fuel is finally used in.

To help minimise condensation forming, tank headspace should be reduced to a minimum, preventing less condensation from forming.

Corrosion

Fuel being stored over time will cause corrosion, leading to the formation of products that could cause changes in the chemical and physical properties of the fuel being stored, potentially resulting in the quality of the fuel no longer



meeting the required specification. Corrosion can also accelerate the formation of gums and deposits in the storage tank which, again, would cause major issues throughout distribution and the engines in which the fuel is finally used.

Microbiological contamination

Microbiological growth will also occur if water is present in the storage tank at the fuel/water interface layer. This can lead to fungal mats and accelerate rates of corrosion. If untreated the microbiological growth will cause issues throughout the distribution and end-use, in the form of fuel flow problems, plugged filters, injector malfunctions, and reduce the combustion efficiency of the fuel.

To help minimise microbiological growth, it is imperative that the bottom of storage tanks is monitored, and any water found is drawn out of the tanks as soon as possible. However, in older tanks where the water draw-off points are not as efficient as newer storage tanks, pockets of water can still form in tank bottoms. These pockets would need to either be drained individually, treated by chemically cleaning the tank or with the addition of a certified biocide. Water draw-off and tank bottom samples can also be utilised to check microbiological levels, by analysing the samples using industrystandard test methods/test kits.

Visual inspection of samples by ASTM D4176 standard test method for Free Water and Particulate Contamination in fuels can easily identify potential issues. Evidence of haze, darkening and/or particulates may warrant further laboratory studies.

THE BENEFITS

What are the benefits of using a quality assurance provider to monitor the quality of your fuel in storage?

A quality assurance provider, such as Intertek, has a broad range of tests that can be used across diesel fuel (middle distillates), biodiesel (FAME, biodiesel), fuel oil (heavy fuel oils), gasoline (and gasoline blending components) and jet fuel, to identify issues and advise the appropriate

"Total quality assurance companies such as Intertek can provide solutions that ensure production and operations continue to function smoothly in rapidly changing situations," explains an Intertek spokesperson.

"Our integral fuel stability testing services of long-term bulk-storage fuels help monitor quality and reliability and identify potential problems early – enabling action to be taken before the fuel quality is significantly impacted. This can be mission critical."

"We also offer a breadth of fuel quality monitoring programmes, in various sectors, to help identify ageing fuel degradation issues before those fuels are used. We are able to cover sectors such as Government. refinery, fuel retail and transport as well as offering other services to monitor fleet oil condition and diagnose and treat contaminated storage tanks giving our customers complete peace of mind."

It is essential that stored fuel is maintained in such a way that, when required, it is fit for purpose even after long periods of storage. Monitoring fuel storage conditions is the key to minimising the contamination and degradation of fuel to ensure that customers are able to use it when it is needed.



UK Mandatory Oil Stocking Obligations

AN UPDATE ON CURRENT REQUIREMENTS AND POTENTIAL DEVELOPMENTS

here are two sets of obligations to which the UK adheres in order to meet the international requirement to maintain the requisite minimum levels of oil stocks to mitigate any supply crisis.

These are:

EU obligations:

Member States are required to hold oil stocks at the higher of 90 days of average net daily imports or 61 days of average daily inland consumption. At present, as an oil producing country, this means that the UK needs to hold 61 days of average daily inland consumption, for both energy and non-energy use. On top of this amount , the EU requires member states to discount the volume of stocks held by 10 per cent (so the UK's stockholding obligation is in fact 10 % more than 61 days of inland consumption).

"WHATEVER TRANSPIRES UNDER BREXIT, IT IS NOT ENVISAGED THAT THERE WILL BE ANY DIFFICULTIES FOR THE COUNTRY TO BE ABLE TO CONTINUE TO MEET ITS OBLIGATIONS"

International Energy Agency (IEA) obligations:

Member countries are committed to maintain emergency oil reserves equivalent to at least 90 days of net oil imports.

So, as the higher of the two obligations, the UK's current arrangements are set with reference to the requisite days of daily inland

consumption. As a working arrangement to manage compliance, those involved in the oil market are classified under two principal categories:

- Refiners/ex-refiners
- Importers/wholesalers
 - The existing obligations require refiners/ ex-refiners to hold 67.5 days of inland consumption and, importers/wholesalers to hold 58 days.
 - Monitoring of compliance is conducted by BEIS (Department for Business, Energy & Industrial Strategy) on a monthly basis, from information on supply and stocking collected in the Downstream Oil Reporting System (refiners / ex refiners) and the Oil Stocking System (importers/wholesalers).
 - Additional provisions, introduced in 2012, require that, for motor spirit, diesel/gasoil and jet kerosene, at least 22.5 days of the total obligation must be carried as finished products. For the balance of the obligation for these grades (45 days for refiners/ex-refiners and 35.5 days for importers/wholesalers) and, for the full obligation (67.5 days & 58 days respectively) for fuel oil and regular kerosene, this can be met by a category termed 'Any Oil' (which, effectively, encompasses the full refined products slate, as well as crude oil, feed stocks and NGLs).





