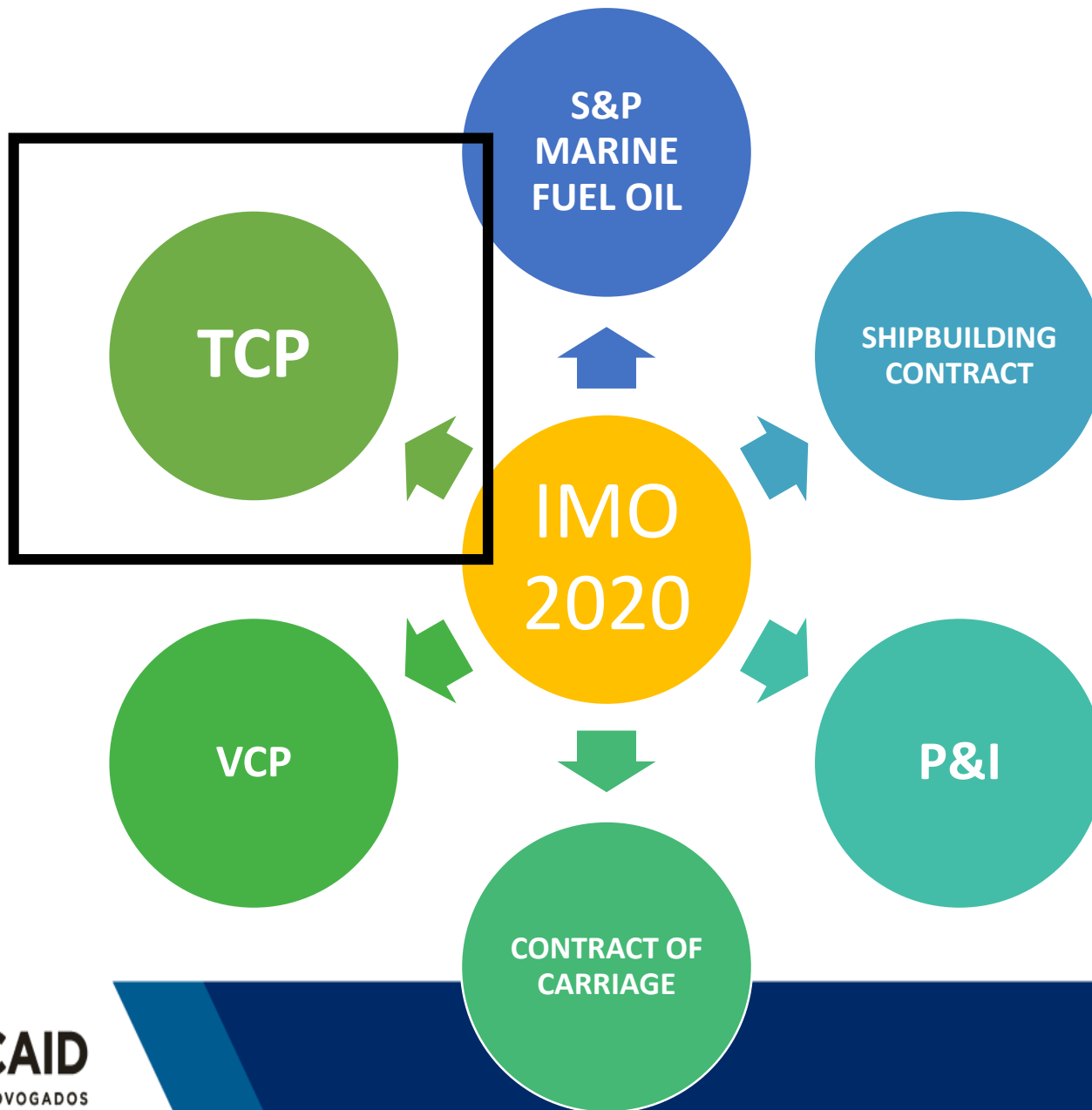


MARINE FUEL OILS IN BRAZIL – COMPLIANCE WITH IMO 2020

Paulo Campos Fernandes



**IMO 2020 CREATES VARIOUS
IMPACTS AT CONTRACTS**

**OPERATION OF CONTRACTS ARE
NOT CONSISTENT WITH CURRENT
TERMS**

IMPACTS OF IMO 2020 AT THE OPERATIONS OF TCPS

OPERATIONAL IMPACTS - SCRUBBERS

- Many countries will not authorize the operation of Open Loop Scrubber within their jurisdictional waters.
- Aprox. 10% of the world fleet is equipped with scrubbers. It is likely that this figure may increase to 25%.
- Unavailability of shore installations for receiving and disposal of scrubber residues (closed loop and hybrid system).
- Shipowners that equipped their ships with scrubbers expect that markets will continue to offer HFO 3.5%.

OPERATIONAL IMPACTS - VLSFO

- Fitting of VLSFO into ISO 8217
 - Relevant variations at VLSFO composition may occur due to the method of production, mainly in relation to blending
 - In September 2019 ISO published PAS 23263
- Compatibility and instability of VLSFOs
- Unavailability of VLSFOs
- Tanks segregation on board
- Cautions to be taken during bunkering (risks of incompatibility)
- Variations on ships performance (speed and consumption)

OPERATIONAL IMPACTS – TRANSITION

- VLSFO contamination at barges
- Debunkering of HSFO
- Tanks cleaning
- Disposal of residues of tanks cleaning
- Storage of HSFO on board after Jan/01/2020

OPERATIONAL IMPACTS - PSC

- BDN
 - Conflict between sample analysis according to ISO 8217 and ISO 4259, that enable a 95% confidence limit to be applied.
- Issue and acceptance of FONAR
- Use of “sniffers”
- Survey and control of bunkers suppliers

OPERATIONAL RISKS

- Late identification that received VLSFO is out of specification
