MARINE FUEL OILS IN BRAZIL – COMPLIANCE WITH IMO 2020

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IMO 2020

S&P MARINE FUEL OIL

SHIPBUILDING CONTRACT

P&I

CONTRACT OF CARRIAGE

VCP

TCP
IMO 2020 CREATES VARIOUS IMPACTS AT CONTRACTS

OPERATION OF CONTRACTS ARE NOT CONSISTENT WITH CURRENT TERMS
IMPACTS OFIMO 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 underperformace (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 bunker 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
HYDROGEN BATTERIES
NO EMISSION OF GHG
“ENERGY OBSERVER”

TECHNOLOGY  LAW
THANK YOU!
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