Since the above arrangements have been in place, the Government has considered, and had assessments done, on two other measures. but chose to shelve them at the time. These

- 1. Consideration of a different way of managing mandatory oil stocking obligations through an independent/ private stockholding agency. Several other EU countries have gone down the agency route e.g. NORA in Ireland, CORES in Spain, SAGESS in France and EBV in Germany, with their general experience suggesting that this is a cost effective way of monitoring and managing compliance. This option could not be pursued as, under EU rules, such a body would have to be a state owned entity. This means that, post-Brexit, it could potentially come back under consideration.
- **2.** Consideration to move to parity of obligation over a defined and agreed time period between the two categories of oil market 'participant'. This would be achieved through phased increases in the importer/wholesaler obligation to equate with that of refiners/ex-refiners. Any further/ future development of this option will have to await clarification of the over-arching obligation pertaining post-Brexit.

Changes in the offing:

As with many other aspects of commerce, the principal driver of change will be Brexit. Post-Brexit it is likely that the basis for determining the level of obligation will switch from the current, EU, regime to that set under the country's membership of the IEA.

If this happens there are two consequences worth highlighting:

• The obligation will be calculated on the basis of net oil imports, not inland consumption. This is estimated to make a material reduction to the UK obligation, of circa 45% (5 million mt).

• The IEA obligation is based on net imports of all oil products vs. the EU, which only includes the main consumed products' grades i.e. petrol, kerosene, diesel, gasoil and fuel oil in the obligation calculations.

As an EU member, the UK can hold stocks in most European countries under

"THERE REMAINS ONE OTHER UNKNOWN FACTOR WHICH COULD HAVE A VERY SIGNIFICANT IMPACT ON FUTURE OBLIGATION I FVFI S"

bilateral arrangements. Under a no-deal Brexit outcome, this would no longer be the case. Consequently, BEIS has signed memoranda of understanding with the three main member states that currently hold stocks on behalf of the UK – Germany, Belgium and the Netherlands – to ensure continuance of the bilateral arrangements in place.

Whatever transpires under Brexit, it is not envisaged that there will be any difficulties for the country to be able to continue to meet its obligations, at least for the foreseeable future. Looking at next year, even if the mandated obligation is not reduced through legislation,

relief, in the form of lower calculated levels, is expected. This arises from the impact of Covid-19 on both oil product consumption and imports in to the UK, especially during Q2, which constitute the basis of the obligation calculations. Further, compliance will be facilitated if the current high levels of physical inventory across the ARA region persist.

In the general fog of uncertainty about the broader post-Brexit outcome, it is not surprising that there has so far been no concrete guidance from BEIS on future mandatory oil stocking obligations, given that it is probably not a compelling priority among areas to be clarified!

There remains one other unknown factor which could have a very significant impact on future obligation levels. The UK currently enjoys a 25% derogation as a result of being an oil producer from the North Sea which enables the refiners' obligation to be reduced from 90 to 67.5 days. Around 5 years ago BEIS' predecessor, DECC, had an assessment done which projected that, on the basis of forecast depletion of production from the North Sea, the 25% derogation was likely to be withdrawn after 2021. Nothing further has been said about this in recent times, to confirm or otherwise, but such a change, when or if it materialises, will necessitate substantially increased mandatory stockholdings.

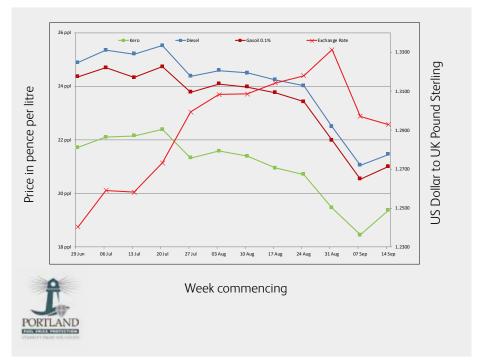
Fuel Oil News will be keeping a close eye on future developments in this area.