- Damage to vessel's engines (main and auxiliaries engines)
- Voyage stoppage for cleaning filters and other repairs
- Application of fines at the vessel, Shipowner or captain
- Detention of the vessel for inspection of fuel oil
- Difficulties to segregate on board VLSFO of various origins as well as ULSFO (risk of incompatibility)
- Risk of underperformance (speed and consumption) due to VLSFO characteristics

IMPACT ON CURRENT TCP TERMS

- BIMCO Clauses approaches
- Compliance with IMO 2020 (route of solution; transition rules; costs distribution)
- Bunkers – specification (HSFO, VLSFO and ULSFO); procedures for bunkering; fuel segregation on board; blending; compatibility and monitoring)
- Use of scrubbers
- Bunkers on delivery
- Bunkers on redelivery

IMPACT ON CURRENT TCP TERMS

- Off-hire
- Performance (speed and consumption)
- Owners and Charterers liabilities
- Bunker claims – procedures and time bar
- Impacts on existing charters
- Need to review current standard forms

MITIGATIONS OF RISKS

- Selection of bunkers suppliers
- Enhancement of routines to certificate marine fuels
- Fuel management on board
- Cooperation between Charterers and Owners in the planning of bunkering and consumption
- Design of new ships with improved design for the arrangement of bunker tanks and lines
- Review of current charters and standard forms

FUTURE



LNG AS A TRANSITION FUEL

ELIMINATION OF SOX, HOWEVER THERE IS
STILL EMISSION OF GHG

“GAGARIN PROSPECT”

SOLAR ENERGY

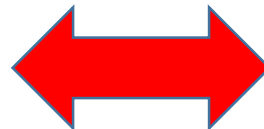
WIND ENERGY

HYDRGEN BATTERIES

NO EMISSION OF GHG

“ENERGY OBSERVER”

TECHNOLOGY



LAW

THANK YOU!

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