

FUJCON Session 4

IMO 2020 ? ? ? ?

About the Speaker

- **Speaker:**
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Marine Fuel and IMO 0.5%S

- **IMO MEPC Decision in Oct 2016 for 0.5% S
Global Spec for Bunkers in 2020: IFO380, etc.**
- **A political answer pushed by EU enviro-
zealots, not commercial or technical reasoning**
 - **IMO Superficial study by CE Delft: availability no issue**
 - **Competing study by Ensys-Navigistics concludes opposite**
 - **IMO MEPC not interested in “FACTS”**
- **Consequences**
 - **Price increase, from moderate to severe**
 - **Potential shortages, from moderate to severe**
 - **Quality problems due to complex blends**

5 Alternatives to 0.5%S IFO Bunker

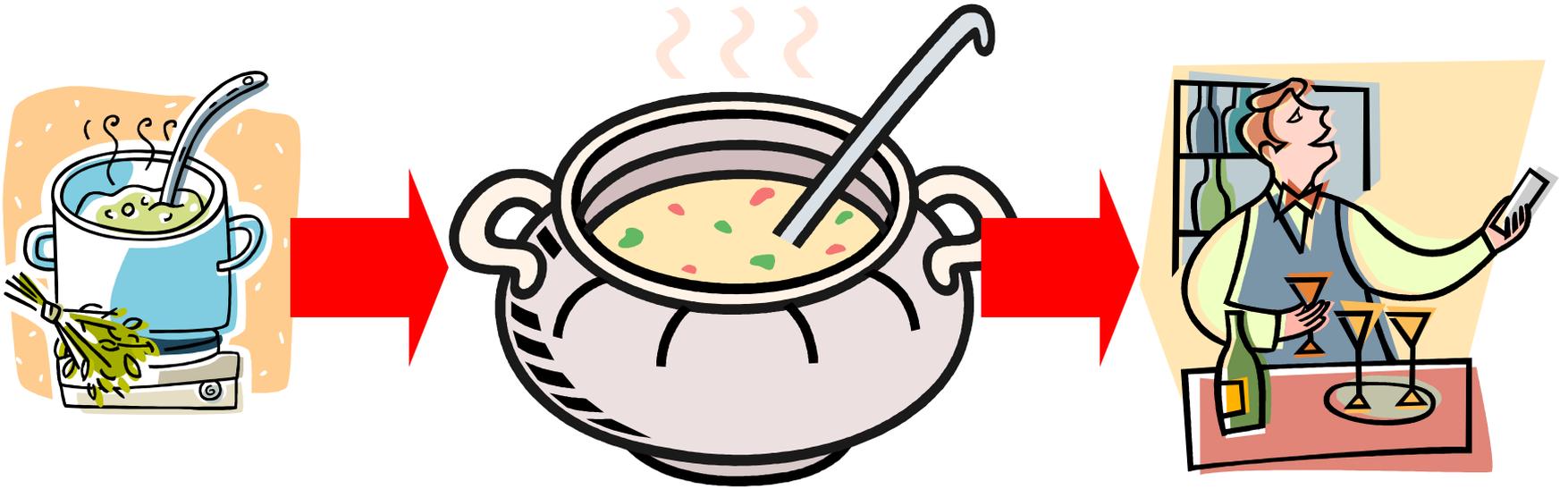
- **Scrubbers (at ~5M\$ each)**
- **Switch 100% to MGO for about extra \$200/MT**
- **Switch to ECA Hybrid Fuels for about extra \$150/MT**
- **Use LS Crudes to produce LS Residue for IFO at a cost of ~\$50 to \$100 above IFO380 at 3.5%S**
- **Ignore IMO and continue using HS IFO380 on high seas...**

Preparation for 2020?

No Serious Prep for 2020: Wait & See (for what?)

- **Inquiries for Scrubbers (at ~5M\$ each, and ~2-4 mos retrofit, 6 mos to 1 yr lead time)**
- **Refiners not interested in desulfurizing current residues (at \$0.5 to 0.8 Billion CAPEX)**
 - prefer Cokers and extra \$'s from Distillates
 - Will not pay to switch to LS (extra \$) crudes “voluntarily”
- **LNG is DEAD, DEAD, DEAD for another 10-20 yrs**
- **Blenders are studying re-formulated recipes**
 - Very little info on adequate blendstocks, compatibility,...

Happy Blending



Happy 2020 Bunkering