Wholesale Price Movements: 19th August 2020 – 18th September 2020

	Kerosene	Diesel	Gasoil 0.1%
Average price	19.71	22.54	22.03
Average daily change	0.43	0.43	0.41
Current duty	0.00	57.95	11.14
Total	19.71	80.49	33.17

All prices in pence per litre



Highest price Biggest up day 21.28 ppl +1.17 ppl Tue 25 Aug 20 Thu 17 Sep 20 Kerosene Lowest price Biggest down day 17.87 ppl -1.22 ppl Thu 03 Sep 20 Tue 08 Sep 20 Highest price Biggest up day 24.70 ppl +1.15 ppl Tue 25 Aug 20 Thu 17 Sep 20 Diesel Lowest price Biggest down day 20.51 ppl -1.27 ppl Tue 08 Sep 20 Thu 03 Sep 20 Highest price Biggest up day 24.07ppl +1.05 ppl Tue 25 Aug 20 Thu 17 Sep 20 Gasoil 0.1% Lowest price Biggest down day -1.22 ppl 19.96 ppl Thu 03 Sep 20 Tue 08 Sep 20 Gasoil forward price in US\$ per tonne

October 2020 – September 2021

\$395

\$380 \$365

\$350 \$335

The Fuel Oil News Price Totem

	Trade average buying prices			Average selling prices			
	Kerosene	Gasoil	ULSD	Kerosene	Gasoil	ULSD	
Scotland	20.54	34.42	82.26	23.42	36.78	85.48	
North East	19.49	33.05	81.34	23.36	35.21	83.70	
North West	21.06	35.65	83.73	23.86	37.73	85.86	
Midlands	19.56	33.58	81.80	22.18	35.72	84.37	
South East	19.66	33.54	81.78	25.09	37.27	84.01	
South West	20.01	33.38	81.62	23.55	35.51	83.65	
Northern Ireland	20.12	34.75	n/a	22.75	37.41	n/a	
Republic of Ireland	33.88	40.18	83.20	37.04	42.56	85.83	
Portland	17.87	31.10	78.49				

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 \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.

IN PROFILE

WELCOME ONCE AGAIN TO 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 OWNER AND MANAGING DIRECTOR OF HOMEFUELS DIRECT, **CHRIS BICKNELL**, AND FIND OUT MORE ABOUT THE THINGS THAT MOTIVATE, IRRITATE, AND FRIGHTEN HIM.

"I ADMIRE PEOPLE WHO RUN THROUGH WALLS TO GET TO WHERE THEY NEED TO BE."

CHRIS BICKNELL

Give your career history in 25 words or less

My career began with Hoyer on their apprenticeship programme. I then became a truck driver for my family's business, spent a year working for a contractor of shell petroleum and then in 2008 I started HomeFuels Direct and here we are today.

Describe yourself in 3 words

Tall – Ginger'ish – Not-Skinny

What were your childhood / early ambitions?

When I'm older I want to be a footballer

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

Apart from being a footballer, probably an airline pilot.

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

Always be prepared to adapt and evolve.

Share your top tips for business

Persistence and flexibility.

What's your most recent business achievement of note?

12 years of HomeFuels Direct, I've loved every minute.

Tell us your greatest fear

Jumping out of plane – with or without a parachute would be quite scary :)

Which is most important – ambition or talent?

Good question...definitely ambition. There are many footballers that have bags of talent but without drive and ambition talent is pointless.

What's the best thing about your job?

I'm un-sackable.

Which is the quality that you most admire?

Resilience, I admire people that are so focused and run through walls to get to where they need to be.

What are you most likely to say?

Is that your best price?

What are you least likely to say?

Describe your perfect day

Spending time with my beautiful wife and my two beautiful boys.

Do you have a favourite sports team?

Very simple answer. It's Middlesbrough Football club... (Up the 'boro!).

What's the biggest challenge of our time?

I think we are currently living through it with Covid-19.

Cheese or chocolate?

Normally I'd eat both but if I had to pick one it would be cheese.

Share your greatest personal achievement

Married with two beautiful children (bit of a sickly answer but very true).

What's your pet hate or biggest irritant?

People being late...it irritates the life out of me.

A photo taken

just over two decades, when Chris featured

in our 'In Conversation' piece in September 2019.

by Fuel Oil News' very own Jane Raphael, editor for

If you were elected to government what would be the first law you'd press for?

I'd make every single house in the UK run on heating oil and for it to be supplied by HomeFuels Direct:)

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

Why are you carrying an extra 4 stone in weight?

What is number 1 on your bucket list?

Definitely to learn to fly.

What 3 things would you take to a desert island?

Cold beer, my phone and a disco

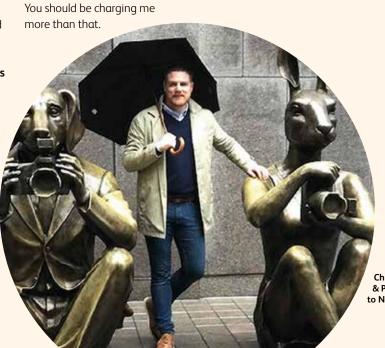
Tell us something about you that people would be very surprised by

I'm an identical twin...Obviously, I was the twin blessed with the looks!

Who would you most like to ask these questions of?

Michael O'Leary of Ryanair, I think he is a fascinating character.

Chris poses with Paparazzi Dogman & Paparazzi Rabbitgirl during a trip to New York City pre-COVID



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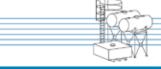
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